



MGM CHINA HOLDINGS LIMITED  
美高梅中國控股有限公司



# INTERIM REPORT 2023 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





# *Contents*

---

2	Corporate Information
3	Financial Highlights
4	Management Discussion and Analysis
32	Other Information
	<b>Condensed Consolidated Financial Statements</b>
47	Report on Review of Condensed Consolidated Financial Statements
48	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
49	Condensed Consolidated Statement of Financial Position
51	Condensed Consolidated Statement of Changes in Equity
52	Condensed Consolidated Statement of Cash Flows
53	Notes to the Condensed Consolidated Financial Statements
94	Glossary



# Corporate Information

## Board of Directors

### Executive Directors

Pansy Catilina Chiu King Ho (*Chairperson*)  
(*re-designated as Chairperson on May 25, 2023*)  
William Joseph Hornbuckle (*Co-Chairperson*)  
(*re-designated as Co-Chairperson on May 25, 2023*)  
John M. McManus  
Jeny Lau (*appointed on May 25, 2023*)  
Chen Yau Wong (*retired on May 25, 2023*)  
Kenneth Xiaofeng Feng  
(*re-designated as Executive Director on July 20, 2023*)

### Non-executive Directors

Daniel J. Taylor  
Ayesha Khanna Molino  
Jonathan S. Halkyard

### Independent Non-executive Directors

Sze Wan Patricia Lam  
Russell Francis Banham  
Simon Meng  
Chee Ming Liu

### Audit Committee

Russell Francis Banham (*Chairperson*)  
Simon Meng  
Ayesha Khanna Molino  
Chee Ming Liu  
Jonathan S. Halkyard

### Remuneration Committee

Sze Wan Patricia Lam (*Chairperson*)  
Pansy Catilina Chiu King Ho  
Russell Francis Banham  
Simon Meng  
Daniel J. Taylor  
Chee Ming Liu

### Nomination, Environmental, Social and Governance Committee

Simon Meng (*Chairperson*)  
Jeny Lau (*appointed on May 25, 2023*)  
Russell Francis Banham  
John M. McManus  
Sze Wan Patricia Lam  
Ayesha Khanna Molino  
Chee Ming Liu  
Chen Yau Wong (*retired on May 25, 2023*)

### Company Secretary

Antonio Jose Menano

### Authorized Representatives

William Joseph Hornbuckle  
Antonio Jose Menano

## Auditor

Deloitte Touche Tohmatsu  
*Certified Public Accountants and Registered Public Interest Entity Auditors*

## 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

Third Floor, Century Yard  
Cricket Square, P.O. Box 902  
Grand Cayman, KY1-1103  
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

1402 China Merchants Tower  
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

Tricor Services (Cayman Islands) Limited  
Third Floor, Century Yard  
Cricket Square, P.O. Box 902,  
Grand Cayman, KY1-1103  
Cayman Islands

## Company Website

<https://en.mgmchinaholdings.com>

## Stock Code

2282

# Financial Highlights

	For the six months ended	
	June 30	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino revenue	9,602,035	2,752,694
Other revenue	1,047,404	463,162
Operating revenue	10,649,439	3,215,856
Adjusted EBITDA	3,160,081	(336,687)
Operating profit/(loss)	1,866,591	(1,524,019)
Profit/(loss) for the period attributable to owners of the Company	820,914	(2,404,173)
Earnings/(loss) per Share		
– Basic	HK21.6 cents	(HK63.3 cents)
– Diluted	HK21.5 cents	(HK63.3 cents)

# *Management Discussion and Analysis*

---

## BUSINESS OVERVIEW

We are a leading developer, owner and operator of two integrated casino, hotel and entertainment resorts in Macau, MGM MACAU and MGM COTAI, where we offer high-quality gaming, hospitality and entertainment experiences to attract and retain our customers. MGM Grand Paradise, our subsidiary, holds one of the six gaming concessions permitted by the Macau Government to operate casinos or gaming areas in Macau.

The Company's Shares have been listed on the Hong Kong Stock Exchange since June 3, 2011. The Company's immediate holding company is MRIH, a company incorporated in the Isle of Man. The Company's ultimate holding company is MGM Resorts International, a company incorporated in Delaware, the United States of America, which is listed on the New York Stock Exchange. MGM Resorts International is our controlling Shareholder (with an interest in 55.95% of our issued share capital) and Ms. Pansy Ho and her controlled companies are our substantial Shareholders (with an interest in 22.49% of our issued share capital). We benefit from the complementary expertise of MGM Resorts International and Ms. Pansy Ho.

## MGM MACAU

MGM MACAU opened in December 2007. The casino floor offers approximately 23,283 square meters, with 892 slot machines, 354 gaming tables, and multiple VIP and private gaming areas as at June 30, 2023. The hotel comprises a 35-story tower with 585 hotel rooms, suites and villas, and we have a service agreement with the Mandarin Oriental Hotel, through which they supplement our room offerings with additional room availability when there is excess demand by our customers. In addition, the resort offers luxurious amenities, including 8 diverse restaurants, retail outlets, 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. MGM MACAU 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.

## MGM COTAI

MGM COTAI opened on February 13, 2018. The resort is conveniently located with multiple access points from other Cotai hotels and public amenities. The casino floor offers approximately 24,549 square meters, with 1,028 slot machines and 396 gaming tables as at June 30, 2023. The hotel comprises two towers with 1,418 hotel rooms, suites and skylofts, 12 diverse restaurants and bars, retail outlets, approximately 2,870 square meters of meeting space and other non-gaming offerings. The scale of MGM COTAI allows us to capitalize on our international expertise in providing exciting and diversified entertainment offerings. The Spectacle, situated at the heart of MGM COTAI, is enriched with experiential technology elements to entertain our guests. MGM COTAI offers Asia's first dynamic theater introducing advanced and innovative entertainment to Macau. MGM COTAI also features The Mansion, an ultra-exclusive resort within a resort which is available only to our most selective guests. Emerald Villa, featuring 28 luxurious villas, is the latest addition to the luxurious accommodation at MGM COTAI.

# Management Discussion and Analysis

---

## Recent Developments

### *Financial Impact of the COVID-19 pandemic*

Visitation to Macau and business volume across all operations at MGM Macau and MGM Cotai were adversely impacted during 2020-2022 due to outbreaks of COVID-19 cases in Macau and neighboring regions, including mainland China which led to travel restrictions to Macau. Commencing December 2022, the Chinese Government announced a significant change in its COVID-19 policy which was also adopted by the Macau Government. In particular, effective on January 8, 2023, the Macau Government removed the requirement for travelers from mainland China, Hong Kong and Taiwan to provide a negative COVID-19 test result, and effective on April 1, 2023, the Macau Government removed the requirement for travelers from other countries and regions to provide a negative COVID-19 test result. Following the easing of travel restrictions, total visitor arrivals into Macau have significantly increased. As a result of positive macroeconomic improvements in the region and the recovery across the Macau gaming industry, Macau gross gaming revenue increased 205.1% to HK\$77.8 billion for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. The Group's operating performance has similarly improved in the current reporting period.

### *Award of Gaming Concession*

Following the announcement by the Macau Government of the opening of the public tender for the award of six concessions, the Group submitted a tender to the Macau Government on September 14, 2022. On December 16, 2022, MGM Grand Paradise received the final award of the Gaming Concession by order of the Chief Executive and the Concession Contract was executed between the Macau Government and MGM Grand Paradise. The duration of the Gaming Concession under the current Concession Contract is 10 years, starting from January 1, 2023 and expiring on December 31, 2032. MGM Grand Paradise is entitled to operate a total of 750 gaming tables and 1,700 electric or mechanical gaming machines, including slot machines, under the Gaming Concession.

### *Amendments under Revolving Credit Facility and the Second Revolving Credit Facility*

On June 30, 2023, the Company entered into amendments under the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the option to increase the amount of the facility was amended to HK\$5.85 billion subject to certain conditions. In addition, the requirement for the Revolving Credit Facility to be fully drawn prior to utilizing the Second Revolving Credit Facility was removed.

# *Management Discussion and Analysis*

---

## OUR COMPETITIVE STRENGTHS AND OPERATING STRATEGIES

We have a number of competitive strengths including:

- Strong leadership from our Managing Director of MGM Grand Paradise, Ms. Pansy Ho;
- Extensive distribution network of MGM Resorts International for sourcing customers;
- Experienced management team with a proven track record;
- Continuous focus on “Tourism +” with diversified resort offerings including innovative entertainment and art attractions;
- One of the most recognizable resort brands in the industry;
- Unique strategic position towards the premium mass market segment;
- Dedicated commitment to Macau community such as small and medium-sized enterprises and local talent development; and
- Comprehensive corporate governance and legal compliance standards.

To build on our competitive strengths, operationally we focus on continuously improving customer experience through product and service enhancement, greater asset utilization and the maximization of operational efficiencies in all areas of our business including sales and marketing, VIP and mass markets development, and entertainment. We conduct business with a focus on creating economic benefits across both our properties on the Macau Peninsula and Cotai. Additionally, we continued to implement the following business strategies to enhance our position as the leading developer and operator of integrated casino, hotel and entertainment resorts in Macau:

- Develop and diversify our offerings to cater to different market segments;
- Continuously improve scale of operations to create optimal financial performance;
- Position The Mansion, Mansion One and Emerald Villa to attract ultra-high end customers, while maintaining our focus on the high margin mass market gaming segment; and
- Identify innovative investment opportunities on gaming and non-gaming facilities.



# Management Discussion and Analysis

Our competitive strengths and operating strategies are aligned with the Macau Government's emphasis on developing international tourist markets and non-gaming offerings. MGM Grand Paradise has committed to make a total investment of MOP16.7 billion (equivalent to approximately HK\$16.2 billion) over the duration of the Concession Contract, of which MOP15 billion (equivalent to approximately HK\$14.6 billion) (approximately 90%) will be directed towards the development of international tourist markets and non-gaming projects. We will leverage the extensive sales network of MGM Resorts International to expand international tourist markets. We will also increase our non-gaming offerings in terms of entertainment, art, gastronomy, MICE and wellness tourism through redesign and upgrade of facilities in MGM MACAU and MGM COTAI. Additionally, we will continue to work together with all sectors of society to promote the economic diversification of Macau, with an aim to consolidate Macau's position as a World Center of Tourism and Leisure.

## FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our results of operations and the period-to-period comparability of our financial condition are affected by a number of factors, including:

### Macau Gaming Market and Tourism

Macau is one of the largest casino gaming markets in the world. Additional capacity continues to be added with several new large-scale integrated resorts being opened in Cotai in recent years. Infrastructure investment and growth in room supply have been supporting increased visitation, including overnight visitors, to Macau.

Customers travelling to Macau are typically from nearby regions in Asia including mainland China, Hong Kong, Taiwan, South Korea and Japan. According to the DSEC, in 2019 (before the COVID-19 pandemic) and the first half of 2023, approximately 70.9% and 64.8% of visitors to Macau were from mainland China, respectively.

Following the easing of travel restrictions to Macau which began in late 2022, total visitor arrivals into Macau and Macau gross gaming revenue have significantly increased. Total visitor arrivals into Macau increased by 236.1% and total visitation from mainland China to Macau increased by 141.0% for the six months ended June 30, 2023, respectively, over the comparable periods in 2022. Macau gross gaming revenue increased by 205.1% to HK\$77.8 billion for the six months ended June 30, 2023 over the comparable period in 2022. Total visitor arrivals into Macau and Macau gross gaming revenue for the six months ended June 30, 2023 were 42.6% and 46.4% lower than the pre-pandemic comparable period in 2019, respectively.

Aside from the effect of the COVID-19 pandemic, a number of factors have adversely impacted the Macau gaming market commencing from the second half of 2014 as a result of the effect of certain mainland China and Macau Government policies. Major factors impacting the Macau gaming market include economic disruption or uncertainty in mainland China; changes in gaming laws and regulations in Macau; global trade tensions; restriction on exit visas from mainland China for travel to Macau and Hong Kong; anti-smoking legislation; anti-corruption campaigns; currency transfer restrictions; depreciation of the renminbi against the US\$; introduction of a border currency declaration system; monetary outflow policies and legislation on cross-border gambling. These factors may continue to affect the number of visitors and amount of capital outflow from mainland China to Macau. Outbreaks of highly infectious diseases and extreme weather conditions such as typhoons also affect the number of visitors to Macau.

# Management Discussion and Analysis

---

Despite these factors, we remain optimistic about the long-term growth of the Macau market due to:

- The financial investments made or committed for the 10 year term of the new gaming concessions by gaming concessionaires in providing superior and diversified non-gaming offerings to enhance the position of Macau as a world class tourism center;
- Infrastructure improvements in Macau and the Greater Bay area, such as the opening of the Hong Kong-Zhuhai-Macau bridge; the expansion of the Macau Airport; the opening of Qingmao border and Hengqin border 24-hour checkpoints; the opening of the Macau Light Rapid Transit (“Macau LRT”) System; the development of extension of Macau LRT route to Hengqin Island; the ongoing expansion of the China High Speed Rail routes to Zhuhai border gate from key cities in mainland China. All can facilitate more convenient travel to Macau;
- Development of Hengqin into a tourism island which, together with Macau, have been designated as a key tourism hub by the Chinese Government;
- The continuous growth of mainland China outbound tourism, particularly in light of the growing middle class; and
- The strong efforts to promote Macau as a safe and quality tourism destination by the Macau Government.

## Competition

There are six gaming operators in Macau and as at June 30, 2023, there were 30 casinos in Macau. Our overall gaming market share was 9.5% for the year ended December 31, 2019 before the COVID-19 pandemic. Driven by the premium mass market which both MGM MACAU and MGM COTAI are well positioned to capture and the additional 198 gaming tables awarded under the Gaming Concession, our overall gaming market share increased to 14.9% for the six months ended June 30, 2023.

Our competition is not geographically limited to the Macau market. We compete with similar businesses in other parts of the world including, but not limited to, integrated resorts in Cambodia, Vietnam, South Korea, Singapore, the Philippines, Australia and Las Vegas.

## Gaming Patrons

Our results of operations are substantially dependent upon casino revenue in the main floor gaming, VIP gaming and slot machines gaming operations. Our gaming patrons include main floor players, in-house VIP players and gaming promoters.

### *Main Floor Table Gaming Operations*

Main floor table gaming operations in the Macau market are also referred to as the “mass market gaming operation”. Main floor players, including the premium mass market players we aim to attract, come to our properties for a variety of reasons, including our dual locations in the Macau market, direct marketing efforts, brand recognition, the quality and comfort of our mass market gaming floors, and our non-gaming offerings. The main floor business is the most profitable part of our operations as well as for the Macau gaming market as a whole. Our mass market gaming operation accounted for 84% of our GGR for the six months ended June 30, 2023. Unlike VIP players, main floor players, including premium and mass market players, do not receive commissions from the Group.

# Management Discussion and Analysis

---

We have made continuous efforts to improve the gaming experience of our premium and mass market players by renovating the dedicated exclusive gaming spaces for their use. Subject to DICJ's approval, we continued to reallocate tables from VIP gaming to our main floor gaming areas to maximize our yield. We leveraged our Golden Lion Club as a vehicle to attract and retain those high value main floor players through exclusive customer service and promotions.

## *VIP Gaming Operations*

The majority of our VIP casino play are sourced directly through our own marketing channels. These in-house VIP players typically receive a commission and an allowance for hotel rooms, food and beverage based upon a percentage of their rolling chip turnover. We selectively grant credit to certain in-house VIP players whose level of play and financial resources meet our approval criteria. Alternately, our VIP clients may come under our gaming promoters' programs. In December 2021, the Group suspended VIP operations with our primary gaming promoters and subsequently terminated its contractual arrangements with such promoters. In addition, following the introduction of the Macau Gaming Law in June 2022, the Group has not had revenue sharing arrangements with any gaming promoters. Accordingly, the contribution of VIP operations with gaming promoters to our casino revenue was substantially reduced.

In order to minimize the credit risk with in-house VIP players and gaming promoters, the Group has a designated management team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover all receivables. We conduct a number of credit checking procedures including the receipt of various signed documents from each credit recipient. If permitted by applicable laws, these documents may aid in legally enforcing collections in countries where the VIP players and gaming promoters reside. The Group has a legally enforceable right to set off the receivables against the deposits, commissions and incentives liabilities that are to be settled simultaneously. We generally do not charge interest for credit granted but require a personal cheque or other acceptable form of security. The Group regularly reviews the recoverable amount of each individual debt to ensure that adequate loss allowances are made for irrecoverable amounts. We have been successful in collecting some receivables previously considered to be at risk of recoverability.

## *Non-Gaming Attractions and Branding Activities*

We recognize the importance of brand awareness in growing our business. 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 relations activities. We continue to improve our customer experience by enhancing our hotel rooms, food, beverage, retail and entertainment offerings, and expanding and refurbishing our non-gaming areas.

# *Management Discussion and Analysis*

---

## *Hospitality*

MGM MACAU opened in December 2007 and the hotel houses 585 hotel rooms comprising 468 standard guestrooms, 99 luxury suites and 18 private luxury villas. MGM COTAI opened in February 2018, the hotel comprises two towers – M Tower and Emerald Tower with 1,418 hotel rooms comprising 1,248 standard guestrooms, 99 luxury suites, 16 skylofts, 27 The Mansion villas and 28 Emerald villas. The expansive and unique offerings associated with The Mansion and Emerald Villa were designed to better position the Group to acquire high-end customers. In addition, the resorts offer luxurious amenities, including 8 diverse restaurants, retail outlets, world-class pool and spa facilities, and approximately 1,600 square meters of convertible convention space at MGM MACAU and 12 diverse restaurants and bars, retail outlets, approximately 2,870 square meters of meeting space and other non-gaming offerings at MGM COTAI. Our hospitality services with our top-notch facilities are highly recognized by world-class awards. In particular, our resorts have received a total of seven Forbes Travel Guide Five-Star Awards for 2023, Imperial Court at MGM MACAU was honored in the Black Pearl Restaurant Guide with One-diamond Restaurant and Five Foot Road at MGM COTAI achieved One Michelin Star at the “MICHELIN Guide Hong Kong and Macau 2023”.

