



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



Interim Report 2015 中期報告

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

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2282



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Corporate Information

Board of Directors

Executive Directors

James Joseph Murren (*Chairperson*)
Pansy Catilina Chiu King Ho (*Co-Chairperson*)
Chen Yau Wong
William Joseph Hornbuckle
Grant R. Bowie (*Chief Executive Officer*)

Non-executive Directors

William M. Scott IV
Daniel J. D'Arrigo
Kenneth A. Rosevear

Independent Non-executive Directors

Zhe Sun
Sze Wan Patricia Lam
Peter Man Kong Wong
Russell Francis Banham

Audit Committee

Russell Francis Banham (*Chairperson*)
Daniel J. D'Arrigo
Zhe Sun
Peter Man Kong Wong

Remuneration Committee

Zhe Sun (*Chairperson*)
Pansy Catilina Chiu King Ho
William Joseph Hornbuckle
Sze Wan Patricia Lam
Peter Man Kong Wong
Russell Francis Banham

Nomination and Corporate Governance Committee

Sze Wan Patricia Lam (*Chairperson*)
William M. Scott IV
Chen Yau Wong
Zhe Sun
Peter Man Kong Wong
Russell Francis Banham

Company Secretary

Antonio Jose Menano

Authorized Representatives

Antonio Jose Menano
William M. Scott IV

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Legal Advisors

As to Hong Kong law:

Herbert Smith Freehills
23rd Floor, Gloucester Tower, 15 Queen's Road Central
Hong Kong

As to Macau law:

DSL Lawyers
Avenida da Praia Grande no. 409
China Law Building 16th Floor
Macau

Registered Office in Cayman Islands

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George Town
Grand Cayman KY1-9005
Cayman Islands

Principal Place of Business and Head Office in Macau

Avenida Dr. Sun Yat Sen, Edificio MGM MACAU
NAPE, Macau

Place of Business in Hong Kong Registered Under Part 16 of the Companies Ordinance

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200 Connaught Road
Central, Hong Kong

Hong Kong Listed Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Cayman Islands Unlisted Share Registrar and Transfer Office

Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town, Grand Cayman KY1-9005
Cayman Islands

Company Website

www.mgmchinaholdings.com

Stock Code

2282

Financial Highlights

	For the six months ended	
	June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino revenue	9,036,619	13,576,849
Other revenue	166,981	147,029
Total revenue	9,203,600	13,723,878
Adjusted EBITDA	2,435,753	3,817,633
Profit attributable to owners of the Company	1,700,032	3,035,187
Earnings per Share		
— Basic	HK44.7 cents	HK79.9 cents
— Diluted	HK44.7 cents	HK79.7 cents

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 1,135 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.

Propelled by the solid economic development in China, the Macau gaming market enjoyed strong growth from 2010 until mid-2014. We achieved a good financial performance over this period. Our revenue, adjusted EBITDA and profit attributable to owners of the Company increased by 160.8%, 157.5% and 180.0% respectively in the first half of 2014 compared to the first half of 2011 (the year of our Listing). However, starting from the second half of 2014, significant changes, as discussed below, occurred in the Macau gaming market especially related to policy initiatives introduced by the governments of Macau and China. These changes, together with increased competition, have created a challenging business environment. The Group is responding to the changing business environment by managing its customer segments, focusing on gaming floor and room yields and containing costs. Our revenue, adjusted EBITDA and profit attributable to owners of the Company decreased by 32.9%, 36.2% and 44.0% to HK\$9,203.6 million, HK\$2,435.8 million and HK\$1,700.0 million, respectively for the six months ended June 30, 2015 over the comparable period in 2014.

Cotai Development

Construction continued during the first half 2015 on 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 approximately 1,500 hotel rooms, and up to 1,500 slot machines and 500 gaming tables. 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 finalized. We have passed through the major structural concrete transfer at level 26 of both the North and South Towers and are quickly approaching level 28 as our next floor installation. The Tower "topping out" will occur in early November 2015. We commenced with the façade installation in late March 2015 and are approaching 75% completion in the lower tier. Our Spectacle roof steel installation is progressing well with planned completion by October 2015. The Group remains on schedule for the planned opening of MGM COTAI in the fourth quarter of 2016. The expected total development cost is approximately HK\$24 billion, excluding land costs and capitalized interest.

Management Discussion and Analysis

Macau's Gaming and Tourism Markets

The first half of 2015 continued to be a challenging time for the Macau gaming market as a result of the changed conditions that began to take effect from mid-2014. Such changes include the introduction of smoking restrictions implemented in October 2014, shorter duration of stay for mainland travelers entering Macau using transit visas implemented in July 2014, certain political initiatives introduced by the China Government which affected high-end or premium players in each of the Group's gaming operations — VIP, main floor and slot machines, as well as slower economic growth in China. These factors resulted in a decrease in total casino gross win in the Macau market by 37.0% to approximately HK\$118.1 billion during the six months ended June 30, 2015 over the comparable period in 2014. All components of gaming revenue in the Macau market were adversely impacted by these changed circumstances. Casino gross win for VIP gaming operations was down 46.5% to approximately HK\$62.0 billion, a much higher rate of decrease, as compared to casino gross win for the mass gaming operations which was down 21.5% to approximately HK\$50.4 billion in the first half of 2015 over the comparable period in 2014.

The Statistics and Census Service of the Macau Government reported that visitor arrivals reached 14.8 million in the first half of 2015 compared to 15.3 million in the first half of 2014, a decrease of 3.5%. 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 the first half of 2015 were from mainland China, Hong Kong and Taiwan. Visitors from mainland China decreased by 4.2% over the same period in prior year and reached 9.8 million in the first half of 2015.

Despite the downward trend in overall Macau gaming revenues since the second half of 2014, we are optimistic about the long-term prospect of the market due to a combination of factors. These factors include infrastructure improvements such as construction of a new Taipa ferry terminal, Macau Airport expansion, Hong Kong — Zhuhai — Macau bridge, and expansion of Hengqin border gate capacity, and other infrastructure developments that are expected to facilitate more convenient travel to Macau; the extension of the duration of stay for mainland travelers entering Macau using transit visas implemented in July 2015; the efforts and investments made by gaming concessionaires to solidify Macau as a destination market with superior and diverse integrated resort products, and to create a world class tourism center; as well as the continuous focus on table yield management across the markets.

Competition

Currently, there are six gaming concessionaires in Macau, each of which has commenced casino operating activities and has expansion plans underway. As at June 30, 2015, 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 19.3% in the first half of 2015 compared to 18.6% in the first half of 2014. We expect that competition in the Macau market will 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 Vietnam, Korea, Singapore, Philippines, Australia and Las Vegas.

Management Discussion and Analysis

Our Competitive Strength and Operating Strategies

Our competitive strength lies principally in our high quality product and service offerings, our ability to segment and conduct targeted marketing to various customer groups through our M life customer relationship program, our strong analytical capability, and our very effective strategy execution by the operations 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 executional excellence. We are in the process of introducing 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 since the second half of 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 all operating units 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.

Management Discussion and Analysis

Discussion of Results of Operations

Financial results for the six months ended June 30, 2015 compared to financial results for the six months ended June 30, 2014

Summary Statistics

(in thousands, except for number of gaming tables and slot machines, percentage, and REVPAR)	For the six months ended	
	June 30, 2015 HK\$'000	2014 HK\$'000
Number of VIP gaming tables	181	229
VIP table games turnover	200,009,896	419,984,072
VIP gross table games win	6,550,461	12,073,245
VIP table games win percentage	3.3%	2.9%
Average daily gross win per VIP gaming table	199.5	291.0
Number of main floor gaming tables	241	194
Main floor gross table games win	3,918,944	4,842,369
Average daily gross win per main floor gaming table	89.8	137.8
Number of slot machines	1,135	1,249
Slot machine handle	19,442,301	24,835,233
Slot machine gross win	836,372	1,128,130
Slot hold percentage	4.3%	4.5%
Average daily win per slot	4.1	5.0
Commission and discounts	(2,312,292)	(4,497,187)
Room occupancy rate	98.2%	98.6%
REVPAR ⁽¹⁾	2,343	2,316

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.

Management Discussion and Analysis

Operating Revenue

The following table sets forth the operating revenue for the six months ended June 30, 2015 and 2014.

	For the six months ended June 30,	
	2015 HK\$'000	2014 HK\$'000
Casino revenue	9,036,619	13,576,849
VIP gaming operations	4,239,479	7,581,114
Main floor gaming operations	3,961,244	4,866,823
Slot machine gaming operations	835,896	1,128,912
Other revenue	166,981	147,029
Hotel rooms	38,828	17,660
Food and beverage	103,181	107,001
Retail and others	24,972	22,368
Operating revenue	9,203,600	13,723,878

Total operating revenue of HK\$9,203.6 million for the six months ended June 30, 2015 was 32.9% lower than the prior period. The 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 decreased by 33.4% to HK\$9,036.6 million for the six months ended June 30, 2015. 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 beverage 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.

