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

MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2282)

INSIDE INFORMATION

**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND
YEAR ENDED DECEMBER 31, 2016 OF
MGM RESORTS INTERNATIONAL,
OUR CONTROLLING SHAREHOLDER**

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

Our controlling shareholder, MGM Resorts International, has, on or about February 16, 2017 (7:55 a.m., New York time), released its unaudited results for the fourth quarter and year ended December 31, 2016 which contain financial information about MGM China Holdings Limited prepared and presented herein under Generally Accepted Accounting Principles of the United States.

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

MGM China’s controlling shareholder, MGM Resorts International, is a company listed on the New York Stock Exchange in the United States. As at the date of this announcement, MGM Resorts International beneficially owns approximately 56% of the issued share capital of MGM China.

MGM Resorts International has, on or about February 16, 2017 (7:55 a.m., New York time), released its unaudited results for the fourth quarter and year ended December 31, 2016 (the “Earnings Release”). If you wish to review the Earnings Release prepared by MGM Resorts International and as filed with the United States Securities and Exchange Commission, please visit <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000789570&owner=exclude&count=40&hidefilings=0>. The Earnings Release contains financial information about MGM China which is available in the public domain.

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

The consolidated financial results of MGM Resorts International for the fourth quarter ended December 31, 2016 included in the Earnings Release include the effect of its consolidation of MGM China, including purchase price adjustments and certain other adjustments to reflect the financial information of MGM China in accordance with US GAAP. As such, the financial information of MGM China in the Earnings Release is not directly comparable to the audited consolidated financial results to be disclosed by MGM China prepared in accordance with IFRS. The following table summarizes the reconciliation of the information of MGM China presented in the Earnings Release under US GAAP to the unaudited operating profit of MGM China under IFRS as a result of the abovementioned adjustments. (Note: The amounts are presented here in Hong Kong dollars at the exchange rates at the time of individual transactions during the relevant period.)

	Three Months Ended December 31 2016 <i>HK\$'000</i> (unaudited)	Twelve Months Ended December 31 2016 <i>HK\$'000</i> (unaudited)
Operating income under US GAAP	558,972	1,980,589
Add:		
Purchase price adjustments, net	268,481	1,074,559
Other adjustments, net	9,686	43,969
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Operating profit under IFRS	837,139	3,099,117
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	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue	3,875,964	3,865,863	14,907,468	17,170,453
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Adjusted EBITDA⁽¹⁾	1,185,364	1,123,953	4,491,838	4,668,960
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Note:

- ⁽¹⁾ Adjusted EBITDA is profit before finance costs, income tax expense, depreciation and amortization, interest income, net foreign currency difference, share-based payments, pre-opening costs, corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company, property charges and other non-recurring expenses. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Our shareholders and potential investors are advised to read the financial information presented herein in conjunction with the announcement of the annual results of MGM China for the year ended December 31, 2016 published on February 16, 2017 which contains the audited operating profit and total revenue of MGM China for the year ended December 31, 2016 and 2015 under IFRS.

Summary Statistics

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

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
(in thousands, except for number of gaming tables and slot machines, percentage, and REVPAR)	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Number of VIP gaming tables	161	171	162	176
VIP table games turnover	62,642,251	74,461,766	268,684,749	354,321,172
VIP gross table games win ⁽¹⁾	2,347,092	2,268,774	8,631,084	11,737,127
VIP table games win percentage	3.7%	3.0%	3.2%	3.3%
Average daily gross win per VIP gaming table	158.8	144.6	145.6	182.2
Number of main floor gaming tables	257	250	254	245
Main floor gross table games win ⁽¹⁾	1,881,732	1,920,970	7,688,849	7,557,392
Average daily gross win per main floor gaming table	79.6	83.4	82.8	84.5
Number of slot machines	1,002	1,238	1,060	1,174
Slot machine handle	7,567,521	7,644,697	28,814,923	35,259,469
Slot machine gross win ⁽¹⁾	333,680	394,480	1,257,300	1,611,711
Slot hold percentage	4.4%	5.2%	4.4%	4.6%
Average daily win per slot	3.6	3.5	3.2	3.8
Commissions and incentives ⁽¹⁾	(776,052)	(806,058)	(2,971,167)	(4,064,679)
Room occupancy rate	96.0%	97.5%	95.4%	97.7%
REVPAR ⁽²⁾	2,170	2,367	2,161	2,330

Notes:

- (1) The total of “VIP gross table games win”, “main floor gross table games win” and “slot machine gross win” is different to the casino revenue presented in the announcement of annual results of MGM China for the year ended December 31, 2016 published on February 16, 2017 because casino revenue is reported net of certain sales incentives such as commissions to gaming promoters and casino customers and consideration allocated to award points earned in customer relationship programs. During the current period, the commissions and incentives included certain sales incentives to main floor and slot machines players as well in order to provide a comprehensive reconciliation of the gaming wins to casino revenue. The presentation of 2015 comparative amounts were changed correspondingly and such changes have no effect on the previously reported total revenue and profit for the prior periods.
- (2) Revenue per available room, expressed in Hong Kong dollars, arrived after inclusion of services provided for hotel rooms to certain customers and guests without charge.

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

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

MGM China

On February 16, 2017, as part of its regular dividend policy, the Board of Directors of MGM China Holdings Limited (“MGM China”) announced it will recommend a final dividend for 2016 of \$78 million to MGM China shareholders subject to approval at the MGM China 2017 annual shareholders meeting to be held in May, bringing the total 2016 dividend to \$137 million including the interim dividend paid in August of 2016. If approved, MGM Resorts International will receive its 56% share or \$44 million, of which \$4 million will be paid to Grand Paradise Macau under the \$50 million deferred cash payment arrangement related to the Company’s acquisition of the additional 4.95% of MGM China shares in August of 2016.

Key fourth quarter results for MGM China include:

- Net revenues of \$500 million, a \$1 million increase compared to the prior year quarter;
- Main floor table games revenue decreased 2% compared to the prior year quarter;
- VIP table games revenue increased 7% due to an increase in hold percentage to 3.7% in the current year quarter, compared to 3.0% in the prior year quarter, partially offset by a decrease in turnover of 16% compared to the prior year quarter;
- Operating income was \$72 million compared to an operating loss of \$1.4 billion in the prior year quarter, which included the \$1.5 billion non-cash impairment charge on goodwill recognized for the 2011 MGM China acquisition;
- Adjusted EBITDA increased 5% to \$138 million, compared to \$131 million in the prior year quarter, including \$9 million of license fee expense in both the current and prior year quarters; and
- Operating margin was 14.4% in the current year quarter, and Adjusted EBITDA margin was 27.5% an increase of 127 basis points compared to the prior year quarter.

Full year

MGM China net revenue was \$1.9 billion for 2016, a 13% decrease from 2015. MGM China operating income was \$255 million compared to an operating loss of \$1.2 billion in the prior year, which included the \$1.5 billion non-cash goodwill impairment charge described above. MGM China Adjusted EBITDA was \$521 million compared to \$540 million in the prior year.

Non-GAAP financial measures

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

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

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

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

Our shareholders and potential investors are advised not to place undue reliance on the Earnings Release and are reminded that certain financial information of MGM China presented herein has been prepared in accordance with US GAAP and is not the same as that presented in the announcement of annual results of MGM China for the year ended December 31, 2016 published on February 16, 2017 which contains audited consolidated financial results of MGM China under IFRS. Our shareholders and potential investors are advised to read this announcement in conjunction with the announcement of annual results of MGM China for the year ended December 31, 2016 and exercise caution in dealing in securities in MGM China.

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

Hong Kong, February 16, 2017

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