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

MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2282 and Debt Stock Codes: 6026, 6028, 40258)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The Board of MGM China Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended December 31, 2020 as follows:

FINANCIAL HIGHLIGHTS

	For the year ended	
	December 31	
	2020	2019
	HK\$'000	HK\$'000
Casino revenue	4,384,081	20,423,463
Other revenue	711,902	2,341,573
	<hr/>	<hr/>
Operating revenue	5,095,983	22,765,036
Adjusted EBITDA (unaudited)	(1,371,723)	6,183,131
Operating (loss)/profit	(4,134,192)	2,963,337
(Loss)/profit for the year attributable to owners of the Company	(5,201,531)	1,931,228
(Loss)/earnings per Share		
— Basic	(HK136.9 cents)	HK50.8 cents
— Diluted	(HK136.9 cents)	HK50.8 cents

The Group's operations for the year ended December 31, 2020 were adversely impacted by the global COVID-19 pandemic. As a consequence, the Group recorded a loss attributable to owners of the Company of HK\$5,201.5 million in 2020 compared to a profit of HK\$1,931.2 million in the prior year.

DIVIDENDS

The Board did not recommend an interim dividend payment for the six months ended June 30, 2020.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31	
	NOTES	2020 HK\$'000	2019 HK\$'000
OPERATING REVENUE			
Casino revenue	4	4,384,081	20,423,463
Other revenue	4	711,902	2,341,573
		<u>5,095,983</u>	<u>22,765,036</u>
OPERATING COSTS AND EXPENSES			
Gaming taxes		(2,404,651)	(10,615,274)
Inventories consumed		(290,639)	(677,086)
Staff costs		(2,916,868)	(3,722,251)
Loss allowance on trade receivable, net		(92,642)	(28,267)
Other expenses and losses	5	(1,057,709)	(2,194,364)
Depreciation and amortization		(2,467,666)	(2,564,457)
		<u>(9,230,175)</u>	<u>(19,801,699)</u>
Operating (loss)/profit		(4,134,192)	2,963,337
Interest income		9,232	21,238
Finance costs	6	(1,118,409)	(1,128,075)
Net foreign currency gain		52,024	85,190
		<u>(5,191,345)</u>	<u>1,941,690</u>
(Loss)/profit before tax		(5,191,345)	1,941,690
Income tax expense	7	(10,186)	(10,462)
		<u>(5,201,531)</u>	<u>1,931,228</u>
(Loss)/profit for the year attributable to owners of the Company			
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		5,212	123
		<u>5,212</u>	<u>123</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company		<u>(5,196,319)</u>	<u>1,931,351</u>
(Loss)/earnings per Share — Basic	9	<u>(HK136.9 cents)</u>	<u>HK50.8 cents</u>
(Loss)/earnings per Share — Diluted	9	<u>(HK136.9 cents)</u>	<u>HK50.8 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At December 31	
		2020	2019
	NOTES	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property and equipment		24,949,783	26,708,339
Right-of-use assets		1,326,893	1,382,457
Sub-concession premium		141,698	244,845
Other assets		7,438	32,137
Prepayments, deposits and other receivables		19,029	37,385
Restricted cash		36,439	—
		26,481,280	28,405,163
Total non-current assets			
Current assets			
Inventories		159,847	163,723
Trade receivables	10	292,040	531,943
Prepayments, deposits and other receivables		99,746	133,727
Amounts due from related companies		330	1,370
Cash and cash equivalents		2,635,511	3,270,296
		3,187,474	4,101,059
Total current assets			
TOTAL ASSETS		29,668,754	32,506,222

		At December 31	
		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves			
Share capital		3,800,000	3,800,000
Share premium and reserves		1,217,664	6,660,134
		<hr/>	<hr/>
TOTAL EQUITY		5,017,664	10,460,134
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>11</i>	21,155,040	16,604,526
Lease liabilities		184,826	191,120
Payables and accrued charges	<i>12</i>	8,210	13,100
Construction retention payable		10,932	813
		<hr/>	<hr/>
Total non-current liabilities		21,359,008	16,809,559
		<hr/>	<hr/>
Current liabilities			
Lease liabilities		32,110	45,349
Payables and accrued charges	<i>12</i>	3,199,112	4,825,255
Construction retention payable		35,250	307,564
Amounts due to related companies		18,244	48,085
Income tax payable		7,366	10,276
		<hr/>	<hr/>
Total current liabilities		3,292,082	5,236,529
		<hr/>	<hr/>
TOTAL LIABILITIES		24,651,090	22,046,088
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		29,668,754	32,506,222
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

MGM China Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on July 2, 2010. The 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, Edificio MGM MACAU, NAPE, Macau.