Management Discussion and Analysis

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 beverage all based on a percentage of the rolling chip turnover.

Revenue from VIP gaming operations decreased by 44.1% to HK\$4,239.5 million for the six months ended June 30, 2015. The decrease in revenue was due to a decrease in VIP table games turnover by 52.4% to HK\$200,009.9 million for the six months ended June 30, 2015. Starting from the second half of 2014 and into the first half of 2015, VIP gaming turnover continued to be adversely impacted by political and macroeconomic factors in China, which is a major source of our VIP gaming customers. The negative impact was partly offset by the increase in our VIP table games win percentage from 2.9% to 3.3% over the comparable periods in 2014 and 2015. For the six months ended June 30, 2015, MGM MACAU had 181 VIP gaming tables in operation, compared with 229 VIP gaming tables for the six months ended June 30, 2014. We continued to reduce the number of VIP gaming tables to reallocate to the main floor gaming operation to optimize profit.

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\$2,312.3 million and HK\$4,497.2 million for the six months ended June 30, 2015 and 2014, respectively.

Operationally, we continuously work with our current gaming promoters to fully utilize existing space and gaming 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 margin 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.

Management Discussion and Analysis

For the six months ended June 30, 2015, revenue from main floor gaming operations decreased by 18.6% to HK\$3,961.2 million. The decrease was directly attributable to the changed business conditions in the Macau gaming market such as the transit visa restriction and main floor smoking restriction introduced by the Macau Government both of which became effective from the second half of 2014. Driven by our successful customer segmentation approach with a product and service focus on the mid to premium main floor business, our performance in the mass gaming operation was better than the overall Macau mass gaming market, which was down by 21.5%. In addition, we continued to invest capital to improve the gaming experience of our high value main floor players 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. For the six months ended June 30, 2015, MGM MACAU had 241 main floor gaming tables in operation, compared with 194 main floor gaming tables for the six months ended June 30, 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

Revenue from slot machine gaming operations decreased by 26.0% to HK\$835.9 million for the six months ended June 30, 2015. The decrease in revenue was due to decrease in slot handle by 21.7% to HK\$19,442.3 million for the six months ended June 30, 2015, and the decrease in the number of slot machines in operation from 1,249 to 1,135 over the comparable periods in 2014 and 2015. Similar to our main floor gaming operations, both decreases were due primarily to the changed business conditions in the Macau gaming market such as transit visa restriction and main floor smoking ban rule, as well as the decrease in our slot machine win percentage from 4.5% to 4.3% in the first half of 2015.

Operationally, we continue to re-examine the mix of our games in operation to maximize our casino profitability, 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 the first half of 2015:

- Art Exhibition in L2 Showcase featuring themed artworks by artists from Macau;
- MGM Water Aurora, featuring an eight-meter-tall water-sky aquarium with fish darting among multi-hued corals located in our Grande Praça;
- monumental installation Valkyrie Octopus created by the world-renowned contemporary Portuguese artist Joana Vasconcelos specifically created to complement the aquarium;

Management Discussion and Analysis

- “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;
- “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, food and beverage and retail and others, increased by 13.6% to HK\$167.0 million for the six months ended June 30, 2015. The increase was primarily due to increase in hotel rooms revenue, which excludes promotional allowances in our condensed consolidated statement of profit or loss and other comprehensive income, from our hotel guests. 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 six months ended June 30, 2015 and 2014.

	For the six months ended	
	June 30,	
	2015	2014
	HK\$'000	HK\$'000
Special gaming tax and special levy to the Macau Government	4,486,435	7,115,851
Inventories consumed	167,731	187,774
Staff costs	1,004,945	970,360
Other expenses and losses	1,405,924	1,959,239
Depreciation and amortization	395,764	393,869
Finance costs	37,204	60,558
Taxation	7,476	7,476

Special gaming tax and special levy to the Macau Government

Special gaming tax and special levy to the Macau Government decreased by 37.0% to HK\$4,486.4 million for the six months ended June 30, 2015. This decrease resulted directly from the decrease in gross casino revenue during the current period.

Inventories consumed

Inventories consumed decreased by 10.7% to HK\$167.7 million for the six months ended June 30, 2015. This decrease was primarily due to decrease in consumptions of supplies, including gaming supplies such as cards and other supplies in response to the decrease in our business activities during the current period.

Management Discussion and Analysis

Staff costs

Staff costs increased slightly by 3.6% to HK\$1,004.9 million for the six months ended June 30, 2015. The increase was primarily due to a 5% staff salary increment to line level staff implemented in March 2015 which was partly offset by a slight decrease in the number of full-time equivalent (FTE) over the comparable periods in 2014 and 2015.

Other expenses and losses

Other expenses and losses decreased by 28.2% to HK\$1,405.9 million for the six months ended June 30, 2015, which mainly result from:

Junket commissions. Junket commissions decreased by 49.1% from HK\$1,025.2 million to HK\$522.3 million over the comparable periods in 2014 and 2015. The decrease resulted directly from the lower VIP gross table games win in the first half of 2015.

License fee and marketing fees. License fee and marketing fees due to related companies decreased by 32.7% from HK\$251.5 million to HK\$169.2 million over the comparable periods in 2014 and 2015. The decrease resulted directly from the decrease in revenue in the first half of 2015.

Allowance for doubtful debts, net. Allowance for doubtful debts, net increased by 244.3% from HK\$55.2 million to HK\$190.1 million over the comparable periods in 2014 and 2015. There were no changes in the allowance for doubtful debts policy; the increase in provision primarily resulted from the changed business conditions in the Macau gaming market that were described previously which started to impact the Group from the second half of 2014, as a result, more casino debtors defaulted in repayment of their debts and/or their creditworthiness has deteriorated during the period.

Depreciation and amortization

Depreciation and amortization remained flat at HK\$395.8 million and HK\$393.9 million for the six months ended June 30, 2015 and 2014 respectively, which was primarily due to some new furniture and equipment placed into service and offset by the impact of full depreciation of certain assets in the first half of 2015.

Finance costs

Finance costs decreased by 38.6% from HK\$60.6 million to HK\$37.2 million over the comparable period in 2014 and 2015. During the six months ended June 30, 2015, total borrowing costs increased by HK\$25.5 million over the comparable period in 2014 due to increased bank borrowings because of funding requirements for MGM COTAI development. HK\$122.3 million of total borrowing costs was capitalized to construction in progress during the current period (six months ended June 30, 2014: HK\$73.4 million).

Taxation

Taxation for the six months ended June 30, 2015 and 2014 related to dividend withholding tax for the respective periods granted by the Macau Government in December 2012. Details of taxation are set out in note 8 to the condensed consolidated financial statements.

Management Discussion and Analysis

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by 44.0% from HK\$3,035.2 million to HK\$1,700.0 million over the comparable periods in 2014 and 2015.

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 six months ended June 30, 2015 and 2014.

	For the six months ended	
	June 30,	
	2015	2014
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	1,700,032	3,035,187
Add/(less):		
Depreciation and amortization	395,764	393,869
Interest income	(2,031)	(9,144)
Finance costs	37,204	60,558
Net foreign currency difference	120	2,708
Taxation	7,476	7,476
Share-based payments	46,579	25,190
Corporate expenses	218,102	292,378
Pre-opening costs	26,085	11,035
Property charges and other	6,422	(1,624)
Adjusted EBITDA ⁽¹⁾ (unaudited)	2,435,753	3,817,633

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, and property charges and other non-recurring expenses. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. During the current period, management included the corporate expenses as one of the reconciliation items and a corresponding adjustment was made to the 2014 comparative amount. 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.

Management Discussion and Analysis

Liquidity and Capital Resources

Capital Resources

We funded our working capital, operating expenses and capital expenditures from equity, bank borrowings, and cash generated from our operations. As at June 30, 2015, our bank and cash balances were HK\$4,047.7 million. Such balance is available for operations, new development activities including MGM COTAI and enhancement to our existing property. In addition, HK\$7.20 billion of term loan facility and HK\$6.68 billion of revolving credit facility under the HK\$23.4 billion credit facilities were undrawn as at June 30, 2015 and are available for utilization up to July 2015 and March 2019 respectively, and may be used for proper corporate purposes of the Group and future development opportunities including MGM COTAI.

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 development of MGM COTAI and will continue to incur capital expenditures for constructing this property.

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

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 bank borrowings, net of debt finance costs, less bank balances and cash. Equity comprised all capital and reserves of the Group. The following table presents the calculation of the Group's gearing ratio as at June 30, 2015 and December 31, 2014.