## *Entertainment*

Empowered by the latest in technology and engineering, MGM Theater, Asia's first dynamic theater, can create custom arrangements for special events. New shows or events performed at the MGM Theater during the first half of 2023 include the “George Lam Keep Smiling Concert Macau,” “Wowkie Da MGM Music Show”, “Hacken Lee MGM Music Show”, “Harlem Yu – Harlem's Years World Tour Concert in Macau”, “Paul Anka: The Greatest Hits, His Way in Macau” and the global premiere of the world's first digital collective movie “SHIP”. The Spectacle, situated at the heart of MGM COTAI, comprises the world's largest area of permanent indoor LED screens and showcases an exclusive array of digital art collected from around the globe, setting a platform for world renowned artists to reveal the beauty of the world. Our innovative “Sea Odyssey” show is another exclusive attraction at MGM COTAI which takes advantage of the LED displays at the Spectacle. We continued developing our original entertainment products in the first half of 2023 and will leverage our advanced technologies and our originality to introduce new and unique entertainment offerings.

## *Arts and Culture*

Precious works of art can be found throughout MGM MACAU including the massive “Fiori de Paradiso” chandelier by renowned artist Dale Chihuly, which is located at the hotel lobby. Additional artwork, including lion sculptures and paintings by local and international artists are located elsewhere on the grounds. MGM MACAU also features the MGM Art Space, a dedicated gallery space in a Macau resort designed specifically for art and cultural exhibitions.

MGM COTAI Art Collection features over 300 captivating and thought-provoking works seamlessly integrated with MGM COTAI's public spaces. Headlining the MGM COTAI Art Collection are 28 Chinese imperial carpets dating from Qing Dynasty that once adorned the Forbidden City in Beijing. In addition, our Chairman's Collection, comprised of highly-collectible artworks – paintings, sculptures and installations at MGM COTAI, provides a stunning visual complement to MGM COTAI. The Chairman's Collection demonstrates our commitment to create world-class destinations that epitomize entertainment, creativity and style.

# Management Discussion and Analysis

MGM China joined hands with Zhou Yi, a master in Chinese fondant art who is also known as the “Sugar King” of China, to present the Fondant Art Exhibition at MGM COTAI. The exhibition, being the first solo exhibition of Zhou Yi, is aspired to promote Chinese traditional culture and dough-sculpture, a traditional Chinese craftsmanship that is also a piece of intangible cultural heritage. MGM China will further collaborate with world-renowned artists, art institutions and luxury brands and curate entertainment events with art and enrich performing arts with culture.

## Segment Information

The Group has determined its operating segments based upon the reports reviewed by the chief operating decision-maker when allocating resources and assessing performance of the Group.

The Group’s principal operating activities occur in Macau, which is the primary geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its properties being MGM MACAU and MGM COTAI. Each of the properties derives its revenue primarily from casino, hotel rooms, food and beverage and retail operations. MGM MACAU and MGM COTAI have been aggregated into one reportable segment on the basis that they have similar economic characteristics, customers, services and products provided, and the regulatory environment in which they operate. Adjusted EBITDA is considered to be the primary profit/loss measure for the reportable segment.

## Adjusted EBITDA

Adjusted EBITDA is profit/loss before finance costs, income tax expense, depreciation and amortization, gain/loss on disposal/write-off of property and equipment and other assets, interest income, net foreign currency difference, share-based payments, pre-opening costs and corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company. Adjusted EBITDA is used by management as the primary measure of the Group’s operating performance and to compare our operating performance with that of our competitors. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors. The following table presents the reconciliation of the Group’s adjusted EBITDA to profit or loss attributable to owners of the Company for the six months ended June 30, 2023 and 2022:



# Management Discussion and Analysis

	For the six months ended	
	June 30	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit/(loss) for the period attributable to owners of the Company	820,914	(2,404,173)
Income tax expense	7,819	7,940
Net foreign currency loss	104,725	138,807
Finance costs	978,768	735,561
Interest income	(45,635)	(2,154)
Operating profit/(loss)	1,866,591	(1,524,019)
Depreciation and amortization	954,782	1,034,064
Loss on disposal/write-off of property and equipment and other assets	13,212	7,003
Pre-opening costs	—	1,130
Corporate expenses	302,129	121,555
Share-based payments	23,367	23,580
Adjusted EBITDA	3,160,081	(336,687)
MGM MACAU Adjusted EBITDA <sup>(1)</sup>	1,465,730	45,585
MGM COTAI Adjusted EBITDA	1,694,351	(382,272)

<sup>(1)</sup> During the six months ended June 30, 2022, the Group reached a final settlement of certain litigation related to the Group's joint liability with gaming promoters and made a reversal of the liability recorded at December 31, 2021 of HK\$60.6 million.

# Management Discussion and Analysis

## DISCUSSION OF RESULTS OF OPERATIONS

Financial results for the six months ended June 30, 2023 compared to financial results for the six months ended June 30, 2022

### Operating Revenue

The following table sets forth the operating revenue for the six months ended June 30, 2023 and 2022.

	For the six months ended June 30	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>MGM MACAU</b>	4,920,487	1,842,395
Casino revenue	4,502,117	1,603,714
Other revenue	418,370	238,681
<b>MGM COTAI</b>	5,728,952	1,373,461
Casino revenue	5,099,918	1,148,980
Other revenue	629,034	224,481
<b>Operating revenue</b>	<b>10,649,439</b>	<b>3,215,856</b>

Operating revenue of HK\$10,649.4 million for the six months ended June 30, 2023 was 231.2% higher than the same period in the prior year. The increase was primarily due to the relaxation of COVID-19 related travel restrictions to Macau beginning in late 2022, which resulted in an increased number of visitors to Macau and, as a result, an increase in the number of guests at our properties. Our operating revenue for the six months ended June 30, 2023 was 5.7% lower than the same period in 2019 before the COVID-19 pandemic.

# Management Discussion and Analysis

## Summary Statistics

The following table presents the key measurements we use to evaluate operating revenues.

MGM MACAU  (in thousands, except for number of gaming units, percentage and REVPAR)	For the six months ended June 30	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Main floor table games drop	21,016,340	7,386,584
Main floor gross table games win <sup>(1)</sup>	4,408,884	1,586,444
Main floor table games win percentage	21.0%	21.5%
Average daily gross win per main floor gaming table	86.3	38.4
VIP table games turnover	15,891,857	5,904,045
VIP gross table games win <sup>(1)</sup>	526,372	156,267
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	3.3%	2.6%
Average daily gross win per VIP gaming table	51.5	23.1
Slot machine handle	9,880,674	5,021,927
Slot machine gross win <sup>(1)</sup>	410,861	219,266
Slot hold percentage	4.2%	4.4%
Average daily win per slot	2.5	1.4
Commissions, complimentaries and other incentives <sup>(1)</sup>	(844,000)	(358,263)
Room occupancy rate	93.8%	59.3%
REVPAR	1,581	886
As at June 30		
	2023 (unaudited)	2022 (unaudited)
Gaming Units:		
Tables <sup>(2)</sup>	354	294
Slot machines	892	895

# Management Discussion and Analysis

MGM COTAI  (in thousands, except for number of gaming units, percentage, and REVPAR)	For the six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Main floor table games drop	18,568,823	4,503,237
Main floor gross table games win <sup>(1)</sup>	4,601,921	1,106,369
Main floor table games win percentage	24.8%	24.6%
Average daily gross win per main floor gaming table	78.1	28.8
VIP table games turnover	35,255,834	6,974,571
VIP gross table games win <sup>(1)</sup>	1,338,772	209,164
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	3.8%	3.0%
Average daily gross win per VIP gaming table	157.7	43.8
Slot machine handle	9,192,995	3,997,582
Slot machine gross win <sup>(1)</sup>	342,746	117,026
Slot hold percentage	3.7%	2.9%
Average daily win per slot	1.9	0.8
Commissions, complimentaries and other incentives <sup>(1)</sup>	(1,183,521)	(283,579)
Room occupancy rate	90.8%	28.0%
REVPAR	1,241	389
As at June 30		
	2023	2022
	(unaudited)	(unaudited)
Gaming Units:		
Tables <sup>(2)</sup>	396	258
Slot machines	1,028	848

<sup>(1)</sup> Reported casino revenue is different to the total of “main floor gross table games win”, “VIP gross table games win” and “slot machine gross win” because casino revenue is reported net of commissions, complimentaries and other incentives. The following table sets forth a reconciliation of the gaming wins to casino revenue.

<sup>(2)</sup> Permanent table count as at June 30, 2023 and 2022. MGM Grand Paradise is entitled to operate a total of 750 gaming tables starting from January 1, 2023.

# Management Discussion and Analysis

## Casino Revenue

	For the six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Main floor gross table games win	9,010,805	2,692,813
VIP gross table games win	1,865,144	365,431
Slot machine gross win	753,607	336,292
Gross casino revenue	11,629,556	3,394,536
Commissions, complimentaries and other incentives	(2,027,521)	(641,842)
Casino revenue	9,602,035	2,752,694

Casino revenue increased by 248.8% to HK\$9,602.0 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The increase is explained above in operating revenue. The components of our gaming operations were:

### Main Floor Table Gaming Operations

Main floor gross table games win increased by 234.6% to HK\$9,010.8 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. Similarly, main floor table games drop in MGM MACAU and MGM COTAI increased by 184.5% to HK\$21,016.3 million and 312.3% to HK\$18,568.8 million during the current period, respectively.

### VIP Gaming Operations

VIP gross table games win increased by 410.4% to HK\$1,865.1 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. Similarly, VIP table games turnover in MGM MACAU and MGM COTAI increased by 169.2% to HK\$15,891.9 million and 405.5% to HK\$35,255.8 million during the current period, respectively.

### Slot Machine Gaming Operations

Slot machine gross win increased by 124.1% to HK\$753.6 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. Similarly, slot machine handle in MGM MACAU and MGM COTAI increased by 96.8% to HK\$9,880.7 million and 130.0% to HK\$9,193.0 million during the current period, respectively.



# Management Discussion and Analysis

## Other Revenue

Other revenue includes hotel rooms, food, beverage, retail and entertainment and increased by 126.1% to HK\$1,047.4 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The increase was primarily due to the relaxation of COVID-19 related travel restrictions as discussed above.

## Operating Costs and Expenses

The major operating costs and expenses for the six months ended June 30, 2023 and 2022 were:

	For the six months ended June 30	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gaming taxes and levies	4,656,864	1,386,741
Inventories consumed	332,761	187,522
Staff costs	1,780,149	1,541,065
Loss allowance on trade receivable, net	5,343	27,306
Other expenses and losses	1,052,949	563,177
Depreciation and amortization	954,782	1,034,064
Finance costs	978,768	735,561
Income tax expense	7,819	7,940

### *Gaming taxes and levies*

Gaming taxes and levies increased by 235.8% to HK\$4,656.9 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. This increase was attributable to higher gross gaming revenue generated during the six months ended June 30, 2023.

### *Inventories consumed*

Inventories consumed increased by 77.5% to HK\$332.8 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The increase resulted from higher business activities in light of increased number of visitors due to relaxation of COVID-19 related travel restriction as discussed above.

# Management Discussion and Analysis

---

## *Staff costs*

Staff costs increased by 15.5% to HK\$1,780.1 million for the six months ended June 30, 2023. The increase was primarily due to hiring of additional staff in response to increased business activities as discussed above, as compared to the six months ended June 30, 2022 where we undertook a number of measures to reduce payroll expenses, including limiting staff on-site, implementing a hiring freeze and organizational change, and introducing voluntary unpaid leave during the COVID-19 pandemic.

## *Loss allowance on trade receivables, net*

Loss allowance on trade receivables, net, decreased by 80.4% from HK\$27.3 million for the six months ended June 30, 2022 to HK\$5.3 million for the six months ended June 30, 2023. During the six months ended June 30, 2023, the Group has recognized loss allowance of HK\$60.0 million (for the six months ended June 30, 2022: HK\$ 71.3 million) for outstanding trade receivables during the current period, which is offset by a reversal of loss allowance of HK\$54.7 million (for the six months ended June 30, 2022: HK\$44.0 million) due to recoveries in the current period related to amounts provided for in prior periods.

## *Other expenses and losses*

Other expenses and losses increased by 87.0% to HK\$1,052.9 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022, which mainly resulted from:

*Advertising and promotion expense.* Advertising and promotion expense increased by 151.5% from HK\$136.2 million for the six months ended June 30, 2022 to HK\$342.6 million for the six months ended June 30, 2023. The increase resulted from increased marketing activities being organized during the six months ended June 30, 2023 in light of increased number of visitors due to relaxation of COVID-19 related travel restrictions as discussed above.

*License fee and marketing fees.* License fee and marketing fees due to related companies increased by 241.6% from HK\$57.0 million for the six months ended June 30, 2022 to HK\$194.8 million for the six months ended June 30, 2023. This increase primarily resulted from higher revenue generated during the current period.

## *Depreciation and amortization*

Depreciation and amortization decreased by 7.7% to HK\$954.8 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The decrease was attributable to the impact of full depreciation of certain assets in the current period.

# Management Discussion and Analysis

---

## *Finance costs*

Total finance costs increased from HK\$735.6 million for the six months ended June 30, 2022 to HK\$978.8 million for the six months ended June 30, 2023. The increase was due to a HK\$150.1 million increase in interest expense attributable to the debt drawdown for the capital restructuring of MGM Grand Paradise in 2022 required by the Macau Government as a condition of the Gaming Concession and the increase in weighted average interest rate from 3.0% to 5.7% as a result of the increase in HIBOR. The increase was also caused by notional interest attributable to gaming concession right payable of HK\$66.7 million for the six months ended June 30, 2023 (six months ended June 30, 2022: nil). Details of Gaming Concession are set out to note 14 to the condensed consolidated financial statements.

## *Profit/loss Attributable to Owners of the Company*

Profit/loss attributable to owners of the Company increased from a loss of HK\$2,404.2 million for the six months ended June 30, 2022 to a profit of HK\$820.9 million for the six months ended June 30, 2023. This increase was attributable to the improved financial performance of the Group as discussed.

## LIQUIDITY AND CAPITAL RESOURCES

### *Capital Resources*

As at June 30, 2023, our cash and cash equivalents, available undrawn unsecured credit facilities and MGM Resorts International Revolving Credit Facility were HK\$3.51 billion, HK\$7.32 billion and HK\$5.88 billion, respectively. These balances are available for operations and implementation of our investment plan.

# Management Discussion and Analysis

## Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by equity plus net debt. Net debt comprises borrowings, net of debt finance costs, less cash and cash equivalents and pledged bank deposits. 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, 2023 and December 31, 2022.

	As at	
	June 30 2023	December 31 2022
	HK\$'000 (unaudited)	HK\$'000 (audited)
Borrowings, net of debt finance costs	26,762,173	32,725,136
Less: cash and cash equivalents	(3,513,606)	(6,706,591)
pledged bank deposits	(680,000)	(971,262)
Net debt	22,568,567	25,047,283
Total equity (deficit)	(3,161,875)	(3,996,421)
Total equity plus net debt	19,406,692	21,050,862
Gearing ratio	116.3%	119.0%

## Group Cash Flows

The following table presents a summary of the Group's cash flows for the six months ended June 30, 2023 and 2022.

	For the six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	3,691,707	(1,406,025)
Net cash generated from/(used in) investing activities	77,285	(218,681)
Net cash (used in)/generated from financing activities	(6,958,829)	5,465,167
Net (decrease)/increase in cash and cash equivalents	(3,189,837)	3,840,461
Cash and cash equivalents at the beginning of the period	6,706,591	3,112,020
Effect of foreign exchange rate changes, net	(3,148)	(3,812)
Cash and cash equivalents at the end of the period	3,513,606	6,948,669

## Management Discussion and Analysis

---

### *Net cash generated from/used in operating activities*

The significant increase in net cash generated from operating activities for the six months ended June 30, 2023 compared to the net cash used in operating activities for the six months ended June 30, 2022 was caused primarily by an increase in operating profit due to the improved trading conditions as discussed above.

### *Net cash generated from/used in investing activities*

Net cash generated from investing activities was HK\$77.3 million for the six months ended June 30, 2023 compared to the net cash used in investing activities of HK\$218.7 million for the six months ended June 30, 2022. The cash flow generated from investing activities included the release of pledged bank deposits of HK\$291.3 million, partly offset by the payments for the development and renovation works at our properties as well as purchase of property and equipment, and other assets in total amounting to HK\$214.0 million and HK\$173.1 million for the six months ended June 30, 2023 and 2022, respectively. Also, a payment was made of HK\$45.6 million related to the Sub-Concession Contract during the six months ended June 30, 2022.

### *Net cash used in/generated from financing activities*

Net cash used in financing activities was HK\$6,958.8 million for the six months ended June 30, 2023 compared to net cash generated from financing activities of HK\$5,465.2 million for the six months ended June 30, 2022.

Net cash used in financing activities for the six months ended June 30, 2023 was primarily due to:

- HK\$5,950.0 million of net repayments on the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility; and
- HK\$933.7 million of interest payments.

Net cash generated from financing activities for the six months ended June 30, 2022 was primarily due to:

- HK\$6,260.0 million of net drawdowns on the Amended Revolving Credit Facility; and partly offset by
- HK\$768.5 million of interest payments.



# Management Discussion and Analysis

## Capital Commitments

As at June 30, 2023, the Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the condensed consolidated financial statements:

	As at	
	June 30	December 31
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Contracted but not accounted for	330,917	373,120

## Guarantees

As at June 30, 2023, the Group has given bank guarantees totaling HK\$978.7 million (December 31, 2022: HK\$1,153.5 million) to certain parties including:

- HK\$970.9 million was issued in favor of the Macau Government as required in the Concession Contract (December 31, 2022: HK\$1,145.7 million was required in the Sub-Concession Contract, which were cancelled in January 2023);
- HK\$4.0 million (December 31, 2022: HK\$4.0 million) was issued in favor of the Macau Government as required in the land-concession contract in respect of MGM COTAI as well as other regulatory requirements;
- HK\$0.6 million (December 31, 2022: HK\$0.6 million) was issued in favor of a company in which one of the Directors of the Company has non-controlling beneficial interests; and
- HK\$3.2 million (December 31, 2022: HK\$3.2 million) was issued in favor of certain vendors.

As at December 31, 2022, pledged bank deposits of MOP1 billion (equivalent to HK\$0.97 billion) were provided in relation to the bank guarantees provided to the Macau Government for the Concession Contract as mentioned above. In March 2023, the pledge for the bank deposit of MOP300 million (equivalent to HK\$291 million) was released. The Group has applied to its bank to amend the terms of the remaining bank guarantee of MOP700 million (equivalent to HK\$680 million) to an unsecured guarantee which will facilitate release of the remaining pledged bank deposit. The application is subject to approval and the pledge has not been released at the date of approval of these condensed consolidated financial statements.

