



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



INTERIM REPORT 2021 中期報告

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

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)
Stock Code 股份代號 : 2282



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Corporate Information

Board of Directors

Executive Directors

William Joseph Hornbuckle (*Chairperson*)
Pansy Catilina Chiu King Ho (*Co-Chairperson*)
Chen Yau Wong
John M. McManus

Non-executive Directors

Kenneth Xiaofeng Feng
Daniel J. Taylor
Ayesha Khanna Molino
Jonathan S. Halkyard (*appointed on June 29, 2021*)
James Freeman (*resigned on June 29, 2021*)

Independent Non-executive Directors

Sze Wan Patricia Lam
Russell Francis Banham
Simon Meng
Chee Ming Liu (*appointed on May 27, 2021*)
Zhe Sun (*retired on May 27, 2021*)

Audit Committee

Russell Francis Banham (*Chairperson*)
Simon Meng
Ayesha Khanna Molino
Chee Ming Liu (*appointed on May 27, 2021*)
Jonathan S. Halkyard (*appointed on June 29, 2021*)
Zhe Sun (*retired on May 27, 2021*)
James Freeman (*resigned on June 29, 2021*)

Remuneration Committee

Sze Wan Patricia Lam (*Chairperson*)
(*appointed as Chairperson on May 27, 2021*)
Pansy Catilina Chiu King Ho
Russell Francis Banham
Simon Meng
Daniel J. Taylor
Chee Ming Liu (*appointed on May 27, 2021*)
Zhe Sun (*Chairperson*) (*retired on May 27, 2021*)

Nomination and Corporate Governance Committee

Simon Meng (*Chairperson*)
(*appointed as Chairperson on May 27, 2021*)
Chen Yau Wong
Russell Francis Banham
John M. McManus
Sze Wan Patricia Lam (*resigned as Chairperson and remained as a member on May 27, 2021*)
Ayesha Khanna Molino
Chee Ming Liu (*appointed on May 27, 2021*)
Zhe Sun (*retired on May 27, 2021*)

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

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Camana Bay
Grand Cayman KY1-9005
Cayman Islands

Principal Place of Business and Head Office in Macau

Avenida Dr. Sun Yat Sen, Edifício 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
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Cayman Islands Unlisted Share Registrar and Transfer Office

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay, Grand Cayman KY1-9005
Cayman Islands

Company Website

www.mgmchinaholdings.com

Stock Code

2282

Financial Highlights

	For the six months ended	
	June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino revenue	4,133,230	2,045,405
Other revenue	577,827	324,989
Operating revenue	4,711,057	2,370,394
Adjusted EBITDA	200,352	(1,008,386)
Operating loss	(1,049,788)	(2,395,901)
Loss for the period attributable to owners of the Company	(1,733,311)	(2,860,430)
Loss per Share		
— Basic	(HK 45.6 cents)	(HK 75.3 cents)
— Diluted	(HK 45.6 cents)	(HK 75.3 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/sub-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.

Recent Developments

Financial Impact of the COVID-19 Pandemic

The continued spread of COVID-19 and the developments surrounding the global pandemic have had, and we expect that they will likely continue to have, a significant impact on our business, results of operations and financial condition. This is an unprecedented global public health crisis and we place high importance on the health and safety of our employees, guests and all Macau citizens as we continue to fight this pandemic.

In early 2020, the outbreak of COVID-19 around the world led to certain actions taken by the Chinese Government, the Macau Government and the governments of other countries to attempt to mitigate the spread of the virus. As a result, China's individual visa scheme was temporarily suspended and all operations at MGM MACAU and MGM COTAI were suspended for a 15-day period that commenced on February 5, 2020, other than operations that were necessary to provide sufficient non-gaming facilities to serve any remaining hotel guests. Operations at MGM MACAU and MGM COTAI resumed on February 20, 2020. Certain health safeguards, such as limiting the number of seats available at each table game, slot machine spacing, temperature checks, mask protection and health declarations submitted through the Macau Health Code system remain in effect at the date of this report.

Since July 15, 2020, certain travel restrictions such as the medical observation period have been eased between cities in mainland China and Macau, subject to other COVID-19 safeguards measures. Additionally, tourist visa issuance (including the individual visa scheme) for residents of Zhuhai, Guangdong Province and all other provinces in mainland China to travel to Macau were resumed on August 12, 2020, August 26, 2020 and September 23, 2020 respectively. Effective from March 3, 2021, all guests entering casinos in Macau are not required to provide a negative nucleic acid test result and effective from March 16, 2021, certain exemptions apply to those individuals entering Macau who are not residents of mainland China, Hong Kong or Taiwan. However, due to reported locally transmitted cases in mainland China from time to time, tightened entry requirements such as the medical observation period were temporarily reinforced for visitors from certain regions or districts.

Management Discussion and Analysis

Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI have steadily improved since the October 2020 Golden Week and throughout the period until May 2021, due to the resumption of tourist visa issuance and the efforts to control the COVID-19 pandemic by the mainland China and Macau Governments. However, due to the newly reported cases of COVID-19 in late May, stricter travel restrictions were reinforced for visitors from the neighboring Guangdong Province which were only relaxed on July 10, 2021 upon the easing in epidemic-related conditions in that province. The tightened measures together with the impact on travel sentiment due to reported cases slowed down the recovery of Macau's economy in June 2021. According to DSEC, total visitor arrivals decreased by 39.0% and the total visitation from mainland China to Macau decreased by 40.7% in June 2021, respectively, compared to the prior month. The Macau gross gaming revenue decreased by 37.4% to HK\$6.3 billion in June 2021, compared to the prior month. Despite the slowdown, total visitor arrivals increased by 20.2% and the total visitation from mainland China to Macau increased by 52.3% for the six months ended June 30, 2021, respectively, over the comparable periods in 2020. The Macau gross gaming revenue increased by 45.4% to HK\$47.6 billion for the six months ended June 30, 2021 over the comparable period in 2020.

At the date of this report, various travel and entry restrictions in Macau, Hong Kong and mainland China remain in place (including the temporary suspension of ferry services from Hong Kong to Macau, the nucleic acid test result certificate and mandatory quarantine requirements for visitors from Hong Kong, Taiwan and high risk areas in mainland China, and bans on entry or enhanced quarantine requirements on other visitors). Given the uncertainties in development of COVID-19, certain travel-related restrictions and conditions for visitation to Macau may be reintroduced. These restrictions significantly impact visitation to MGM MACAU and MGM COTAI, which had a significant adverse impact on the Group's results for the six months ended June 30, 2021 and will likely continue to impact the Group's results due to the uncertainty of the length of time of the pandemic.

Shortly after the newly reported COVID-19 cases of four Macau residents on August 3, 2021, the Macau Government declared a state of immediate prevention and cancelled or suspended a number of events and activities and closed certain public facilities. A mandatory mass nucleic acid testing was imposed, starting on August 4, 2021. All those leaving Macau must present a negative COVID-19 test result valid for 24 hours and for those travelling between Macau and mainland China across its land boundaries with Guangdong Province a negative nucleic acid test result within 12 hours is required, effective from August 4, 2021.

To address the adverse impact of the COVID-19 pandemic on the Group's financial position, while trying to preserve local jobs in response to requests of the Macau Government, a number of initiatives were undertaken by the Group:

- the Company entered into amendments to the financial covenants under the Revolving Credit Facility on February 21, 2020, April 9, 2020 and October 15, 2020, to revise the permitted leverage ratio and permitted interest coverage ratio.
- on May 26, 2020, the Company entered into the Second Revolving Credit Facility, with a final maturity date of May 15, 2024, increasing the available undrawn credit facilities by HK\$2.34 billion, with an option to upsize to HK\$3.9 billion subject to certain conditions. On June 29, 2020, the available undrawn credit facilities of the Second Revolving Credit Facility were increased by HK\$780 million to HK\$3.12 billion;
- on June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million and a final maturity date of June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility (the total available unsecured credit facilities limit was HK\$8.34 billion after the repayment) and for general corporate purposes. The 2025 Notes were listed on the Hong Kong Stock Exchange on June 18, 2020;

Management Discussion and Analysis

- on October 14, 2020, the Company entered into an amendment to the financial covenants under the Second Revolving Credit Facility, to revise the permitted leverage ratio and permitted interest coverage ratio;
- on February 24, 2021, a fourth amendment to the financial covenants under the Revolving Credit Facility and a second amendment to the financial covenants under the Second Revolving Credit Facility, to revise the permitted leverage ratio and permitted interest coverage ratio, were executed;
- on March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million and a final maturity date of February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility (the total available unsecured credit facilities limit was HK\$11.21 billion after the repayment) and for general corporate purposes. The 2027 Notes were listed on the Hong Kong Stock Exchange on March 31, 2021 and on Chongwa (Macao) Financial Asset Exchange Co., Limited on May 17, 2021;
- a number of measures were implemented to reduce payroll expenses, including limiting staff onsite, implementing a hiring freeze and organizational change and introducing voluntary unpaid leave during the pandemic; and
- certain capital expenditures that were planned to begin during the pandemic have been deferred.

MGM MACAU

MGM MACAU opened in December 2007. The casino floor offers approximately 28,551 square meters, with 724 slot machines, 287 gaming tables, and multiple VIP and private gaming areas as at June 30, 2021. 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 eight 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 27,696 square meters, with 751 slot machines and 265 gaming tables as at June 30, 2021. The hotel comprises two towers with 1,390 hotel rooms, suites and skylofts, twelve 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 and Mansion One, the private ultra-luxury gaming area for invitation-only premium mass customers attached to The Mansion.

The development of MGM COTAI Emerald Tower suites is the latest project to strengthen our position in the premium mass segment. The additional suites are expected to open in the third quarter of 2021.

Management Discussion and Analysis

Our Competitive Strengths and Operating Strategies

We have a number of competitive strengths including:

- Significant benefits from relationships with MGM Resorts International and Ms. Pansy Ho;
- Experienced management team with a proven track record;
- Diversified resort offerings;
- Innovative entertainment and art attractions;
- One of the most recognizable resort brands in the industry;
- Unique strategic position towards premium mass;
- Strong cash flow generation and significant growth potential; and
- Strong balance sheet with significant financial flexibility.

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 our operational efficiencies. These strategic efforts allow us to streamline and expand our organization across several key business segments, including sales and marketing, VIP and mass business development, and entertainment. We conduct business with a holistic strategic approach with a focus on creating economic benefits across our properties on the Macau Peninsula and Cotai. Additionally, we continue 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;
- Utilize The Mansion and Mansion One to attract ultra-high end customers, while maintaining our focus on the high margin mass market gaming segment;
- Maintain strong business relationships with our gaming promoters and identify potential gaming promoters to further grow our VIP business; and
- Identify innovative gaming and non-gaming investment opportunities.

Management Discussion and Analysis

Strategies for business recovery from the COVID-19 pandemic

The COVID-19 pandemic has caused, and is continuing to cause, significant disruption in our operations and has materially impacted our business, results of operations and financial condition. We have taken aggressive efforts to reduce operating expenses and defer non-essential planned capital expenditures during the pandemic to improve the Group's liquidity position and prepare for the economic recovery.

During the pandemic outbreak, we have kept close communication with our customers in order to maintain relationships and also to highlight our efforts to maintain extensive hygiene initiatives and support social distancing. Macau itself has had considerable success in controlling the pandemic, which we have highlighted to our customers in order to address their health and safety concerns.

The Company has implemented the following recovery strategies to attract customer visitations upon the gradual easing of regional travel restrictions:

- implementing new initiatives in hygiene and social distancing to address customer health and safety concerns and changing customer behavior;
- introducing new attractions and experiences that leverage our unique public spaces and MGM Theater, resort technology and family and cultural tourism products to drive property visitation and business growth;
- increasing the intensity and scope of our sales and marketing campaigns to drive visitation and business growth, with a prudent approach to reinvestment in order to maintain profit margin;
- introducing new food and beverage concepts and menu offerings throughout the relaunch process;
- continuing to drive social media awareness and sales through e-commerce channels;
- implementing gaming optimization strategies to drive table yield and minimizing the impact of social distancing restriction; and
- developing the MGM COTAI Emerald Tower suites at an expected total capital cost of HK\$677 million to strengthen our position in the premium mass market.

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:

Management Discussion and Analysis

Macau Gaming Market and Tourism

Macau continues to be the largest casino gaming market in the world. Additional capacity has been added in recent years with several new large-scale integrated resorts being opened in Cotai. Infrastructure investment and growth in room supply support 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, approximately 70.9% of visitors to Macau in 2019 before the COVID-19 pandemic, were from mainland China.

Aside from the COVID-19 pandemic as described above, 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; 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; border currency declaration system; monetary outflow policies and legislation on cross-border gambling. These policies may affect the number of visitors and amount of capital outflow from mainland China to Macau. Outbreaks of highly infectious diseases, including the COVID-19 pandemic, and extreme weather conditions such as typhoons also affect the number of visitors to Macau.

Visitation to Macau has steadily improved since the October 2020 Golden Week and throughout the first half of 2021, which benefited from the resumption of tourist visa issuance and the efforts to control the COVID-19 pandemic by the mainland China and Macau Governments. According to the DICJ, the gross gaming revenue of the Macau gaming market bounced back from HK\$4.7 billion in the third quarter of 2020 to HK\$21.2 billion in the fourth quarter of 2020. The gross gaming revenue of the Macau gaming market in the first quarter of 2021 and the second quarter of 2021 were HK\$23.0 billion and HK\$24.6 billion respectively.

We remain optimistic about the long-term growth of the Macau market due to:

- The financial investments made by gaming Concessionaires and Sub-concessionaires, including MGM Grand Paradise, in the opening of new properties providing superior and diversified products 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 new Hengqin border 24-hour checkpoint; the opening of 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 are expected to 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

Management Discussion and Analysis

— The strong efforts to control the COVID-19 pandemic by the mainland China and Macau Governments.

Competition

Currently, there are six gaming operators in Macau, each of which has completed or has expansion plans underway. As at June 30, 2021, there were 41 casinos in Macau. Several development projects in the Cotai area were completed prior to MGM COTAI's opening on February 13, 2018. In addition, there are several development projects anticipated in the coming years. 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, our overall gaming market share increased to 11.4% for the six months ended June 30, 2021.

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 Sub-concession

Gaming in Macau is administered by the Macau Government through concessions awarded to three different concessionaires and three subconcessionaires, of which a subsidiary of the Group is one. Similar to other concessionaires/subconcessionaires, the Sub-concession Extension Contract of our subsidiary is due to expire on June 26, 2022. Pursuant to the Macau gaming law, upon reaching the maximum duration of twenty years, the term of the concessions may be extended one or more times by order of the Chief Executive, which period may not exceed, in total, five years. Unless the Subconcession is extended, or legislation with regard to reversion of casino premises is amended, the casino area premises and gaming-related equipment subject to reversion will automatically be transferred to the Macau Government on that date, and the Group will cease to generate any revenues from such gaming operations. In addition, certain events relating to the loss, termination, rescission, revocation or modification of our gaming sub-concession 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 under the Unsecured Senior Notes and events of default under the Unsecured Credit Facilities.