	As at June 30, 2015 HK\$'000	As at December 31, 2014 HK\$'000
Bank borrowings, net of debt finance costs	9,370,639	4,118,182
Less: bank balances and cash	(4,047,710)	(4,232,187)
Net debt	5,322,929	(114,005)
Total equity	4,056,334	6,341,523
Total capital	9,379,263	6,227,518
Gearing ratio	56.8%	—

Our gearing ratio increased as at June 30, 2015 primarily due to increased indebtedness from additional drawdown of HK\$600.0 million of term loan facility and HK\$4.63 billion of revolving credit facility during the current period.

Management Discussion and Analysis

Group Cash Flows

The following table presents a summary of the Group's cash flows for the six months ended June 30, 2015 and 2014.

	For the six months ended June 30,	
	2015 HK\$'000	2014 HK\$'000
Net cash generated from operating activities	1,114,014	3,622,696
Net cash used in investing activities	(2,044,903)	(1,457,735)
Net cash generated from/(used in) financing activities	746,412	(4,950,274)
Net decrease in cash and cash equivalents	(184,477)	(2,785,313)
Cash and cash equivalents at the beginning of the period	4,232,187	7,884,805
Cash and cash equivalents at the end of the period	4,047,710	5,099,492

Net cash generated from operating activities

Our net cash generated from operating activities was primarily affected by decreased operating income generated by MGM Grand Paradise and changes in working capital. Net cash from operating activities was HK\$1,114.0 million for the six months ended June 30, 2015 compared to HK\$3,622.7 million for the six months ended June 30, 2014. The decrease mainly resulted from the decrease in profit attributable to owners of the Company as a result of lower gaming revenue and increase in payment for payables and accrued charges during the current period.

Net cash used in investing activities

Net cash used in investing activities was HK\$2,044.9 million for the six months ended June 30, 2015 compared to HK\$1,457.7 million for the six months ended June 30, 2014. 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\$1,838.4 million and HK\$1,344.4 million for the six months ended June 30, 2015 and 2014, respectively. Other amounts paid related to land use right premium in both periods and developers' fees paid during the current period.

Net cash generated from/(used in) financing activities

Net cash generated from financing activities was HK\$746.4 million for the six months ended June 30, 2015 compared to net cash used in financing activities of HK\$4,950.3 million for the six months ended June 30, 2014. The increase in cash from financing activities was due to HK\$5,230.0 million of Second Amended Credit Facilities drawn in the current period and was partly offset by the HK\$4,031.8 million dividend payments and payment of HK\$353.8 million for debt finance costs during the period compared to the HK\$4,864.1 million dividend payments in prior period.

Management Discussion and Analysis

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 June 30, 2015 HK\$'000	As at December 31, 2014 HK\$'000
Authorized but not contracted for	10,353,208	9,808,188
Contracted but not accounted for	7,729,690	8,814,903
	18,082,898	18,623,091

Indebtedness

As at June 30, 2015 and December 31, 2014, the Group had drawn down its Second Amended Credit Facilities and Amended Credit Facilities in amounts of HK\$9,520.0 million and HK\$4,290.0 million respectively. The Group had HK\$13,880.0 million and HK\$11,310.0 million available to draw under the MGM Grand Paradise credit facilities as at June 30, 2015 and December 31, 2014 respectively.

Contingent Liabilities

As at June 30, 2015 and 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. The Amended Credit Facilities included a HK\$4.29 billion term loan facility and a HK\$11.31 billion revolving credit facility.

On June 9, 2015, the Company and MGM Grand Paradise as co-borrowers entered into a second amended and restated credit agreement (the "Second Amended Credit Facilities") with certain lenders. The Second Amended Credit Facilities were effective on June 12, 2015, which extended the maturity of the Amended Credit Facilities to April 29, 2019 and expanded the term loan facility set out in the Amended Credit Facilities to HK\$12.09 billion. The aggregate amount of the Second Amended Credit facilities is HK\$23.40 billion, consisting of a HK\$12.09 billion term loan facility and a HK\$11.31 billion revolving credit facility. Borrowings under the Second Amended Credit Facilities may be used for proper corporate purposes of the Group and future development opportunities including MGM COTAI.

Management Discussion and Analysis

As at June 30, 2015, the Group incurred and paid miscellaneous charges and bank fees of approximately HK\$363.8 million in relation to the Second Amended Credit Facilities.

Principal and Interest

As at June 30, 2015, HK\$4.89 billion of the term loan facility was drawn down with the remaining term loan facility of HK\$7.20 billion being fully drawn in July 2015. As at June 30, 2015, HK\$4.63 billion of the revolving credit facility was drawn down leaving HK\$6.68 billion of the revolving credit facility as undrawn and available for utilization up to March 2019. The term loan facility is repayable on a quarterly basis commencing in October 2017 and will be fully repaid in April 2019. Each drawdown under the revolving credit facility will be repaid in full on the last date of the respective term but no later than April 2019.

The Second Amended Credit Facilities bear interest at HIBOR plus a fixed margin of 1.75% per annum for the first six months and thereafter a variable margin that may increase to a maximum of 2.5% per annum or decrease to a minimum of 1.375% per annum based on the Group's leverage ratio. As at June 30, 2015, the Group paid interest at HIBOR plus a margin of 1.75% per annum.

General Covenants

The Second 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 Second Amended Credit Facilities and the Amended Credit Facilities as set forth above for the six months ended June 30, 2015 and 2014.

Mandatory Prepayments

The Second 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.

Management Discussion and Analysis

Dividend Restrictions

The Group is not allowed to declare, make or pay any dividends while any default is outstanding or will result from such dividend payment or if its pro forma leverage ratio exceeds 4.00 multiples as result of such dividend payment. 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 June 30, 2015, our leverage ratio was approximately 1.78.

Events of Default

The Second Amended Credit Facilities contain certain events of default, and certain insolvency-related proceedings relating to the Group. Pursuant to the Second 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 operating expenses and capital expenditures 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.

Management Discussion and Analysis

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 condensed 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 balances and cash 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 Information

Dividends

On August 4, 2015, our principal subsidiary, MGM Grand Paradise declared the payment of a dividend to the Company of approximately MOP883.1 million (approximately HK\$857.3 million). This dividend declaration complied with MGM Grand Paradise's constitutional documents and the laws and regulations of Macau.

On August 4, 2015, the Board announced that it had resolved to declare the payment of interim dividend of HK\$0.156 per Share (the "Interim Dividend"), amounting to approximately HK\$592.8 million in aggregate, representing approximately 35% of the Group's profit attributable to owners of the Company for the six months ended June 30, 2015. The register of members was closed from August 20, 2015 to August 24, 2015, both days inclusive, during which period no transfer of shares were effected, for the purpose of ascertaining the members who were entitled to the Interim Dividend. This Interim Dividend was paid on August 31, 2015 to the Shareholders whose names appeared on the register of members on August 24, 2015. The Board approved the payment of the Interim Dividend after reviewing the Group's general financial position as at August 4, 2015, its capital requirements going forward and other factors that the Board considered relevant, and determined that the Group had sufficient resources, after the payment of the Interim Dividend, to finance its operations and expansion of its business, including the development of an additional casino and hotel complex in Cotai. The Interim Dividend should not be taken as an indication of the level of profit or dividend for the full year.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at June 30, 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive had taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Company referred to therein, or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code or as the Company was aware, were as follows:

(a) Long Position in the Shares and Underlying Shares of the Company

Name of Director	Personal Interests	Family Interests	Corporate Interests	Number of Shares and Underlying Shares held	Percentage of issued share capital
Pansy Ho	380,000,000 ⁽¹⁾	—	662,661,200 ⁽²⁾	1,042,661,200	27.44%
Grant R. Bowie	3,500,000 ⁽³⁾	—	—	3,500,000	0.09%
Grant R. Bowie	3,200,000 ⁽⁴⁾	—	—	3,200,000	0.08%
Grant R. Bowie	2,753,600 ⁽⁵⁾	—	—	2,753,600	0.07%

(b) Long Position in the Shares of Associated Corporations — MGM Grand Paradise

Name of Director	Personal Interests	Family Interests	Corporate Interests	Number of Shares held	Percentage of issued share capital
Pansy Ho	20,000 ⁽⁶⁾	—	—	20,000	10.00%

Other Information

(c) *Long Position in the Common Stocks and Underlying Shares of Associated Corporations — MGM Resorts International⁽⁷⁾*