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. Among the actions taken were the implementation of travel restrictions, such as the temporary suspension of China’s individual visa scheme that permits mainland Chinese residents to travel to Macau, the temporary suspension of all ferry services from Hong Kong to Macau, and the closure of casino operations in Macau for a 15-day period that commenced on February 5, 2020. As a result, all operations at MGM MACAU and MGM COTAI were suspended, other than operations that were necessary to provide sufficient non-gaming facilities to serve any remaining hotel guests. Although operations at MGM MACAU and MGM COTAI resumed on February 20, 2020, certain health safeguards such as limiting the number of gaming tables allowed to operate and the number of seats available at each table game, slot machine spacing, temperature checks, mask protection and the need to present negative COVID-19 test results and health declarations submitted through the Macau Health Code system remain in effect at the present time. In addition, a number of restaurants and bars are currently open with shorter operating hours due to reduced demand caused by travel restrictions.

Following discussions between the Macau and Guangdong authorities on the need for maintenance of the disease-control effort while also advancing work to boost socioeconomic development, it was announced that, effective from July 15, 2020, those entering mainland China from Macau across its land boundaries with Guangdong are exempted from the medical observation period. However, they must obtain a negative nucleic acid test result, issued within seven days of their intended departure from Macau and have a valid ‘green’ code result for the Macau Health Code system and the Guangdong health-declaration system respectively. DICJ also announced that, effective from July 15, 2020, all guests entering casinos are required to provide a negative nucleic acid test result with a valid ‘green’ Macau Health Code. Effective from August 12, 2020, those entering mainland China from Macau are exempted from the medical observation period. Additionally, tourist visas issuance (including 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.

At the date of this announcement, several 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 and Taiwan, and bans on entry or enhanced quarantine requirements on other visitors). These restrictions significantly impacted visitation to MGM MACAU and MGM COTAI, which had a significant adverse impact on the Group’s results for the year ended December 31, 2020 and will likely continue to impact the Group’s results given the uncertainty of the length of time of the pandemic. Visitation to Macau and volume across all operations at MGM MACAU and MGM COTAI have steadily improved since the October 2020 Golden Week which benefited from the resumption of tourist visas issuance and the efforts to control the COVID-19 pandemic by mainland China and Macau Governments.

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 in the current financial year:

- the Company entered into an amendment to the financial covenants under the Revolving Credit Facility on February 21, 2020, to revise the permitted leverage ratio and permitted interest coverage ratio. On April 9, 2020, the Company entered into a second amendment to the financial covenants under the Revolving Credit Facility, to further revise the permitted leverage ratio and permitted interest coverage ratio. Details of the amendments are set out in note 11;
- 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 to HK\$5.24 billion, with an option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions;

- 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;
- on June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion;
- on 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 October 15, 2020, the Company entered into a third amendment to the financial covenants under the Revolving Credit Facility, to further 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. Details of the amendments are set out in note 11;
- 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 year; and
- certain capital expenditures that were planned to begin during the year have been deferred.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS on the historical cost basis of accounting. Historical cost is generally based upon fair value of the consideration given in exchange for goods and services. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance. The consolidated financial statements are presented in HK\$, which is the functional currency of the Company and its subsidiaries.

Due to the impact of COVID-19, the Group experienced a significant decline in its financial results during the year ended December 31, 2020 primarily because of the continuing impact of restrictions on travel and operations. At December 31, 2020, the Group had net current liabilities of approximately HK\$104.6 million (December 31, 2019: HK\$1,135.5 million). The Group has prepared a cash flow forecast which involves judgments and estimations based upon management's assessment of key variables including future economic conditions (in particular, the expected duration of the impact of COVID-19); competition in Macau including opening of new properties; and the regulatory environment. The cash flow forecast has been determined using estimations of future cash flows based upon projected income and expenses of the business and working capital needs. The Group believes it has sufficient liquidity based upon its credit facilities (see note 11) and the expected cash to be generated from operations to meet its financial obligations as they fall due for the following twelve months from the end of the reporting period.