The Macau Government has announced that a public consultation of the gaming law will be undertaken in the second half of 2021. This consultation and revision of the gaming law precedes the gaming concessions/subconcessions retendering process. The Group continues to closely monitor developments regarding the gaming concessions retendering or extension including the issuance of guidance by the Macau Government. The Group intends to respond proactively to all relevant Macau Government requirements when known relating to the gaming subconcession extension or renewal.

Gaming Patrons

Our results of operations are substantially dependent upon casino revenue from high value individuals in the VIP gaming, main floor gaming and slot machines gaming operations. Our gaming patrons include main floor players, gaming promoters who help source certain of our VIP players and our in-house VIP players.

Management Discussion and Analysis

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. Unlike VIP players, main floor players, including premium and mass market players, do not receive commissions from the Group and, accordingly, the profit margin from the main floor business is higher than the VIP operation. The main floor business is the most profitable part of our operations as well as for the Macau gaming market as a whole. These players also account for a significant portion of our total operating profit. We believe this operation represents the most potential for sustainable growth in the future.

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. 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

Gaming Promoters

A significant amount of our VIP casino play is referred to us by gaming promoters, with whom we have established business relationships and who have historically played an important role in the Macau gaming market. Gaming promoters introduce high-end VIP players to us and normally assist those customers with their travel and entertainment arrangements. From time to time and on a case-by-case basis, we grant credit, which is non-interest bearing, to certain gaming promoters at the beginning of each month to facilitate their working capital requirements.

The quality of gaming promoters with whom we engage in business is important to our reputation and ability to operate in compliance with our Sub-concession Contract and Macau gaming laws. We continue to review our business relationship with each of our gaming promoters and identify potential new gaming promoters having particular regard to their financial performance and management capability. We have established procedures to screen prospective gaming promoters prior to their engagement and conduct periodic checks that are designed to ensure that the gaming promoters with whom we associate meet suitability standards.

In exchange for their services, we compensate the gaming promoters by paying them a commission based upon a percentage of the gross table games win or a percentage of the table games turnover they generate. The commission is settled on a monthly basis normally no later than the second business day of the succeeding month and prior to the re-issuance of credit. They also earn a complimentary allowance based upon a percentage of the table games turnover they generate, which can be applied to hotel rooms, food, beverage and other discretionary customer-related expenses.

Management Discussion and Analysis

In-house VIP Players

In addition to VIP players introduced to us by gaming promoters, we also have in-house VIP players 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. 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 gaming promoters and VIP players reside.

In order to minimize the credit risk with gaming promoters and in-house VIP players, 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. 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.

GGR Mix

With our focus on premium mass gaming, the Company is strategically positioned to leverage the gaming market's recovery and growth potential. Driven by the premium mass market, our proportion of GGR from the mass and VIP market was 78% and 22%, respectively, for the six months ended June 30, 2021 compared to 66% and 34% for the six months ended June 30, 2020, respectively.

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.

MGM MACAU was designed to blend both East and Western design cues and pay homage to Macau's multi-faceted history. Our property features colorful hand-blown glass adornments by Dale Chihuly, including the massive "Fiori di Paradiso" chandelier, which is located at the hotel lobby. Artworks including lion sculptures and paintings by local and international artists are located elsewhere on the grounds. MGM MACAU's centerpiece, the 1,088 square meter Grande Praça features a 25-meter high glass skydome and European-inspired facades, including the main facade which is fashioned after the Estação Rossio, Lisbon's central rail station. The Grande Praça is visible from a number of restaurants as well as areas of the upper gaming floor and is host to a variety of special exhibitions, shows, displays and various special occasions and events. The Grande Praça, with its aquarium tower in the center and seasonal decorations, has become a tourist attraction in Macau. MGM MACAU also featured the Valkyrie Octopus Art Installation, which was created by renowned Portuguese artist Joana Vasconcelos commissioned specially for MGM Macau.

Management Discussion and Analysis

Following the opening of MGM COTAI on February 13, 2018, we continue to deliver exciting and memorable events at our properties for the benefit of our customers in support of the Macau Government's vision for diversification. MGM COTAI was designed as the "Jewelry Box" of Cotai. The building is designed to redefine the way people experience art and entertainment through innovative technology. Such elements include our innovative Spectacle, which is the world's largest area of permanent indoor LED screens showcasing an exclusive array of digital art collected from around the globe and our MGM Theater, which is Asia's first dynamic theater featuring multi-dimensional sensory experience enriched with experiential technology elements which we believe can break the boundaries between imagination and reality to delight and captivate our guests. The 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.

Supporting the diversification goal of the Macau Government, we have been an advocate of cultural tourism and we have actively promoted originality, creativity, and innovation since the opening of MGM MACAU. In 2021, we have successfully organized "Dialogue on Aesthetics — Beauty in Life" and "Ren Dongsheng Scenography Exhibition" to promote cultural tourism. In building Macau into a base for exchange and cooperation with Chinese culture, MGM China, together with Guangzhou Song and Dance Theater, is presenting the "MGM Awakening Lion" Dance Drama Residency Show scheduled to debut in October 2021. This large-scale ethnic dance drama, where lion dance, a symbol of Chinese national heritage and festive culture, stands as the theme of the show. 'MGM Awakening Lion' is the first project of the 'MGM Lion IP (Intellectual Property)', which is a brand-new style of experiencing Macau with a wide range of events created with the lion persona as the core. We will also present the special exhibition "Awakening" at MGM COTAI from July to October 2021, in the theme of "Art Macao: Macao International Art Biennale 2021".

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.

Management Discussion and Analysis

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 loss attributable to owners of the Company for the six months ended June 30, 2021 and 2020:

	For the six months ended June 30	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(1,733,311)	(2,860,430)
Income tax expense	11,200	5,194
Net foreign currency loss/(gain)	10,632	(55,096)
Finance costs	664,190	521,312
Interest income	(2,499)	(6,881)
Operating loss	(1,049,788)	(2,395,901)
Depreciation and amortization	1,081,200	1,243,690
Loss on disposal/write-off of property and equipment and other assets	10,027	4,168
Pre-opening costs ⁽¹⁾	649	—
Corporate expenses	134,255	114,902
Share-based payments	24,009	24,755
Adjusted EBITDA	200,352	(1,008,386)
MGM MACAU Adjusted EBITDA	341,369	(356,905)
MGM COTAI Adjusted EBITDA	(141,017)	(651,481)

⁽¹⁾ Pre-opening costs primarily represented personnel and other costs incurred prior to the opening of ongoing development phases of MGM COTAI.

Management Discussion and Analysis

Discussion of Results of Operations

Financial results for the six months ended June 30, 2021 compared to financial results for the six months ended June 30, 2020

Operating Revenue

The following table sets forth the operating revenue for the six months ended June 30, 2021 and 2020.

	For the six months ended June 30	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
MGM MACAU	2,656,495	1,268,615
Casino revenue	2,378,457	1,134,101
Other revenue	278,038	134,514
MGM COTAI	2,054,562	1,101,779
Casino revenue	1,754,773	911,304
Other revenue	299,789	190,475
Operating revenue	4,711,057	2,370,394

Operating revenue of HK\$4,711.1 million for the six months ended June 30, 2021 was 98.7% higher than the same period in the prior year. The increase was primarily due to the increase in inbound tourists and gradual recovery of business activities, compared to the same period in the prior year. However, our operating revenue for the six months ended June 30, 2021 was 58.3% lower than the same period in 2019 before the COVID-19 pandemic.

Management Discussion and Analysis

Casino Revenue

	For the six months ended June 30	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Main floor gross table games win	3,744,264	1,545,386
VIP gross table games win	1,158,662	933,693
Slot machine gross win	480,570	272,213
Gross casino revenue	5,383,496	2,751,292
Commissions, complimentary and other incentives	(1,250,266)	(705,887)
Casino revenue	4,133,230	2,045,405

Casino revenue increased by 102.1% to HK\$4,133.2 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. The increase was primarily due to the gradual recovery of business activities following the resumption of tourist visa issuance and the efforts to control the COVID-19 pandemic by the mainland China and Macau Governments. The components of our gaming operations were:

Main Floor Table Gaming Operations

Main floor gross table games win increased by 142.3% to HK\$3,744.3 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. Similarly, main floor table games drop in MGM MACAU and MGM COTAI increased by 170.3% to HK\$10,252.0 million and 177.0% to HK\$7,613.8 million during the current period, respectively.

VIP Gaming Operations

VIP gross table games win increased by 24.1% to HK\$1,158.7 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. Similarly, VIP table games turnover in MGM MACAU and MGM COTAI increased by 36.6% to HK\$23,968.1 million and 16.1% to HK\$14,549.0 million during the current period, respectively.

Slot Machine Gaming Operations

Slot machine gross win increased by 76.5% to HK\$480.6 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. Similarly, slot machine handle in MGM MACAU and MGM COTAI increased by 67.9% to HK\$7,359.1 million and 75.0% to HK\$6,946.0 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 77.8% to HK\$577.8 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. The increase was primarily due to the increase in inbound tourists and gradual recovery of business activities, compared to the same period in the prior year. As a measure to relieve the economic stress during COVID-19 for our retail tenants, especially the local SMEs, certain rent relief was provided during the current and prior period.

Operating Costs and Expenses

The major operating costs and expenses for the six months ended June 30, 2021 and 2020 were:

	For the six months ended June 30	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Gaming taxes	2,165,895	1,137,014
Inventories consumed	224,867	133,208
Staff costs	1,564,102	1,637,929
Loss allowance on trade receivable, net	25,304	105,936
Other expenses and losses	699,477	508,518
Depreciation and amortization	1,081,200	1,243,690
Finance costs	664,190	521,312
Income tax expense	11,200	5,194

Gaming tax

Gaming tax increased by 90.5% to HK\$2,165.9 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. This increase was attributable to the higher gross gaming revenue generated during the current period.

Inventories consumed

Inventories consumed increased by 68.8% to HK\$224.9 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. This increase was attributable to the gradual recovery of business activities.

Staff costs

Staff costs decreased by 4.5% to HK\$1,564.1 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. To mitigate the impact of the COVID-19 pandemic, we have taken a number of measures to reduce payroll expenses, including limiting staff onsite, implementing a hiring freeze and organizational change, and introducing voluntary unpaid leave during the COVID-19 pandemic, while preserving local jobs in response to requests of the Macau Government.

Management Discussion and Analysis

Loss allowance on trade receivables, net

Loss allowance on trade receivables, net, decreased by 76.1% from HK\$105.9 million for the six months ended June 30, 2020 to HK\$25.3 million for the six months ended June 30, 2021. The decrease was primarily driven by higher expected credit losses arising from the COVID-19 pandemic in the prior period.

Other expenses and losses

Other expenses and losses increased by 37.6% to HK\$699.5 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020, which mainly resulted from:

Advertising and promotion expense. Advertising and promotion expense increased by 115.9% from HK\$84.2 million for the six months ended June 30, 2020 to HK\$181.7 million for the six months ended June 30, 2021. The increase resulted from increased marketing activities being organized during the current period in light of increased number of visitors due to gradual easing of travel restrictions.

License fee and marketing fees. License fee and marketing fees due to related companies increased by 92.5% from HK\$43.9 million for the six months ended June 30, 2020 to HK\$84.6 million for the six months ended June 30, 2021. This increase primarily resulted from higher revenue generated during the current period.

Depreciation and amortization

Depreciation and amortization decreased by 13.1% to HK\$1,081.2 million for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. The decrease was attributable to the impact of full depreciation of certain assets in the prior year.

Finance costs

Total finance costs increased from HK\$521.3 million for the six months ended June 30, 2020 to HK\$664.2 million for the six months ended June 30, 2021. The increase was primarily due to a HK\$164.6 million increase in interest expense attributable to unsecured senior notes for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. This increase was partly offset by a HK\$36.2 million decrease in interest expense attributable to unsecured credit facilities for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. As discussed above, the Group has undertaken a number of financing initiatives in response to the trading disruption caused by the COVID-19 pandemic.

Income tax expense

Income tax expense in the current and prior years primarily related to the provision for Macau dividend withholding tax. Details of the Macau dividend withholding tax are set out in note 9 to the condensed consolidated financial statements.

Management Discussion and Analysis

Loss attributable to owners of the Company

Loss attributable to owners of the Company decreased from a loss of HK\$2,860.4 million for the six months ended June 30, 2020 to a loss of HK\$1,733.3 million for the six months ended June 30, 2021. This decrease was attributable to the gradual recovery of business activities in the current period as a result of resumption of tourist visa issuance and the efforts to control the COVID-19 pandemic by the mainland China and Macau Governments as discussed above.

Liquidity and Capital Resources

Capital Resources

As at June 30, 2021, our cash and cash equivalents, and available undrawn credit facilities were HK\$2.57 billion and HK\$11.11 billion, respectively. These balances are available for operations, implementation of planned new development activities and enhancement of our properties, and response to the challenges of the pandemic.

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. 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, 2021 and December 31, 2020.

	As at	
	June 30 2021 HK\$'000 (unaudited)	December 31 2020 HK\$'000 (audited)
Borrowings, net of debt finance costs	22,744,060	21,155,040
Less: cash and cash equivalents	(2,566,307)	(2,635,511)
Net debt	20,177,753	18,519,529
Total equity	3,281,005	5,017,664
Total capital ⁽¹⁾	23,458,758	23,537,193
Gearing ratio	86.0%	78.7%

⁽¹⁾ Total capital represents the sum of net debt and total equity.

Management Discussion and Analysis

Group Cash Flows

The following table presents a summary of the Group's cash flows for the six months ended June 30, 2021 and 2020.

	For the six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(675,527)	(2,003,915)
Net cash used in investing activities	(326,516)	(518,798)
Net cash generated from financing activities	932,284	1,530,800
Net decrease in cash and cash equivalents	(69,759)	(991,913)
Cash and cash equivalents at the beginning of the period	2,635,511	3,270,296
Effect of foreign exchange rate changes, net	555	(1,013)
Cash and cash equivalents at the end of the period	2,566,307	2,277,370

Net cash used in operating activities

The decrease in net cash used in operating activities for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 was caused primarily by an increase in cash generated from operating activities due to gradual recovery of business activities.

Net cash used in investing activities

Net cash used in investing activities was HK\$326.5 million for the six months ended June 30, 2021 compared to HK\$518.8 million for the six months ended June 30, 2020. The major components of the cash flow used in investing activities related to payments for the construction and development activities at MGM COTAI including the MGM COTAI Emerald Tower suites and renovation work carried out at MGM MACAU as well as purchase of property and equipment in total amounting to HK\$329.2 million and HK\$521.8 million for the six months ended June 30, 2021 and 2020, respectively.

Management Discussion and Analysis

Net cash generated from financing activities

Net cash generated from financing activities was HK\$932.3 million for the six months ended June 30, 2021 compared to net cash generated from financing activities of HK\$1,530.8 million for the six months ended June 30, 2020.