Name of Director	Personal Interests	Family Interests	Corporate Interests	Number of Common Stocks and Underlying Shares held	Percentage of issued common stocks
James Joseph Murren	1,559,375 ⁽⁸⁾	—	—	1,559,375	0.2769%
	65,625 ⁽⁹⁾	—	—	65,625	0.0117%
	121,874 ⁽¹⁰⁾	—	—	121,874	0.0216%
	1,153,738 ⁽¹¹⁾	—	—	1,153,738	0.2049%
	50,742 ⁽¹²⁾	—	—	50,742	0.0090%
	—	175,329 ⁽¹³⁾	—	175,329	0.0311%
Pansy Ho	—	—	16,149,210 ⁽¹⁴⁾	16,149,210	2.8680%
William Joseph Hornbuckle	239,375 ⁽¹⁵⁾	—	—	239,375	0.0425%
	28,125 ⁽¹⁶⁾	—	—	28,125	0.0050%
	42,858 ⁽¹⁷⁾	—	—	42,858	0.0076%
	387,978 ⁽¹⁸⁾	—	—	387,978	0.0689%
	20,535 ⁽¹⁹⁾	—	—	20,535	0.0036%
William M. Scott IV	242,187 ⁽²⁰⁾	—	—	242,187	0.0430%
	44,099 ⁽²¹⁾	—	—	44,099	0.0078%
	13,164 ⁽²²⁾	—	—	13,164	0.0023%
	68,051 ⁽²³⁾	—	—	68,051	0.0121%
	8,044 ⁽²⁴⁾	—	—	8,044	0.0014%
Daniel J. D'Arrigo	363,000 ⁽²⁵⁾	—	—	363,000	0.0645%
	87,500 ⁽²⁶⁾	—	—	87,500	0.0155%
	27,895 ⁽²⁷⁾	—	—	27,895	0.0050%
	275,896 ⁽²⁸⁾	—	—	275,896	0.0490%
	32,820 ⁽²⁹⁾	—	—	32,820	0.0058%
Kenneth A. Rosevear	73,125 ⁽³⁰⁾	—	—	73,125	0.0130%
	74,910 ⁽³¹⁾	—	—	74,910	0.0133%
	9,477 ⁽³²⁾	—	—	9,477	0.0017%
	4,900 ⁽³³⁾	—	—	4,900	0.0009%

Other Information

Notes:

- (1) These represent the Shares beneficially held by Pansy Ho in her personal capacity.
- (2) Pansy Ho was deemed to be interested in 662,661,200 Shares held by Grand Paradise Macau Limited, a company which she controls.
- (3) This represents 3,500,000 share options of the Company granted to Grant R. Bowie pursuant to the share option scheme of the Company, details of which are set out in note 17 to the condensed consolidated financial statements.
- (4) This represents 3,200,000 share options of the Company granted to Grant R. Bowie pursuant to the share option scheme of the Company, details of which are set out in note 17 to the condensed consolidated financial statements.
- (5) This represents 2,753,600 share options of the Company granted to Grant R. Bowie pursuant to the share option scheme of the Company, details of which are set out in note 17 to the condensed consolidated financial statements.
- (6) These represent 50% of total issued class B shares of MGM Grand Paradise which carry 10% of the total voting power at any meetings of shareholders of MGM Grand Paradise. On each occasion upon which dividends are paid by MGM Grand Paradise, each holder of class B shares will be entitled to receive dividends of up to MOP1 only.
- (7) MGM Resorts International adopted an omnibus incentive plan in 2005 which, as amended, allows it to grant stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance stock units ("PSUs") and other stock-based awards to eligible directors, officers and employees of MGM Resorts International and its subsidiaries. Stock options and SARs granted under all plans generally have terms of either seven or ten years, and in most cases vest in either four or five equal annual installments. RSUs and PSUs granted vest ratably over four and three years respectively. MGM Resorts International's practice is to issue new shares upon exercise or vesting of awards.
- (8) This represents 1,559,375 vested SARs in the common stock of MGM Resorts International granted to James Joseph Murren.
- (9) This represents 65,625 unvested SARs in the common stock of MGM Resorts International granted to James Joseph Murren.
- (10) This represents 121,874 unvested RSUs in the common stock of MGM Resorts International held by James Joseph Murren.
- (11) This represents 721,086 unvested PSUs in the common stock of MGM Resorts International granted to James Joseph Murren. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (12) These represent the common stock of MGM Resorts International held by James Joseph Murren.
- (13) These represent the common stock of MGM Resorts International held by Spousal Limited Access Trusts.
- (14) These represent the common stock of MGM Resorts International held by Emerging Corporate Limited, a company which Pansy Ho has control.
- (15) This represents 239,375 vested SARs in the common stock of MGM Resorts International granted to William Joseph Hornbuckle.
- (16) This represents 28,125 unvested SARs in the common stock of MGM Resorts International granted to William Joseph Hornbuckle.

Other Information

- (17) This represents 42,858 unvested RSUs in the common stock of MGM Resorts International held by William Joseph Hornbuckle.
- (18) This represents 242,486 unvested PSUs in the common stock of MGM Resorts International granted to William Joseph Hornbuckle. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (19) These represent the common stock of MGM Resorts International held by William Joseph Hornbuckle.
- (20) This represents 242,187 vested SARs in the common stock of MGM Resorts International granted to William M. Scott IV.
- (21) This represents 44,099 unvested SARs in the common stock of MGM Resorts International granted to William M. Scott IV.
- (22) This represents 13,164 unvested RSUs in the common stock of MGM Resorts International held by William M. Scott IV.
- (23) This represents 42,532 unvested PSUs in the common stock of MGM Resorts International granted to William M. Scott IV. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (24) These represent the common stock of MGM Resorts International held by William M. Scott IV.
- (25) This represents 363,000 vested SARs in the common stock of MGM Resorts International granted to Daniel J. D'Arrigo.
- (26) This represents 87,500 unvested SARs in the common stock of MGM Resorts International granted to Daniel J. D'Arrigo.
- (27) This represents 27,895 unvested RSUs in the common stock of MGM Resorts International held by Daniel J. D'Arrigo.
- (28) This represents 172,435 unvested PSUs in the common stock of MGM Resorts International granted to Daniel J. D'Arrigo. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (29) These represent the common stock of MGM Resorts International held by Daniel J. D'Arrigo.
- (30) This represents 73,125 vested SARs in the common stock of MGM Resorts International granted to Kenneth A. Rosevear.
- (31) This represents 74,910 unvested SARs in the common stock of MGM Resorts International granted to Kenneth A. Rosevear.
- (32) This represents 9,477 unvested RSUs in the common stock of MGM Resorts International held by Kenneth A. Rosevear.
- (33) These represent the common stock of MGM Resorts International held by Kenneth A. Rosevear.

Save as disclosed above, as at June 30, 2015, none of the Directors or the chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or (ii) recorded in the register maintained by the Company as required pursuant to Section 352 of the SFO as aforesaid or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Other Information

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at June 30, 2015, so far as is known to any Director or the chief executive of the Company, the persons who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or as otherwise notified to the Company were as follows:

(a) Long Position in the Shares of the Company

Number of Shares

Name	Capacity/nature of interest	Number of Shares held	Percentage of shareholding
MGM Resorts International ⁽¹⁾	Interest of a controlled corporation	1,938,000,001	51.00%
MGM International, LLC ⁽¹⁾	Interest of a controlled corporation	1,938,000,001	51.00%
MGM Resorts International Holdings, Ltd. ⁽¹⁾	Direct interest	1,938,000,001	51.00%
Pansy Ho ⁽²⁾	Direct interest	380,000,000	10.00%
	Interest of a controlled corporation	662,661,200	17.44%
Grand Paradise Macau Limited ⁽²⁾	Direct interest	662,661,200	17.44%

Notes:

- (1) MGM Resorts International Holdings, Ltd. is a wholly owned subsidiary of MGM International, LLC, which in turn is wholly owned by MGM Resorts International. Therefore, MGM International, LLC and MGM Resorts International are deemed or taken to be interested in 1,938,000,001 Shares which are directly held by MGM Resorts International Holdings, Ltd.
- (2) Grand Paradise Macau Limited is a company controlled by Pansy Ho and therefore Pansy Ho is deemed or taken to be interested in 662,661,200 Shares which are directly held by Grand Paradise Macau Limited.

Save as disclosed above, the Company had not been notified of any other corporation or person, who, as at June 30, 2015, had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

Remuneration Policy

As at June 30, 2015, MGM Grand Paradise employed 6,099 employees in Macau and Hong Kong.

The Group's remuneration philosophy is a market-based job compensation grading approach to pay administration, which we believe is the best strategy to fulfill the Company's fundamental goal of attracting and retaining a diverse and highly skilled workforce. To accomplish this, the Company intends its remuneration system to be:

- **Competitive** — The Macau Labor market, considering both MGM China's market niche and the larger industries in which we compete for talent.
- **Comprehensive** — Remuneration viewed through the lens of total rewards, including base pay, health benefits, incentive pay, bonus, equity and retirement plans, etc.
- **Objective** — Administered to be consistent with Macau market rates.
- **Developmental** — Designed to encourage career and professional development within the workforce.