# Management Discussion and Analysis

## Legal Proceedings

### a) *Legal proceedings related to cash deposits with gaming promoters*

The Group was named as a defendant in legal proceedings filed in the Macau courts against gaming promoters by individuals who claimed to have placed deposits with gaming promoters who had operations at the Group's properties and the gaming promoters failed to honor the withdrawal of such deposits. The Group was sued in these proceedings based solely upon the joint liability of the concessionaire for the actions and conduct of the gaming promoters carried out at the Group's casino premises.

Management has made estimates for potential litigation costs and recognized liabilities based upon consultation with legal counsel. While actual outcomes might differ from these estimates, management considered that such litigation and claims will not have a significant impact on the results of operations, financial position and cash flows of the Group.

### b) *Legal proceedings related to criminal activities by gaming promoters*

In 2022, criminal charges were made in the Macau courts against two independent Macau gaming promoters and individuals associated with those promoters for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023 and April 2023, the verdicts of the Court of the First Instance were released and the Macau Government and five of the six gaming concessionaires/sub-concessionaires are entitled to compensation for damages for losses caused by the criminal activities, with MGM Grand Paradise being entitled to compensation of HK\$349.0 million and HK\$3.8 million, respectively. Both the prosecutors and defendants have appealed against the verdict. No contingent asset was recognized as the Group assessed that the possibility to recover these losses is remote.

## Indebtedness

	As at	
	June 30 2023	December 31 2022
	HK\$'000 (unaudited)	HK\$'000 (audited)
Unsecured Senior Notes	21,550,375	21,454,400
Unsecured Credit Facilities	5,550,000	11,500,000
Less: debt finance costs	(338,202)	(229,264)
Total borrowings	26,762,173	32,725,136

# Management Discussion and Analysis

---

## *Unsecured Senior Notes*

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility and for general corporate purposes. Interest on the 2024 Notes and 2026 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2019.

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million due June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2025 Notes is payable semi-annually in arrears on each June 18 and December 18, commencing on December 18, 2020.

On March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2027 Notes is payable semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2022.

The 2024 Notes and the 2026 Notes were issued pursuant to an indenture, dated May 16, 2019, between the Company and U.S. Bank National Association, as trustee. The 2025 and the 2027 Notes were issued pursuant to an indenture, dated June 18, 2020 and March 31, 2021, respectively, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The Unsecured Senior Notes are general unsecured obligations of the Company. The Unsecured Senior Notes rank equally in right of payment with all of the Company's existing and future unsecured senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness, if any, to the extent of the value of the collateral securing any such debt and rank senior to all of the Company's future subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the Unsecured Senior Notes.

The Unsecured Senior Notes contain covenants that limit the ability of the Company to, among other things, whether directly or indirectly, (1) consolidate or merge with or into another entity; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries.

## *Management Discussion and Analysis*

---

The Unsecured Senior Notes provide for certain events of default, including certain insolvency related proceedings relating to the Group. If the Company experiences a change of control and a ratings event, each holder of the Unsecured Senior Notes will have the right to require the Company to repurchase all or any part of that holder's Unsecured Senior Notes at 101% of their principal amount plus accrued and unpaid interest, if any, but not including the date of such repurchase in accordance with the terms of the Indentures. The circumstances that will constitute a change of control include the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than to MGM Resorts International or a related party thereof as described in the Indentures; (2) the adoption of a plan relating to the liquidation or dissolution of the Company or any successor thereto; (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than MGM Resorts International and any of its related parties (as described in the Indentures) becomes the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests; or (4) the first day on which the Company ceases to own, directly or indirectly, at least 60% of the outstanding equity interests of (and at least a 60% economic interest in) MGM Grand Paradise.

Under the Indentures, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, may result in a special put option triggering event. If the special put option triggering event occurs, each holder of the Unsecured Senior Notes will have the right to require the Group to repurchase all or any part of such holder's Unsecured Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts (as defined in the Indentures), if any, calculated up to, but not including, the date of repurchase. Within ten days following the occurrence of a special put option triggering event, the Company shall mail a notice to each holder of the Unsecured Senior Notes stating the repurchase date which shall be no earlier than ten days nor later than sixty days from the date such notice is mailed.

As at the date of this report, the Company has no secured indebtedness and no subordinated indebtedness.

# *Management Discussion and Analysis*

---

## *Unsecured Credit Facilities*

### *Overview*

On August 12, 2019, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024. The Revolving Credit Facility became effective on August 14, 2019.

On May 26, 2020, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company a second unsecured revolving credit facility in an aggregate amount of HK\$2.34 billion with a final maturity date of May 15, 2024. The Company has the option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions. The Second Revolving Credit Facility is available for drawdown from the date of the agreement to and including the date falling one month prior to the final maturity date, subject to satisfaction of conditions precedent, including evidence that the Revolving Credit Facility (in an aggregate amount of HK\$9.75 billion) has been fully drawn. The proceeds of the Second Revolving Credit Facility are used for ongoing working capital needs and general corporate purposes of the Group. On June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

On June 30, 2023, the Company entered into amendments under the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the Company's option to increase the amount of the facility was amended to HK\$5.85 billion subject to certain conditions. In addition, among the conditions precedent documents required for the purpose of requesting a loan, the evidence that the Revolving Credit Facility has been fully withdrawn will not be required under the Amended Second Revolving Credit Facility.

As at June 30, 2023, the Group had total available undrawn unsecured credit facilities of HK\$7.32 billion, excluding the MGM Resorts International Revolving Credit Facility described below.



# Management Discussion and Analysis

---

## *Principal and Interest*

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility bear interest at a fluctuating rate per annum based on HIBOR plus a margin (in the range of 1.625% to 2.75%), which will be determined by the Company's leverage ratio.

As at June 30, 2023, HK\$5.55 billion of the Amended Revolving Credit Facility was drawn. HK\$4.20 billion of the Amended Revolving Credit Facility and HK\$3.12 billion of the Amended Second Revolving Credit Facility was undrawn and available for utilization up to and including the date falling one month prior to the final maturity date, on May 15, 2026. Each drawdown is to be repaid in full no later than May 15, 2026. As at June 30, 2023, the Group paid interest at HIBOR plus 2.75% per annum.

## *General Covenants*

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the "Restricted Group") from incurring liens or engaging in certain asset dispositions. With the approval of the lenders there are certain permitted exceptions to these restrictions.

## *Financial Covenants*

The leverage ratio under the Revolving Credit Facility was required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group was required to maintain an interest coverage ratio of no less than 2.5 to 1.0 at each quarter end. Under the Second Revolving Credit Facility, the Company was to ensure that the leverage ratio does not, on each accounting date occurring on and after September 30, 2021, exceed 4.50 to 1.00. In addition, the Company was to ensure that, on any accounting date occurring on and after September 30, 2021, the interest coverage ratio is not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into an amendment of the financial covenants on February 21, 2020, a second amendment on April 9, 2020, a third amendment on October 15, 2020, a fourth amendment on February 24, 2021 and a fifth amendment on February 10, 2022 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020, a second amendment on February 24, 2021 and a third amendment on February 10, 2022 under the Second Revolving Credit Facility.

The financial covenants were further amended under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility on June 30, 2023 to cover the extended maturity period.

# Management Discussion and Analysis

Subsequent to the execution of the amendments referred to above, the permitted leverage ratio and the permitted interest coverage ratio under the Amended Revolving Credit Facility and under the Amended Second Revolving Credit Facility are as follows:

Accounting Date	Interest Coverage Ratio	Leverage Ratio
March 31, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(1)</sup>
June 30, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(2)</sup>
September 30, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
December 31, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
March 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
June 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
September 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
December 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
Each quarter ended on and after March 31, 2023 through December 31, 2024	Not Applicable <sup>(6)(7)</sup>	Not Applicable <sup>(6)(7)</sup>
March 31, 2025	2.50:1.00 <sup>(7)</sup>	5.50:1.00 <sup>(7)</sup>
June 30, 2025	2.50:1.00 <sup>(7)</sup>	5.25:1.00 <sup>(7)</sup>
September 30, 2025	2.50:1.00 <sup>(7)</sup>	5.00:1.00 <sup>(7)</sup>
December 31, 2025	2.50:1.00 <sup>(7)</sup>	4.75:1.00 <sup>(7)</sup>
March 31, 2026	2.50:1.00 <sup>(7)</sup>	4.50:1.00 <sup>(7)</sup>

<sup>(1)</sup> Amendment on February 21, 2020 under the Revolving Credit Facility.

<sup>(2)</sup> Amendment on April 9, 2020 under the Revolving Credit Facility.

<sup>(3)</sup> Amendment on October 14, 2020 under the Second Revolving Credit Facility.

<sup>(4)</sup> Amendment on October 15, 2020 under the Revolving Credit Facility.

<sup>(5)</sup> Amendment on February 24, 2021 under the Revolving Credit Facility and the Second Revolving Credit Facility.

<sup>(6)</sup> Amendment on February 10, 2022 under the Revolving Credit Facility and the Second Revolving Credit Facility.

<sup>(7)</sup> Amendment on June 30, 2023 under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

## Compliance with Covenants

The Group has complied with the general and financial covenants under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility for the six months ended June 30, 2023.

# Management Discussion and Analysis

---

## *Cancellation*

Pursuant to the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility, the total commitments shall be cancelled immediately and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents shall become immediately due and payable if a Change of Control occurs or there is a sale of all or substantially all of the assets or business of the Group. Change of Control is defined as: MGM Resorts International fails to be the legal and beneficial owner, directly or indirectly, of more than 50% of the capital stock of the Company having ordinary voting rights; or the Company ceases to be the beneficial owner directly or indirectly of all of the share capital of MGM Grand Paradise (other than any portion of the share capital of MGM Grand Paradise with only nominal economic interests created for the purposes of complying with Macanese ownership requirements).

## *Events of Default*

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility contain certain events of default and certain insolvency related proceedings relating to the Group. If the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance for a period of ten consecutive days or more and such event has a material adverse effect on the financial condition or business, or in case of termination, rescission, revocation or modification of any gaming concession which has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the Macau Government in connection with the granting or renewal of any gaming concession; provided that such renewal, tender or other process results in the granting or renewal of the relevant gaming concession, an event of default will be triggered. Under the applicable acceleration provisions, if an event of default is outstanding, the facility agent may, and must if so instructed by the majority lenders, by notice to the Company, cancel all or any part of the total commitments; or declare that all or part of any amounts outstanding under the finance documents are immediately due and payable; or payable on demand by the facility agent acting on the instructions of the majority lenders.

## *Security and Guarantees*

No security or guarantees were provided in relation to the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

## *MGM Resorts International Revolving Credit Facility*

On November 10, 2022, the Company entered into an agreement with MGM Resorts International pursuant to which that entity agreed to make available to the Company an unsecured revolving credit facility of US\$750 million (equivalent to approximately HK\$5.88 billion) with a final maturity date on November 10, 2024.

The interest rate on funded amounts will be the greater of 4.0% per annum and the prevailing market rate. The Company is also required to pay a commitment fee based upon the undrawn amount of the facility. The commitment fee rate on undrawn amounts will be based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

# *Management Discussion and Analysis*

---

As at June 30, 2023, the MGM Resorts International Revolving Credit Facility of HK\$5.88 billion was undrawn and available for utilization and a commitment fee rate of 1% has been applied.

## MARKET RISK

The Group's activities expose it primarily to market risk arising from changes in foreign currency exchange rates and interest rates.

### Foreign Currency Exchange Risk

The Group's principal operations are primarily conducted and recorded in HK\$. The financial statements of foreign operations are translated into HK\$ which is the Company's functional and presentation currency. The cash received from gaming activities is primarily in HK\$. Our operating expenses and capital expenditures are primarily denominated in MOP and HK\$. MOP is pegged to the HK\$ at a constant rate and accordingly we do not expect fluctuations in the values of these currencies to have a material impact on our operations. The Group holds bank balances, cash, deposits and borrowings denominated in foreign currencies, and consequently exposure to exchange rate fluctuations arise. The majority of our foreign currency exposure comprises liabilities denominated in US\$ including US\$2.75 billion of unsecured senior notes. The HK\$ is pegged to the US\$ and has remained relatively stable. The Group manages its foreign currency exchange risk attributable to these liabilities by closely monitoring the movement of the foreign exchange rates and by utilizing hedging agreements when the Group considers it necessary. There were no foreign currency hedging transactions undertaken by the Group during the six months ended June 30, 2023 and 2022.

### Interest Rate Risk

The Company manages interest rate risk through a mix of long-term fixed rate borrowings under its unsecured senior notes and variable rate borrowings under the Amended Revolving Credit Facility and Amended Second Revolving Credit Facility, and by utilizing interest rate swap agreements when considered necessary. Interest rate fluctuation may lead to higher interest expense for variable rate borrowings or cause us to incur additional expenses by hedging interest rate exposures of our debt or exposure to hedging counterparties' failure to pay under any such hedging arrangements. A change in interest rates generally does not have an impact upon the Company's future earnings and cash flow for fixed rate debt instruments. As fixed rate borrowings mature, however, and if additional debt is acquired to fund the debt repayment, future earnings and cash flow may be affected by changes in interest rates. This effect would be realized in the periods subsequent to periods when the debt matures. There were no interest rate swap agreements entered into by the Group during the six months ended June 30, 2023 and 2022.

## 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.

# Management Discussion and Analysis

---

## OTHER LIQUIDITY MATTERS

In the ordinary course of business, in response to market demands, we continue to incur capital expenditures on enhancements and refinements to our resorts.

Given the Group's liquidity position as at June 30, 2023, significantly improved financial performance and estimated cash flows for the twelve months ending June 30, 2024, the Group believes it is able to meet its financial obligations as they fall due for the following twelve months from the end of the reporting period.

## EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2023, the Group employed 10,568 (December 31, 2022: 9,788) full-time and part-time employees in Macau, Hong Kong and Zhuhai which includes MGM MACAU, MGM COTAI and shared services team members.

The Group's remuneration philosophy is a market-based job compensation grading approach, 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 our remuneration system to be:

- Competitive – in the local labor market, considering both MGM China's market niche and the larger industries in which we compete for talent.
- Comprehensive – to be viewed through the lens of total rewards, including, among others, base pay, health benefits, incentive pay, bonus, equity and retirement plans.
- Objective – to be consistent with local market rates.
- Developmental – to encourage career and professional development within the workforce and retain quality talents.

A group-wide performance based incentive program has been implemented since 2011 for all managerial level employees. 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 upon 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

### Dividends

The Board does not recommend an interim dividend payment for the six months ended June 30, 2023.

### 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, 2023, 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 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 <sup>(1)</sup>	—	474,561,200 <sup>(2)</sup>	854,561,200	22.49%
Kenneth Xiaofeng Feng	5,018,400 <sup>(3)</sup>	—	—	5,018,400	0.13%

#### (b) Long Position in debentures of the Company

Name of Director	Personal Interests	Family Interests	Corporate Interests	Number of Debentures held	Percentage of Debentures in issue of relevant company
Pansy Ho	US\$15,000,000 <sup>(4)</sup> (Beneficial)	—	—	US\$15,000,000	3%

## Other Information

(c) *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	750,000 <sup>(5)</sup>	—	—	750,000	15.00%

(d) *Long Position in the Common Stocks and Underlying Shares of Associated Corporations – MGM Resorts International<sup>(6)</sup>*

Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Number of Common Stocks and Underlying Shares held	Percentage of issued common stocks
Pansy Ho	—	—	3,266,157 <sup>(7)</sup>	—	3,266,157	0.9258%
William Joseph Hornbuckle	48,303 <sup>(8)</sup>	—	—	—	48,303	0.0137%
	272,221 <sup>(9)</sup>	—	—	—	272,221	0.0772%
	93 <sup>(10)</sup>	—	—	—	93	0.00003%
	755,158 <sup>(11)</sup>	—	—	—	755,158	0.2141%
	294 <sup>(12)</sup>	—	—	—	294	0.0001%
	—	—	—	172,781 <sup>(13)</sup>	172,781	0.0490%
	66,227 <sup>(14)</sup>	—	—	—	66,227	0.0188%
John M. McManus	238 <sup>(15)</sup>	—	—	—	238	0.0001%
	64,431 <sup>(16)</sup>	—	—	—	64,431	0.0183%
	20 <sup>(17)</sup>	—	—	—	20	0.00001%
	167,008 <sup>(18)</sup>	—	—	—	167,008	0.0473%
	64 <sup>(19)</sup>	—	—	—	64	0.00002%
	52,283 <sup>(20)</sup>	—	—	—	52,283	0.0148%
Kenneth Xiaofeng Feng	18,698 <sup>(21)</sup>	—	—	—	18,698	0.0053%
	875 <sup>(22)</sup>	—	—	—	875	0.0002%
Daniel J. Taylor	79,484 <sup>(23)</sup>	—	—	—	79,484	0.0225%
	57,337 <sup>(24)</sup>	—	—	—	57,337	0.0163%
	4,344 <sup>(25)</sup>	—	—	—	4,344	0.0012%
	3,442 <sup>(26)</sup>	—	—	—	3,442	0.0010%
	4,454 <sup>(27)</sup>	—	—	—	4,454	0.0013%



## Other Information

### (d) Long Position in the Common Stocks and Underlying Shares of Associated Corporations – MGM Resorts International<sup>(6)</sup>

Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Number of Common Stocks and Underlying Shares held	Percentage of issued common stocks
Ayesha Khanna Molino	17,665 <sup>(28)</sup>	—	—	—	17,665	0.0050%
	41 <sup>(29)</sup>	—	—	—	41	0.00001%
	28,075 <sup>(30)</sup>	—	—	—	28,075	0.0080%
	9 <sup>(31)</sup>	—	—	—	9	0.000003%
	8,377 <sup>(32)</sup>	—	—	—	8,377	0.0024%
	—	200 <sup>(33)</sup>	—	—	200	0.0001%
Jonathan S. Halkyard	21,422 <sup>(34)</sup>	—	—	—	21,422	0.0061%
	51,310 <sup>(35)</sup>	—	—	—	51,310	0.0145%
	11 <sup>(36)</sup>	—	—	—	11	0.000003%
	109,446 <sup>(37)</sup>	—	—	—	109,446	0.0310%
	15 <sup>(38)</sup>	—	—	—	15	0.000004%
	13,295 <sup>(39)</sup>	—	—	—	13,295	0.0038%

#### Notes:

- (1) This represents the Shares beneficially held by Ms. Pansy Ho in her personal capacity.
- (2) This represents the Shares held by Grand Paradise Macau Limited, a company which Ms. Pansy Ho has control.
- (3) This represents 5,018,400 share options of the Company granted to Kenneth Xiaofeng Feng pursuant to the share option scheme of the Company, details of which are set out in note 20 to the condensed consolidated financial statements.
- (4) This represents US\$15,000,000 of the 2025 Notes of the Company purchased by Ms. Pansy Ho.
- (5) These represent 97.4% of total issued class B shares of MGM Grand Paradise which carry 15% 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.