The net cash generated from financing activities for the six months ended June 30, 2021 was primarily due to:

- HK\$5,813.0 million of proceeds from the issuance of the 2027 Notes; partially offset by
- HK\$4,210.0 million of net repayments on the Revolving Credit Facility; and
- HK\$540.0 million of interest payments.

Net cash generated from financing activities for the six months ended June 30, 2020 was primarily due to:

- HK\$3,876.2 million of proceeds from the issuance of the 2025 Notes; partially offset by
- HK\$1,450.0 million of net repayments of the Revolving Credit Facility;
- HK\$476.3 million of interest payments; and
- HK\$315.4 million of dividends paid being the final declared dividend for the year ended December 31, 2019.

Capital Commitments

As at June 30, 2021, 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 2021	December 31 2020
	HK\$'000 (unaudited)	HK\$'000 (audited)
Contracted but not accounted for	124,338	273,361

Management Discussion and Analysis

Contingent Liabilities

As at June 30, 2021 and 2020, the Group had given bank guarantees totaling HK\$1,095.2 million, in relation to the Sub-concession, land concession and other operating purposes, of which HK\$1,087.4 million was issued in favor of the Macau Government as required in the Sub-Concession Contract and the Sub-Concession Extension Contract (such bank guarantees will be cancelled in case the gaming sub-concession is not extended or renewed, subject to authorization of the Macau Government).

The Group has been named as a defendant in three legal proceedings filed in the Macau courts against two independent Macau gaming promoters by individuals who claim to have placed cash deposits with gaming promoters who had operations at MGM MACAU, on the grounds of section 29 of the Administrative Regulation no. 6/2002, whereby gaming concessionaires are jointly liable for the activities carried out in their casinos by gaming promoters. The Group intends to keep defending its position that it is not liable with respect to these claims.

The Group has been named as the 32nd co-defendant in legal proceedings filed in the Hong Kong Court of First Instance against Mingyi Investments Limited (“Mingyi”), an indirect wholly-owned subsidiary of the Company. The plaintiffs claim that certain funds held by Mingyi consisting of proceeds of the plaintiffs’ business activities and beneficially belonging to the plaintiffs, were misappropriated by a third party. The Group intends to defend the position that it is not liable with respect to the claims and that Mingyi was not involved in the alleged misappropriations and that it has full right and title to the funds claimed by the plaintiffs.

Management does not believe that the outcome of such proceedings will have a material adverse effect on the Group’s financial position, results of operations or cash flows.

Indebtedness

	As at	
	June 30 2021	December 31 2020
	HK\$'000 (unaudited)	HK\$'000 (audited)
Unsecured Senior Notes	21,352,925	15,505,800
Unsecured Credit Facilities	1,760,000	5,970,000
Less: debt finance costs	(368,865)	(320,760)
Total borrowings	22,744,060	21,155,040

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. 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.

Management Discussion and Analysis

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 senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness to the extent of the value of the collateral securing 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.

The Unsecured Senior Notes provide for certain events of default, including certain insolvency related proceedings relating to the Group.

Under the indentures of the Unsecured Senior Notes, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau 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 Indenture), 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

Revolving Credit Facility and Second Revolving Credit Facility

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 will be 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.

As at June 30, 2021, the Group had total available undrawn unsecured credit facilities of HK\$11.11 billion.

Principal and Interest

The Revolving Credit Facility and the 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, 2021, HK\$1.76 billion of the Revolving Credit Facility was drawn. HK\$7.99 billion of the Revolving Credit Facility and HK\$3.12 billion of the 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, 2024. Each drawdown is to be repaid in full no later than May 15, 2024. As at June 30, 2021, the Group paid interest at HIBOR plus 2.75 % per annum.

General Covenants

The Revolving Credit Facility and the 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.

Management Discussion and Analysis

Financial Covenants

The leverage ratio under the Revolving Credit Facility is required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group is 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 must 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 must 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 and a fourth amendment on February 24, 2021 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020 and a second amendment on February 24, 2021 under the Second Revolving Credit Facility.

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

Accounting Date	Interest Coverage Ratio	Leverage Ratio
March 31, 2020	2.50:1.00	6.00:1.00 ⁽¹⁾
June 30, 2020	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
September 30, 2020	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
December 31, 2020	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
March 31, 2021	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
June 30, 2021	Not Applicable ⁽²⁾	Not Applicable ⁽²⁾
September 30, 2021	Not Applicable ⁽³⁾⁽⁴⁾	Not Applicable ⁽³⁾⁽⁴⁾
December 31, 2021	Not Applicable ⁽³⁾⁽⁴⁾	Not Applicable ⁽³⁾⁽⁴⁾
March 31, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
June 30, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
September 30, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
December 31, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
Each accounting date occurring on and after March 31, 2023	2.50:1.00	4.50:1.00

⁽¹⁾ Amendment on February 21, 2020 under the Revolving Credit Facility.

⁽²⁾ Amendment on April 9, 2020 under the Revolving Credit Facility.

⁽³⁾ Amendment on October 14, 2020 under the Second Revolving Credit Facility

⁽⁴⁾ Amendment on October 15, 2020 under the Revolving Credit Facility.

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

Compliance with Covenants

The Group has complied with the general and financial covenants under the Revolving Credit Facility for the six months ended June 30, 2021 and the year ended December 31, 2020.

Management Discussion and Analysis

Cancellation

Pursuant to the Revolving Credit Facility and the 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 Revolving Credit Facility and the 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 sub-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.

Security and Guarantees

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

Market Risk

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

Foreign 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 issued senior notes. The exchange rate of the HK\$ is pegged to the US\$ and has remained relatively stable over the past several years. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and by utilizing hedging agreements when the Group considers it necessary. The Group did not enter into any hedging agreements during the six months ended June 30, 2021 and 2020.

Management Discussion and Analysis

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 our Revolving Credit Facility and Second Revolving Credit Facility, and by utilizing interest rate swap agreements when considered necessary. 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, 2021 and 2020.

Off Balance Sheet Arrangements

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

Other Liquidity Matters

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

In the ordinary course of business, in response to market demands and client preferences, we have made and will continue to incur related capital expenditures on enhancements and refinements for our resorts to increase revenue.

In the current operating environment that has resulted from the impact of the COVID-19 pandemic, we have undertaken a series of actions to minimize our expenses, including reducing or deferring of certain capital expenditures that we had planned to begin during the pandemic, and reducing payroll expenses, including limiting staff on site, implementing a hiring freeze and organizational change and introducing voluntary unpaid leave. Our estimated capital expenditures at present include future development projects to strengthen our position in the premium mass market, including the development of the MGM COTAI Emerald Tower suites which are expected to open in the third quarter of 2021.

Employees and Remuneration Policy

As at June 30, 2021, the Group employed 10,065 (December 31, 2020: 10,364) 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.

Management Discussion and Analysis

- 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, 2021.

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, 2021, 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 ⁽¹⁾	—	474,561,200 ⁽²⁾	854,561,200	22.49%
Kenneth Xiaofeng Feng	3,042,000 ⁽³⁾	—	—	3,042,000	0.08%

(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 ⁽⁴⁾ (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	20,000 ⁽⁵⁾	—	—	20,000	10.00%

(d) Long Position in the Common Stocks and Underlying Shares of Associated Corporations — MGM Resorts International⁽⁶⁾

Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Number of Common Stocks and Underlying Shares held	Percentage of issued common stocks
William Joseph Hornbuckle	20,053 ⁽⁷⁾	—	—	—	20,053	0.0041%
	504,744 ⁽⁸⁾	—	—	—	504,744	0.1037%
	1,383 ⁽⁹⁾	—	—	—	1,383	0.0003%
	512,715 ⁽¹⁰⁾	—	—	—	512,715	0.1054%
	5,905 ⁽¹¹⁾	—	—	—	5,905	0.0012%
	—	—	—	107,884 ⁽¹²⁾	107,884	0.0222%
	224,748 ⁽¹³⁾	—	—	—	224,748	0.0462%
Pansy Ho	—	—	4,057,021 ⁽¹⁴⁾	—	4,057,021	0.8339%
John M. McManus	713 ⁽¹⁵⁾	—	—	—	713	0.0001%
	65,414 ⁽¹⁶⁾	—	—	—	65,414	0.0134%
	537 ⁽¹⁷⁾	—	—	—	537	0.0001%
	160,632 ⁽¹⁸⁾	—	—	—	160,632	0.0330%
	2,662 ⁽¹⁹⁾	—	—	—	2,662	0.0005%
	39,985 ⁽²⁰⁾	—	—	—	39,985	0.0082%
Kenneth Xiaofeng Feng	32,392 ⁽²¹⁾	—	—	—	32,392	0.0067%
	4,616 ⁽²²⁾	—	—	—	4,616	0.0009%
	193 ⁽²³⁾	—	—	—	193	0.00004%
	13,568 ⁽²⁴⁾	—	—	—	13,568	0.0028%
	875 ⁽²⁵⁾	—	—	—	875	0.0002%
Daniel J. Taylor	79,452 ⁽²⁶⁾	—	—	—	79,452	0.0163%
	57,337 ⁽²⁷⁾	—	—	—	57,337	0.0118%
	4,498 ⁽²⁸⁾	—	—	—	4,498	0.0009%
	3,417 ⁽²⁹⁾	—	—	—	3,417	0.0007%
Ayesha Khanna Molino	25,000 ⁽³⁰⁾	—	—	—	25,000	0.0051%
	19,198 ⁽³¹⁾	—	—	—	19,198	0.0039%
	369 ⁽³²⁾	—	—	—	369	0.0001%
	9,497 ⁽³³⁾	—	—	—	9,497	0.0020%
	2 ⁽³⁴⁾	—	—	—	2	0.0000004%
	2,880 ⁽³⁵⁾	—	—	—	2,880	0.0006%
	—	200 ⁽³⁶⁾	—	—	200	0.00004%

Other Information

(d) *Long Position in the Common Stocks and Underlying Shares of Associated Corporations — MGM Resorts International* ⁽⁶⁾

Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Number of Common Stocks and Underlying Shares held	Percentage of issued common stocks
Jonathan S. Halkyard (*)	30,748 ⁽³⁷⁾	—	—	—	30,748	0.0063%
	3 ⁽³⁸⁾	—	—	—	3	0.000001%
James Freeman (**)	19,945 ⁽³⁹⁾	—	—	—	19,945	0.0041%
	275 ⁽⁴⁰⁾	—	—	—	275	0.00006%
	46,718 ⁽⁴¹⁾	—	—	—	46,718	0.0096%
	903 ⁽⁴²⁾	—	—	—	903	0.0002%
	16,588 ⁽⁴³⁾	—	—	—	16,588	0.0034%
	233 ⁽⁴⁴⁾	—	—	—	233	0.00005%

(e) *Long Positions in the Common Stocks and Underlying Shares of Associated Corporations — MGM Growth Properties* ⁽⁴⁵⁾

Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Number of Common Stocks and Underlying Shares held	Percentage of issued common stocks
William Joseph Hornbuckle	31,671 ⁽⁴⁶⁾	—	—	—	31,671	0.0202%
	—	—	—	7,541 ⁽⁴⁷⁾	7,541	0.0048%
Pansy Ho	—	—	1,000,000 ⁽⁴⁸⁾	—	1,000,000	0.6384%
John M. McManus	27,582 ⁽⁴⁹⁾	—	—	—	27,582	0.0176%
Daniel J. Taylor	29,919 ⁽⁵⁰⁾	—	—	—	29,919	0.0191%
	23,424 ⁽⁵¹⁾	—	—	—	23,424	0.0150%
	3,866 ⁽⁵²⁾	—	—	—	3,866	0.0025%
	6,495 ⁽⁵³⁾	—	—	—	6,495	0.0041%
James Freeman (**)	14,311 ⁽⁵⁴⁾	—	—	—	14,311	0.0091%

Other Information

Notes:

- (1) These represent the Shares beneficially held by Ms. Pansy Ho in her personal capacity.
- (2) These represent the Shares held by Grand Paradise Macau Limited, a company which Ms. Pansy Ho has control.
- (3) This represents 3,042,000 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 21 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 50% of total issued class B shares of MGM Grand Paradise which carry 10% of the total voting power at any meetings of shareholders of MGM Grand Paradise. On each occasion upon which dividends are paid by MGM Grand Paradise, each holder of class B shares will be entitled to receive dividends of up to MOP1 only.
- (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 20,053 vested RSUs in the common stock of MGM Resorts International granted to William Joseph Hornbuckle.
- (8) This represents 504,744 unvested RSUs in the common stock of MGM Resorts International granted to William Joseph Hornbuckle.
- (9) This represents 1,383 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by William Joseph Hornbuckle.
- (10) This represents 320,447 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.
- (11) This represents 3,691 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.
- (12) These represent the common stock of MGM Resorts International indirectly held through trust.
- (13) These represent the common stock of MGM Resorts International held by William Joseph Hornbuckle.
- (14) These represent the common stock of MGM Resorts International held by Emerging Corporate Limited, a company which Ms. Pansy Ho has control.
- (15) This represents 713 vested RSUs in the common stock of MGM Resorts International held by John M. McManus.
- (16) This represents 65,414 unvested RSUs in the common stock of MGM Resorts International held by John M. McManus.
- (17) This represents 537 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by John M. McManus.

Other Information

- (18) This represents 100,395 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 1,663 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) These represent the common stock of MGM Resorts International held by John M. McManus.
- (21) This represents 32,392 vested SARs in the common stock of MGM Resorts International granted to Kenneth Xiaofeng Feng.
- (22) This represents 4,616 unvested RSUs in the common stock of MGM Resorts International granted to Kenneth Xiaofeng Feng.
- (23) This represents 193 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Kenneth Xiaofeng Feng.
- (24) These represent the common stock of MGM Resorts International held by Kenneth Xiaofeng Feng.
- (25) These represent the common stock of MGM Resorts International directly held through Morgan Stanley.
- (26) This represents 79,452 deferred stock units in the common stock of MGM Resorts International granted to Daniel J. Taylor.
- (27) This represents 57,337 vested RSUs in the common stock of MGM Resorts International granted to Daniel J. Taylor.
- (28) This represents 4,498 unvested RSUs in the common stock of MGM Resorts International held by Daniel J. Taylor.
- (29) This represents 3,417 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Daniel J. Taylor.
- (30) This represents 25,000 vested SARs in the common stock of MGM Resorts International held by Ayesha Khanna Molino.
- (31) This represents 19,198 unvested RSUs in the common stock of MGM Resorts International held by Ayesha Khanna Molino.
- (32) This represents 369 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Ayesha Khanna Molino.
- (33) This represents 5,936 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.
- (34) This represents 1 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.
- (35) These represent the common stock of MGM Resorts International held by Ayesha Khanna Molino.
- (36) These represent the common stock of MGM Resorts International held by Ayesha Khanna Molino's spouse.
- (37) This represents 30,748 unvested RSUs in the common stock of MGM Resorts International held by Jonathan S. Halkyard.
- (38) This represents 3 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by Jonathan S. Halkyard.