A group-wide performance based incentive program has been implemented since 2011 and has been revised in 2014 for all managerial level employees to stay competitive, attract and retain talents for the Group's expansion. The objective of developing such an incentive bonus program is to focus all members of the team in creating and sustaining the enterprise value of the Group. The program consists of several components designed to encourage targeted individuals and groups based on clear and measurable objectives designed to support the Group's strategy.

In addition to the above performance incentives, it is customary in Macau to provide additional months of salary to line staff during the Chinese New Year period as a gratuity for their hard work during the year. Such additional bonus is subject to the Board's discretion.

Other Information

Share Option Scheme

The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected qualifying grantees. The vesting periods for all of the options granted were 25% per year on each of the subsequent four anniversary dates of the date of grant. A summary of the movements of the outstanding options under the scheme during the six months ended June 30, 2015 is as follows:

Directors, eligible employees and consultants	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2015	Number of share options			Outstanding at June 30, 2015
					Granted during the period	Exercised during the period	Forfeited during the period	
Grant R. Bowie	June 3, 2011	June 2, 2012 - May 10, 2021	15.62	3,500,000	—	—	—	3,500,000
Employees	June 3, 2011	June 2, 2012 - May 10, 2021	15.62	8,652,800	—	—	(25,200)	8,627,600
Employees	August 22, 2011	August 21, 2012 - May 10, 2021	15.12	705,000	—	—	—	705,000
Employees	September 1, 2011	August 31, 2012 - May 10, 2021	14.78	790,000	—	—	—	790,000
Employees	November 15, 2011	November 14, 2012 - May 10, 2021	10.80	40,000	—	—	—	40,000
Consultants	February 23, 2012	February 22, 2013 - May 10, 2021	13.82	875,000	—	—	—	875,000
Employees	February 26, 2013	February 25, 2014 - February 26, 2023	18.74	100,000	—	—	—	100,000
Employees	May 15, 2013	May 14, 2014 - May 15, 2023	20.35	50,000	—	—	—	50,000
Employees	November 15, 2013	November 14, 2014 - November 15, 2023	27.25	750,000	—	—	—	750,000
Employees	February 24, 2014	February 23, 2015 - February 24, 2024	32.25	700,000	—	—	—	700,000
Grant R. Bowie	June 3, 2014	June 2, 2015 - June 2, 2024	26.85	3,200,000	—	—	—	3,200,000
Employees	June 3, 2014	June 2, 2015 - June 2, 2024	26.85	13,855,000	—	—	(60,000)	13,795,000
Employees	August 15, 2014	August 15, 2015 - August 14, 2024	26.35	690,000	—	—	—	690,000
Employees	November 17, 2014	November 17, 2015 - November 16, 2024	24.12	1,150,000	—	—	—	1,150,000
Employees	February 25, 2015	February 25, 2016 - February 24, 2025	19.24	—	710,000 ⁽¹⁾	—	(50,000)	660,000
Employees	May 15, 2015	May 15, 2016 - May 14, 2025	15.10	—	1,320,000 ⁽²⁾	—	—	1,320,000
Grant R. Bowie	June 3, 2015	June 3, 2016 - June 2, 2025	14.09	—	2,753,600 ⁽³⁾	—	—	2,753,600
Employees	June 3, 2015	June 3, 2016 - June 2, 2025	14.09	—	10,152,800 ⁽³⁾	—	—	10,152,800
				35,057,800	14,936,400	—	(135,200)	49,859,000

Other Information

Notes:

- (1) The closing price of the Shares immediately before the date of this grant was HK\$19.06 and the estimated weighted average fair value of share options granted on that date was HK\$6.58 per Share.
- (2) The closing price of the Shares immediately before the date of this grant was HK\$14.84 and the estimated weighted average fair value of share options granted on that date was HK\$5.55 per Share.
- (3) The closing price of the Shares immediately before the date of this grant was HK\$13.38 and the estimated weighted average fair value of share options granted on that date was HK\$4.10 per Share.

Purchase, Sale or Redemption of Company's Listed Securities

There has been no exercise of any conversion or subscription rights, nor any purchase, sale or redemption by the Group of its listed Shares during the six months ended June 30, 2015.

Corporate Governance Practices

The Directors recognize the importance of good corporate governance in the management of the Group. During the six months from January 1, 2015 to June 30, 2015, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Compliance with Company's Code for Securities Transactions by Directors and Officers

The Company has adopted its code of conduct regarding securities transactions by Directors and officers (the "Securities Code") on terms which are more exacting than the required standard set out in the Model Code. The Company has made specific enquiry of all Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code and the Model Code throughout the six months ended June 30, 2015.

Update on Directors' Information

Changes in the information of the Directors since disclosure made in the Company's 2014 annual report that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

1. Ms. Pansy Ho was appointed as Honorary Professor of the School of Political Communication of the Central China University in November 2013, she was appointed as Honorary Fellowship from the Hong Kong Academy for performing arts in June 2014 and appointed as Justice of Peace in July 2015.

Other Information

Review of Unaudited Condensed Consolidated Financial Statements

The Group's unaudited condensed consolidated financial statements for the reporting period have been reviewed by the Company's Audit Committee members, being Russell Francis Banham (Chairperson), Daniel J. D'Arrigo, Zhe Sun and Peter Man Kong Wong and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board

James Joseph Murren
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-Chairperson and Executive Director

Hong Kong, August 4, 2015

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of MGM China Holdings Limited (the “Company”) and its subsidiaries set out on pages 31 to 55, which comprises the condensed consolidated statement of financial position as of June 30, 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Report on Review of Condensed Consolidated Financial Statements

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 4, 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Six months ended June 30,	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
OPERATING REVENUE			
Casino revenue	4	9,036,619	13,576,849
Other revenue	5	166,981	147,029
		9,203,600	13,723,878
OPERATING COSTS AND EXPENSES			
Special gaming tax and special levy to the Macau Government		(4,486,435)	(7,115,851)
Inventories consumed		(167,731)	(187,774)
Staff costs		(1,004,945)	(970,360)
Other expenses and losses	6	(1,405,924)	(1,959,239)
Depreciation and amortization		(395,764)	(393,869)
		(7,460,799)	(10,627,093)
Operating profit		1,742,801	3,096,785
Interest income		2,031	9,144
Finance costs	7	(37,204)	(60,558)
Net foreign currency loss		(120)	(2,708)
Profit before taxation		1,707,508	3,042,663
Taxation	8	(7,476)	(7,476)
Profit for the period and total comprehensive income attributable to owners of the Company	9	1,700,032	3,035,187
Earnings per Share — Basic	11	HK44.7 cents	HK79.9 cents
Earnings per Share — Diluted	11	HK44.7 cents	HK79.7 cents

Condensed Consolidated Statement of Financial Position

	NOTES	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	12	3,879,661	4,046,370
Construction in progress	12	7,466,988	5,487,615
Sub-concession premium		603,172	666,100
Land use right premium		1,364,747	1,399,355
Other assets		25,445	16,241
Prepayments and deposits	14	651,967	304,186
		13,991,980	11,919,867
CURRENT ASSETS			
Inventories		113,533	110,407
Trade receivables	13	287,795	427,573
Prepayments, deposits and other receivables	14	96,057	67,318
Land use right premium		69,596	69,406
Amounts due from related companies	22(a)(i)	632	1,087
Bank balances and cash		4,047,710	4,232,187
		4,615,323	4,907,978
CURRENT LIABILITIES			
Payables and accrued charges	15	4,418,162	5,579,218
Land use right payable		208,954	203,857
Construction retention payable		39,670	40,346
Amounts due to related companies	22(a)(ii)	28,374	17,414
Taxation payable		8,607	16,083
		4,703,767	5,856,918
NET CURRENT LIABILITIES		(88,444)	(948,940)
TOTAL ASSETS LESS CURRENT LIABILITIES		13,903,536	10,970,927

Condensed Consolidated Statement of Financial Position

	NOTES	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Bank borrowings	16	9,370,639	4,118,182
Payables and accrued charges	15	2,635	2,040
Land use right payable		219,532	325,299
Construction retention payable		254,396	183,883
		9,847,202	4,629,404
NET ASSETS			
		4,056,334	6,341,523
CAPITAL AND RESERVES			
Share capital		3,800,000	3,800,000
Share premium and reserves		256,334	2,541,523
SHAREHOLDERS' FUNDS			
		4,056,334	6,341,523

The condensed consolidated financial statements on pages 31 to 55 were approved and authorized for issue by the Board of Directors on August 4, 2015 and is signed on its behalf by:

James Joseph Murren
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-chairperson and Executive Director