## Other Information

- (6) 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.
- (7) This represents the common stock of MGM Resorts International held by Emerging Corporate Limited, a company which Ms. Pansy Ho has control.
- (8) This represents 48,303 vested RSUs in the common stock of MGM Resorts International held by William Joseph Hornbuckle.
- (9) This represents 272,221 unvested RSUs in the common stock of MGM Resorts International granted to William Joseph Hornbuckle.
- (10) This represents 93 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by William Joseph Hornbuckle.
- (11) This represents 471,974 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.
- (12) This represents 184 dividend equivalent rights for the outstanding PSUs equity awards of MGM Resorts International held by William Joseph Hornbuckle. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (13) This represents the common stock of MGM Resorts International indirectly held through trust.
- (14) This represents the common stock of MGM Resorts International held by William Joseph Hornbuckle.
- (15) This represents 238 vested RSUs in the common stock of MGM Resorts International held by John M. McManus.
- (16) This represents 64,431 unvested RSUs in the common stock of MGM Resorts International granted to John M. McManus.
- (17) This represents 20 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by John M. McManus.
- (18) This represents 104,380 unvested PSUs in the common stock of MGM Resorts International granted to John M. McManus. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (19) This represents 40 dividend equivalent rights for the outstanding PSUs equity awards of MGM Resorts International held by John M. McManus. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (20) This represents the common stock of MGM Resorts International held by John M. McManus.
- (21) This represents the common stock of MGM Resorts International held by Kenneth Xiaofeng Feng.
- (22) This represents the common stock of MGM Resorts International directly held through Morgan Stanley.

## Other Information

---

- (23) This represents 79,484 deferred stock units in the common stock of MGM Resorts International granted to Daniel J. Taylor.
- (24) This represents 57,337 vested RSUs in the common stock of MGM Resorts International held by Daniel J. Taylor.
- (25) This represents 4,344 unvested RSUs in the common stock of MGM Resorts International granted to Daniel J. Taylor.
- (26) This represents 3,442 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Daniel J. Taylor.
- (27) This represents the common stock of MGM Resorts International indirectly held through trust.
- (28) This represents 17,665 unvested RSUs in the common stock of MGM Resorts International granted to Ayesha Khanna Molino.
- (29) This represents 41 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Ayesha Khanna Molino.
- (30) This represents 17,547 unvested PSUs in the common stock of MGM Resorts International granted to Ayesha Khanna Molino. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (31) This represents 6 dividend equivalent rights for the outstanding PSUs equity awards of MGM Resorts International held by Ayesha Khanna Molino. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (32) This represents the common stock of MGM Resorts International held by Ayesha Khanna Molino.
- (33) This represents the common stock of MGM Resorts International held by Ayesha Khanna Molino's spouse.
- (34) This represents 21,422 vested RSUs in the common stock of MGM Resorts International held by Jonathan S. Halkyard.
- (35) This represents 51,310 unvested RSUs in the common stock of MGM Resorts International granted to Jonathan S. Halkyard.
- (36) This represents 11 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Jonathan S. Halkyard.
- (37) This represents 68,404 unvested PSUs in the common stock of MGM Resorts International granted to Jonathan S. Halkyard. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (38) This represents 9 dividend equivalent rights for the outstanding PSUs equity awards of MGM Resorts International held by Jonathan S. Halkyard. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (39) This represents the common stock of MGM Resorts International held by Jonathan S. Halkyard.

Except as disclosed above, as at June 30, 2023, none of the Directors or 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, 2023, so far as is known to any Director 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

Name	Capacity/nature of interest	Number of Shares held	Percentage of shareholding
MGM Resorts International <sup>(1)</sup>	Interest in a controlled corporation	2,126,100,001	55.95%
MGM International, LLC <sup>(1)</sup>	Interest in a controlled corporation	2,126,100,001	55.95%
MRIH <sup>(1)</sup>	Direct interest	2,126,100,001	55.95%
Pansy Ho <sup>(2)</sup>	Direct interest	380,000,000	10.00%
	Interest in a controlled corporation	474,561,200	12.49%
Grand Paradise Macau Limited <sup>(2)</sup>	Direct interest	474,561,200	12.49%

Notes:

- (1) MRIH 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 2,126,100,001 Shares which are directly held by MRIH.
- (2) Grand Paradise Macau Limited is a company controlled by Ms. Pansy Ho and therefore Ms. Pansy Ho is deemed or taken to be interested in 474,561,200 Shares which are directly held by Grand Paradise Macau Limited.

Except as disclosed above, the Company had not been notified of any other corporation or person, who, as at June 30, 2023, 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.

Save as disclosed in this interim report, pursuant to paragraph 40 of Appendix 16 to the Listing Rules, there has been no material change to the information disclosed in the Company's 2022 Annual Report in relation to the matters set out in paragraph 32 of Appendix 16 to the Listing Rules.

## Other Information

---

### Share Option Scheme

The Company maintained the 2011 Share Option Scheme and the 2020 Share Option Scheme for the purpose of providing incentives and/or rewards to persons for their contributions to, and continuing efforts to promote the interests of the Group.

Persons who are eligible to participate in the schemes (the “Eligible Participants”) include:

- (i) any Employee of the Group;
- (ii) any Director of the Group;
- (iii) any other person (including a consultant or adviser) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which, in the sole discretion of the Board, are in the interests of the long-term growth of the Group and who has contributed or will contribute to the Group.

### 2011 Share Option Scheme

The Company adopted a share option scheme on May 11, 2011, which was amended by the Board on July 28, 2016 to approve certain administrative matters and further amended by the Shareholders at the annual general meeting of the Company held on May 24, 2017 (the “2011 Share Option Scheme”) to approve changes to paragraphs 1.1, 6, 7 and 11 of the terms of the 2011 Share Option Scheme. Details of the amendments are set out in the circular of the Company dated April 20, 2017. The 2011 Share Option Scheme expired on May 10, 2021, and no further options have been and will be granted under the 2011 Share Option Scheme. However, all outstanding options granted under the 2011 Share Option Scheme shall remain valid and exercisable in accordance with the terms of the 2011 Share Option Scheme, which shall in force and effect despite the expiry of the 2011 Share Option Scheme.

As at June 30, 2023, the total number of Shares available for issue based on the outstanding options granted under the 2011 Share Option Scheme is 61,892,788.

### 2020 Share Option Scheme

At the annual general meeting of the Company held on May 28, 2020, the Shareholders approved the adoption of the share option scheme (the “2020 Share Option Scheme”). There is no material difference between the terms of the 2011 Share Option Scheme and the terms of the 2020 Share Option Scheme. All options outstanding on the expiration of the ten-year period granted under the 2020 Share Option Scheme will remain valid and exercisable in accordance with the terms of the 2020 Share Option Scheme, which shall remain in full force and effect following the expiry of the 2020 Share Option Scheme.

As at June 30, 2023, the total number of Shares available for issue based on the outstanding options granted under the 2020 Share Option Scheme is 53,633,300.

As at June 30, 2023, the number of Shares in respect of which options had been granted under the 2011 Share Option Scheme and the 2020 Share Option Scheme and remained outstanding was 115,526,088 in aggregate, representing approximately 3.0% of the issued share capital of the Company.

## Other Information

---

### *Total number of Shares available for issue*

The total number of Shares issued and which may be issued in respect of all options granted under the 2020 Share Option Scheme and all other share option schemes of the Company must not in aggregate exceed 380,000,000 Shares, representing 10% of the total number of Shares in issue as at May 28, 2020, being the date of approval of the 2020 Share Option Scheme, excluding options lapsed in accordance with the terms of the 2020 Share Option Scheme (the “Scheme Mandate Limit”). As at the date of this report, the total number of Shares available for issue under the 2020 Share Option Scheme and all other share option scheme is 354,247,088, representing approximately 9.3% of the issued share capital of the Company.

As at January 1, 2023, the number of options available for grant under the Scheme Mandate Limit was 236,586,100. As at June 30, 2023, the number of options available for grant under the Scheme Mandate Limit was 239,502,700.

Notwithstanding the foregoing, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% (or such other percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.

### *Maximum entitlement of each participant*

The maximum number of Shares issued and to be issued in respect of all options granted (excluding any options lapsed in accordance with the terms of the 2020 Share Option Scheme) in the twelve-month period up to and including the date of such grant is limited to 1% of the total number of Shares in issue. Any further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting in accordance with Chapter 17 of the Listing Rules.

### *Exercise period*

The period during which an option may be exercised, to be determined and notified by the Board to a grantee, shall not in any event be more than ten years commencing on the date on which the offer in relation to such option is deemed to have been accepted by the grantee, subject to the provisions for early termination contained in the scheme.

The Board may in its absolute discretion specify such conditions as it thinks fit when making an offer to an Eligible Participant (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Participant and/or the Company and/or its Subsidiaries, and any minimum period for which an option must be held, before an option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms of the 2020 Share Option Scheme.

### *Payment on acceptance of the option*

HK\$1.00 is payable by the grantee to the Company on acceptance of the option offer.

## Other Information

### Determination of exercise price

The exercise price shall be a price determined by the Board and notified to the grantee and shall be at least the higher of: (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets on the offer date, which must be a business day; (ii) the average of the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

### Life of the 2020 Share Option Scheme

The 2020 Share Option Scheme is effective for a period of 10 years from May 28, 2020.

A summary of the movements of the outstanding options under the 2011 Share Option Scheme and the 2020 Share Option Scheme during the six months ended June 30, 2023 is as follows:

Directors, eligible employees and consultant	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of share options					
				Outstanding at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at June 30, 2023
Grant R. Bowie*	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	3,200,000	—	—	—	—	3,200,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	2,753,600	—	—	—	—	2,753,600
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	2,220,000	—	—	—	—	2,220,000
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	1,629,600	—	—	—	—	1,629,600
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	3,992,400	—	—	—	—	3,992,400
Kenneth Feng	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	1,000,000	—	—	—	—	1,000,000
	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	900,000	—	—	—	—	900,000
	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	282,400	—	—	—	—	282,400
	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	859,600	—	—	—	—	859,600
	June 10, 2022	June 10, 2023 – June 9, 2032	4.330	1,976,400	—	—	—	—	1,976,400
Sub-total (Directors)				18,814,000	—	—	—	—	18,814,000



# Other Information

Directors, eligible employees and consultant	Date of grant	Exercisable period	Number of share options						
			Exercise price per Share HK\$	Outstanding at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at June 30, 2023
Employees	February 26, 2013	February 25, 2014 – February 26, 2023	18.740	50,000	—	—	—	(50,000)	—
	May 15, 2013	May 14, 2014 – May 15, 2023	20.350	25,000	—	—	—	(25,000)	—
	February 24, 2014	February 23, 2015 – February 24, 2024	32.250	700,000	—	—	(300,000)	—	400,000
	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	7,255,000	—	—	(550,000)	—	6,705,000
	August 15, 2014	August 15, 2015 – August 14, 2024	26.350	100,000	—	—	(50,000)	—	50,000
	November 17, 2014	November 17, 2015 – November 16, 2024	24.120	800,000	—	—	—	—	800,000
	February 25, 2015	February 25, 2016 – February 24, 2025	19.240	100,000	—	—	—	—	100,000
	May 15, 2015	May 15, 2016 – May 14, 2025	15.100	120,000	—	—	—	—	120,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	3,639,688	—	—	(404,400)	—	3,235,288
	August 17, 2015	August 17, 2016 – August 16, 2025	16.470	135,000	—	—	—	—	135,000
	November 16, 2015	November 16, 2016 – November 15, 2025	11.450	715,000	—	—	—	—	715,000
	February 23, 2016	February 23, 2017 – February 22, 2026	9.130	135,000	—	—	—	—	135,000
	May 16, 2016	May 16, 2017 – May 15, 2026	10.480	137,500	—	—	—	—	137,500
	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	3,680,100	—	—	(355,200)	—	3,324,900
	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	4,738,900	—	—	(523,200)	—	4,215,700
	November 15, 2016	November 15, 2017 – November 14, 2026	14.650	250,000	—	—	—	—	250,000
	February 21, 2017	February 21, 2018 – February 20, 2027	14.500	825,000	—	—	—	—	825,000
	May 15, 2017	May 15, 2018 – May 14, 2027	16.990	260,000	—	—	—	—	260,000
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	4,862,900	—	—	(281,200)	—	4,581,700
	August 15, 2017	August 15, 2018 – August 14, 2027	15.910	250,000	—	—	—	—	250,000
	November 15, 2017	November 15, 2018 – November 14, 2027	19.240	300,000	—	—	—	—	300,000
	February 23, 2018	February 23, 2019 – February 22, 2028	23.200	830,000	—	—	(50,000)	—	780,000
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	4,115,200	—	—	(208,400)	—	3,906,800
	August 15, 2018	August 15, 2019 – August 14, 2028	15.932	100,000	—	—	—	—	100,000

# Other Information

Directors, eligible employees and consultant	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of share options					
				Outstanding at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at June 30, 2023
Employees	November 15, 2018	November 15, 2019 – November 14, 2028	11.940	50,000	—	—	—	—	50,000
	April 4, 2019	April 4, 2020 – April 3, 2029	17.500	50,000	—	—	—	—	50,000
	May 15, 2019	May 15, 2020 – May 14, 2029	14.292	340,000	—	—	—	—	340,000
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	7,963,000	—	—	(97,200)	—	7,865,800
	August 15, 2019	August 15, 2020 – August 14, 2029	11.564	267,500	—	—	—	—	267,500
	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	150,000	—	—	—	—	150,000
	April 1, 2020	April 1, 2021 – March 31, 2030	7.976	130,000	—	—	—	—	130,000
	May 15, 2020	May 15, 2021 – May 14, 2030	9.316	160,000	—	—	—	—	160,000
	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	12,434,900	—	(22,700)	(84,400)	—	12,327,800
	August 17, 2020	August 17, 2021 – August 16, 2030	10.380	120,000	—	—	—	—	120,000
	November 16, 2020	November 16, 2020 – November 15, 2030	15.620	1,854,000	—	—	—	—	1,854,000
	November 16, 2020	November 16, 2020 – November 15, 2030	15.120	625,000	—	—	—	—	625,000
	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	1,339,600	—	—	—	—	1,339,600
	May 17, 2021	May 17, 2022 – May 16, 2031	11.312	290,000	—	—	—	—	290,000
	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	10,728,400	—	—	(37,600)	—	10,690,800
	August 16, 2021	August 16, 2022 – August 15, 2031	8.256	250,000	—	—	—	—	250,000
	March 11, 2022	March 11, 2023 – March 10, 2032	4.626	600,000	—	—	—	—	600,000
	May 16, 2022	May 16, 2023 – May 15, 2032	4.146	480,000	—	(25,000)	—	—	455,000
	June 10, 2022	June 10, 2023 – June 9, 2032	4.330	26,399,600	—	(1,215,900)	—	—	25,183,700
	May 15, 2023	May 15, 2024 – May 14, 2033	9.090	—	100,000 <sup>(1)</sup>	—	—	—	100,000
Sub-total (Employees)				98,356,288	100,000	(1,263,600)	(2,941,600)	(75,000)	94,176,088

# Other Information

Directors, eligible employees and consultant	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of share options					
				Outstanding at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at June 30, 2023
Consultant	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	400,000	—	—	—	—	400,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	478,800	—	—	—	—	478,800
	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	550,000	—	—	—	—	550,000
	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	263,600	—	—	—	—	263,600
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	214,800	—	—	—	—	214,800
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	153,600	—	—	—	—	153,600
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	275,200	—	—	—	—	275,200
	November 16, 2020	November 16, 2021 – November 15, 2030	11.240	200,000	—	—	—	—	200,000
Sub-total (Consultant)				2,536,000	—	—	—	—	2,536,000
Total				119,706,288	100,000	(1,263,600)	(2,941,600)	(75,000)	115,526,088
Weighted average exercise price per Share				HK\$12.53	HK\$9.09	HK\$4.42 <sup>(2)</sup>	HK\$18.54	HK\$19.28	HK\$12.46
Exercisable at end of the reporting period									83,320,688

\* Grant R. Bowie resigned as executive director with effect from August 6, 2020.

## Notes:

- (1) For share options granted during the six months ended June 30, 2023, the closing price of the Shares immediately before the date of this grant was HK\$8.92 and the estimated weighted average fair value of share options granted on that date was HK\$3.50 per share. The Company estimates the fair value of the options granted using the Black-Scholes option pricing model.
- (2) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the six months ended June 30, 2023 was HK\$9.22.

Save as disclosed above, none of the grantees for share options are the directors, chief executive or substantial shareholders of the Company, or their respective associates. None of the grantees are awarded with options granted and to be granted in excess of the 1% individual limit and are related entity participant or service provider with options granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue. Other details of the schemes, including but not limited to variables and assumptions used in computing the fair value of the share options, are disclosed in Note 20 to the condensed consolidated financial statements.

## Other Information

The number of Shares that may be issued in respect of all options granted under the 2020 Share Option Scheme and all other share option schemes of the Company during the six months ended June 30, 2023 divided by the weighted average number of Shares in issue for the six months ended June 30, 2023 was 3.0%.

The vesting periods of the above options are 25% per year vesting on each of the anniversary dates of the date of grant, with the exception of the options granted on May 3, 2021, which were 100% vested on December 31, 2021.

### Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended June 30, 2023, the Company repurchased a total of 1,263,600 Shares at an aggregate purchase price of HK\$12.2 million on the Hong Kong Stock Exchange. Particulars of the repurchases are as follows:

Month of repurchase	Total number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid HK\$'000
March 2023	10,400	9.05	9.05	95
June 2023	1,253,200	9.69	9.45	12,092
	1,263,600			12,187

New shares were issued pursuant to the exercise of share options by qualifying grantees under the 2011 Share Option Scheme and the 2020 Share Option Scheme adopted by the Company. The Company repurchased the aggregate number of shares equivalent to the aggregate number of all such new shares being issued during the six months ended June 30, 2023 in accordance with Rule 10.06 of the Listing Rules, and all repurchased shares were subsequently cancelled. The total issued share capital of the Company remains the same. The Board considered that such repurchases were made for the benefit of the Company and its Shareholders as a whole with the view of maintaining the same total issued share capital and enhancing stability of the Company's share capital and hence the net value of the Company and its assets and/or earnings per Share.