Other Information

- (39) This represents 19,945 unvested RSUs in the common stock of MGM Resorts International held by James Freeman.
- (40) This represents 275 dividend equivalent rights for the outstanding RSUs equity awards of MGM Resorts International held by James Freeman.
- (41) This represents 29,199 unvested PSUs in the common stock of MGM Resorts International granted to James Freeman. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (42) This represents 564 dividend equivalent rights for the outstanding PSUs equity awards of MGM Resorts International held by James Freeman. Each PSU can be converted into a maximum of 1.6 common stock of MGM Resorts International.
- (43) These represent the common stock of MGM Resorts International held by James Freeman.
- (44) These represent the common stock of MGM Resorts International directly held through Morgan Stanley.
- (45) MGM Growth Properties adopted an omnibus incentive plan in 2016 which allows it to grant share options, share appreciation rights, restricted shares, RSUs, performance shares, PSUs and other share-based awards to eligible directors, officers and employees of MGM Growth Properties and its affiliates. RSUs granted to non-employee directors and employees of affiliates (including MGM Resorts International) vest over one year, and RSUs and PSUs granted to officers and employees of MGM Growth Properties vest ratably over four and three years, respectively. MGM Growth Properties' practice is to issue new shares upon vesting of awards.
- (46) These represent the common stock of MGM Growth Properties held by William Joseph Hornbuckle.
- (47) These represent the common stock of MGM Growth Properties indirectly held through trust.
- (48) These represent the common stock of MGM Growth Properties held by August City Limited, a company which Ms. Pansy Ho has control.
- (49) These represent the common stock of MGM Growth Properties held by John M. McManus.
- (50) This represents 29,919 deferred stock units in the common stock of MGM Growth Properties granted to Daniel J. Taylor.
- (51) This represents 23,424 vested RSUs in the common stock of MGM Growth Properties granted to Daniel J. Taylor.
- (52) This represents 3,866 unvested RSUs in the common stock of MGM Growth Properties granted to Daniel J. Taylor.
- (53) This represents 6,495 dividend equivalent rights for the outstanding RSUs equity awards of MGM Growth Properties held by Daniel J. Taylor.
- (54) These represent the common stock of MGM Growth Properties held by James Freeman.
- (*) Jonathan S. Halkyard was appointed as non-executive director on June 29, 2021.
- (**) James Freeman resigned as non-executive director with effect from June 29, 2021.

Except as disclosed above, as at June 30, 2021, 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, 2021, 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 ⁽¹⁾	Interest in a controlled corporation	2,126,100,001	55.95%
MGM International, LLC ⁽¹⁾	Interest in a controlled corporation	2,126,100,001	55.95%
MRIH ⁽¹⁾	Direct interest	2,126,100,001	55.95%
Pansy Ho ⁽²⁾	Direct interest	380,000,000	10.00%
	Interest in a controlled corporation	474,561,200	12.49%
Grand Paradise Macau Limited ⁽²⁾	Direct interest	474,561,200	12.49%
Sean Ma ⁽³⁾	Interest in a controlled corporation	303,990,000	8.00%
Snow Lake Capital (HK) Limited ⁽³⁾	Direct interest	303,990,000	8.00%

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.
- (3) Snow Lake Capital (HK) Limited is a company controlled by Mr. Sean Ma and therefore Mr. Sean Ma is deemed or taken to be interested in 303,990,000 Shares which are directly held by Snow Lake Capital (HK) Limited.

Except as disclosed above, the Company had not been notified of any other corporation or person, who, as at June 30, 2021, 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 2020 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 operates a share option scheme which was adopted by the Company on May 11, 2011, amended by the Board on July 28, 2016 to approve certain administrative matters and further amended by the Shareholders at the Annual General Meeting held on May 24, 2017 (the "Share Option Scheme") to approve changes to paragraphs 1.1, 6, 7 and 11 of the Share Option Scheme, details of which were set out in the circular of the Company dated April 20, 2017. On May 28, 2020, the Share Option Scheme was renewed by the Company in its exact terms and conditions and for an additional period of 10 years (the "Renewed Share Option Scheme").

The purpose of the Share Option Scheme and of the Renewed Share Option Scheme is to provide incentives and/or rewards to eligible persons for their contributions to, and continuing efforts to promote the interests of the Group. Under the Share Option Scheme and the Renewed Share Option Scheme, options to subscribe for ordinary shares in the Company are granted to any Director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group (Eligible Persons).

As at June 30, 2021, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme and the Renewed Share Option Scheme was 102,133,588, representing approximately 2.7% of the Shares of the Company in issue at that date.

The total number of Shares available for issue under the Renewed Share Option Scheme of the Company is 379,972,600, which is approximately 10.0% of the issued share capital as at the date of this interim report. The Share Option Scheme expired on May 10, 2021 and no further option will be granted under this scheme. The total number of Shares available for issue based on the outstanding options granted under the expired Share Option Scheme as at the date of this interim report is 72,160,888.

The vesting periods for all of the options granted were 25% per year on each of the subsequent four anniversary dates of the date of grant, except for the grant of 1,705,200 share options on May 3, 2021, which will be fully vested on December 31, 2021.

A summary of the movements of the outstanding options under the scheme during the six months ended June 30, 2021 is as follows:

Directors, eligible employees and consultants	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021	Number of share options				
					Granted during the period	Exercised during the period ⁽¹⁾	Forfeited during the period	Expired during the period	Outstanding at June 30, 2021
Grant R. Bowie*	June 3, 2011	June 2, 2012 – May 10, 2021	15.620	3,500,000	—	—	—	(3,500,000)	—
Employees	June 3, 2011	June 2, 2012 – May 10, 2021	15.620	1,730,000	—	—	—	(1,730,000)	—
Employees	September 1, 2011	August 31, 2012 – May 10, 2021	14.780	750,000	—	—	(750,000)	—	—
Consultant	February 23, 2012	February 22, 2013 – May 10, 2021	13.820	775,000	—	—	—	(775,000)	—
Employees	February 26, 2013	February 25, 2014 – February 26, 2023	18.740	50,000	—	—	—	—	50,000
Employees	May 15, 2013	May 14, 2014 – May 15, 2023	20.350	25,000	—	—	—	—	25,000
Employees	February 24, 2014	February 23, 2015 – February 24, 2024	32.250	700,000	—	—	—	—	700,000

Other Information

Directors, eligible employees and consultants	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021	Number of share options				
					Granted during the period	Exercised during the period ⁽¹⁾	Forfeited during the period	Expired during the period	Outstanding at June 30, 2021
Grant R. Bowie*	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	3,200,000	—	—	—	—	3,200,000
Employees	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	10,780,000	—	—	(880,000)	—	9,900,000
Consultant	June 3, 2014	June 2, 2015 – June 2, 2024	26.850	400,000	—	—	—	—	400,000
Employees	August 15, 2014	August 15, 2015 – August 14, 2024	26.350	180,000	—	—	(80,000)	—	100,000
Employees	November 17, 2014	November 17, 2015 – November 16, 2024	24.120	800,000	—	—	—	—	800,000
Employees	February 25, 2015	February 25, 2016 – February 24, 2025	19.240	207,500	—	—	—	—	207,500
Employees	May 15, 2015	May 15, 2016 – May 14, 2025	15.100	120,000	—	—	—	—	120,000
Grant R. Bowie*	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	2,753,600	—	—	—	—	2,753,600
Employees	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	5,030,988	—	—	(479,900)	—	4,551,088
Consultant	June 3, 2015	June 3, 2016 – June 2, 2025	14.090	478,800	—	—	—	—	478,800
Employees	August 17, 2015	August 17, 2016 – August 16, 2025	16.470	135,000	—	—	—	—	135,000
Employees	November 16, 2015	November 16, 2016 – November 15, 2025	11.450	715,000	—	—	—	—	715,000
Employees	February 23, 2016	February 23, 2017 – February 22, 2026	9.130	135,000	—	—	—	—	135,000
Employees	May 16, 2016	May 16, 2017 – May 15, 2026	10.480	137,500	—	—	—	—	137,500
Grant R. Bowie*	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	3,535,200	—	(3,535,200)	—	—	—
Employees	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	7,473,000	—	(2,736,000)	(436,400)	—	4,300,600
Consultant	June 3, 2016	June 3, 2017 – June 2, 2026	10.900	550,000	—	—	—	—	550,000
Grant R. Bowie*	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	2,106,400	—	(2,106,400)	—	—	—
Employees	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	6,782,400	—	(339,100)	(428,000)	—	6,015,300
Consultant	August 23, 2016	August 23, 2017 – August 22, 2026	11.740	263,600	—	—	—	—	263,600
Employees	November 15, 2016	November 15, 2017 – November 14, 2026	14.650	300,000	—	—	—	—	300,000
Employees	February 21, 2017	February 21, 2018 – February 20, 2027	14.500	937,500	—	—	(112,500)	—	825,000
Employees	May 15, 2017	May 15, 2018 – May 14, 2027	16.990	370,000	—	—	—	—	370,000
Grant R. Bowie*	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	2,220,000	—	—	—	—	2,220,000
Employees	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	6,524,700	—	—	(396,800)	—	6,127,900
Consultant	June 5, 2017	June 5, 2018 – June 4, 2027	17.132	214,800	—	—	—	—	214,800
Employees	August 15, 2017	August 15, 2018 – August 14, 2027	15.910	250,000	—	—	—	—	250,000

Other Information

Directors, eligible employees and consultants	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021	Number of share options				
					Granted during the period	Exercised during the period ⁽¹⁾	Forfeited during the period	Expired during the period	Outstanding at June 30, 2021
Employees	November 15, 2017	November 15, 2018 – November 14, 2027	19.240	300,000	—	—	—	—	300,000
Employees	February 23, 2018	February 23, 2019 – February 22, 2028	23.200	830,000	—	—	—	—	830,000
Employees	May 15, 2018	May 15, 2019 – May 14, 2028	23.130	200,000	—	—	—	—	200,000
Grant R. Bowie*	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	1,629,600	—	—	—	—	1,629,600
Employees	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	5,032,000	—	—	(287,000)	—	4,745,000
Consultant	June 4, 2018	June 4, 2019 – June 3, 2028	22.510	153,600	—	—	—	—	153,600
Employees	August 15, 2018	August 15, 2019 – August 14, 2028	15.932	200,000	—	—	(25,000)	—	175,000
Employees	November 15, 2018	November 15, 2019 – November 14, 2028	11.940	50,000	—	—	—	—	50,000
Employees	April 4, 2019	April 4, 2020 – April 3, 2029	17.500	50,000	—	—	—	—	50,000
Employees	May 15, 2019	May 15, 2020 – May 14, 2029	14.292	420,000	—	—	(80,000)	—	340,000
Grant R. Bowie*	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	3,992,400	—	—	—	—	3,992,400
Employees	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	9,688,100	—	(210,000)	(267,900)	—	9,210,200
Consultant	June 6, 2019	June 6, 2020 – June 5, 2029	11.744	275,200	—	—	—	—	275,200
Employees	August 15, 2019	August 15, 2020 – August 14, 2029	11.564	330,000	—	(12,500)	—	—	317,500
Kenneth Feng	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	1,000,000	—	—	—	—	1,000,000
Employees	November 15, 2019	November 15, 2020 – November 14, 2029	12.176	150,000	—	—	—	—	150,000
Employees	April 1, 2020	April 1, 2021 – March 31, 2030	7.976	180,000	—	(12,500)	(37,500)	—	130,000
Employees	May 15, 2020	May 15, 2021 – May 14, 2030	9.316	160,000	—	—	—	—	160,000
Kenneth Feng	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	900,000	—	—	—	—	900,000
Employees	June 3, 2020	June 3, 2021 – June 2, 2030	9.470	14,570,800	—	(27,400)	(552,800)	—	13,990,600
Employees	August 17, 2020	August 17, 2021 – August 16, 2030	10.380	120,000	—	—	—	—	120,000
Employees	November 16, 2020	November 16, 2021 – November 15, 2030	15.620	2,249,400	—	—	—	—	2,249,400
Employees	November 16, 2020	November 16, 2021 – November 15, 2030	15.120	625,000	—	—	—	—	625,000
Consultant	November 16, 2020	November 16, 2021 – November 15, 2030	11.240	200,000	—	—	—	—	200,000
Employees	March 15, 2021	March 15, 2022 – March 14, 2031	13.860	—	200,000 ⁽²⁾	—	—	—	200,000
Employees	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	—	1,422,800 ⁽³⁾	—	—	—	1,422,800
Kenneth Feng	May 3, 2021	December 31, 2021 – May 2, 2031	12.672	—	282,400 ⁽³⁾	—	—	—	282,400
Employees	May 17, 2021	May 17, 2022 – May 16, 2031	11.312	—	290,000 ⁽⁴⁾	—	—	—	290,000

Other Information

Directors, eligible employees and consultants	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021	Granted during the period	Number of share options			
						Exercised during the period ⁽¹⁾	Forfeited during the period	Expired during the period	Outstanding at June 30, 2021
Kenneth Feng	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	—	859,600 ⁽⁵⁾	—	—	—	859,600
Employees	June 3, 2021	June 3, 2022 – June 2, 2031	12.480	—	11,439,600 ⁽⁵⁾	—	—	—	11,439,600
				107,437,088	14,494,400	(8,979,100)	(4,813,800)	(6,005,000)	102,133,588

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

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK\$13.57.
- (2) The closing price of the Shares immediately before the date of this grant was HK\$13.58 and the estimated weighted average fair value of share options granted on that date was HK\$4.89 per share.
- (3) The closing price of the Shares immediately before the date of this grant was HK\$12.82 and the estimated weighted average fair value of share options granted on that date was HK\$3.62 per share.
- (4) The closing price of the Shares immediately before the date of this grant was HK\$11.02 and the estimated weighted average fair value of share options granted on that date was HK\$3.89 per share.
- (5) The closing price of the Shares immediately before the date of this grant was HK\$12.46 and the estimated weighted average fair value of share options granted on that date was HK\$4.07 per share.

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

During the six months ended June 30, 2021, the Company repurchased a total of 8,979,100 Shares at an aggregate purchase price of HK\$128.0 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 2021	8,827,800	14.58	13.90	126,181
June 2021	151,300	12.22	12.06	1,842
	8,979,100			128,023

New Shares were issued pursuant to the exercise of share options by qualifying grantees under the share option scheme adopted by the Company. The Company repurchased an aggregate number of Shares equivalent to the aggregate number of new Shares issued under the Share Option Scheme during the six months ended June 30, 2021 in accordance with Rule 10.06 of the Listing Rules, and all the repurchased Shares were subsequently cancelled. The total issued share capital of the Company remains the same. The Board considered that such repurchases were made for the benefit of the Company and its Shareholders as a whole with a view of maintaining the same total issued share capital.

Other Information

Except as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six months ended June 30, 2021.

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, 2021 to June 30, 2021, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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

The Company has adopted its code of conduct regarding securities transactions by Directors and senior management of the Group (the "Securities Code") 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 Securities Code and the Model Code throughout the six months ended June 30, 2021.