Condensed Consolidated Statement of Changes in Equity

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Equity reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Share premium and reserves total HK\$'000	Shareholders' funds total HK\$'000
At January 1, 2015 (audited)	3,800,000	10,432,828	3,692	184,761	293,725	(13,133,305)	4,759,822	2,541,523	6,341,523
Profit for the period and total comprehensive income	—	—	—	—	—	—	1,700,032	1,700,032	1,700,032
Forfeiture of share options	—	—	—	(127)	—	—	127	—	—
Recognition of share-based payments	—	—	—	46,579	—	—	—	46,579	46,579
Dividends paid	—	—	—	—	—	—	(4,031,800)	(4,031,800)	(4,031,800)
At June 30, 2015 (unaudited)	3,800,000	10,432,828	3,692	231,213	293,725	(13,133,305)	2,428,181	256,334	4,056,334
At January 1, 2014 (audited)	3,800,000	10,432,876	2,704	125,895	293,725	(13,133,305)	4,981,563	2,703,458	6,503,458
Profit for the period and total comprehensive income	—	—	—	—	—	—	3,035,187	3,035,187	3,035,187
Exercise of share options	258	6,734	—	(3,173)	—	—	—	3,561	3,819
Share repurchase and cancellation									
— repurchases of Shares	(258)	(7,660)	—	—	—	—	—	(7,660)	(7,918)
— transfer	—	—	258	—	—	—	(258)	—	—
Forfeiture of share options	—	—	—	(498)	—	—	498	—	—
Recognition of share-based payments	—	—	—	25,190	—	—	—	25,190	25,190
Dividends paid	—	—	—	—	—	—	(4,864,113)	(4,864,113)	(4,864,113)
At June 30, 2014 (unaudited)	3,800,000	10,431,950	2,962	147,414	293,725	(13,133,305)	3,152,877	895,623	4,695,623

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,114,014	3,622,696
INVESTING ACTIVITIES		
Purchase of property and equipment	(83,547)	(94,975)
Proceeds from disposal of property and equipment and other assets	553	3,470
Payments for construction in progress	(1,754,850)	(1,249,413)
Payments of developers' fee capitalized to construction in progress	(81,402)	—
Payments for land use right premium	(113,899)	(113,899)
Purchase of other assets	(11,758)	(2,918)
NET CASH USED IN INVESTING ACTIVITIES	(2,044,903)	(1,457,735)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	5,230,000	—
Payment of debt finance costs	(353,750)	—
Interest paid	(98,038)	(82,561)
Dividends paid	(4,031,800)	(4,864,113)
Proceeds from exercise of share options	—	4,318
Payments on repurchase of Shares	—	(7,918)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	746,412	(4,950,274)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(184,477)	(2,785,313)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,232,187	7,884,805
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	4,047,710	5,099,492

Notes to the Condensed 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 Hong Kong Stock Exchange on June 3, 2011. The Company’s immediate holding company is MGM Resorts International Holdings, Ltd., a company incorporated in 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.

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

2. Basis of Preparation and Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis, and in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2015 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2014.

The condensed consolidated financial statements have been prepared on a going concern basis. As at June 30, 2015, the Group had net current liabilities of approximately HK\$88.4 million (December 31, 2014: approximately HK\$948.9 million) mainly as a result of partly funding non-current capital expenditure out of cash from operations. As described in note 16, the Group has credit facilities comprising a HK\$12.09 billion term loan facility and a HK\$11.31 billion revolving credit facility. As at June 30, 2015, HK\$7.20 billion of the term loan facility and HK\$6.68 billion of the revolving credit facility are undrawn and 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. The Group drew down the remaining portion of the term loan facility in July 2015. The repayment terms of the Group’s bank borrowings are disclosed in note 16.

Notes to the Condensed Consolidated Financial Statements

2. Basis of Preparation and Principal Accounting Policies *(Continued)*

Application of new and revised IFRSs

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

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

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

IFRSs in issue not yet adopted

Up to the date of this report, the Group has not early adopted the new or revised IFRSs that have been issued, but are not yet effective.

3. 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 for the entire business. Accordingly, the Group does not present separate segment information.

Notes to the Condensed Consolidated Financial Statements

4. Casino Revenue

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

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino revenue from		
— VIP gaming operations	4,239,479	7,581,114
— Main floor table gaming operations	3,961,244	4,866,823
— Slot machine operations	835,896	1,128,912
	9,036,619	13,576,849

5. Other Revenue

Other revenue comprises:

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hotel rooms	38,828	17,660
Food and beverage	103,181	107,001
Retail and others	24,972	22,368
	166,981	147,029

Notes to the Condensed Consolidated Financial Statements

5. Other Revenue (Continued)

From time to time, the Group provides hotel rooms, food and beverage, retail and others 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 period is as follows:

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hotel rooms	212,328	232,853
Food and beverage	152,046	190,967
Retail and others	4,823	7,452
	369,197	431,272

6. Other Expenses and Losses

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Junket commission	522,260	1,025,201
Advertising and promotion	274,804	374,977
Allowance for doubtful debts, net	190,110	55,220
License fees	161,063	240,168
Utilities and fuel	53,527	54,067
Other support services	49,071	55,305
Repairs and maintenance	39,508	45,755
Loss/(gain) on disposal or write-off of property and equipment and construction in progress	6,422	(431)
Other	109,159	108,977
	1,405,924	1,959,239

Notes to the Condensed Consolidated Financial Statements

7. Finance Costs

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	95,155	80,959
Land use right payable wholly repayable within five years	10,712	15,684
Amortization of debt finance costs	35,525	33,847
Loss on modification or early retirement of debt	14,918	—
Bank fees and charges	3,203	3,475
Total borrowing costs	159,513	133,965
Less: capitalized interest allocated to construction in progress	(122,309)	(73,407)
	37,204	60,558

Interest on land use right payable incurred for the period amounting to HK\$10.7 million was capitalized in construction in progress as at June 30, 2015 (six months ended June 30, 2014 : HK\$15.7 million).

For the six months ended June 30, 2015, borrowing costs was capitalized by applying a capitalization rate of 4.28% (six months ended June 30, 2014: 4.10%) per annum to expenditure on qualifying assets.

Notes to the Condensed Consolidated Financial Statements

8. Taxation

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation expense:		
Macau dividend withholding tax	(7,476)	(7,476)
Hong Kong Profit Tax	—	—
	(7,476)	(7,476)

Macau Complementary Tax is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior periods. Pursuant to the approval notice 186/2008 issued by the Macau Government dated June 19, 2008, MGM Grand Paradise, the Group's principal operating subsidiary, was exempted from Macau Complementary Tax for income generated from gaming operations for 5 years from 2007 to 2011. This exemption has been further renewed for another 5 years from 2012 to 2016 pursuant to the approval notice 267/2011 issued by the Macau Government dated September 22, 2011. Accordingly, no liability for Macau Complementary Tax has been recognized by the Group for the six months ended June 30, 2015 and 2014.

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 periods. For the six months ended June 30, 2015, no provision for Hong Kong Profit Tax has been recognized since the Company's subsidiary did not have estimated assessable profit. For the six months ended June 30, 2014, the Company's subsidiary also had no estimated assessable profit after setting off taxation losses brought forward from previous periods and incurred in Hong Kong.

Notes to the Condensed Consolidated Financial Statements

9. Profit for the Period

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' and chief executive's emoluments	26,750	23,880
Retirement benefits scheme contributions for other staff	26,336	18,439
Share-based payments for other staff	37,808	18,350
Salaries and other benefits for other staff	914,051	909,691
	1,004,945	970,360
Amortization in respect of:		
— sub-concession premium	62,928	62,928
— land use right premium	9,544	9,544
— other assets	10,705	6,738
Depreciation of property and equipment	312,587	314,659
	395,764	393,869
Loss/(gain) on disposal or write-off of property and equipment and construction in progress	6,422	(431)
Operating lease rentals in respect of:		
— equipment	6,406	7,431
— warehouse	3,499	3,602
— leasehold land	2,468	2,459
— office premises	3,490	4,682

10. Dividends

On February 19, 2014, a special dividend 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 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. This dividend was paid to Shareholders on March 19, 2015.

Notes to the Condensed Consolidated Financial Statements

10. Dividends (Continued)

On May 14, 2015, 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 was approved by the Shareholders of the Company. This dividend was paid to Shareholders on June 8, 2015.

On August 4, 2015, an interim dividend of HK\$0.156 per Share, amounting to approximately HK\$592.8 million in aggregate has been declared by the Directors of the Company.

11. Earnings per Share

The calculation of the basic earnings per Share for the six months ended June 30, 2015 and 2014 is based on the consolidated profit attributable to owners of the Company and on the weighted average number of Shares in issue during the period.