Save as disclose above, there was no repurchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six months ended June 30, 2023.

### 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, 2023 to June 30, 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## Other Information

### 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 senior management of the Group (the "Code for Securities Transactions by Officers") on terms which are no less 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 Code for Securities Transactions by Officers and the Model Code throughout the six months ended June 30, 2023.

### Update on Directors' Information

Changes in the information of the Directors since disclosure made in the Company's 2022 annual report that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

1. Pansy Catilina Chiu King Ho was re-designated as Chairperson of the Company on May 25, 2023. She was appointed as an Independent Non-executive Director of China Southern Airlines in 2023. In Hong Kong, she serves as General Committee Member of The Hong Kong General Chamber of Commerce, Director of Friends of Hong Kong Association Limited and Executive Vice-president of The Federation of Hong Kong Beijing Organisation. In Macau, she also serves as a President of General Association of Macau Beijing Organization.
2. William Joseph Hornbuckle was re-designated as Co-Chairperson of the Company on May 25, 2023. He serves as the Chairman of the U.S. Department of Commerce's Travel and Tourism Advisory Board.
3. Jeny Lau was appointed as Executive Director, member of the Nomination, Environmental, Social and Governance Committee with effect from May 25, 2023.
4. Kenneth Xiaofeng Feng was redesignated as Executive Director of the Company and elected as Director of MGM Grand Paradise Limited, with effect from July 20, 2023.
5. Chen Yau Wong retired as an Executive Director, member of the Nomination, Environmental, Social and Governance Committee with effect on May 25, 2023.
6. Patricia Sze Wan Lam was appointed as an Independent Non-executive Director and a member of the Nomination Committee of Dickson Concepts (International) Limited, with effect from June 15, 2023.
7. Russell Francis Banham resigned from the Board of National Atomic Company Kazatomprom with effect from May 2023.
8. Simon Meng was appointed as a visiting Professor of Zhejiang Normal University. He ceased to be an International Partner of King & Wood Mallesons in Shanghai in June 2023.
9. Chee Ming Liu ceased to be a member of the Listing Review Committee of The Stock Exchange of Hong Kong Limited in 2023.

## *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), Simon Meng, Ayesha Khanna Molino, Chee Ming Liu and Jonathan S. Halkyard and by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, 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

**Pansy Catilina Chiu King Ho**  
*Chairperson and Executive Director*

**William Joseph Hornbuckle**  
*Co-chairperson and Executive Director*

Hong Kong, August 4, 2023

# 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 (collectively referred to as the “Group”) set out on pages 48 to 93, which comprise the condensed consolidated statement of financial position as of June 30, 2023 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 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”) issued by the International Accounting Standards Board. 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.

## 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, 2023



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	NOTES	Six months ended June 30	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
OPERATING REVENUE			
Casino revenue	4	9,602,035	2,752,694
Other revenue	4	1,047,404	463,162
		10,649,439	3,215,856
OPERATING COSTS AND EXPENSES			
Gaming taxes and levies		(4,656,864)	(1,386,741)
Inventories consumed		(332,761)	(187,522)
Staff costs	5	(1,780,149)	(1,541,065)
Loss allowance on trade receivables, net	15	(5,343)	(27,306)
Other expenses and losses	6	(1,052,949)	(563,177)
Depreciation and amortization	7	(954,782)	(1,034,064)
		(8,782,848)	(4,739,875)
Operating profit/(loss)		1,866,591	(1,524,019)
Interest income		45,635	2,154
Finance costs	8	(978,768)	(735,561)
Net foreign currency loss		(104,725)	(138,807)
Profit/(loss) before tax		828,733	(2,396,233)
Income tax expense	9	(7,819)	(7,940)
Profit/(loss) for the period attributable to owners of the Company		820,914	(2,404,173)
Other comprehensive loss:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(3,132)	(3,805)
Total comprehensive income/(loss) for the period attributable to owners of the Company		817,782	(2,407,978)
Earnings/(loss) per Share – Basic	11	HK21.6 cents	(HK63.3 cents)
Earnings/(loss) per Share – Diluted	11	HK21.5 cents	(HK63.3 cents)

# Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	At June 30 2023 HK\$'000 (unaudited)	At December 31 2022 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	12	21,002,704	21,690,904
Right-of-use assets	13	1,189,659	1,223,065
Gaming concession right	14	1,679,634	—
Other assets		126,511	61,092
Prepayments, deposits and other receivables		28,641	29,330
Pledged bank deposits	21	680,000	971,262
Total non-current assets		24,707,149	23,975,653
Current assets			
Inventories		164,729	160,021
Trade receivables	15	400,474	239,522
Prepayments, deposits and other receivables		176,723	127,553
Amounts due from related companies	24	6,368	156
Cash and cash equivalents		3,513,606	6,706,591
Total current assets		4,261,900	7,233,843
TOTAL ASSETS		28,969,049	31,209,496

# Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	At June 30 2023 HK\$'000 (unaudited)	At December 31 2022 HK\$'000 (audited)
<b>EQUITY</b>			
Capital and reserves			
Share capital	16	3,800,000	3,800,000
Reserves and accumulated losses		(6,961,875)	(7,796,421)
<b>TOTAL DEFICIT</b>		<b>(3,161,875)</b>	<b>(3,996,421)</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	17	20,901,966	32,725,136
Lease liabilities		153,806	170,759
Payables and accrued charges	18	31,795	6,520
Gaming concession right payable	14	1,663,623	—
Amounts due to related companies	24	163	—
<b>Total non-current liabilities</b>		<b>22,751,353</b>	<b>32,902,415</b>
Current liabilities			
Borrowings	17	5,860,207	—
Lease liabilities		22,340	21,078
Payables and accrued charges	18	3,397,792	2,252,202
Gaming concession right payable	14	52,931	—
Amounts due to related companies	24	38,629	22,474
Income tax payable		7,672	7,748
<b>Total current liabilities</b>		<b>9,379,571</b>	<b>2,303,502</b>
<b>TOTAL LIABILITIES</b>		<b>32,130,924</b>	<b>35,205,917</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,969,049</b>	<b>31,209,496</b>

The condensed consolidated financial statements on pages 48 to 93 were approved and authorized for issue by the Board of Directors on August 4, 2023 and are signed on its behalf by:

Pansy Catilina Chiu King Ho  
Chairperson and Executive Director

William Joseph Hornbuckle  
Co-chairperson and Executive Director

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	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	Currency translation reserve HK\$'000	Accumulated losses HK\$'000	Reserves and accumulated losses total HK\$'000	Shareholders' funds total HK\$'000
At December 31, 2022 and January 1, 2023 (audited)	3,800,000	10,409,009	23,708	450,337	293,725	(13,130,819)	(2,994)	(5,839,387)	(7,796,421)	(3,996,421)
Profit for the period	—	—	—	—	—	—	—	820,914	820,914	820,914
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(3,132)	—	(3,132)	(3,132)
Total comprehensive (loss)/income	—	—	—	—	—	—	(3,132)	820,914	817,782	817,782
Exercise of share options	1,264	6,383	—	(2,063)	—	—	—	—	4,320	5,584
Share repurchase and cancellation										
— repurchases and cancellation of Shares	(1,264)	(10,923)	—	—	—	—	—	—	(10,923)	(12,187)
— transfer	—	—	1,264	—	—	—	—	(1,264)	—	—
Forfeiture or expiry of share options	—	—	—	(18,459)	—	—	—	18,459	—	—
Recognition of share-based payments	—	—	—	23,367	—	—	—	—	23,367	23,367
At June 30, 2023 (unaudited)	3,800,000	10,404,469	24,972	453,182	293,725	(13,130,819)	(6,126)	(5,001,278)	(6,961,875)	(3,161,875)
At December 31, 2021 and January 1, 2022 (audited)	3,800,000	10,409,009	23,708	445,682	293,725	(13,131,327)	4,778	(648,659)	(2,603,084)	1,196,916
Loss for the period	—	—	—	—	—	—	—	(2,404,173)	(2,404,173)	(2,404,173)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(3,805)	—	(3,805)	(3,805)
Total comprehensive loss	—	—	—	—	—	—	(3,805)	(2,404,173)	(2,407,978)	(2,407,978)
Forfeiture of share options	—	—	—	(18,653)	—	—	—	18,653	—	—
Recognition of share-based payments	—	—	—	23,580	—	—	—	—	23,580	23,580
At June 30, 2022 (unaudited)	3,800,000	10,409,009	23,708	450,609	293,725	(13,131,327)	973	(3,034,179)	(4,987,482)	(1,187,482)

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	NOTES	Six months ended June 30	
		2023	2022
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	19	3,691,707	(1,406,025)
INVESTING ACTIVITIES			
Purchase of property and equipment		(153,158)	(128,297)
Payment of Sub-concession premium		—	(45,631)
Purchase of other assets		(60,824)	(44,765)
Proceeds from disposal of property and equipment and other assets		5	12
Withdrawal of pledged bank deposits	21	291,262	—
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		77,285	(218,681)
FINANCING ACTIVITIES			
Proceeds from draw down on credit facilities	17	700,000	6,460,000
Repayments of credit facilities	17	(6,650,000)	(200,000)
Payments of debt finance costs		—	(10,500)
Payments of lease liabilities		(12,265)	(15,873)
Interest paid		(933,650)	(768,460)
Payment of gaming concession right payable	14	(56,679)	—
Proceeds from exercise of share options		5,952	—
Payments on repurchase of Shares		(12,187)	—
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(6,958,829)	5,465,167
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,189,837)	3,840,461
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		6,706,591	3,112,020
Effect of foreign exchange rate changes, net		(3,148)	(3,812)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by cash and cash equivalents		3,513,606	6,948,669

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 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 principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the operation of casino games of chance and other casino games and the related hotel and resort facilities, and the development of integrated resorts in Macau. The Group owns and operates MGM MACAU and MGM COTAI which opened on December 18, 2007 and February 13, 2018, respectively. 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 the Isle of Man. The Company’s ultimate holding company is MGM Resorts International, a company incorporated in Delaware, the United States of America, which is listed on the New York Stock Exchange. The address of the registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, 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\$, which is the functional currency of the Company and its subsidiaries.

### *Financial Impact of the COVID-19 Pandemic*

In early 2020, the rapid spread of a respiratory illness caused by COVID-19 led to certain actions taken by the Chinese Government, the Macau Government and many countries around the world to attempt to mitigate the spread of the virus, such as travel and entry restrictions, mandatory quarantine measures, nucleic acid testing requirement and suspension of casino operations from time to time. Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI were adversely impacted during 2020-2022 due to outbreaks of COVID-19 cases in Macau and neighboring regions including mainland China which led to travel restrictions to Macau.

Commencing December 2022, the Chinese Government announced a significant change in its COVID -19 policy which was also adopted by the Macau Government. These changes resulted in relaxation of travel restrictions to Macau. Following the easing of travel restrictions, total visitor arrivals into Macau have significantly increased, and the Group’s gross gaming revenue increased by 242.6% to HK\$11.6 billion in the first half of 2023, as compared to the first half of 2022.

# Notes to the Condensed Consolidated Financial Statements

---

For the six months ended June 30, 2023

## 1. General (Continued)

### *Gaming Concession*

Gaming in Macau was administered by the Macau Government through concessions awarded to three different Concessionaires and three Sub-Concessionaires until December 31, 2022, of which a subsidiary of the Group, MGM Grand Paradise, was one Sub-Concessionaire. From January 1, 2023 up to December 31, 2032, it is administered through concessions awarded to six different Concessionaires, of which MGM Grand Paradise is one.

With the announcement of the opening of the public tender for the award of six concessions, the Group submitted a tender to the Macau Government on September 14, 2022 and on December 16, 2022, MGM Grand Paradise received the final award of the Gaming Concession by order of the Chief Executive and the Concession Contract was executed between the Macau Government and MGM Grand Paradise. The terms of the Concession Contract differ from those under the Sub-Concession Contract mainly in terms of changes in Macau gaming laws and different commercial arrangements. The duration of the Gaming Concession is 10 years starting from January 1, 2023 to December 31, 2032. MGM Grand Paradise is entitled to operate a total of 750 gaming tables and 1,700 electric or mechanical gaming machines, including slot machines, under the Gaming Concession. Further details are disclosed in Note 14.

## 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 International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

As at June 30, 2023, the Group had a deficiency in shareholders’ equity of HK\$3,161.9 million (December 31, 2022: HK\$3,996.4 million) caused primarily by operating losses incurred during the period of the COVID-19 pandemic. In addition, as at June 30, 2023, the Group had a net current liability of HK\$5,117.7 million (December 31, 2022: net current asset of HK\$4,930.3 million) as the final maturity date of one tranche of the unsecured senior note indebtedness is May 15, 2024 (refer Note 17) which falls due within twelve months from the end of the reporting period. However, the Group had total cash and cash equivalents of HK\$3,513.6 million as at June 30, 2023 (December 31, 2022: HK\$6,706.6 million), and access to approximately HK\$7,320.0 million and HK\$5,877.4 million of available undrawn credit facilities under its Unsecured Credit Facilities and MGM Resorts International Revolving Credit Facility, respectively. Given the Group’s liquidity position as at June 30, 2023, significantly improved financial performance and estimated cash flows for the twelve months ending June 30, 2024, the Group believes it is able to meet its financial obligations as they fall due for the twelve months from the end of the reporting period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRS”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2022. The accounting policy adopted with effect from January 1, 2023 related to the financial impacts of certain contractual payments related to the gaming concession is disclosed in Note 14.

### *Application of new and amendments to IFRS*

In the current period, the Group has applied, for the first time, the following new and amendments to IFRS:

IFRS 17	Insurance Contracts and the related Amendments
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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

## 3. Segment Information

The Group has determined its operating segments based upon the reports reviewed by the chief operating decision-maker when allocating resources and assessing performance of the Group.

The Group’s principal operating activities occur in Macau, which is the primary geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its properties being MGM MACAU and MGM COTAI. Each of the properties derives its revenue primarily from casino, hotel rooms, food and beverage and retail operations. MGM MACAU and MGM COTAI have been aggregated into one reportable segment on the basis that they have similar economic characteristics, customers, services and products provided, and the regulatory environment in which they operate.

Adjusted EBITDA is considered to be the primary profit/loss measure for the reportable segment. Adjusted EBITDA is profit/loss before finance costs, income tax expense, depreciation and amortization, gain/loss on disposal/write-off of property and equipment and other assets, interest income, net foreign currency difference, share-based payments, pre-opening costs and corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 3. Segment Information (Continued)

The following table presents the reconciliation of the adjusted EBITDA of the Group's reportable segment to profit/(loss) for the period attributable to owners of the Company:

	Six months ended June 30	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Adjusted EBITDA	3,160,081	(336,687)
Share-based payments	(23,367)	(23,580)
Corporate expenses	(302,129)	(121,555)
Pre-opening costs	—	(1,130)
Loss on disposal/write-off of property and equipment and other assets	(13,212)	(7,003)
Depreciation and amortization	(954,782)	(1,034,064)
Operating profit/(loss)	1,866,591	(1,524,019)
Interest income	45,635	2,154
Finance costs	(978,768)	(735,561)
Net foreign currency loss	(104,725)	(138,807)
Profit/(loss) before tax	828,733	(2,396,233)
Income tax expense	(7,819)	(7,940)
Profit/(loss) for the period attributable to owners of the Company	820,914	(2,404,173)

Almost all of the non-current assets of the Group are located in Macau.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 4. Casino and Other Revenue

Casino revenue represents the aggregate net difference between gaming wins and losses, net of commissions, complimentaries and other incentives. Casino revenue comprises:

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Main floor gross table games win	9,010,805	2,692,813
VIP gross table games win	1,865,144	365,431
Slot machine gross win	753,607	336,292
Gross casino revenue	11,629,556	3,394,536
Commissions, complimentaries and other incentives	(2,027,521)	(641,842)
	9,602,035	2,752,694

Other revenue comprises:

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Hotel rooms	479,527	183,566
Food and beverage	475,013	221,929
Retail and other	92,864	57,667
	1,047,404	463,162

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 5. Staff Costs

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Salaries and discretionary and performance related incentive payments	1,426,491	1,231,483
Retirement benefits scheme contributions	50,948	50,204
Share-based payments	23,263	23,341
Other benefits	279,447	236,037
	1,780,149	1,541,065

## 6. Other Expenses and Losses

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Advertising and promotion	342,601	136,205
License fees (Note 24)	186,365	56,277
Other support services	143,813	91,686
Repairs and maintenance	123,174	120,626
Utilities and fuel	122,690	113,499
Loss on disposal/write-off of property and equipment and other assets	13,212	7,003
Auditor's remuneration	4,841	4,390
Other <sup>(1)</sup>	116,253	33,491
	1,052,949	563,177

<sup>(1)</sup> Other expenses for the period ended June 30, 2022 includes reversal of provisions of HK\$60.6 million, as a result of the final settlement of certain litigation related to the Group's joint liability with gaming promoters.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 7. Depreciation and Amortization

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Depreciation in respect of:		
— Property and equipment	834,736	949,426
— Right-of-use assets	29,375	34,761
Amortization in respect of:		
— Gaming concession right	88,402	—
— Sub-concession premium	—	47,245
— Other assets	2,269	2,632
	954,782	1,034,064

## 8. Finance Costs

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Interest on unsecured senior notes	572,684	571,638
Interest on unsecured credit facilities	246,314	96,216
Interest on gaming concession right payable (Note 14)	66,732	—
Amortization of debt finance costs	52,821	50,677
Standby charges on MGM Resorts International Revolving Credit Facility (Note 17)	29,637	—
Interest on lease liabilities	6,198	6,333
Bank fees and other charges	4,382	10,697
Total finance costs	978,768	735,561

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 9. Income Tax Expense

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Current income tax expense:		
Macau Dividend Withholding Tax	7,398	7,337
Mainland China Income Tax	421	603
Income tax expense	7,819	7,940

Pursuant to approval notices issued by the Macau Government, MGM Grand Paradise, the Group's principal operating subsidiary, has been exempted from Macau Complementary Tax for income generated from gaming operations for the period from January 1, 2017 to December 31, 2022, the date upon which the Sub-Concession Contract expired. On March 30, 2023, MGM Grand Paradise applied for exemption for the term of the Concession from January 1, 2023 to December 31, 2032, which is subject to approval by the Macau Government. MGM Grand Paradise calculated the income tax provision by estimating the statutory tax rate expected to be applied to the operating results for the period. MGM Grand Paradise's non-gaming profit and the Group's other subsidiaries that carry on business in Macau remain subject to the Macau Complementary Tax, which is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior periods.