Update on Directors' Information

Changes in the information of the Directors since disclosure made in the Company's 2020 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 is the Vice-Chairman and a non-executive Director of Phoenix Media Investment (Holdings) Limited since 2021. She resigned as an independent non-executive director of Sing Tao News Corporation, with effect from June 3, 2021. She ceased to be a Committee Member of the Committee of Cultural Industries in Macau. She is a committee member of the Chinese General Chamber of Commerce in Hong Kong. She was bestowed the Medal of Merit – Tourism by the Government of the Macau Special Administrative Region in September 2019.
2. Sze Wan Patricia Lam was appointed as Chairperson of the Remuneration Committee with effect from May 27, 2021.
3. Simon Meng was appointed as Chairperson of the Nomination and Corporate Governance Committee in place of Sze Wan Patricia Lam who remained as a member of the Nomination and Corporate Governance Committee with effect from May 27, 2021.
4. Chee Ming Liu was appointed as independent non-executive Director, member of the Audit Committee, member of the Remuneration Committee and member of the Nomination and Corporate Governance Committee with effect from May 27, 2021.
5. Jonathan S. Halkyard was appointed as non-executive Director and member of the Audit Committee with effect from June 29, 2021.
6. Zhe Sun retired as independent non-executive Director, member of the Audit Committee, Chairperson of the Remuneration Committee and member of the Nomination and Corporate Governance Committee with effect from May 27, 2021.

Other Information

7. James Freeman resigned as non-executive Director and member of the Audit Committee with effect from June 29, 2021.
8. Russell Francis Banham ceased to be a member of the Nomination and Remuneration Committee of the National Atomic Company Kazatomprom.
9. Ayesha Khana Molino's position title at MGM Resorts International was changed to Senior Vice President, Public Affairs.

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 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

William Joseph Hornbuckle
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-chairperson and Executive Director

Hong Kong, August 5, 2021

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

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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 45 to 84, which comprise the condensed consolidated statement of financial position as of June 30, 2021 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 5, 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021

	NOTES	Six months ended June 30	
		2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
OPERATING REVENUE			
Casino revenue	4	4,133,230	2,045,405
Other revenue	4	577,827	324,989
		4,711,057	2,370,394
OPERATING COSTS AND EXPENSES			
Gaming taxes		(2,165,895)	(1,137,014)
Inventories consumed		(224,867)	(133,208)
Staff costs	5	(1,564,102)	(1,637,929)
Loss allowance on trade receivable, net		(25,304)	(105,936)
Other expenses and losses	6	(699,477)	(508,518)
Depreciation and amortization	7	(1,081,200)	(1,243,690)
		(5,760,845)	(4,766,295)
Operating loss		(1,049,788)	(2,395,901)
Interest income		2,499	6,881
Finance costs	8	(664,190)	(521,312)
Net foreign currency (loss)/gain		(10,632)	55,096
Loss before tax		(1,722,111)	(2,855,236)
Income tax expense	9	(11,200)	(5,194)
Loss for the period attributable to owners of the Company		(1,733,311)	(2,860,430)
Other comprehensive income/(loss):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		630	(1,295)
Total comprehensive loss for the period attributable to owners of the Company		(1,732,681)	(2,861,725)
Loss per Share — Basic	11	(HK45.6 cents)	(HK75.3 cents)
Loss per Share — Diluted	11	(HK45.6 cents)	(HK75.3 cents)

Condensed Consolidated Statement of Financial Position

At June 30, 2021

	NOTES	At June 30 2021 HK\$'000 (unaudited)	At December 31 2020 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	12	24,200,408	24,949,783
Right-of-use assets	13	1,299,780	1,326,893
Sub-concession premium	14	94,378	141,698
Other assets		6,045	7,438
Prepayments, deposits and other receivables		23,333	19,029
Restricted cash	15	—	36,439
Total non-current assets		25,623,944	26,481,280
Current assets			
Inventories		169,402	159,847
Trade receivables	16	327,952	292,040
Prepayments, deposits and other receivables		143,469	99,746
Amounts due from related companies	25	357	330
Cash and cash equivalents		2,566,307	2,635,511
Total current assets		3,207,487	3,187,474
TOTAL ASSETS		28,831,431	29,668,754

Condensed Consolidated Statement of Financial Position

At June 30, 2021

NOTES	At June 30 2021 HK\$'000 (unaudited)	At December 31 2020 HK\$'000 (audited)
EQUITY		
Capital and reserves		
17	3,800,000	3,800,000
	(518,995)	1,217,664
	3,281,005	5,017,664
LIABILITIES		
Non-current liabilities		
18	22,744,060	21,155,040
	179,471	184,826
19	10,942	8,210
	10,348	10,932
	22,944,821	21,359,008
Current liabilities		
	28,113	32,110
19	2,508,976	3,199,112
	36,118	35,250
25	13,660	18,244
	18,738	7,366
	2,605,605	3,292,082
	25,550,426	24,651,090
	28,831,431	29,668,754

The condensed consolidated financial statements on pages 45 to 84 were approved and authorized for issue by the Board of Directors on August 5, 2021 and are signed on its behalf by:

William Joseph Hornbuckle
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-chairperson and Executive Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021

	Share capital	Share premium	Capital redemption reserve	Share option reserve	Equity reserve	Other reserves	Currency translation reserve	Retained earnings	Share premium and reserves total	Shareholders' funds total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At December 31, 2020 and January 1, 2021 (audited)	3,800,000	10,406,223	14,729	522,507	293,725	(13,131,933)	2,565	3,109,848	1,217,664	5,017,664
Loss for the period	—	—	—	—	—	—	—	(1,733,311)	(1,733,311)	(1,733,311)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	630	—	630	630
Total comprehensive income/(loss)	—	—	—	—	—	—	630	(1,733,311)	(1,732,681)	(1,732,681)
Exercise of share options	8,979	121,830	—	(30,773)	—	—	—	—	91,057	100,036
Share repurchase and cancellation										
— repurchases of Shares	(8,979)	(119,044)	—	—	—	—	—	—	(119,044)	(128,023)
— transfer	—	—	8,979	—	—	—	—	(8,979)	—	—
Forfeiture of share options	—	—	—	(82,498)	—	—	—	82,498	—	—
Recognition of share-based payments	—	—	—	24,009	—	—	—	—	24,009	24,009
At June 30, 2021 (unaudited)	3,800,000	10,409,009	23,708	433,245	293,725	(13,131,933)	3,195	1,450,056	(518,995)	3,281,005
At December 31, 2019 and January 1, 2020 (audited)	3,800,000	10,404,373	14,380	470,142	293,725	(13,133,305)	(2,647)	8,613,466	6,660,134	10,460,134
Loss for the period	—	—	—	—	—	—	—	(2,860,430)	(2,860,430)	(2,860,430)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(1,295)	—	(1,295)	(1,295)
Total comprehensive loss	—	—	—	—	—	—	(1,295)	(2,860,430)	(2,861,725)	(2,861,725)
Exercise of share options	249	3,380	—	(844)	—	—	—	—	2,536	2,785
Share repurchase and cancellation										
— repurchases of Shares	(249)	(1,803)	—	—	—	—	—	—	(1,803)	(2,052)
— transfer	—	—	249	—	—	—	—	(249)	—	—
Forfeiture of share options	—	—	—	(7,108)	—	—	—	7,108	—	—
Recognition of share-based payments	—	—	—	24,755	—	—	—	—	24,755	24,755
Dividends paid	—	—	—	—	—	—	—	(315,400)	(315,400)	(315,400)
At June 30, 2020 (unaudited)	3,800,000	10,405,950	14,629	486,945	293,725	(13,133,305)	(3,942)	5,444,495	3,508,497	7,308,497

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2021

	NOTES	Six months ended June 30	
		2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	20	(675,527)	(2,003,915)
INVESTING ACTIVITIES			
Purchase of property and equipment		(329,177)	(521,781)
Proceeds from disposal of property and equipment and other assets		12	—
Proceeds from insurance claims		2,649	2,983
NET CASH USED IN INVESTING ACTIVITIES		(326,516)	(518,798)
FINANCING ACTIVITIES			
Proceeds from draw down on credit facilities	18	1,700,000	2,950,000
Proceeds from issuance of unsecured senior notes	18	5,813,006	3,876,173
Repayments of credit facilities	18	(5,910,000)	(4,400,000)
Payments of debt finance costs		(88,111)	(85,237)
Payments of lease liabilities		(17,366)	(19,291)
Interest paid		(539,972)	(476,253)
Dividends paid		—	(315,400)
Proceeds from exercise of share options		102,750	2,860
Payments on repurchase of Shares		(128,023)	(2,052)
NET CASH GENERATED FROM FINANCING ACTIVITIES		932,284	1,530,800
NET DECREASE IN CASH AND CASH EQUIVALENTS		(69,759)	(991,913)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,635,511	3,270,296
Effect of foreign exchange rate changes, net		555	(1,013)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by cash and cash equivalents		2,566,307	2,277,370

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

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 One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands and its principal place of business is Avenida Dr. Sun Yat Sen, Edifício MGM MACAU, NAPE, Macau.

Gaming in Macau is administered by the Macau Government through concessions awarded to three different concessionaires and three subconcessionaires, of which a subsidiary of the Group is one. Similar to other concessionaires/subconcessionaires, the Sub-concession Extension Contract of our subsidiary is due to expire on June 26, 2022. Pursuant to the Macau gaming law, upon reaching the maximum duration of twenty years, the term of the concessions may be extended one or more times by order of the Chief Executive, which period may not exceed, in total, five years. Unless the Subconcession is extended, or legislation with regard to reversion of casino premises is amended, the casino area premises and gaming-related equipment subject to reversion will automatically be transferred to the Macau Government on that date, and the Group will cease to generate any revenues from such gaming operations. In addition, certain events relating to the loss, termination, rescission, revocation or modification of our gaming sub-concession 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 under the Unsecured Senior Notes and events of default under the Unsecured Credit Facilities as described in note 18 to the condensed consolidated financial statements.

The Macau Government has announced that a public consultation of the gaming law will be undertaken in the second half of 2021. This consultation and revision of the gaming law precedes the gaming concessions/subconcessions retendering process. The Group continues to closely monitor developments regarding the gaming concessions retendering or extension including the issuance of guidance by the Macau Government. The Group intends to respond proactively to all relevant Macau Government requirements when known relating to the gaming subconcession extension or renewal.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

1. General (Continued)

Impact of COVID-19

In early 2020, the outbreak of COVID-19 around the world led to certain actions taken by the Chinese Government, the Macau Government and the governments of other countries to attempt to mitigate the spread of the virus. As a result, China's individual visa scheme was temporarily suspended and all operations at MGM MACAU and MGM COTAI were suspended for a 15-day period that commenced on February 5, 2020, other than operations that were necessary to provide sufficient non-gaming facilities to serve any remaining hotel guests. Operations at MGM MACAU and MGM COTAI resumed on February 20, 2020. Certain health safeguards, such as limiting the number of seats available at each table game, slot machine spacing, temperature checks, mask protection and health declarations submitted through the Macau Health Code system remain in effect at the date of this report.

Since July 15, 2020, certain travel restrictions such as the medical observation period have been eased between cities in mainland China and Macau, subject to other COVID-19 safeguards measures. Additionally, tourist visa issuance (including the individual visa scheme) for residents of Zhuhai, Guangdong Province and all other provinces in mainland China to travel to Macau were resumed on August 12, 2020, August 26, 2020 and September 23, 2020 respectively. Effective from March 3, 2021, all guests entering casinos in Macau are not required to provide a negative nucleic acid test result and effective from March 16, 2021, certain exemptions apply to those individuals entering Macau who are not residents of mainland China, Hong Kong or Taiwan. However, due to reported locally transmitted cases in mainland China from time to time, tightened entry requirements such as the medical observation period were temporarily reinforced for visitors from certain regions or districts.

Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI have steadily improved since the October 2020 Golden Week and throughout the period until May 2021, due to the resumption of tourist visa issuance and the efforts to control the COVID-19 pandemic by the mainland China and Macau Governments. However, due to the newly reported cases of COVID-19 in late May, stricter travel restrictions were reinforced for visitors from the neighboring Guangdong Province which were only relaxed on July 10, 2021 upon the easing in epidemic-related conditions in that province. The tightened measures together with the impact on travel sentiment due to reported cases slowed down the recovery of Macau's economy in June 2021.

At the date of this report, various travel and entry restrictions in Macau, Hong Kong and mainland China remain in place (including the temporary suspension of ferry services from Hong Kong to Macau, the nucleic acid test result certificate and mandatory quarantine requirements for visitors from Hong Kong, Taiwan and high risk areas in mainland China, and bans on entry or enhanced quarantine requirements on other visitors). Given the uncertainties in development of COVID-19, certain travel-related restrictions and conditions for visitation to Macau may be reintroduced. These restrictions significantly impact visitation to MGM MACAU and MGM COTAI, which had a significant adverse impact on the Group's results for the six months ended June 30, 2021 and will likely continue to impact the Group's results due to the uncertainty of the length of time of the pandemic.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

1. General (Continued)

Impact of COVID-19 (Continued)

To address the adverse impact of the COVID-19 pandemic on the Group's financial position, while trying to preserve local jobs in response to requests of the Macau Government, a number of initiatives were undertaken by the Group:

- the Company entered into amendments to the financial covenants under the Revolving Credit Facility on February 21, 2020, April 9, 2020 and October 15, 2020, to revise the permitted leverage ratio and permitted interest coverage ratio. Details of the amendments are set out in note 18;
- on May 26, 2020, the Company entered into the Second Revolving Credit Facility, with a final maturity date of May 15, 2024, increasing the available undrawn credit facilities by HK\$2.34 billion, with an option to upsize to HK\$3.9 billion subject to certain conditions. On June 29, 2020, the available undrawn credit facilities of the Second Revolving Credit Facility were increased by HK\$780 million to HK\$3.12 billion. Details of the amendments are set out in note 18;
- on June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million and a final maturity date of June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility (the total available unsecured credit facilities limit was HK\$8.34 billion after the repayment) and for general corporate purposes. The 2025 Notes were listed on the Hong Kong Stock Exchange on June 18, 2020;
- on October 14, 2020, the Company entered into an amendment to the financial covenants under the Second Revolving Credit Facility, to revise the permitted leverage ratio and permitted interest coverage ratio. Details of the amendments are set out in note 18;
- on February 24, 2021, a fourth amendment to the financial covenants under the Revolving Credit Facility and a second amendment to the financial covenants under the Second Revolving Credit Facility, to revise the permitted leverage ratio and permitted interest coverage ratio, were executed. Details of the amendments are set out in note 18;
- on March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million and a final maturity date of February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility (the total available unsecured credit facilities limit was HK\$11.21 billion after the repayment) and for general corporate purposes. The 2027 Notes were listed on the Hong Kong Stock Exchange on March 31, 2021 and on Chongwa (Macao) Financial Asset Exchange Co., Limited on May 17, 2021;

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

1. General (Continued)

Impact of COVID-19 (Continued)

- a number of measures were implemented to reduce payroll expenses, including limiting staff onsite, implementing a hiring freeze and organizational change and introducing voluntary unpaid leave during the pandemic; and
- certain capital expenditures that were planned to begin during the pandemic have been deferred.