The calculation of diluted earnings per Share for the six months ended June 30, 2015 and 2014 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 period plus the potential Shares arising from exercise of share options (see note 17).

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

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per Share	1,700,032	3,035,187
Weighted average number of Shares		
Weighted average number of Shares for the purpose of basic earnings per Share ('000)	3,800,000	3,800,037
Number of dilutive potential Shares arising from exercise of share options ('000)	346	6,746
Weighted average number of Shares for the purpose of diluted earnings per Share ('000)	3,800,346	3,806,783
Earnings per Share — Basic	HK44.7 cents	HK79.9 cents
Earnings per Share — Diluted	HK44.7 cents	HK79.7 cents

Notes to the Condensed Consolidated Financial Statements

12. Property and Equipment and Construction in Progress

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Carrying amount at January 1	9,533,985	6,713,933
Additions	2,134,971	3,477,358
Disposal/write-off	(9,720)	(19,195)
Depreciation	(312,587)	(638,111)
Carrying amount at June 30/December 31	11,346,649	9,533,985
Property and equipment	3,879,661	4,046,370
Construction in progress	7,466,988	5,487,615
	11,346,649	9,533,985

During the six months ended June 30, 2015, borrowing costs of HK\$122.3 million (six months ended June 30, 2014: HK\$73.4 million) have been capitalized in the Group's construction in progress.

13. Trade Receivables

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Trade receivables	596,402	532,343
Less: Allowance for doubtful debts	(308,607)	(104,770)
	287,795	427,573

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.

Notes to the Condensed Consolidated Financial Statements

13. Trade Receivables (Continued)

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

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Within 30 days	186,424	259,406
31 — 60 days	70,423	94,929
61 — 90 days	15,892	27,156
91 — 120 days	15,056	46,082
	287,795	427,573

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.

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.

As at June 30, 2015, casino receivables of HK\$276.3 million (December 31, 2014: HK\$34.1 million), have been fully provided for. The impairment losses recognized during the six months ended June 30, 2015 and 2014 are attributable to casino debtors who defaulted in repayment of their debts and/or their creditworthiness has deteriorated.

Notes to the Condensed Consolidated Financial Statements

14. Prepayments, Deposits and Other Receivables

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Prepaid goods and services	79,934	60,125
Deposits	23,171	31,281
Advances to a construction contractor and sub-contractors	294,538	270,556
Prepaid debt finance costs	335,838	—
Other receivables	14,543	9,542
	748,024	371,504
Current	96,057	67,318
Non-current	651,967	304,186
	748,024	371,504

15. Payables and Accrued Charges

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Outstanding chips liabilities	1,388,370	1,718,108
Special gaming tax and special levy payables	685,489	970,677
Accrued construction and renovation costs	500,016	796,872
Construction payables	491,765	115,392
Other casino liabilities	439,651	874,988
Accrued staff costs	352,341	359,231
Deposits and advances	288,658	360,008
Other payables and accrued charges	222,186	295,502
Trade payables	52,321	90,480
	4,420,797	5,581,258
Current	4,418,162	5,579,218
Non-current	2,635	2,040
	4,420,797	5,581,258

Notes to the Condensed Consolidated Financial Statements

15. Payables and Accrued Charges *(Continued)*

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

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Within 30 days	38,124	55,182
31 — 60 days	12,708	26,809
61 — 90 days	1,208	3,202
91 — 120 days	97	3,840
Over 120 days	184	1,447
	52,321	90,480

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

16. Bank Borrowings

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
The secured credit facilities are repayable:		
Between one to two years	—	1,072,500
Between two to five years	9,520,000	3,217,500
	9,520,000	4,290,000
Less: Debt finance costs	(149,361)	(171,818)
	9,370,639	4,118,182
Current	—	—
Non-current	9,370,639	4,118,182
	9,370,639	4,118,182

Notes to the Condensed Consolidated Financial Statements

16. Bank Borrowings (Continued)

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. The Amended Credit Facilities included a HK\$4.29 billion term loan facility and a HK\$11.31 billion revolving credit facility. These facilities bore interest at HIBOR plus a margin ranging from 1.75% to 2.5% per annum based on the Group’s leverage ratio and were to be fully repaid in October 2017.

During June 2015, the Company and MGM Grand Paradise as co-borrowers entered into a second amended and restated credit agreement (the “Second Amended Credit Facilities”) which extended the maturity of the Amended Credit Facilities with most of the lenders to April 29, 2019 and expanded the term loan facility set out in the Amended Credit Facilities to HK\$12.09 billion. The aggregate amount of the Second Amended Credit facilities is HK\$23.40 billion, consisting of a HK\$12.09 billion term loan facility and a HK\$11.31 billion revolving credit facility.

As at June 30, 2015, HK\$4.89 billion of the term loan facility was drawn down with the remaining term loan facility of HK\$7.20 billion being fully drawn in July 2015. As at June 30, 2015, HK\$4.63 billion of the revolving credit facility was drawn down leaving HK\$6.68 billion of the revolving credit facility as undrawn and available for utilization up to March 2019. The term loan facility is repayable on a quarterly basis commencing in October 2017 and will be fully repaid in April 2019. Each drawdown under the revolving credit facility will be repaid in full on the last date of the respective term but no later than April 2019. The Group has recognized a HK\$14.92 million loss on modification or early retirement of debt during the six months ended June 30, 2015 (six months ended June 30, 2014: Nil).

The Second Amended Credit Facilities bear interest at HIBOR plus a fixed margin of 1.75% per annum for the first six months and thereafter a variable margin ranging from 1.375% to 2.5% per annum based on the Group’s leverage ratio. As at June 30, 2015, the Group paid interest at HIBOR plus 1.75% per annum (December 31, 2014: HIBOR plus 1.75% per annum). The weighted average interest rate on the Group’s borrowings for the six months ended June 30, 2015 was 4.28% per annum (six months ended June 30, 2014: 4.10% per annum).

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.

17. Share-Based Payments

As at June 30, 2015, the number of Shares in respect of which options had been granted and remained outstanding under the Company’s share option scheme (the “Scheme”) was 49,859,000 (December 31, 2014: 35,057,800), representing approximately 1.31% (December 31, 2014: 0.9%) of the Shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Statements

17. Share-Based Payments (Continued)

A summary of the movements of the outstanding options under the Scheme is as follows:

June 30, 2015

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2015 (audited)	Number of share options			
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)	Outstanding at June 30, 2015 (unaudited)
Directors	June 3, 2011	June 2, 2012 - May 10, 2021	15.62	3,500,000	—	—	—	3,500,000
Employees	June 3, 2011	June 2, 2012 - May 10, 2021	15.62	8,652,800	—	—	(25,200)	8,627,600
Employees	August 22, 2011	August 21, 2012 - May 10, 2021	15.12	705,000	—	—	—	705,000
Employees	September 1, 2011	August 31, 2012 - May 10, 2021	14.78	790,000	—	—	—	790,000
Employees	November 15, 2011	November 14, 2012 - May 10, 2021	10.80	40,000	—	—	—	40,000
Consultants	February 23, 2012	February 22, 2013 - May 10, 2021	13.82	875,000	—	—	—	875,000
Employees	February 26, 2013	February 25, 2014 - February 26, 2023	18.74	100,000	—	—	—	100,000
Employees	May 15, 2013	May 14, 2014 - May 15, 2023	20.35	50,000	—	—	—	50,000
Employees	November 15, 2013	November 14, 2014 - November 15, 2023	27.25	750,000	—	—	—	750,000
Employees	February 24, 2014	February 23, 2015 - February 24, 2024	32.25	700,000	—	—	—	700,000
Directors	June 3, 2014	June 2, 2015 - June 2, 2024	26.85	3,200,000	—	—	—	3,200,000
Employees	June 3, 2014	June 2, 2015 - June 2, 2024	26.85	13,855,000	—	—	(60,000)	13,795,000
Employees	August 15, 2014	August 15, 2015 - August 14, 2024	26.35	690,000	—	—	—	690,000
Employees	November 17, 2014	November 17, 2015 - November 16, 2024	24.12	1,150,000	—	—	—	1,150,000
Employees	February 25, 2015	February 25, 2016 - February 24, 2025	19.24	—	710,000	—	(50,000)	660,000
Employees	May 15, 2015	May 15, 2016 - May 14, 2025	15.10	—	1,320,000	—	—	1,320,000
Directors	June 3, 2015	June 3, 2016 - June 2, 2025	14.09	—	2,753,600	—	—	2,753,600
Employees	June 3, 2015	June 3, 2016 - June 2, 2025	14.09	—	10,152,800	—	—	10,152,800
				35,057,800	14,936,400	—	(135,200)	49,859,000
Weighted average exercise price per Share				HK\$22.09	HK\$14.42	—	HK\$21.94	HK\$19.79
Exercisable at end of the reporting period								18,507,600