The Company is subject to Macau Complementary Tax at a progressive rate of up to a maximum of 12% on dividends it receives from MGM Grand Paradise. However, pursuant to extended tax concession arrangements issued by the Macau Government, MGM Grand Paradise was required to pay a dividend withholding tax which amounted to MOP7,390,000 (equivalent to approximately HK\$7,175,000) for the period from January 1, 2022 to June 26, 2022 in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. In January 2023, the Macau Government confirmed to MGM Grand Paradise the terms of the extended tax concession arrangement, which required MGM Grand Paradise to pay a dividend withholding tax of MOP7,850,000 (equivalent to approximately HK\$7,621,000) for the period from June 27, 2022 to December 31, 2022 as payment in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. Such tax payments were required regardless of whether dividends were actually distributed or whether MGM Grand Paradise had distributable profits in the relevant years. This arrangement will be reviewed after the above application for extension of Macau Complementary Tax for income generated from gaming operations has been approved by the Macau Government.

Hong Kong Profits Tax is calculated at the maximum rate of 16.5% of the estimated assessable profit for the current and prior periods. Taxation assessable on profit generated in mainland China has been provided at the rates of taxation prevailing in the areas in which those profit arose ranging from 15% to 20%.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 10. Dividends

The Board did not recommend an interim dividend payment for the six months ended June 30, 2022 nor a final dividend payment for the year ended December 31, 2022.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2023.

## 11. Earnings/(Loss) Per Share

The calculation of basic and diluted earnings/(loss) per Share is based upon the following:

	Six months ended June 30 2023 (unaudited)	2022 (unaudited)
<b>Profit/(loss)</b>		
Profit/(loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per Share (HK\$'000)	820,914	(2,404,173)
<b>Weighted average number of Shares</b>		
Weighted average number of Shares for the purpose of basic earnings/(loss) per Share ('000)	3,800,022	3,800,000
Number of dilutive potential Shares arising from exercise of share options ('000) <sup>(1)</sup>	12,939	—
Weighted average number of Shares for the purpose of diluted earnings/(loss) per Share ('000)	3,812,961	3,800,000
Earnings/(loss) per Share – Basic	HK21.6 cents	(HK63.3 cents)
Earnings/(loss) per Share – Diluted	HK21.5 cents	(HK63.3 cents)

<sup>(1)</sup> The computation of diluted loss per share for the six months ended June 30, 2022 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 12. Property and Equipment

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Carrying amount at January 1	21,690,904	23,397,105
Additions	159,767	186,474
Adjustment upon finalization of costs	—	(8,118)
Disposal/write-off	(13,217)	(13,303)
Depreciation	(834,736)	(1,871,175)
Foreign exchange difference	(14)	(79)
Carrying amount at June 30/December 31	21,002,704	21,690,904

## 13. Right-of-Use Assets

The Group leases several assets including leasehold land, buildings and other equipment. Leasehold land represents the land concession contracts entered with the Macau Government to build on the sites on which MGM MACAU and MGM COTAI are located. The Group does not own these land sites, however the land concessions which were granted on April 6, 2006 (for MGM MACAU) and January 9, 2013 (for MGM COTAI), with an initial term of 25 years and a right to renew at the Group's option for further consecutive periods of 10 years, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay land use right premiums as well as annual rent for the term of the land concessions, which may be revised every five years by the Macau Government.

Buildings and other equipment generally have lease terms between 2 to 5 years.

Information about leases for which the Group is a lessee is presented below.

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Leasehold land	1,156,599	1,192,499
Buildings	15,117	13,056
Equipment and others	17,943	17,510
	1,189,659	1,223,065



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 14. Gaming Concession

Pursuant to the Concession Contract signed with the Macau Government for the 10 year period ending on December 31, 2032, MGM Grand Paradise shall pay the Macau Government the following contributions:

- i) a fixed annual premium of MOP30.0 million (equivalent to approximately HK\$29.1 million).
- ii) a variable premium depending upon the type and the number of gaming tables and electric or mechanical gaming machines, including slot machines that the Group operates. The variable premium is calculated as follows:
  - MOP300,000 (equivalent to approximately HK\$291,262) per annum per gaming table reserved to certain games and players, including gaming tables in special gaming rooms or special gaming areas;
  - MOP150,000 (equivalent to approximately HK\$145,631) per annum per gaming table not reserved to certain games and players; and
  - MOP1,000 (equivalent to approximately HK\$971) per annum per electric or mechanical gaming machines, including slot machines.

The variable premium shall not be less than the amount payable with respect to the operation of 500 gaming tables and 1,000 electric or mechanical gaming machines, including slot machines.

- iii) an annual amount of approximately MOP44.5 million (equivalent to approximately HK\$43.2 million) for the first three years and an annual amount of MOP148.4 million (equivalent to approximately HK\$144.1 million) for the remaining years calculated based on: (i) MOP750 (equivalent to approximately HK\$728) per square meter of the Casino Areas for the first year payable in March 2023, as adjusted annually in accordance with the average price index in Macau pursuant to the Macau Gaming Law for the second and third year payable in March 2024 and March 2025, respectively; and (ii) MOP2,500 (equivalent to approximately HK\$2,427) per square meter of the Casino Areas for the fourth year in March 2026, as adjusted annually for the remaining years payable in March each year in accordance with the average price index in Macau pursuant to the Macau Gaming Law.

The minimum future payments described above represent in-substance consideration for the Concession Contract for the right to conduct gaming activities and are not tied to casino revenue generated by future operations. An intangible asset was initially recognized at January 1, 2023 equivalent to the net present value of the minimum future payments, with a corresponding amount recognized as a financial liability. This intangible asset will be amortized on a straight-line basis over its estimated useful life, which is the Concession period ending on December 31, 2032. The financial liability will be adjusted by interest accretion using the effective interest method and payments. The minimum future payments of the variable premium associated with the intangible asset was determined using the approved number of gaming tables at the minimum rate per gaming table and the approved number of electric or mechanical gaming machines. Any difference between future actual payments made and the minimum payments initially recognized will be expensed as incurred.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 14. Gaming Concession (Continued)

Movement of the intangible asset recognized is as follows:

	HK\$'000 (unaudited)
Granted at January 1, 2023 – initial recognition	1,768,036
Amortization	(88,402)
Carrying amount at June 30, 2023	1,679,634

Gaming concession right payable included in the condensed consolidated statement of financial position is as follows:

	At June 30, 2023 HK\$'000 (unaudited)
Current gaming concession right payable	52,931
Non-current gaming concession right payable	1,663,623
	1,716,554

In addition to the above payments, MGM Grand Paradise is required to pay special gaming tax and additional levies on gross gaming revenues as listed below:

- i) special gaming tax to the Macau Government of an amount equal to 35% of the gross gaming revenues on a monthly basis.
- ii) a sum of 2% of the gross gaming revenue as additional levies given to a public foundation whose object is the promotion, development or study of cultural, social, economic, educational, scientific, academic, and charity activities and a sum of 3% of the gross gaming revenue as additional levies to be used for urban development and construction, promotion of tourism and social security.

The additional levies, subject to approval of the Macau Government's Chief Executive, may be reduced or exempted for expansion of overseas customer markets by the concession holders.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 14. Gaming Concession (Continued)

- iii) By order of the Chief Executive no. 162/2022, the minimum annual gross gaming revenue per gaming table is MOP7 million (equivalent to approximately HK\$6.8 million); the minimum annual gross gaming revenue per electric or mechanical gaming machines, including slot machines, is MOP300 thousand (equivalent to approximately HK\$291 thousand). Pursuant to Article 20 of the Gaming Law, if the average gross revenue arising of the operation of gaming tables or electric or mechanical gaming machines, including slot machines, does not reach the minimum limit fixed by order of the Chief Executive, the concessionaire will have to pay a special premium, of an amount corresponding to the difference between the amounts of the special gaming tax payable on the average gross revenue, and the one that would be payable if this minimum limit had been achieved. The average gross revenue is calculated according to the maximum number of gaming tables and electric or mechanical gaming machines, including slot machines, authorized for the concessionaire in the year to which it relates, with the exception of the number of gaming tables and electric or mechanical gaming machines, including slot machines authorized to operate temporarily.

The special gaming tax and additional levies are expensed as incurred. In relation to the minimum annual gross gaming revenue described above, based upon the approved number of gaming tables and gaming machines in operation, the Group is obligated to make minimum annual payments of approximately MOP2.02 billion (equivalent to approximately HK\$1.96 billion).

MGM Grand Paradise has committed to certain investments in gaming and non-gaming projects. The investment committed by MGM Grand Paradise is MOP16.7 billion (equivalent to approximately HK\$16.2 billion), of which MOP15 billion (equivalent to approximately HK\$14.6 billion) is in non-gaming projects. In case the market-wide Macau gross gaming revenue reaches MOP180 billion (equivalent to approximately HK\$175 billion) in any one year ("Triggering event"), MGM Grand Paradise is required to increase, in the following years, the investment in non-gaming projects in an amount corresponding to 20% of the base non-gaming investment. The 20% increase is subject to a deduction of 4% per year if the Triggering event occurs on or after 2028 (the sixth year of the Concession Contract). The maximum potential additional investment is estimated at MOP3 billion (equivalent to approximately HK\$2.91 billion).

MGM Grand Paradise is also required to maintain its net asset value at not less than MOP5 billion (equivalent to approximately HK\$4.85 billion) throughout the term of the Concession Contract.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 15. Trade Receivables

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Trade receivables	600,883	441,412
Less: Loss allowance	(200,409)	(201,890)
	400,474	239,522

Trade receivables mainly consist of casino receivables. The Group issues markers and credit to approved gaming customers ("VIP gaming customers") and gaming promoters following background checks and assessments of creditworthiness. The Group generally allows a credit period up to 28 days to VIP gaming customers and 30 days on issuance of markers to gaming promoters.

Trade receivables are unsecured and non-interest bearing.

Trade receivables from hotel customers are not significant at the end of the reporting period.

The following is an analysis of trade receivables, net of loss allowance, by age presented based upon marker issuance date or invoice date:

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Within 30 days	181,465	133,230
31 – 90 days	107,735	29,289
91 – 180 days	61,788	744
Over 180 days	49,486	76,259
	400,474	239,522

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 15. Trade Receivables (Continued)

As at June 30, 2023, the Group has specifically provided HK\$115.1 million (December 31, 2022: HK\$117.7 million) of loss allowance on certain credit-impaired trade receivables because of the long aged balance and increasing uncertainty on the customers' financial standing. The gross carrying amount of trade receivables which have been written off for the six months ended June 30, 2023 and which are still subject to enforcement activity was HK\$0.6 million (for the six months ended June 30, 2022: HK\$46.5 million).

During the six months ended June 30, 2023, the Group has recognized loss allowance of HK\$60.0 million (for the six months ended June 30, 2022: HK\$71.3 million) for outstanding trade receivables during the current period, which is offset by a reversal of loss allowance of HK\$54.7 million (for the six months ended June 30, 2022: HK\$44.0 million) due to recoveries in the current period related to amounts provided for in prior periods.

## 16. Share Capital

	Note	Number of Shares	Share Capital HK\$
Issued and fully paid			
At December 31, 2021 and January 1, 2022 (audited) and June 30, 2022 (unaudited)		3,800,000,001	3,800,000,001
At December 31, 2022 and January 1, 2023 (audited)		3,800,000,001	3,800,000,001
Share options exercised		1,263,600	1,263,600
Share repurchase and cancellation	(i)	(1,263,600)	(1,263,600)
At June 30, 2023 (unaudited)		3,800,000,001	3,800,000,001

- (i) During the six months ended June 30, 2023: 1,263,600 Shares of a nominal value of HK\$1.00 each were repurchased at a total consideration of HK\$12.2 million (six months ended June 30, 2022: no repurchase).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 17. Borrowings

At June 30, 2023, the Group's unsecured borrowings included senior notes and credit facilities.

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Unsecured senior notes payable due:		
Within one year	5,877,375	—
Over one year but not exceeding two years	3,918,250	5,851,200
Over two years but not exceeding three years	5,877,375	3,900,800
Over three years but not exceeding four years	5,877,375	5,851,200
Over four years but not exceeding five years	—	5,851,200
	21,550,375	21,454,400
Less: Debt finance costs	(133,425)	(160,725)
	21,416,950	21,293,675
Unsecured credit facilities payable:		
Over one year but not exceeding two years	—	11,500,000
Over two years but not exceeding three years	5,550,000	—
	5,550,000	11,500,000
Less: Debt finance costs	(204,777)	(68,539)
	5,345,223	11,431,461
The Group's borrowings are classified as:		
Current	5,860,207	—
Non-current	20,901,966	32,725,136
	26,762,173	32,725,136

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### *Unsecured Senior Notes*

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility and for general corporate purposes. Interest on the 2024 Notes and 2026 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2019.

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million due June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2025 Notes is payable semi-annually in arrears on each June 18 and December 18, commencing on December 18, 2020.

On March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2027 Notes is payable semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2022.

The 2024 Notes and the 2026 Notes were issued pursuant to an indenture, dated May 16, 2019, between the Company and U.S. Bank National Association, as trustee. The 2025 and the 2027 Notes were issued pursuant to an indenture, dated June 18, 2020 and March 31, 2021, respectively, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The Unsecured Senior Notes are general unsecured obligations of the Company. The Unsecured Senior Notes rank equally in right of payment with all of the Company's existing and future unsecured senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness, if any, to the extent of the value of the collateral securing any such debt and rank senior to all of the Company's future subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the Unsecured Senior Notes.

The Unsecured Senior Notes contain covenants that limit the ability of the Company to, among other things, whether directly or indirectly, (1) consolidate or merge with or into another entity; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries.

# Notes to the Condensed Consolidated Financial Statements

---

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### *Unsecured Senior Notes (Continued)*

The Unsecured Senior Notes provide for certain events of default, including certain insolvency related proceedings relating to the Group. If the Company experiences a change of control and a ratings event, each holder of the Unsecured Senior Notes will have the right to require the Company to repurchase all or any part of that holder's Unsecured Senior Notes at 101% of their principal amount plus accrued and unpaid interest, if any, but not including the date of such repurchase in accordance with the terms of the Indentures. The circumstances that will constitute a change of control include the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than to MGM Resorts International or a related party thereof as described in the Indentures; (2) the adoption of a plan relating to the liquidation or dissolution of the Company or any successor thereto; (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than MGM Resorts International and any of its related parties (as described in the Indentures) becomes the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests; or (4) the first day on which the Company ceases to own, directly or indirectly, at least 60% of the outstanding equity interests of (and at least a 60% economic interest in) MGM Grand Paradise.

Under the Indentures, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, may result in a special put option triggering event. If the special put option triggering event occurs, each holder of the Unsecured Senior Notes will have the right to require the Group to repurchase all or any part of such holder's Unsecured Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts (as defined in the Indentures), if any, calculated up to, but not including, the date of repurchase. Within ten days following the occurrence of a special put option triggering event, the Company shall mail a notice to each holder of the Unsecured Senior Notes stating the repurchase date which shall be no earlier than ten days nor later than sixty days from the date such notice is mailed.

As at the date of this report, the Company has no secured indebtedness and no subordinated indebtedness.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### *Unsecured Credit Facilities*

#### *Overview*

On August 12, 2019, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024. The Revolving Credit Facility became effective on August 14, 2019.

On May 26, 2020, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company a second unsecured revolving credit facility in an aggregate amount of HK\$2.34 billion with a final maturity date of May 15, 2024. The Company has the option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions. The Second Revolving Credit Facility is available for drawdown from the date of the agreement to and including the date falling one month prior to the final maturity date, subject to satisfaction of conditions precedent, including evidence that the Revolving Credit Facility (in an aggregate amount of HK\$9.75 billion) has been fully drawn. The proceeds of the Second Revolving Credit Facility are used for ongoing working capital needs and general corporate purposes of the Group. On June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

On June 30, 2023, the Company entered into amendments under the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the Company's option to increase the amount of the facility was amended to HK\$5.85 billion subject to certain conditions. In addition, among the conditions precedent documents required for the purpose of requesting a loan, the evidence that the Revolving Credit Facility has been fully withdrawn will not be required under the Amended Second Revolving Credit Facility.

As at June 30, 2023, the Group had total available undrawn unsecured credit facilities of HK\$7.32 billion, excluding the MGM Resorts International Revolving Credit Facility described below.

# Notes to the Condensed Consolidated Financial Statements

---

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### *Unsecured Credit Facilities (Continued)*

#### *Principal and Interest*

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility bear interest at a fluctuating rate per annum based on HIBOR plus a margin (in the range of 1.625% to 2.75%), which will be determined by the Company's leverage ratio.

As at June 30, 2023, HK\$5.55 billion of the Amended Revolving Credit Facility was drawn. HK\$4.20 billion of the Amended Revolving Credit Facility and HK\$3.12 billion of the Amended Second Revolving Credit Facility was undrawn and available for utilization up to and including the date falling one month prior to the final maturity date, on May 15, 2026. Each drawdown is to be repaid in full no later than May 15, 2026. As at June 30, 2023, the Group paid interest at HIBOR plus 2.75% per annum (June 30, 2022: HIBOR plus 2.75% per annum).

#### *General Covenants*

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the "Restricted Group") from incurring liens or engaging in certain asset dispositions. With the approval of the lenders there are certain permitted exceptions to these restrictions.

#### *Financial Covenants*

The leverage ratio under the Revolving Credit Facility was required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group was required to maintain an interest coverage ratio of no less than 2.5 to 1.0 at each quarter end. Under the Second Revolving Credit Facility, the Company was to ensure that the leverage ratio does not, on each accounting date occurring on and after September 30, 2021, exceed 4.50 to 1.00. In addition, the Company was to ensure that, on any accounting date occurring on and after September 30, 2021, the interest coverage ratio is not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into an amendment of the financial covenants on February 21, 2020, a second amendment on April 9, 2020, a third amendment on October 15, 2020, a fourth amendment on February 24, 2021 and a fifth amendment on February 10, 2022 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020, a second amendment on February 24, 2021 and a third amendment on February 10, 2022 under the Second Revolving Credit Facility.