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 IAS 34 *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2020.

Application of amendments to IFRSs

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

Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16

Interest Rate Benchmark Reform — Phase 2

The application of the above 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

3. Segment Information (Continued)

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.

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

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Adjusted EBITDA	200,352	(1,008,386)
Share-based payments	(24,009)	(24,755)
Corporate expenses	(134,255)	(114,902)
Pre-opening costs ⁽¹⁾	(649)	—
Loss on disposal/write-off of property and equipment and other assets	(10,027)	(4,168)
Depreciation and amortization	(1,081,200)	(1,243,690)
Operating loss	(1,049,788)	(2,395,901)
Interest income	2,499	6,881
Finance costs	(664,190)	(521,312)
Net foreign currency (loss)/gain	(10,632)	55,096
Loss before tax	(1,722,111)	(2,855,236)
Income tax expense	(11,200)	(5,194)
Loss for the period attributable to owners of the Company	(1,733,311)	(2,860,430)

⁽¹⁾ Pre-opening costs primarily represented personnel and other costs incurred prior to the opening of ongoing development phases of MGM COTAI.

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, 2021

4. Casino and Other Revenue

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

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Main floor gross table games win	3,744,264	1,545,386
VIP gross table games win	1,158,662	933,693
Slot machine gross win	480,570	272,213
Gross casino revenue	5,383,496	2,751,292
Commissions, complimentarys and other incentives	(1,250,266)	(705,887)
	4,133,230	2,045,405

Other revenue comprises:

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hotel rooms	239,853	132,087
Food and beverage	267,888	133,670
Retail and other	70,086	59,232
	577,827	324,989

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

5. Staff Costs

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries and discretionary and performance related incentive payments	1,256,005	1,221,779
Retirement benefits scheme contributions	48,408	51,602
Share-based payments	23,535	24,139
Other benefits	236,154	340,409
	1,564,102	1,637,929

6. Other Expenses and Losses

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Advertising and promotion	181,733	84,167
Repairs and maintenance	124,141	123,124
Utilities and fuel	112,855	97,504
Other support services	91,433	75,198
License fees (note 25(b))	82,443	41,482
Loss on disposal/write-off of property and equipment and other assets	10,027	4,168
Auditor's remuneration	4,168	4,792
Other	92,677	78,083
	699,477	508,518

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

7. Depreciation and Amortization

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation in respect of:		
— Property and equipment	995,576	1,130,060
— Right-of-use assets	35,375	39,514
Amortization in respect of:		
— Sub-concession premium	47,320	55,043
— Other assets	2,929	19,073
	1,081,200	1,243,690

8. Finance Costs

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on unsecured senior notes	499,140	334,581
Interest on unsecured credit facilities	104,358	140,515
Amortization of debt finance costs	43,802	29,056
Interest on lease liabilities	6,441	6,756
Bank fees and charges	10,449	10,404
Total borrowing costs	664,190	521,312

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

9. Income Tax Expense

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax expense:		
Macau Dividend Withholding Tax	(7,330)	(4,806)
Mainland China Income Tax	(985)	(448)
(Under)/over provision in prior year	(2,885)	60
Income tax expense	(11,200)	(5,194)

Pursuant to the approval notice 322/2016 issued by the Macau Government dated September 7, 2016, MGM Grand Paradise, the Group's principal operating subsidiary, was exempted from Macau Complementary Tax for income generated from gaming operations for the period from January 1, 2017 to March 31, 2020. Pursuant to the approval notice 88/2020 issued by the Macau Government dated March 30, 2020, this exemption was renewed for the period from April 1, 2020 to June 26, 2022. 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 an extended tax concession arrangement issued by the Macau Government in dispatch 003/DIR/2018 which MGM Grand Paradise confirmed on March 15, 2018, MGM Grand Paradise was required to pay a dividend withholding tax of MOP9,900,000 (equivalent to approximately HK\$9,612,000) for each of the years ended December 31, 2017 through to December 31, 2019, and MOP2,475,000 (equivalent to approximately HK\$2,403,000) for the period from January 1, 2020 to March 31, 2020 as payments 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 May 2019, MGM Grand Paradise applied for an extension of this tax concession arrangement through June 26, 2022, the date when the Sub-Concession Extension Contract expires. In June 2021, the Macau Government informed MGM Grand Paradise of the terms of the extended tax concession arrangement. MGM Grand Paradise is required to pay a dividend withholding tax of MOP11,330,000 (equivalent to approximately HK\$11,000,000) for the period from April 1, 2020 to December 31, 2020, MOP15,100,000 (equivalent to approximately HK\$14,660,000) for the year ended December 31, 2021 and MOP7,390,000 (equivalent to approximately HK\$7,175,000) for the period from January 1, 2022 to June 26, 2022, as payments 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 annual lump sum tax payments are required regardless of whether dividends were actually distributed or whether MGM Grand Paradise has distributable profits in the relevant years. MGM Grand Paradise accepted the terms and the Macau Government issued dispatch 018/DIR/2021 which confirmed the extended tax concession arrangement to June 26, 2022 on July 26, 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

9. Income Tax Expense *(Continued)*

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 20% to 25%.

10. Dividends

On May 28, 2020, a final dividend of HK\$0.083 per Share for the year ended December 31, 2019, amounting to approximately HK\$315.4 million was approved by the Shareholders of the Company. The dividend was paid to Shareholders on June 19, 2020.

The Board did not recommend an interim dividend payment for the six months ended June 30, 2020 nor a final dividend payment for the year ended December 31, 2020.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2021.

11. Loss Per Share

The calculation of the basic loss per Share for the six months ended June 30, 2021 and 2020 is based upon the consolidated loss attributable to owners of the Company and the weighted average number of Shares in issue during the period.

The calculation of diluted loss per Share for the six months ended June 30, 2021 and 2020 is based upon the consolidated loss attributable to owners of the Company and on the weighted average number of Shares, including the weighted average number of Shares in issue during the period plus the potential Shares arising from exercise of share options (see note 21).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

11. Loss Per Share (Continued)

The calculation of basic and diluted loss per Share is based upon the following:

	Six months ended June 30	
	2021 (unaudited)	2020 (unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per Share (HK\$'000)	(1,733,311)	(2,860,430)
Weighted average number of Shares		
Weighted average number of Shares for the purpose of basic loss per Share ('000)	3,801,070	3,800,104
Number of dilutive potential Shares arising from exercise of share options ('000) ⁽¹⁾	—	—
Weighted average number of Shares for the purpose of diluted loss per Share ('000)	3,801,070	3,800,104
Loss per Share — Basic	(HK45.6 cents)	(HK75.3 cents)
Loss per Share — Diluted	(HK45.6 cents)	(HK75.3 cents)

- (1) The computation of the diluted loss per share for the six months ended June 30, 2021 and 2020 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, 2021

12. Property and Equipment

	At	At
	June 30, 2021	December 31, 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Carrying amount at January 1	24,949,783	26,708,339
Additions	256,829	521,489
Transfers to other assets	(236)	(185)
Disposal/write-off	(10,472)	(21,055)
Depreciation	(995,576)	(2,259,652)
Foreign exchange difference	80	847
Carrying amount at June 30/December 31	24,200,408	24,949,783

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 have an initial term of 25 years with 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, equipment and others generally have lease terms between 1 to 5 years.

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

	At	At
	June 30, 2021	December 31, 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Leasehold land	1,247,939	1,266,418
Buildings	23,235	27,123
Equipment and others	28,606	33,352
	1,299,780	1,326,893

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

14. Sub-Concession Premium

	At June 30, 2021 HK\$'000 (unaudited)	At December 31, 2020 HK\$'000 (audited)
Carrying amount at January 1	141,698	244,845
Amortization	(47,320)	(103,147)
Carrying amount at June 30/December 31	94,378	141,698

On March 15, 2019, a Sub-Concession Extension Contract was approved and authorized by the Macau Government and executed between SJM, as Concessionaire, and MGM Grand Paradise, as Sub-Concessionaire, pursuant to which the Sub-Concession of MGM Grand Paradise, which was due to expire on March 31, 2020, was extended to June 26, 2022. MGM Grand Paradise paid the Macau Government MOP200 million (equivalent to approximately HK\$194.17 million) as a contract premium for the extension. MGM Grand Paradise also submitted a bank guarantee to the Macau Government to warrant the fulfillment of an existing commitment of labor liabilities upon expiry of the Sub-Concession Extension Contract (refer note 22). In addition, MGM Grand Paradise paid SJM MOP20 million (equivalent to approximately HK\$19.42 million) in connection with the extension of the gaming sub-concession.

15. Restricted Cash

The restricted cash balance at December 31, 2020 reflected the freeze of funds deposited at a bank account of Mingyi Investments Limited ("Mingyi"), an indirect wholly-owned subsidiary of the Company, by order of the Hong Kong Court of First Instance, following an injunction filed against Mingyi. On May 6, 2021, the Court issued an order for the discharge of the injunction and the funds in Mingyi's bank account were released.

16. Trade Receivables

	At June 30, 2021 HK\$'000 (unaudited)	At December 31, 2020 HK\$'000 (audited)
Trade receivables	471,555	436,848
Less: Loss allowance	(143,603)	(144,808)
	327,952	292,040

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

16. Trade Receivables (Continued)

Trade receivables mainly consist of casino receivables. The Group grants unsecured credit lines, drawn by way of non-negotiable chips, to gaming promoters based upon pre-approved credit limits. The Group also issues markers and credit to approved gaming customers (“VIP gaming customers”) following background checks and assessments of creditworthiness. The Group allows a credit period up to 30 days on issuance of markers to gaming promoters and 14 days to VIP gaming customers.

Trade receivables are unsecured and non-interest bearing. The carrying amount of the trade receivables approximates their fair value.

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, 2021 HK\$'000 (unaudited)	At December 31, 2020 HK\$'000 (audited)
Within 30 days	173,696	137,967
31 — 90 days	30,895	5,661
91 — 180 days	44,944	6,540
Over 180 days	78,417	141,872
	327,952	292,040

As at June 30, 2021, the Group has specifically provided HK\$39.2 million (December 31, 2020: HK\$57.7 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, 2021 and which are still subject to enforcement activity was HK\$29.4 million (for the six months ended June 30, 2020: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

17. Share Capital

	Notes	Number of Shares	Share Capital HK\$
Issued and fully paid			
At December 31, 2019 and			
January 1, 2020 (audited)		3,800,000,001	3,800,000,001
Share options exercised	21	249,200	249,200
Share repurchase and cancellation	(i)	(249,200)	(249,200)
At June 30, 2020 (unaudited)		3,800,000,001	3,800,000,001
At December 31, 2020 and			
January 1, 2021 (audited)		3,800,000,001	3,800,000,001
Share options exercised	21	8,979,100	8,979,100
Share repurchase and cancellation	(i)	(8,979,100)	(8,979,100)
At June 30, 2021 (unaudited)		3,800,000,001	3,800,000,001

- (i) During the six months ended June 30, 2021, 8,979,100 Shares (six months ended June 30, 2020: 249,200) of a nominal value of HK\$1.00 each were repurchased at a total consideration of HK\$128.0 million (six months ended June 30, 2020: HK\$2.1 million).

18. Borrowings

During the six months ended June 30, 2021, the Company completed the following significant refinancing transactions:

- entered into a fourth amendment to the financial covenants under the Revolving Credit Facility and a second amendment to the financial covenants under the Second Revolving Credit Facility, to revise the permitted leverage ratio and permitted interest coverage ratio; and
- the issuance of senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

18. Borrowings (Continued)

At June 30, 2021, the Group's unsecured borrowings included senior notes and credit facilities.

	At June 30, 2021 HK\$'000 (unaudited)	At December 31, 2020 HK\$'000 (audited)
Unsecured senior notes repayable:		
Over two years but not exceeding three years	5,823,525	—
Over three years but not exceeding four years	3,882,350	5,814,675
Over four years but not exceeding five years	5,823,525	3,876,450
Over five years	5,823,525	5,814,675
	21,352,925	15,505,800
Less: Debt finance costs	(238,567)	(181,924)
	21,114,358	15,323,876
Unsecured credit facilities repayable:		
Over two years but not exceeding three years	1,760,000	5,970,000
	1,760,000	5,970,000
Less: Debt finance costs	(130,298)	(138,836)
	1,629,702	5,831,164
Current	—	—
Non-current	22,744,060	21,155,040
	22,744,060	21,155,040

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

18. 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. 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 senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness to the extent of the value of the collateral securing 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, 2021

18. 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.

Under the indentures of the Unsecured Senior Notes, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau 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 Indenture), 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.

Unsecured Credit Facilities

Revolving Credit Facility and Second Revolving Credit Facility

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 will be 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.

As at June 30, 2021, the Group had total available undrawn unsecured credit facilities of HK\$11.11 billion.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

18. Borrowings (Continued)

Unsecured Credit Facilities (Continued)

Revolving Credit Facility and Second Revolving Credit Facility (Continued)

Principal and Interest

The Revolving Credit Facility and the 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, 2021, HK\$1.76 billion of the Revolving Credit Facility was drawn. HK\$7.99 billion of the Revolving Credit Facility and HK\$3.12 billion of the 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, 2024. Each drawdown is to be repaid in full no later than May 15, 2024. As at June 30, 2021, the Group paid interest at HIBOR plus 2.75 % per annum (June 30, 2020: HIBOR plus 2.75% per annum).

General Covenants

The Revolving Credit Facility and the 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 is required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group is 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 must 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 must 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

18. Borrowings (Continued)

Unsecured Credit Facilities (Continued)

Revolving Credit Facility and Second Revolving Credit Facility (Continued)

Financial Covenants (Continued)

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 and a fourth amendment on February 24, 2021 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020 and a second amendment on February 24, 2021 under the Second Revolving Credit Facility.

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

Accounting Date	Interest Coverage Ratio	Leverage Ratio
March 31, 2020	2.50:1.00	6.00:1.00 ⁽¹⁾
June 30, 2020	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
September 30, 2020	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
December 31, 2020	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
March 31, 2021	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
June 30, 2021	Not Applicable ⁽²⁾	Not Applicable ⁽²⁾
September 30, 2021	Not Applicable ⁽³⁾⁽⁴⁾	Not Applicable ⁽³⁾⁽⁴⁾
December 31, 2021	Not Applicable ⁽³⁾⁽⁴⁾	Not Applicable ⁽³⁾⁽⁴⁾
March 31, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
June 30, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
September 30, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
December 31, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
Each accounting date occurring on and after March 31, 2023	2.50:1.00	4.50:1.00

⁽¹⁾ Amendment on February 21, 2020 under the Revolving Credit Facility.

⁽²⁾ Amendment on April 9, 2020 under the Revolving Credit Facility.