Notes to the Condensed Consolidated Financial Statements

17. Share-Based Payments (Continued)

June 30, 2014

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2014 (audited)	Number of share options			
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)	Outstanding at June 30, 2014 (unaudited)
Directors	June 3, 2011	June 2, 2012 - May 10, 2021	15.62	3,500,000	—	—	—	3,500,000
Employees	June 3, 2011	June 2, 2012 - May 10, 2021	15.62	9,670,600	—	(80,800)	(65,200)	9,524,600
Employees	August 22, 2011	August 21, 2012 - May 10, 2021	15.12	830,000	—	(125,000)	—	705,000
Employees	September 1, 2011	August 31, 2012 - May 10, 2021	14.78	790,000	—	—	—	790,000
Employees	November 15, 2011	November 14, 2012 - May 10, 2021	10.80	140,000	—	(40,000)	—	100,000
Employees	February 23, 2012	February 22, 2013 - May 10, 2021	13.82	80,000	—	—	(80,000)	—
Consultants	February 23, 2012	February 22, 2013 - May 10, 2021	13.82	875,000	—	—	—	875,000
Employees	February 26, 2013	February 25, 2014 - February 26, 2023	18.74	150,000	—	(12,500)	(37,500)	100,000
Employees	May 15, 2013	May 14, 2014 - May 15, 2023	20.35	50,000	—	—	—	50,000
Employees	August 15, 2013	August 14, 2014 - August 15, 2023	22.65	80,000	—	—	(80,000)	—
Employees	November 15, 2013	November 14, 2014 - November 15, 2023	27.25	750,000	—	—	—	750,000
Employees	February 24, 2014	February 23, 2015 - February 24, 2024	32.25	—	700,000	—	—	700,000
Directors	June 3, 2014	June 2, 2015 - June 2, 2024	26.85	—	3,200,000	—	—	3,200,000
Employees	June 3, 2014	June 2, 2015 - June 2, 2024	26.85	—	14,180,000	—	—	14,180,000
				16,915,600	18,080,000	(258,300)	(262,700)	34,474,600
Weighted average exercise price per Share				HK\$16.01	HK\$27.06	HK\$14.78	HK\$17.66	HK\$21.80
Exercisable at end of the reporting period								10,267,100

25% of the options granted will vest on each of the first, second, third and fourth anniversaries from the date of grant of the share option. During the six months ended June 30, 2015, options were granted on February 25, 2015, May 15, 2015 and June 3, 2015 and their estimated weighted average fair values were HK\$6.58, HK\$5.55 and HK\$4.10 per Share, respectively. The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Notes to the Condensed Consolidated Financial Statements

17. Share-Based Payments *(Continued)*

The significant inputs into the model for the options granted during the period are as follows:

Options granted on February 25, 2015 and May 15, 2015

Risk-free interest rate	1.75% to 1.86% per annum
Expected dividend yield	1.64% per annum
Expected life	7.39 to 8.31 years
Expected volatility	38.79% per annum

Options granted on June 3, 2015

Risk-free interest rate	1.04% to 1.43% per annum
Expected dividend yield	2.52% per annum
Expected life	4.44 to 7.00 years
Expected volatility	43.57% per annum

Expected volatility used in the valuation of options granted during the period was determined by using the historical volatility of the Company's Share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of the vesting period, exercise period and employee's behavioural considerations.

The Group recognized a total expense of HK\$46.6 million for the six months ended June 30, 2015 (six months ended June 30, 2014: HK\$25.2 million) in relation to share options granted by the Company.

18. Contingent Liabilities

As at June 30, 2015, the Group has given bank guarantees totalling HK\$300.1 million (December 31, 2014: HK\$300.1 million) to certain parties, of which HK\$294.6 million (December 31, 2014: HK\$294.6 million) was issued in favor of the Macau Government as required in the Subconcession Contract and land-concession contract in respect of MGM COTAI, HK\$2.0 million (December 31, 2014: HK\$2.0 million) was issued in favor of certain vendors and HK\$3.5 million (December 31, 2014: HK\$3.5 million) was issued in favor of a service provider, which is a related company as one of the Directors of the Company has non-controlling beneficial interests.

Notes to the Condensed Consolidated Financial Statements

19. Operating Lease Commitments

The Group as the lessee

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Within one year	40,622	29,740
More than one year and not longer than five years	52,392	36,308
More than five years	123,371	127,440
	216,385	193,488

The Group as the lessor

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Within one year	18,684	19,442
More than one year and not longer than five years	15,672	21,309
	34,356	40,751

20. Capital Commitments

	At June 30, 2015 HK\$'000 (unaudited)	At December 31, 2014 HK\$'000 (audited)
Capital expenditure in respect of renovation of MGM MACAU and design and construction of MGM COTAI that have been		
— authorized but not contracted for	10,353,208	9,808,188
— contracted but not accounted for	7,729,690	8,814,903
	18,082,898	18,623,091

Notes to the Condensed Consolidated Financial Statements

21. Other Commitments

Pursuant to the gaming contract signed with the Macau Government, MGM Grand Paradise has committed to pay an annual premium of HK\$29.1 million plus a variable premium calculated on the basis of the number of gaming tables and gaming devices operated by MGM Grand Paradise during the term of the Subconcession Contract when the gaming operations commenced business. A premium of HK\$60.5 million (six months ended June 30, 2014: HK\$63.0 million) was paid to the Macau Government and was recognized in profit or loss and included in special gaming tax and special levy to the Macau Government for the six months ended June 30, 2015.

22. Related Party Transactions

Apart from the transactions as described in note 18, 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\$0.9 million (December 31, 2014: HK\$13.2 million) and ultimate holding company of the Company amounting to HK\$27.5 million (December 31, 2014: HK\$4.2 million). The amounts are unsecured, non-interest bearing and repayable on demand.

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

	At	At
	June 30, 2015	December 31, 2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	28,284	12,609
31 — 60 days	90	4,753
61 — 90 days	—	52
	28,374	17,414

Notes to the Condensed Consolidated Financial Statements

22. Related Party Transactions (Continued)

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

Related parties	Type of transaction	Six months ended June 30,	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Companies in which one of the Directors of the Company has non-controlling beneficial interests	Rental of premises*	1,827	1,608
	Travelling and accommodation, net of discounts	41,519	96,006
Ultimate holding company	Marketing referral fees	8,145	11,334
	Marketing referral income	(334)	(304)
Company which jointly-owned by Shareholders	Developers' fees capitalized	20,159	58,000
	License fee	161,063	240,168

* At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises to related parties of HK\$3.2 million (December 31, 2014: HK\$4.9 million) which fall due within the following two years (December 31 2014: two years).

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, MGM Resorts International, MGM Resorts International Holdings, Ltd. and NCE 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 Subconcession 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, 2015, the annual cap is US\$51.84 million (equivalent to approximately HK\$401.5 million) and for the year ended December 31, 2014, the annual cap is US\$43.2 million (equivalent to approximately HK\$335.0 million). The annual cap will increase by 20% per annum for each financial year during the term of the Branding Agreement. During the six months ended June 30, 2015, a total license fee of HK\$161.1 million (six months ended June 30, 2014: HK\$240.2 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.

Notes to the Condensed Consolidated Financial Statements

22. Related Party Transactions *(Continued)*

(c) Compensation to key management personnel

The remuneration of key management personnel is as follows:

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term benefits	65,419	57,634
Post-employment benefits	1,243	1,134
Share-based payments	27,601	24,476
	94,263	83,244

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

Glossary

Definitions and Glossary Used in this Interim Report

“Board of Directors” or “Board”	the board of Directors of our Company
“Branding Agreement”	the Branding Agreement dated May 17, 2011 entered into among our Company, MGM Grand Paradise, MGM Branding and Development Holdings, MGM Resorts International, MGM Resorts International Holdings and NCE
“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” or “mainland China”	the People’s Republic of China excluding, for the purpose of this interim report 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
“Director(s)”	the director(s) 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

Glossary

“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
“Grand Paradise Macau Limited”	Grand Paradise Macau Limited, a company incorporated in the Isle of Man and wholly-owned by Pansy Ho
“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 value 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

Glossary

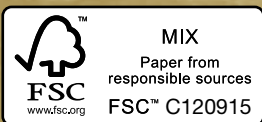
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and 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
“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 Branding and Development Holdings”	MGM Branding and Development Holdings, Ltd., a company incorporated in the BVI and jointly wholly-owned, directly or indirectly, by MGM Resorts International and Pansy Ho in equal portions
“MGM COTAI”	our another integrated casino, hotel and entertainment complex on the Cotai Land
“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

Glossary

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“NCE”	New Corporate Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Ms. Pansy Ho
“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

Glossary

“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



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