The financial covenants were further amended under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility on June 30, 2023 to cover the extended maturity period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### Unsecured Credit Facilities (Continued)

#### Financial Covenants (Continued)

Subsequent to the execution of the amendments referred to above, the permitted leverage ratio and the permitted interest coverage ratio under the Amended Revolving Credit Facility and under the Amended Second Revolving Credit Facility are as follows:

Accounting Date	Interest Coverage Ratio	Leverage Ratio
March 31, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(1)</sup>
June 30, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(2)</sup>
September 30, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
December 31, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
March 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
June 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
September 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
December 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
Each quarter ended on and after March 31, 2023 through December 31, 2024	Not Applicable <sup>(6)(7)</sup>	Not Applicable <sup>(6)(7)</sup>
March 31, 2025	2.50:1.00 <sup>(7)</sup>	5.50:1.00 <sup>(7)</sup>
June 30, 2025	2.50:1.00 <sup>(7)</sup>	5.25:1.00 <sup>(7)</sup>
September 30, 2025	2.50:1.00 <sup>(7)</sup>	5.00:1.00 <sup>(7)</sup>
December 31, 2025	2.50:1.00 <sup>(7)</sup>	4.75:1.00 <sup>(7)</sup>
March 31, 2026	2.50:1.00 <sup>(7)</sup>	4.50:1.00 <sup>(7)</sup>

<sup>(1)</sup> Amendment on February 21, 2020 under the Revolving Credit Facility.

<sup>(2)</sup> Amendment on April 9, 2020 under the Revolving Credit Facility.

<sup>(3)</sup> Amendment on October 14, 2020 under the Second Revolving Credit Facility.

<sup>(4)</sup> Amendment on October 15, 2020 under the Revolving Credit Facility.

<sup>(5)</sup> Amendment on February 24, 2021 under the Revolving Credit Facility and the Second Revolving Credit Facility.

<sup>(6)</sup> Amendment on February 10, 2022 under the Revolving Credit Facility and the Second Revolving Credit Facility.

<sup>(7)</sup> Amendment on June 30, 2023 under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

#### Compliance with Covenants

The Group has complied with the general and financial covenants under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility for the six months ended June 30, 2023.

# Notes to the Condensed Consolidated Financial Statements

---

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### *Unsecured Credit Facilities (Continued)*

#### *Cancellation*

Pursuant to the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility, the total commitments shall be cancelled immediately and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents shall become immediately due and payable if a Change of Control occurs or there is a sale of all or substantially all of the assets or business of the Group. Change of Control is defined as: MGM Resorts International fails to be the legal and beneficial owner, directly or indirectly, of more than 50% of the capital stock of the Company having ordinary voting rights; or the Company ceases to be the beneficial owner directly or indirectly of all of the share capital of MGM Grand Paradise (other than any portion of the share capital of MGM Grand Paradise with only nominal economic interests created for the purposes of complying with Macanese ownership requirements).

#### *Events of Default*

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility contain certain events of default and certain insolvency related proceedings relating to the Group. If the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance for a period of ten consecutive days or more and such event has a material adverse effect on the financial condition or business, or in case of termination, rescission, revocation or modification of any gaming concession which has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the Macau Government in connection with the granting or renewal of any gaming concession; provided that such renewal, tender or other process results in the granting or renewal of the relevant gaming concession, an event of default will be triggered. Under the applicable acceleration provisions, if an event of default is outstanding, the facility agent may, and must if so instructed by the majority lenders, by notice to the Company, cancel all or any part of the total commitments; or declare that all or part of any amounts outstanding under the finance documents are immediately due and payable; or payable on demand by the facility agent acting on the instructions of the majority lenders.

#### *Security and Guarantees*

No security or guarantees were provided in relation to the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

#### *MGM Resorts International Revolving Credit Facility*

On November 10, 2022, the Company entered into an agreement with MGM Resorts International pursuant to which that entity agreed to make available to the Company an unsecured revolving credit facility of US\$750 million (equivalent to approximately HK\$5.88 billion) with a final maturity date on November 10, 2024.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 17. Borrowings (Continued)

### *MGM Resorts International Revolving Credit Facility (Continued)*

The interest rate on funded amounts will be the greater of 4.0% per annum and the prevailing market rate. The Company is also required to pay a commitment fee based upon the undrawn amount of the facility. The commitment fee rate on undrawn amounts will be based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

As at June 30, 2023, the MGM Resorts International Revolving Credit Facility of HK\$5.88 billion was undrawn and available for utilization and a commitment fee rate of 1% has been applied.

## 18. Payables and Accrued Charges

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Gaming taxes payables	888,908	226,163
Customer advances and other <sup>(1)</sup>	871,826	679,004
Accrued staff costs	392,106	496,210
Accrued interest and debt finance cost	382,012	229,092
Outstanding chips liability <sup>(1)</sup>	336,574	226,656
Other payables and accrued charges	266,936	172,504
Loyalty program liability <sup>(1)</sup>	159,729	129,535
Construction payables and accruals	62,603	50,039
Trade payables	47,901	14,381
Construction retention payable	10,977	31,119
Other casino liabilities	10,015	4,019
	3,429,587	2,258,722
Classified as:		
Current	3,397,792	2,252,202
Non-current	31,795	6,520
	3,429,587	2,258,722

<sup>(1)</sup> These balances represent the Group's main types of liabilities associated with contracts with customers. These liabilities are generally expected to be recognized as revenue or redeemed for cash within one year of being purchased, earned or deposited.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 18. Payables and Accrued Charges (Continued)

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

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Within 30 days	39,856	12,857
31 – 60 days	7,959	1,197
61 – 90 days	5	245
91 – 120 days	18	1
Over 120 days	63	81
	47,901	14,381

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

## 19. Note to Condensed Consolidated Statement of Cash Flows

Net cash generated from/(used in) operating activities is as follows:

	Six months ended June 30 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Operating cash flows before movements in working capital	2,851,443	(441,191)
Increase/(decrease) in payables and accrued charges	1,010,596	(910,268)
Other changes in working capital	(221,013)	(41,627)
Cash generated from/(used in) operations	3,641,026	(1,393,086)
Income tax paid	(7,879)	(14,937)
Interest received	58,560	1,998
Net cash generated from/(used in) operating activities	3,691,707	(1,406,025)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments

As at June 30, 2023, the number of Shares in respect of which options had been granted and remained outstanding under the 2011 Share Option Scheme and the 2020 Share Option Scheme was 115,526,088 (December 31, 2022: 119,706,288), representing approximately 3.0% (December 31, 2022: 3.2%) of the Shares of the Company in issue at that date.

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

### June 30, 2023

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2023	Number of share options				
					Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at June 30, 2023
Directors	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	3,200,000	—	—	—	—	3,200,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	2,753,600	—	—	—	—	2,753,600
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	2,220,000	—	—	—	—	2,220,000
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	1,629,600	—	—	—	—	1,629,600
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	3,992,400	—	—	—	—	3,992,400
	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	1,000,000	—	—	—	—	1,000,000
	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	900,000	—	—	—	—	900,000
	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	282,400	—	—	—	—	282,400
	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	859,600	—	—	—	—	859,600
	June 10, 2022	June 10, 2023 – June 9, 2032	4.330	1,976,400	—	—	—	—	1,976,400
Sub-total (Directors)				18,814,000	—	—	—	—	18,814,000

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2023 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2023	Number of share options				
					Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at June 30, 2023
Employees	February 26, 2013	February 25, 2014 – February 26, 2023	18.740	50,000	—	—	—	(50,000)	—
	May 15, 2013	May 14, 2014 – May 15, 2023	20.350	25,000	—	—	—	(25,000)	—
	February 24, 2014	February 23, 2015 – February 24, 2024	32.250	700,000	—	—	(300,000)	—	400,000
	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	7,255,000	—	—	(550,000)	—	6,705,000
	August 15, 2014	August 15, 2015 – August 14, 2024	26.350	100,000	—	—	(50,000)	—	50,000
	November 17, 2014	November 17, 2015 – November 16, 2024	24.120	800,000	—	—	—	—	800,000
	February 25, 2015	February 25, 2016 – February 24, 2025	19.240	100,000	—	—	—	—	100,000
	May 15, 2015	May 15, 2016 – May 14, 2025	15.100	120,000	—	—	—	—	120,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	3,639,688	—	—	(404,400)	—	3,235,288
	August 17, 2015	August 17, 2016 – August 16, 2025	16.470	135,000	—	—	—	—	135,000
	November 16, 2015	November 16, 2016 – November 15, 2025	11.450	715,000	—	—	—	—	715,000
	February 23, 2016	February 23, 2017 – February 22, 2026	9.130	135,000	—	—	—	—	135,000
	May 16, 2016	May 16, 2017 – May 15, 2026	10.480	137,500	—	—	—	—	137,500
	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	3,680,100	—	—	(355,200)	—	3,324,900
	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	4,738,900	—	—	(523,200)	—	4,215,700



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2023 (Continued)

Type of participant	Date of grant	Exercisable period	Number of share options						
			Exercise price	Outstanding	Granted	Exercised	Forfeited	Expired	Outstanding
			per Share HK\$	at January 1, 2023	during the period	during the period	during the period	during the period	at June 30, 2023
Employees	November 15, 2016	November 15, 2017 – November 14, 2026	14.650	250,000	—	—	—	—	250,000
	February 21, 2017	February 21, 2018 – February 20, 2027	14.500	825,000	—	—	—	—	825,000
	May 15, 2017	May 15, 2018 – May 14, 2027	16.990	260,000	—	—	—	—	260,000
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	4,862,900	—	—	(281,200)	—	4,581,700
	August 15, 2017	August 15, 2018 – August 14, 2027	15.910	250,000	—	—	—	—	250,000
	November 15, 2017	November 15, 2018 – November 14, 2027	19.240	300,000	—	—	—	—	300,000
	February 23, 2018	February 23, 2019 – February 22, 2028	23.200	830,000	—	—	(50,000)	—	780,000
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	4,115,200	—	—	(208,400)	—	3,906,800
	August 15, 2018	August 15, 2019 – August 14, 2028	15.932	100,000	—	—	—	—	100,000
	November 15, 2018	November 15, 2019 – November 14, 2028	11.940	50,000	—	—	—	—	50,000
	April 4, 2019	April 4, 2020 – April 3, 2029	17.500	50,000	—	—	—	—	50,000
	May 15, 2019	May 15, 2020 – May 14, 2029	14.292	340,000	—	—	—	—	340,000
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	7,963,000	—	—	(97,200)	—	7,865,800
	August 15, 2019	August 15, 2020 – August 14, 2029	11.564	267,500	—	—	—	—	267,500
	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	150,000	—	—	—	—	150,000
	April 1, 2020	April 1, 2021 – March 31, 2030	7.976	130,000	—	—	—	—	130,000
	May 15, 2020	May 15, 2021 – May 14, 2030	9.316	160,000	—	—	—	—	160,000
	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	12,434,900	—	(22,700)	(84,400)	—	12,327,800

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2023 (Continued)

Type of participant	Date of grant	Exercisable period	Number of share options						
			Exercise price	Outstanding	Granted	Exercised	Forfeited	Expired	Outstanding
			per Share HK\$	at January 1, 2023	during the period	during the period	during the period	during the period	at June 30, 2023
Employees	August 17, 2020	August 17, 2021 – August 16, 2030	10.380	120,000	—	—	—	—	120,000
	November 16, 2020	November 16, 2020 – November 15, 2030	15.620	1,854,000	—	—	—	—	1,854,000
	November 16, 2020	November 16, 2020 – November 15, 2030	15.120	625,000	—	—	—	—	625,000
	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	1,339,600	—	—	—	—	1,339,600
	May 17, 2021	May 17, 2022 – May 16, 2031	11.312	290,000	—	—	—	—	290,000
	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	10,728,400	—	—	(37,600)	—	10,690,800
	August 16, 2021	August 16, 2022 – August 15, 2031	8.256	250,000	—	—	—	—	250,000
	March 11, 2022	March 11, 2023 – March 10, 2032	4.626	600,000	—	—	—	—	600,000
	May 16, 2022	May 16, 2023 – May 15, 2032	4.146	480,000	—	(25,000)	—	—	455,000
	June 10, 2022	June 10, 2023 – June 9, 2032	4.330	26,399,600	—	(1,215,900)	—	—	25,183,700
	May 15, 2023	May 15, 2024 – May 14, 2033	9.090	—	100,000	—	—	—	100,000
Sub-total (Employees)				98,356,288	100,000	(1,263,600)	(2,941,600)	(75,000)	94,176,088

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2023 (Continued)

Type of participant	Date of grant	Exercisable period	Number of share options						
			Exercise price per Share	Outstanding at	Granted during	Exercised during	Forfeited during	Expired during	Outstanding at
			HK\$	January 1, 2023	the period	the period	the period	the period	June 30, 2023
Consultant	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	400,000	—	—	—	—	400,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	478,800	—	—	—	—	478,800
	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	550,000	—	—	—	—	550,000
	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	263,600	—	—	—	—	263,600
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	214,800	—	—	—	—	214,800
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	153,600	—	—	—	—	153,600
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	275,200	—	—	—	—	275,200
	November 16, 2020	November 16, 2021 – November 15, 2030	11.240	200,000	—	—	—	—	200,000
Sub-total (Consultant)				2,536,000	—	—	—	—	2,536,000
Total				119,706,288	100,000	(1,263,600)	(2,941,600)	(75,000)	115,526,088
Weighted average exercise price per Share				HK\$12.53	HK\$9.09	HK\$4.42	HK\$18.54	HK\$19.28	HK\$12.46
Exercisable at end of the reporting period									83,320,688

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2022

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2022	Number of share options			
					Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2022
Directors	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	3,200,000	—	—	—	3,200,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	2,753,600	—	—	—	2,753,600
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	2,220,000	—	—	—	2,220,000
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	1,629,600	—	—	—	1,629,600
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	3,992,400	—	—	—	3,992,400
	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	1,000,000	—	—	—	1,000,000
	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	900,000	—	—	—	900,000
	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	282,400	—	—	—	282,400
	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	859,600	—	—	—	859,600
	June 10, 2022	June 10, 2023 – June 9, 2032	4.330	—	1,976,400	—	—	1,976,400
Sub-total (Directors)				16,837,600	1,976,400	—	—	18,814,000

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2022 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2022	Number of share options			
					Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2022
Employees	February 26, 2013	February 25, 2014 – February 26, 2023	18.740	50,000	—	—	—	50,000
	May 15, 2013	May 14, 2014 – May 15, 2023	20.350	25,000	—	—	—	25,000
	February 24, 2014	February 23, 2015 – February 24, 2024	32.250	700,000	—	—	—	700,000
	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	9,050,000	—	—	(1,225,000)	7,825,000
	August 15, 2014	August 15, 2015 – August 14, 2024	26.350	100,000	—	—	—	100,000
	November 17, 2014	November 17, 2015 – November 16, 2024	24.120	800,000	—	—	—	800,000
	February 25, 2015	February 25, 2016 – February 24, 2025	19.240	162,500	—	—	(12,500)	150,000
	May 15, 2015	May 15, 2016 – May 14, 2025	15.100	120,000	—	—	—	120,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	4,265,288	—	—	(318,400)	3,946,888
	August 17, 2015	August 17, 2016 – August 16, 2025	16.470	135,000	—	—	—	135,000
	November 16, 2015	November 16, 2016 – November 15, 2025	11.450	715,000	—	—	—	715,000
	February 23, 2016	February 23, 2017 – February 22, 2026	9.130	135,000	—	—	—	135,000
	May 16, 2016	May 16, 2017 – May 15, 2026	10.480	137,500	—	—	—	137,500
	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	4,164,900	—	—	—	4,164,900
	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	5,595,600	—	—	(481,500)	5,114,100
	November 15, 2016	November 15, 2017 – November 14, 2026	14.650	300,000	—	—	(50,000)	250,000
	February 21, 2017	February 21, 2018 – February 20, 2027	14.500	825,000	—	—	—	825,000
	May 15, 2017	May 15, 2018 – May 14, 2027	16.990	370,000	—	—	(110,000)	260,000

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2022 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2022	Number of share options		Forfeited during the period	Outstanding at June 30, 2022
					Granted during the period	Exercised during the period		
Employees	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	5,738,100	—	—	(533,200)	5,204,900
	August 15, 2017	August 15, 2018 – August 14, 2027	15.910	250,000	—	—	—	250,000
	November 15, 2017	November 15, 2018 – November 14, 2027	19.240	300,000	—	—	—	300,000
	February 23, 2018	February 23, 2019 – February 22, 2028	23.200	830,000	—	—	—	830,000
	May 15, 2018	May 15, 2019 – May 14, 2028	23.130	200,000	—	—	—	200,000
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	4,478,500	—	—	(140,600)	4,337,900
	August 15, 2018	August 15, 2019 – August 14, 2028	15.932	100,000	—	—	—	100,000
	November 15, 2018	November 15, 2019 – November 14, 2028	11.940	50,000	—	—	—	50,000
	April 4, 2019	April 4, 2020 – April 3, 2029	17.500	50,000	—	—	—	50,000
	May 15, 2019	May 15, 2020 – May 14, 2029	14.292	340,000	—	—	—	340,000
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	8,740,000	—	—	(188,600)	8,551,400
	August 15, 2019	August 15, 2020 – August 14, 2029	11.564	267,500	—	—	—	267,500
	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	150,000	—	—	—	150,000
	April 1, 2020	April 1, 2021 – March 31, 2030	7.976	130,000	—	—	—	130,000
	May 15, 2020	May 15, 2021 – May 14, 2030	9.316	160,000	—	—	—	160,000
	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	13,369,200	—	—	(208,100)	13,161,100

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2022 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2022	Number of share options		Forfeited during the period	Outstanding at June 30, 2022
					Granted during the period	Exercised during the period		
Employees	August 17, 2020	August 17, 2021 – August 16, 2030	10.380	120,000	—	—	—	120,000
	November 16, 2020	November 16, 2020 – November 15, 2030	15.620	2,249,400	—	—	(20,400)	2,229,000
	November 16, 2020	November 16, 2020 – November 15, 2030	15.120	625,000	—	—	—	625,000
	March 15, 2021	March 15, 2022 – March 14, 2031	13.860	200,000	—	—	(150,000)	50,000
	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	1,393,600	—	—	—	1,393,600
	May 17, 2021	May 17, 2022 – May 16, 2031	11.312	290,000	—	—	—	290,000
	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	11,398,000	—	—	(116,000)	11,282,000
	August 16, 2021	August 16, 2022 – August 15, 2031	8.256	250,000	—	—	—	250,000
	March 11, 2022	March 11, 2023 – March 10, 2032	4.626	—	660,000	—	—	660,000
	May 16, 2022	May 16, 2023 – May 15, 2032	4.146	—	480,000	—	—	480,000
	June 10, 2022	June 10, 2023 – June 9, 2032	4.330	—	26,638,000	—	—	26,638,000
Sub-total (Employees)				79,330,088	27,778,000	—	(3,554,300)	103,553,788

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

June 30, 2022 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2022	Number of share options			Outstanding at June 30, 2022
					Granted during the period	Exercised during the period	Forfeited during the period	
Consultant	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	400,000	—	—	—	400,000
	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	478,800	—	—	—	478,800
	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	550,000	—	—	—	550,000
	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	263,600	—	—	—	263,600
	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	214,800	—	—	—	214,800
	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	153,600	—	—	—	153,600
	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	275,200	—	—	—	275,200
	November 16, 2020	November 16, 2021 – November 15, 2030	11.240	200,000	—	—	—	200,000
Sub-total (Consultant)				2,536,000	—	—	—	2,536,000
Total				98,703,688	29,754,400	—	(3,554,300)	124,903,788
Weighted average exercise price per Share				HK\$15.32	HK\$4.33	—	HK\$18.63	HK\$12.61
Exercisable at end of the reporting period								74,170,888

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 upon management's best estimate, changes in which could materially affect the fair value estimate.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 20. Share-Based Payments (Continued)

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Six months ended June 30,	
	2023	2022
Expected volatility	45.11%	45.02%
Expected life (years)	5.31	5.31
Risk-free annual interest rate	2.578%	2.500%
Expected dividends	0.77%	0.80%
Weighted average share price at the date of grant (HK\$)	8.80	4.33
Weighted average exercise price (HK\$)	9.09	4.33
Weighted average fair value of each share option granted by the Company (HK\$)	3.50	1.75

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

The weighted-average share price at the date of exercise for share options exercised for the six months ended June 30, 2023 was HK\$9.34 (for the six months ended June 30, 2022: no exercise).