⁽³⁾ Amendment on October 14, 2020 under the Second Revolving Credit Facility

⁽⁴⁾ Amendment on October 15, 2020 under the Revolving Credit Facility.

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

Compliance with Covenants

The Group has complied with the general and financial covenants under the Revolving Credit Facility for the six months ended June 30, 2021 and the year ended December 31, 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

18. Borrowings (Continued)

Unsecured Credit Facilities (Continued)

Revolving Credit Facility and Second Revolving Credit Facility (Continued)

Cancellation

Pursuant to the Revolving Credit Facility and the 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 Revolving Credit Facility and the 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 sub-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.

Security and Guarantees

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

19. Payables and Accrued Charges

	At	
	June 30, 2021	December 31, 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Customer advances and other ⁽¹⁾	687,684	689,567
Outstanding chips liabilities ⁽¹⁾	574,869	1,031,086
Other payables and accrued charges	340,691	284,117
Accrued staff costs	317,380	427,046
Gaming taxes payables	297,771	377,699
Loyalty programs liabilities ⁽¹⁾	160,341	151,278
Construction payables and accruals	83,084	146,586
Trade payables	38,087	36,582
Other casino liabilities	20,011	63,361
	2,519,918	3,207,322
Current	2,508,976	3,199,112
Non-current	10,942	8,210
	2,519,918	3,207,322

(1) 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.

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

	At	
	June 30, 2021	December 31, 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	32,104	30,209
31 — 60 days	5,112	3,634
61 — 90 days	532	2,571
91 — 120 days	31	106
Over 120 days	308	62
	38,087	36,582

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

20. Note to Condensed Statement of Cash Flows

Net cash used in operating activities is as follows:

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating cash flows before movements in working capital	102,286	(1,035,310)
Decrease in payables and accrued charges	(694,188)	(1,004,379)
Other changes in working capital	(85,333)	41,367
Cash used in operations	(677,235)	(1,998,322)
Income tax paid	(739)	(12,835)
Interest received	2,447	7,242
Net cash used in operating activities	(675,527)	(2,003,915)

21. Share-Based Payments

As at June 30, 2021, the number of Shares in respect of which options had been granted and remained outstanding under the Company's share option scheme was 102,133,588 (December 31, 2020: 107,437,088), representing approximately 2.7% (December 31, 2020: 2.8%) of the Shares of the Company in issue at that date.

A summary of the movements of the outstanding options under the Company's share option scheme is as follows:

June 30, 2021

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021 (unaudited)	Number of share options					Outstanding at June 30, 2021 (unaudited)
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)	Expired during the period (unaudited)		
Director	June 3, 2011	June 2, 2012 - May 10, 2021	15.620	3,500,000	—	—	—	(3,500,000)	—	
Employees	June 3, 2011	June 2, 2012 - May 10, 2021	15.620	1,730,000	—	—	—	(1,730,000)	—	
Employees	September 1, 2011	August 31, 2012 - May 10, 2021	14.780	750,000	—	—	(750,000)	—	—	
Consultant	February 23, 2012	February 22, 2013 - May 10, 2021	13.820	775,000	—	—	—	(775,000)	—	
Employees	February 26, 2013	February 25, 2014 - February 26, 2023	18.740	50,000	—	—	—	—	50,000	
Employees	May 15, 2013	May 14, 2014 - May 15, 2023	20.350	25,000	—	—	—	—	25,000	

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

21. Share-Based Payments (Continued)

June 30, 2021 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021 (unaudited)	Number of share options			Expired during the period (unaudited)	Outstanding at June 30, 2021 (unaudited)
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)		
Employees	February 24, 2014	February 23, 2015 - February 24, 2024	32.250	700,000	—	—	—	—	700,000
Director	June 3, 2014	June 2, 2015 - June 2, 2024	26.850	3,200,000	—	—	—	—	3,200,000
Employees	June 3, 2014	June 2, 2015 - June 2, 2024	26.850	10,780,000	—	—	(880,000)	—	9,900,000
Consultant	June 3, 2014	June 2, 2015 - June 2, 2024	26.850	400,000	—	—	—	—	400,000
Employees	August 15, 2014	August 15, 2015 - August 14, 2024	26.350	180,000	—	—	(80,000)	—	100,000
Employees	November 17, 2014	November 17, 2015 - November 16, 2024	24.120	800,000	—	—	—	—	800,000
Employees	February 25, 2015	February 25, 2016 - February 24, 2025	19.240	207,500	—	—	—	—	207,500
Employees	May 15, 2015	May 15, 2016 - May 14, 2025	15.100	120,000	—	—	—	—	120,000
Director	June 3, 2015	June 3, 2016 - June 2, 2025	14.090	2,753,600	—	—	—	—	2,753,600
Employees	June 3, 2015	June 3, 2016 - June 2, 2025	14.090	5,030,988	—	—	(479,900)	—	4,551,088
Consultant	June 3, 2015	June 3, 2016 - June 2, 2025	14.090	478,800	—	—	—	—	478,800
Employees	August 17, 2015	August 17, 2016 - August 16, 2025	16.470	135,000	—	—	—	—	135,000
Employees	November 16, 2015	November 16, 2016 - November 15, 2025	11.450	715,000	—	—	—	—	715,000
Employees	February 23, 2016	February 23, 2017 - February 22, 2026	9.130	135,000	—	—	—	—	135,000
Employees	May 16, 2016	May 16, 2017 - May 15, 2026	10.480	137,500	—	—	—	—	137,500
Director	June 3, 2016	June 3, 2017 - June 2, 2026	10.900	3,535,200	—	(3,535,200)	—	—	—
Employees	June 3, 2016	June 3, 2017 - June 2, 2026	10.900	7,473,000	—	(2,736,000)	(436,400)	—	4,300,600
Consultant	June 3, 2016	June 3, 2017 - June 2, 2026	10.900	550,000	—	—	—	—	550,000
Director	August 23, 2016	August 23, 2017 - August 22, 2026	11.740	2,106,400	—	(2,106,400)	—	—	—
Employees	August 23, 2016	August 23, 2017 - August 22, 2026	11.740	6,782,400	—	(339,100)	(428,000)	—	6,015,300
Consultant	August 23, 2016	August 23, 2017 - August 22, 2026	11.740	263,600	—	—	—	—	263,600
Employees	November 15, 2016	November 15, 2017 - November 14, 2026	14.650	300,000	—	—	—	—	300,000
Employees	February 21, 2017	February 21, 2018 - February 20, 2027	14.500	937,500	—	—	(112,500)	—	825,000
Employees	May 15, 2017	May 15, 2018 - May 14, 2027	16.990	370,000	—	—	—	—	370,000
Director	June 5, 2017	June 5, 2018 - June 4, 2027	17.132	2,220,000	—	—	—	—	2,220,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

21. Share-Based Payments (Continued)

June 30, 2021 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021 (unaudited)	Number of share options			Expired during the period (unaudited)	Outstanding at June 30, 2021 (unaudited)
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)		
Employees	June 5, 2017	June 5, 2018 - June 4, 2027	17.132	6,524,700	—	—	(396,800)	—	6,127,900
Consultant	June 5, 2017	June 5, 2018 - June 4, 2027	17.132	214,800	—	—	—	—	214,800
Employees	August 15, 2017	August 15, 2018 - August 14, 2027	15.910	250,000	—	—	—	—	250,000
Employees	November 15, 2017	November 15, 2018 - November 14, 2027	19.240	300,000	—	—	—	—	300,000
Employees	February 23, 2018	February 23, 2019 - February 22, 2028	23.200	830,000	—	—	—	—	830,000
Employees	May 15, 2018	May 15, 2019 - May 14, 2028	23.130	200,000	—	—	—	—	200,000
Director	June 4, 2018	June 4, 2019 - June 3, 2028	22.510	1,629,600	—	—	—	—	1,629,600
Employees	June 4, 2018	June 4, 2019 - June 3, 2028	22.510	5,032,000	—	—	(287,000)	—	4,745,000
Consultant	June 4, 2018	June 4, 2019 - June 3, 2028	22.510	153,600	—	—	—	—	153,600
Employees	August 15, 2018	August 15, 2019 - August 14, 2028	15.932	200,000	—	—	(25,000)	—	175,000
Employees	November 15, 2018	November 15, 2019 - November 14, 2028	11.940	50,000	—	—	—	—	50,000
Employees	April 4, 2019	April 4, 2020 - April 3, 2029	17.500	50,000	—	—	—	—	50,000
Employees	May 15, 2019	May 15, 2020 - May 14, 2029	14.292	420,000	—	—	(80,000)	—	340,000
Director	June 6, 2019	June 6, 2020 - June 5, 2029	11.744	3,992,400	—	—	—	—	3,992,400
Employees	June 6, 2019	June 6, 2020 - June 5, 2029	11.744	9,688,100	—	(210,000)	(267,900)	—	9,210,200
Consultant	June 6, 2019	June 6, 2020 - June 5, 2029	11.744	275,200	—	—	—	—	275,200
Employees	August 15, 2019	August 15, 2020 - August 14, 2029	11.564	330,000	—	(12,500)	—	—	317,500
Director	November 15, 2019	November 15, 2020 - November 14, 2029	12.176	1,000,000	—	—	—	—	1,000,000
Employees	November 15, 2019	November 15, 2020 - November 14, 2029	12.176	150,000	—	—	—	—	150,000
Employees	April 1, 2020	April 1, 2021 - March 31, 2030	7.976	180,000	—	(12,500)	(37,500)	—	130,000
Employees	May 15, 2020	May 15, 2021 - May 14, 2030	9.316	160,000	—	—	—	—	160,000
Director	June 3, 2020	June 3, 2021 - June 2, 2030	9.470	900,000	—	—	—	—	900,000
Employees	June 3, 2020	June 3, 2021 - June 2, 2030	9.470	14,570,800	—	(27,400)	(552,800)	—	13,990,600
Employees	August 17, 2020	August 17, 2021 - August 16, 2030	10.380	120,000	—	—	—	—	120,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

21. Share-Based Payments (Continued)

June 30, 2021 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2021 (unaudited)	Number of share options				Outstanding at June 30, 2021 (unaudited)
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)	Expired during the period (unaudited)	
Employees	November 16, 2020	November 16, 2021 - November 15, 2030	15.620	2,249,400	—	—	—	—	2,249,400
Employees	November 16, 2020	November 16, 2021 - November 15, 2030	15.120	625,000	—	—	—	—	625,000
Consultant	November 16, 2020	November 16, 2021 - November 15, 2030	11.240	200,000	—	—	—	—	200,000
Employees	March 15, 2021	March 15, 2022 - March 14, 2031	13.860	—	200,000	—	—	—	200,000
Employees	May 3, 2021	December 31, 2021 - May 2, 2031	12.672	—	1,422,800	—	—	—	1,422,800
Director	May 3, 2021	December 31, 2021 - May 2, 2031	12.672	—	282,400	—	—	—	282,400
Employees	May 17, 2021	May 17, 2022 - May 16, 2031	11.312	—	290,000	—	—	—	290,000
Director	June 3, 2021	June 3, 2022 - June 2, 2031	12.480	—	859,600	—	—	—	859,600
Employees	June 3, 2021	June 3, 2022 - June 2, 2031	12.480	—	11,439,600	—	—	—	11,439,600
				107,437,088	14,494,400	(8,979,100)	(4,813,800)	(6,005,000)	102,133,588
Weighted average exercise price per Share				HK\$15.46	HK\$12.50	HK\$11.14	HK\$16.30	HK\$15.39	HK\$15.39
Exercisable at end of the reporting period									65,855,588

June 30, 2020

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2020 (unaudited)	Number of share options			Outstanding at June 30, 2020 (unaudited)
					Granted during the period (unaudited)	Exercised during the period (unaudited)	Forfeited during the period (unaudited)	
Director	June 3, 2011	June 2, 2012 - May 10, 2021	15.620	3,500,000	—	—	—	3,500,000
Employees	June 3, 2011	June 2, 2012 - May 10, 2021	15.620	4,109,400	—	—	(80,000)	4,029,400
Employees	August 22, 2011	August 21, 2012 - May 10, 2021	15.120	625,000	—	—	—	625,000
Employees	September 1, 2011	August 31, 2012 - May 10, 2021	14.780	750,000	—	—	—	750,000
Consultant	February 23, 2012	February 22, 2013 - May 10, 2021	13.820	775,000	—	—	—	775,000
Employees	February 26, 2013	February 25, 2014 - February 26, 2023	18.740	50,000	—	—	—	50,000
Employees	May 15, 2013	May 14, 2014 - May 15, 2023	20.350	25,000	—	—	—	25,000
Employees	February 24, 2014	February 23, 2015 - February 24, 2024	32.250	700,000	—	—	—	700,000
Director	June 3, 2014	June 2, 2015 - June 2, 2024	26.850	3,200,000	—	—	—	3,200,000
Employees	June 3, 2014	June 2, 2015 - June 2, 2024	26.850	11,350,000	—	—	(470,000)	10,880,000
Consultant	June 3, 2014	June 2, 2015 - June 2, 2024	26.850	400,000	—	—	—	400,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

21. Share-Based Payments (Continued)

June 30, 2020 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2020 (unaudited)	Granted during the period (unaudited)	Number of share options Exercised during the period (unaudited)	Forfeited during the period (unaudited)	Outstanding at June 30, 2020 (unaudited)
Employees	August 15, 2014	August 15, 2015 - August 14, 2024	26.350	180,000	—	—	—	180,000
Employees	November 17, 2014	November 17, 2015 - November 16, 2024	24.120	800,000	—	—	—	800,000
Employees	February 25, 2015	February 25, 2016 - February 24, 2025	19.240	257,500	—	—	(50,000)	207,500
Employees	May 15, 2015	May 15, 2016 - May 14, 2025	15.100	170,000	—	—	—	170,000
Director	June 3, 2015	June 3, 2016 - June 2, 2025	14.090	2,753,600	—	—	—	2,753,600
Employees	June 3, 2015	June 3, 2016 - June 2, 2025	14.090	5,164,388	—	—	(67,000)	5,097,388
Consultant	June 3, 2015	June 3, 2016 - June 2, 2025	14.090	478,800	—	—	—	478,800
Employees	August 17, 2015	August 17, 2016 - August 16, 2025	16.470	285,000	—	—	—	285,000
Employees	November 16, 2015	November 16, 2016 - November 15, 2025	11.450	780,000	—	—	(40,000)	740,000
Employees	February 23, 2016	February 23, 2017 - February 22, 2026	9.130	135,000	—	—	—	135,000
Employees	May 16, 2016	May 16, 2017 - May 15, 2026	10.480	137,500	—	—	—	137,500
Director	June 3, 2016	June 3, 2017 - June 2, 2026	10.900	3,535,200	—	—	—	3,535,200
Employees	June 3, 2016	June 3, 2017 - June 2, 2026	10.900	8,064,600	—	(168,200)	(157,600)	7,738,800
Consultant	June 3, 2016	June 3, 2017 - June 2, 2026	10.900	550,000	—	—	—	550,000
Director	August 23, 2016	August 23, 2017 - August 22, 2026	11.740	2,106,400	—	—	—	2,106,400
Employees	August 23, 2016	August 23, 2017 - August 22, 2026	11.740	6,972,200	—	(81,000)	(67,300)	6,823,900
Consultant	August 23, 2016	August 23, 2017 - August 22, 2026	11.740	263,600	—	—	—	263,600
Employees	November 15, 2016	November 15, 2017 - November 14, 2026	14.650	350,000	—	—	(12,500)	337,500
Employees	February 21, 2017	February 21, 2018 - February 20, 2027	14.500	1,275,000	—	—	(75,000)	1,200,000
Employees	May 15, 2017	May 15, 2018 - May 14, 2027	16.990	370,000	—	—	—	370,000
Director	June 5, 2017	June 5, 2018 - June 4, 2027	17.132	2,220,000	—	—	—	2,220,000
Employees	June 5, 2017	June 5, 2018 - June 4, 2027	17.132	7,196,100	—	—	(531,200)	6,664,900
Consultant	June 5, 2017	June 5, 2018 - June 4, 2027	17.132	214,800	—	—	—	214,800
Employees	August 15, 2017	August 15, 2018 - August 14, 2027	15.910	330,000	—	—	—	330,000
Employees	November 15, 2017	November 15, 2018 - November 14, 2027	19.240	362,500	—	—	(62,500)	300,000
Employees	February 23, 2018	February 23, 2019 - February 22, 2028	23.200	1,165,000	—	—	(197,500)	967,500

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

21. Share-Based Payments (Continued)

June 30, 2020 (Continued)

Type of participant	Date of grant	Exercisable period	Exercise price per Share HK\$	Outstanding at January 1, 2020 (unaudited)	Granted during the period (unaudited)	Number of share options Exercised during the period (unaudited)	Forfeited during the period (unaudited)	Outstanding at June 30, 2020 (unaudited)
Employees	May 15, 2018	May 15, 2019 - May 14, 2028	23.130	370,000	—	—	(127,500)	242,500
Director	June 4, 2018	June 4, 2019 - June 3, 2028	22.510	1,629,600	—	—	—	1,629,600
Employees	June 4, 2018	June 4, 2019 - June 3, 2028	22.510	5,955,400	—	—	(750,100)	5,205,300
Consultant	June 4, 2018	June 4, 2019 - June 3, 2028	22.510	153,600	—	—	—	153,600
Employees	August 15, 2018	August 15, 2019 - August 14, 2028	15.932	200,000	—	—	—	200,000
Employees	November 15, 2018	November 15, 2019 - November 14, 2028	11.940	50,000	—	—	—	50,000
Employees	April 4, 2019	April 4, 2020 - April 3, 2029	17.500	150,000	—	—	(75,000)	75,000
Employees	May 15, 2019	May 15, 2020 - May 14, 2029	14.292	500,000	—	—	(60,000)	440,000
Director	June 6, 2019	June 6, 2020 - June 5, 2029	11.744	3,992,400	—	—	—	3,992,400
Employees	June 6, 2019	June 6, 2020 - June 5, 2029	11.744	11,679,600	—	—	(1,806,400)	9,873,200
Consultant	June 6, 2019	June 6, 2020 - June 5, 2029	11.744	275,200	—	—	—	275,200
Employees	August 15, 2019	August 15, 2020 - August 14, 2029	11.564	410,000	—	—	(80,000)	330,000
Director	November 15, 2019	November 15, 2020 - November 14, 2029	12.176	1,000,000	—	—	—	1,000,000
Employees	November 15, 2019	November 15, 2020 - November 14, 2029	12.176	200,000	—	—	—	200,000
Employees	April 1, 2020	April 1, 2021 - March 31, 2030	7.976	—	180,000	—	—	180,000
Employees	May 15, 2020	May 15, 2021 - May 14, 2030	9.316	—	220,000	—	—	220,000
Director	June 3, 2020	June 3, 2021 - June 2, 2030	9.470	—	900,000	—	—	900,000
Employees	June 3, 2020	June 3, 2021 - June 2, 2030	9.470	—	15,350,000	—	(650,000)	14,700,000
				98,167,388	16,650,000	(249,200)	(5,359,600)	109,208,588
Weighted average exercise price per Share				HK\$16.51	HK\$9.45	HK\$11.17	HK\$15.90	HK\$15.48
Exercisable at end of the reporting period								71,301,788

The vesting periods for all of the options granted were 25% per year on each of the subsequent four anniversary dates of the date of grant, except for the grant of 1,705,200 share options on May 3, 2021, which will be fully vested on December 31, 2021. 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, 2021

21. 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	
	2021	2020
Expected volatility	42.96%	43.35%
Expected life (years)	5.08	5.47
Risk-free annual interest rate	0.541%	0.624%
Expected dividends	1.67%	1.20%
Weighted average share price at the date of grant (HK\$)	12.46	9.45
Weighted average exercise price (HK\$)	12.50	9.45
Weighted average fair value of each share option granted by the Company (HK\$)	4.03	3.34

Expected volatility used in the valuation of options granted during the period was determined by using the historical volatility of the Company's Share price. The expected life used in the model has been adjusted, based 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, 2021 was HK\$13.32 (six months ended June 30, 2020: HK\$13.78).

The Group recognized a total expense of HK\$24.0 million for the six months ended June 30, 2021 (six months ended June 30, 2020: HK\$24.8 million) in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

22. Contingent Liabilities

a) *Guarantees*

As at June 30, 2021, the Group has given bank guarantees totalling HK\$1,095.2 million (December 31, 2020: HK\$1,095.2 million) to certain parties, of which HK\$1,087.4 million (December 31, 2020: HK\$1,087.4 million) was issued in favor of the Macau Government as required in the Sub-Concession Contract and the Sub-Concession Extension Contract (such bank guarantees will be cancelled in case the gaming sub-concession is not extended or renewed, subject to authorization of the Macau Government), HK\$4.0 million (December 31, 2020: 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, 2020: 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, 2020: HK\$3.2 million) was issued in favor of certain vendors.

b) *Litigation*

The Group has been named as a defendant in three legal proceedings filed in the Macau courts against two independent Macau gaming promoters by individuals who claim to have placed cash deposits with gaming promoters who had operations at MGM MACAU, on the grounds of section 29 of the Administrative Regulation no. 6/2002, whereby gaming concessionaires are jointly liable for the activities carried out in their casinos by gaming promoters. The Group intends to keep defending its position that it is not liable with respect to these claims.

The Group has been named as the 32nd co-defendant in legal proceedings filed in the Hong Kong Court of First Instance against Mingyi. The plaintiffs claim that certain funds held by Mingyi consisting of proceeds of the plaintiffs' business activities and beneficially belonging to the plaintiffs, were misappropriated by a third party. The Group intends to defend the position that it is not liable with respect to the claims and that Mingyi was not involved in the alleged misappropriations and that it has full right and title to the funds claimed by the plaintiffs.

Management does not believe that the outcome of such proceedings will have a material adverse effect on the Group's financial position, results of operations or cash flows.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

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, 2021 HK\$'000 (unaudited)	At December 31, 2020 HK\$'000 (audited)
Contracted but not accounted for	124,338	273,361

24. Other Commitments

Sub-Concession

Pursuant to the Sub-Concession Contract and the Sub-Concession Extension Contract signed with the Macau Government for an extended period ending on June 26, 2022, MGM Grand Paradise has committed to the following:

- i) To pay the Macau Government a fixed annual premium of MOP30.0 million (equivalent to approximately HK\$29.1 million).
- ii) To pay the Macau Government a variable premium depending upon the number and type of gaming tables and gaming machines that the Group operates. The variable premium is calculated as follows:
 - MOP300,000 (equivalent to approximately HK\$291,262) per annum per VIP gaming table;
 - MOP150,000 (equivalent to approximately HK\$145,631) per annum per main floor gaming table; and
 - MOP1,000 (equivalent to approximately HK\$971) per annum per electrical or mechanical gaming machine including slot machines.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

24. Other Commitments (Continued)

Sub-Concession (Continued)

- iii) To pay the Macau Government a sum of 4% of the gross gaming revenue as public development and social related contributions.
- iv) To pay special gaming tax to the Macau Government of an amount equal to 35% of the gross gaming revenues on a monthly basis.

Based upon the number and types of gaming tables employed and gaming machines in operation as at June 30, 2021, the Group is obligated under its Sub-Concession Contract and Sub-Concession Extension Contract to make minimum future payments of approximately MOP139.8 million (equivalent to approximately HK\$135.8 million) in the period to June 26, 2022.

Certain property and equipment used in casino operations is required to be returned to the Macau Government without compensation upon the expiry of the Sub-Concession Extension Contract if no further extension is awarded.

25. Related Party Transactions

Apart from the guarantees as described in note 22, 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 immediate 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

25. Related Party Transactions (Continued)

- (a)(ii) Amounts due to related companies represent balances with companies in which one of the Directors of the Company has non-controlling beneficial interests amounting to HK\$1.3 million (December 31, 2020: HK\$0.5 million), and the ultimate holding company of the Company amounting to HK\$12.4 million (December 31, 2020: HK\$17.8 million). The amounts are unsecured, non-interest bearing and repayable on demand.

Aging of amounts due to related companies in respect of trade balance based upon invoice date:

	At June 30, 2021 HK\$'000 (unaudited)	At December 31, 2020 HK\$'000 (audited)
Within 30 days	13,660	18,244
	13,660	18,244

- (a)(iii) As at June 30, 2021, the Group had lease liabilities of HK\$5.1 million (December 31, 2020: HK\$8.4 million) relating to lease agreements entered into with companies in which one of the Directors of the Company has non-controlling beneficial interests.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

25. 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	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Companies in which one of the Directors of the Company has non-controlling beneficial interests	Expenses relating to leases on premises	—	648
	Travelling, accommodation and transportation, net of discounts	11,227	16,536
	Interest expense on lease liabilities	97	115
Ultimate holding company	Marketing referral fees	2,155	2,457
	Rental income	—	(194)
Company jointly-owned by Shareholders	License fee ⁽¹⁾	82,443	41,482
Companies in which one of the Directors of the Company has jointly controlling beneficial interests	Consultancy fee ⁽²⁾	6,088	—

⁽¹⁾ Pursuant to the Branding Agreement entered into between the Company, MGM Grand Paradise, MGM Branding, MGM Resorts International, MRIH and NCE on May 17, 2011, the Group has been granted the use of certain trademarks owned by MGM Resorts International and its subsidiaries for a fee. Such Branding Agreement was effective from June 3, 2011 and expired on March 31, 2020. The First Renewed Branding Agreement was entered on September 30, 2019 to replace and renew the Branding Agreement with effect from April 1, 2020 and will expire on June 26, 2022. Pursuant to the terms of the Branding Agreement and First 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 an annual cap. Pursuant to the First Renewed Branding Agreement, the annual caps for MGM MACAU and MGM COTAI are US\$88.2 million (equivalent to approximately HK\$684.6 million) for the year ending December 31, 2021 and US\$82.3 million (equivalent to approximately HK\$638.6 million) for the year ended December 31, 2020.

⁽²⁾ 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 MGM 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\$116 million for the period from January 13, 2021 to December 31, 2021.

In addition, from time to time, the Group, ultimate holding company of the Company and certain fellow subsidiaries of the Company collect and/or make payment on behalf of each other at no service charge.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

25. Related Party Transactions (Continued)

(c) Compensation to key management personnel

The remuneration of key management is as follows:

	Six months ended June 30	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term benefits	38,529	82,674
Post-employment benefits	1,929	1,585
Share-based payments	9,894	13,345
	50,352	97,604

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

Glossary

Definitions and Glossary Used in this Interim Report

“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
“affiliate”	in relation to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Board of Directors” or “Board”	the board of Directors of the Company
“Branding Agreement”	the Branding Agreement dated May 17, 2011 entered into among our Company, MGM Grand Paradise, MGM Branding, MGM Resorts International, MRIH and NCE
“casino”	a gaming facility that provides casino games consisting of table games, slot machines and other electronic games and other games of chance
“casino revenue”	revenue from casino gaming activities (gross table games win and slot machines gross win), calculated net of commissions, complimentary and other incentives and in accordance with IFRS
“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 casino games in Macau
“Consultancy Services Agreement”	the Consultancy Services Agreement dated January 13, 2021, entered into between MGM Grand Paradise and Occasions

Glossary

“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
“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 promoters”	individuals or 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 the extension of credit, transportation, accommodation, dining and entertainment, whose activity is regulated by the Gaming Promoters Regulation
“Gaming Promoters Regulation”	Macau Administrative Regulation No. 6/2002, as amended by Macau Administrative Regulation No. 27/2009
“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

Glossary

“Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“HIBOR”	Hong Kong InterBank Offer Rate
“high value main floor players”	consists of predominantly walk-in, day-trip visitors to Macau from 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 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 integrated casino, hotel and entertainment resort in Cotai owned by MGM Grand Paradise
“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, one of three Sub-Concessionaires and one of our subsidiaries
“MGM Growth Properties”	MGM Growth Properties LLC, a Delaware corporation listed on the New York Stock Exchange under the ticker symbol MGP, a real estate investment trust (REIT) and an associated corporation of the Company (within the meaning of Part XV of the Securities and Futures Ordinance)
“MGM MACAU”	the integrated casino, hotel and entertainment resort in Macau peninsula owned by MGM Grand Paradise
“MGM Resorts International”	MGM Resorts International, a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM, and our controlling Shareholder
“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”	Pansy Catilina Chiu King Ho, a substantial Shareholder, the Co-chairperson and an executive Director of the Company
“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 and February 24, 2021
“REVPAR”	Revenue per available room includes commissions, complimentarys 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 gaming promoters and individual VIP players
“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 and February 24, 2021
“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”	Sociedade de Jogos de Macau, S.A., one of three Concessionaires
“slot handle”	the total value of slot machine credits wagered resulting from coins and bank notes in the drop box, plus the value of any electronic money transfers made to the slot machine through the use of a cashless wagering system
“slot 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 complimentarys and other incentives

Glossary

“slot machines”	gaming machines operated by a single player and electronic multiple-player gaming machines
“Sub-Concession”, “Sub-Concession Contract” or “Sub-Concession Extension Contract”	the agreement for the Exploitation of Games of Fortune and Chance or Other Games in Casino in the Special Administrative Region of Macau entered into by SJM and MGM Grand Paradise on April 19, 2005, as extended to June 26, 2022 by the Sub-Concession Extension Contract, dated as of March 15, 2019
“Sub-Concessionaire(s)”	the holder(s) of a Sub-Concession for the operation of casino games in Macau
“table games”	typical casino games, including card games such as baccarat, blackjack and sic bo as well as craps and roulette
“turnover”	the sum of all rolling chip wagers which represents wagers won by our relevant subsidiary (non-negotiable chip purchase plus non-negotiable chip exchange minus non-negotiable chip return)
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of United States
“VIP”, “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

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