The Group recognized a total expense of HK\$23.4 million for the six months ended June 30, 2023 (six months ended June 30, 2022: HK\$23.6 million) in relation to share options granted by the Company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 21. Guarantees

As at June 30, 2023, the Group has given bank guarantees totaling HK\$978.7 million (December 31, 2022: HK\$1,153.5 million) to certain parties including:

- HK\$970.9 million was issued in favor of the Macau Government as required in the Concession Contract (December 31, 2022: HK\$1,145.7 million was required in the Sub-Concession Contract, which were cancelled in January 2023);
- HK\$4.0 million (December 31, 2022: HK\$4.0 million) was issued in favor of the Macau Government as required in the land-concession contract in respect of MGM COTAI as well as other regulatory requirements;
- HK\$0.6 million (December 31, 2022: HK\$0.6 million) was issued in favor of a company in which one of the Directors of the Company has non-controlling beneficial interests; and
- HK\$3.2 million (December 31, 2022: HK\$3.2 million) was issued in favor of certain vendors.

As at December 31, 2022, pledged bank deposits of MOP1 billion (equivalent to HK\$0.97 billion) were provided in relation to the bank guarantees provided to the Macau Government for the Concession Contract as mentioned above. In March 2023, the pledge for the bank deposit of MOP300 million (equivalent to HK\$291 million) was released. The Group has applied to its bank to amend the terms of the remaining bank guarantee of MOP700 million (equivalent to HK\$680 million) to an unsecured guarantee which will facilitate release of the remaining pledged bank deposit. The application is subject to approval and the pledge has not been released at the date of approval of these condensed consolidated financial statements.

## 22. Legal Proceedings

### a) *Legal proceedings related to cash deposits with gaming promoters*

The Group was named as a defendant in legal proceedings filed in the Macau courts against gaming promoters by individuals who claimed to have placed deposits with gaming promoters who had operations at the Group's properties and the gaming promoters failed to honor the withdrawal of such deposits. The Group was sued in these proceedings based solely upon the joint liability of the concessionaire for the actions and conduct of the gaming promoters carried out at the Group's casino premises.

Management has made estimates for potential litigation costs and recognized liabilities based upon consultation with legal counsel. While actual outcomes might differ from these estimates, management considered that such litigation and claims will not have a significant impact on the results of operations, financial position and cash flows of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 22. Legal Proceedings (Continued)

### b) Legal proceedings related to criminal activities by gaming promoters

In 2022, criminal charges were made in the Macau courts against two independent Macau gaming promoters and individuals associated with those promoters for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023 and April 2023, the verdicts of the Court of the First Instance were released and the Macau Government and five of the six gaming concessionaires/sub-concessionaires are entitled to compensation for damages for losses caused by the criminal activities, with MGM Grand Paradise being entitled to compensation of HK\$349.0 million and HK\$3.8 million, respectively. Both the prosecutors and defendants have appealed against the verdict. No contingent asset was recognized as the Group assessed that the possibility to recover these losses is remote.

## 23. Capital Commitments

The Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the condensed consolidated financial statements:

	At June 30, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Contracted but not accounted for	330,917	373,120

## 24. Related Party Transactions

Apart from the guarantees as described in Note 21, details of transactions between the Group and other related parties are disclosed below.

- (a)(i) Amounts due from related companies represent balances with companies owned by the ultimate holding company and companies in which one of the Directors has non-controlling beneficial interests. The amounts are unsecured, non-interest bearing and repayable on demand.

Aging of amounts due from related companies in respect of trade balance based upon invoice date is within 30 days as at June 30, 2023 (December 31, 2022: 30 days).

# Notes to the Condensed Consolidated Financial Statements

---

For the six months ended June 30, 2023

## 24. Related Party Transactions (Continued)

(a)(ii) As at June 30, 2023, the amounts due to related companies includes:

- HK\$3.0 million due to companies in which one of the Directors of the Company has non-controlling beneficial interests (December 31, 2022: nil);
- HK\$34.7 million due to a company jointly-owned by Shareholders (December 31, 2022: HK\$9.2 million);
- HK\$1.1 million due to the ultimate holding company of the Company (December 31, 2022: HK\$10.4 million); and
- No amount due to companies in which one of the Directors of the Company has jointly controlling beneficial interests (December 31, 2022: HK\$2.9 million).

The amounts are unsecured, non-interest bearing and repayable on demand, except for the amount of HK\$0.2 million recorded as non-current liability.

Aging of amounts due to related companies in respect of trade balance based upon invoice date is within 30 days as at June 30, 2023 (December 31, 2022: 30 days).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 24. 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	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Companies in which one of the Directors of the Company has non-controlling beneficial interests	Expenses related to laundry services, accommodation and others	23,777	11,622
	Income related to accommodation and others	(12)	(13)
Ultimate holding company and its subsidiaries	Marketing referral fees	1,210	743
	Payment for operating cost of marketing offices	13,267	—
	Reimbursement for operating cost of marketing offices	(6,039)	—
	Finance cost <sup>(1)</sup>	29,637	—
Company jointly-owned by Shareholders	License fee <sup>(2)</sup>	186,365	56,277
Companies in which one of the Directors of the Company has jointly controlling beneficial interests	Consultancy fee <sup>(3)</sup>	45,492	22,596

<sup>(1)</sup> The amount represents the standby charges on MGM Resorts International Revolving Credit Facility – refer to Note 17.

<sup>(2)</sup> Pursuant to the First Renewed Branding Agreement, Second Renewed Branding Agreement and Third Renewed Branding Agreement, the Group was 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 was subject to annual caps for MGM MACAU and MGM COTAI of US\$45.6 million (equivalent to approximately HK\$356.7 million) for the period ended June 26, 2022, US\$45.6 million (equivalent to approximately HK\$356.7 million) for the period from June 26, 2022 to December 31, 2022 and US\$55.6 million (equivalent to approximately HK\$435.8 million) for the year ending December 31, 2023.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 24. Related Party Transactions (Continued)

### (b) (Continued)

- <sup>(3)</sup> On January 13, 2021, MGM Grand Paradise entered into the Consultancy Services Agreement with Occasions, a comprehensive integrated communications group, which sets out the principal framework upon which any member of the Occasions Group may provide services to any member of the Group from time to time, for a term commencing from January 13, 2021 and ending on December 31, 2023. The annual cap under the Consultancy Services Agreement is HK\$130 million for the year ending December 31, 2023.

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 or jointly controlling beneficial interests, ultimate holding company and its subsidiaries of the Company, and certain fellow subsidiaries of the Company collect and/or make payment on behalf of each other at no service charge.

### (c) Compensation to key management personnel

The remuneration of key management is as follows:

	Six months ended June 30	
	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Short term benefits <sup>(1)</sup>	73,955	34,889
Other long-term benefits <sup>(1)</sup>	23,776	—
Post-employment benefits	989	859
Share-based payments	9,622	8,827
	108,342	44,575

- <sup>(1)</sup> On August 21, 2022, MGM Grand Paradise and Ms. Pansy Ho as the Managing Director entered into the Services Agreement, pursuant to which Ms. Pansy Ho will serve as the Managing Director of MGM Grand Paradise for the term of the Gaming Concession with a remuneration of US\$8 million (equivalent to approximately HK\$62 million) per annum accounted for as short term benefits and incentive payments up to an aggregate total amount of US\$95 million (equivalent to approximately HK\$741 million) accounted for as other long-term benefits for the term set out in the Services Agreement.

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

# *Notes to the Condensed Consolidated Financial Statements*

---

For the six months ended June 30, 2023

## 25. Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values, with the exception of the Group's senior notes.

The estimated fair value of the Group's senior notes as at June 30, 2023 was approximately HK\$20.5 billion (December 31, 2022: HK\$20.0 billion). The estimated fair value of the Group's senior notes is based on recent trades, if available, and indicative pricing from market information (level 2 inputs).

# Glossary

---

## Definitions and Glossary Used in this Interim Report

“2024 Notes”	US\$750 million aggregate principal amount of 5.375% senior unsecured notes due May 15, 2024
“2025 Notes”	US\$500 million aggregate principal amount of 5.25% senior unsecured notes due June 18, 2025
“2026 Notes”	US\$750 million aggregate principal amount of 5.875% senior unsecured notes due May 15, 2026
“2027 Notes”	US\$750 million aggregate principal amount of 4.75% senior unsecured notes due February 1, 2027
“Amended Revolving Credit Facility” or “Revolving Credit Facility”	the revolving credit facility dated August 12, 2019 entered into between the Company and certain lenders, pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024, as amended on February 21, 2020, April 9, 2020, October 15, 2020, February 24, 2021 and February 10, 2022. The revolving credit facility was amended and restated dated June 30, 2023 entered into between the Company and lenders, pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2026
“Amended Second Revolving Credit Facility” or “Second Revolving Credit Facility”	the second revolving credit facility dated May 26, 2020 entered into between the Company and certain lenders, pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility with a final maturity date on May 15, 2024, in an initial aggregate amount of HK\$2.34 billion, increased to HK\$3.12 billion on June 29, 2020, and with an increase option pursuant to which the Company may increase the amount of the facility up to HK\$3.9 billion, subject to certain conditions, as amended on October 14, 2020, February 24, 2021 and February 10, 2022. The second revolving credit facility was amended and restated dated June 30, 2023 entered into between the Company and lenders, pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility with a final maturity date on May 15, 2026, in an initial aggregate amount of HK\$3.12 billion and with an increase option pursuant to which the Company may increase the amount of the facility up to HK\$5.85 billion, subject to certain conditions



# Glossary

---

“Board of Directors” or “Board”	the board of Directors of the Company
“casino”	a gaming facility that provides casino games consisting of table games, slot machines and other electronic games and other games of chance
“casino revenue”	revenue from casino gaming activities (gross table games win and slot machines gross win), calculated net of commissions, complimentaries and other incentives and in accordance with IFRS
“Chief Executive”	the chief executive of the Macau Special Administrative Region of the People’s Republic of China
“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(s)”	the holder(s) of a concession for the operation of games of fortune and chance or other games in casino in Macau
“Concession Contract”	the concession contract for the operation of casino games in the Special Administrative Region of Macau executed between the Macau Government and MGM Grand Paradise, dated December 16, 2022, for a term of 10 years, commencing on January 1, 2023, and expiring on December 31, 2032, as the same may be extended from time to time in accordance with law, following the expiry of the Sub-Concession Contract on December 31, 2022
“Consultancy Services Agreement”	the Consultancy Services Agreement dated January 13, 2021, entered into between MGM Grand Paradise and Occasions
“Cotai”	an area of reclaimed land located between the islands of Taipa and Coloane in Macau
“DICJ”	the Gaming Inspection and Coordination Bureau of Macau (“Direcção de Inspeção e Coordenação de Jogos” in Portuguese), a department of the Public Administration of Macau
“Director(s)”	the director(s) of the Company

# Glossary

---

“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
“DSEC”	Statistics and Census Service of the Macau Government
“First Renewed Branding Agreement”	the first renewed Branding Agreement, dated September 30, 2019, entered into among the Company, MGM Grand Paradise, MGM Branding, MGM Resorts International, MRIH and NCE
“gaming area”	a gaming facility that provides casino games consisting of table games, electronic games, slot machines and other casino games but has not been designated as a casino by the Macau Government
“Gaming Concession”	the concession for the operation of games of fortune or chance or other games in casino in Macau, for a term of 10 years, commencing on January 1, 2023, and expiring on December 31, 2032, as the same may be extended from time to time in accordance with law, following the expiry of the gaming sub-concession on December 31, 2022
“gaming promoters”	corporations licensed by and registered with the DICJ to promote games of fortune and chance or other casino games to patrons, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is regulated by the Gaming Promoters Regulation
“Gaming Promoters Regulation”	Macau Law No. 16/2022
“Grand Paradise Macau Limited”	Grand Paradise Macau Limited, a company incorporated in the Isle of Man and wholly-owned by Ms. Pansy Ho
“GGR” or “gross gaming revenue”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions, complimentaries and other incentives
“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 slot machine gross win as casino revenue after deduction of commissions, complimentaries and other incentives
“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

# Glossary

---

“HIBOR”	Hong Kong InterBank Offer Rate
“high value main floor players”	consists of predominantly walk-in, day-trip visitors to Macau from mainland 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 loyalty programs, such as reserved space on the regular gaming floor and various other services, that are unavailable to the general mass market
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based upon 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 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 Gaming Law”	Macau Law No. 16/2001 (Legal Framework for the Operations of Games of Fortune and Chance in a Casino) as amended by Macau Law No. 7/2022
“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

# Glossary

---

“marker”	evidence of indebtedness by a player to the casino or gaming operator
“MGM Branding”	MGM Branding and Development Holdings, Ltd., a company incorporated in the BVI and jointly wholly owned, directly or indirectly, by MGM Resorts International and Ms. Pansy Ho in equal portions
“MGM COTAI”	the hotel and casino of that name in Cotai and all contiguous additions
“MGM Grand Paradise”	MGM Grand Paradise Limited, a private company limited by shares (“sociedade anónima”) incorporated on June 17, 2004 under the laws of Macau, a non-wholly owned subsidiary of the Company and one of six concessionaires authorized to operate casino games of chance and other casino games in Macau
“MGM MACAU”	the hotel and casino of that name in the Macau peninsula and all contiguous additions
“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
“MGM Resorts International Revolving Credit Facility”	the revolving loan facility dated November 10, 2022 entered into between the Company and MGM Resorts International
“MRIH”	MGM Resorts International Holdings, Ltd, a company incorporated in the Isle of Man and an indirect wholly owned subsidiary of MGM Resorts International
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“NCE”	New Corporate Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned by Ms. Pansy Ho
“Occasions”	Occasions Asia Pacific Limited, is a company incorporated in Hong Kong, indirectly 50% 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

# Glossary

---

“Pansy Ho” or “Managing Director”	Pansy Catilina Chiu King Ho, a substantial Shareholder, the Chairperson and an executive Director of the Company and the managing director of MGM Grand Paradise
“REVPAR”	Revenue per available room includes commissions, complimentary and other incentives
“rolling chip”	a physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to individual VIP players and gaming promoters
“Senior Secured Credit Facility”	the Second Amended Credit Agreement, entered into between MGM China, MGM Grand Paradise, MGM Grand Paradise (HK) Limited, Superemrego Limitada, MGM – Security Services, Ltd. and Bank of America, N.A., dated June 9, 2015, as amended by the Third Supplemental Agreement, dated February 2, 2016, the Fourth Supplemental Agreement, dated February 15, 2017, the Fifth Supplemental Agreement, dated June 15, 2018 and the Sixth Supplemental Agreement, dated April 15, 2019, which was cancelled on August 14, 2019
“Second Renewed Branding Agreement”	the second renewed Branding Agreement, dated June 26, 2022, entered into among the Company, MGM Grand Paradise, MGM Branding, MGM Resorts International, MRIH and NCE
“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 the Company
“Shareholder(s)”	holder(s) of Share(s) of the Company from time to time
“SJM”	SJM Resorts, S.A., formerly Sociedade de Jogos de Macau, S.A., one of six Concessionaires authorized to operate casino games in Macau
“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 machine gross 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 complimentary and other incentives

# Glossary

---

“slot machines”	gaming machines operated by a single player and electronic multiple-player gaming machines
“Sub-Concession Contract”	the sub-concession contract for the operation of casino games in the Special Administrative Region of Macau dated April 19, 2005, approved and authorised by the Macau Government and entered into between SJM Resorts, S.A., formerly Sociedade de Jogos de Macau, and MGM Grand Paradise, as extended on March 15, 2019 to June 26, 2022, and further extended on June 23, 2022 to December 31, 2022, and expired on December 31, 2022
“Sub-Concessionaire(s)”	the holder(s) of a Sub-Concession for the operation of games of fortune and chance or other games in casino in Macau
“table games”	typical casino games, including card games such as baccarat, blackjack and sic bo as well as craps and roulette
“Third Renewed Branding Agreement”	the third renewed Branding Agreement, dated December 8, 2022, entered into among the Company, MGM Grand Paradise, MGM Branding, MGM Resorts International, MRIH and NCE
“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”, “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
“visitation”	with respect to visitation of our properties, the number of times our properties are entered during a fixed time period. Estimates of the number of visits to our properties are based upon information collected from digital cameras placed above every entrance to our properties capable of counting visitors (including repeat visitors) to our properties on a given day
“%”	per cent



This interim report is printed on FSC<sup>™</sup> Certified Paper and other controlled material. Pulps used are chlorine-free and acid-free. The FSC<sup>™</sup> label identifies products which contain paper from responsible source.