Application of amendments to IFRS

In the current year, the Group has applied, for the first time, the following amendments to IFRS relevant to the Group:

Amendments to IFRS 3	Definition of Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to References to the Conceptual Framework in IFRS Standards	

In addition, the Group has early applied the Amendment to IFRS 16 *COVID-19 Related Rent Concessions* in the current year. The application of the above amendments to IFRS in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

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

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

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

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Adjusted EBITDA (unaudited)	(1,371,723)	6,183,131
Share-based payments	(68,583)	(70,308)
Corporate expenses (unaudited)	(212,933)	(549,703)
Pre-opening costs ⁽¹⁾ (unaudited)	—	(20,548)
Loss on disposal/write-off of property and equipment and other assets	(13,287)	(14,778)
Depreciation and amortization	(2,467,666)	(2,564,457)
	<hr/>	<hr/>
Operating (loss)/profit	(4,134,192)	2,963,337
Interest income	9,232	21,238
Finance costs	(1,118,409)	(1,128,075)
Net foreign currency gain	52,024	85,190
	<hr/>	<hr/>
(Loss)/profit before tax	(5,191,345)	1,941,690
Income tax expense	(10,186)	(10,462)
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(Loss)/profit for the year attributable to owners of the Company	(5,201,531)	1,931,228
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⁽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.

4. CASINO AND OTHER REVENUE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
VIP gross table games win	1,648,511	9,694,375
Main floor gross table games win	3,623,441	14,938,445
Slot machine gross win	560,705	2,248,201
	<hr/>	<hr/>
Gross casino revenue	5,832,657	26,881,021
Commissions, complimentaries and other incentives	(1,448,576)	(6,457,558)
	<hr/>	<hr/>
	4,384,081	20,423,463
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Other revenue comprises:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hotel rooms	289,823	1,140,394
Food and beverage	312,523	996,235
Retail and other	109,556	204,944
	<hr/>	<hr/>
	711,902	2,341,573
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5. OTHER EXPENSES AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Repairs and maintenance	243,898	261,025
Utilities and fuel	209,294	253,026
Advertising and promotion	198,974	658,937
Other support services	145,392	301,131
License fees	89,180	397,725
Loss on disposal/write-off of property and equipment and other assets	13,287	14,778
Auditor's remuneration	8,703	9,616
Other	148,981	298,126
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	1,057,709	2,194,364
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6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on unsecured senior notes	763,299	413,203
Interest on unsecured credit facilities	253,206	106,262
Interest on secured credit facilities	—	380,248
Amortization of debt finance costs	67,735	42,646
Loss on extinguishment of debt (<i>note 11</i>)	—	171,051
Interest on lease liabilities	13,271	13,677
Bank fees and charges	20,898	16,085
	<hr/>	<hr/>
Total borrowing costs	1,118,409	1,143,172
Less: capitalized interest allocated to construction in progress	—	(15,097)
	<hr/>	<hr/>
	1,118,409	1,128,075
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current income tax expense:		
Macau Dividend Withholding Tax	(9,612)	(9,612)
Mainland China Income Tax	(665)	(974)
Over provision in prior year	91	124
	<hr/>	<hr/>
Income tax expense	(10,186)	(10,462)
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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 current and prior years.

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. 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. In May 2019, MGM Grand Paradise applied for an extension of this agreement through June 26, 2022, the date the Sub-Concession Extension Contract expires. This extension is subject to approval and the amount of the dividend withholding tax has not been determined by the Macau Government up to the date of approval of these consolidated financial statements. An amount of MOP7.4 million (equivalent to approximately HK\$7.2 million) was provided by the Group for the dividend withholding tax for the period from April 1, 2020 to December 31, 2020.

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

8. DIVIDENDS

On May 24, 2019, a final dividend of HK\$0.034 per Share for the year ended December 31, 2018, amounting to approximately HK\$129.2 million was approved by the Shareholders of the Company. The dividend was paid to Shareholders on June 20, 2019.

On August 1, 2019, an interim dividend of HK\$0.094 per Share for the six months ended June 30, 2019, amounting to approximately HK\$357.2 million was declared by the Directors of the Company. The dividend was paid to Shareholders on August 29, 2019.

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 and does not recommend the payment of a final dividend for the year ended December 31, 2020.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss/earnings per Share for the years ended December 31, 2020 and 2019 is based upon the consolidated loss/profit attributable to owners of the Company and the weighted average number of Shares in issue during the year.

The calculation of diluted loss/earnings per Share for the years ended December 31, 2020 and 2019 is based upon the consolidated loss/profit attributable to owners of the Company and on the weighted average number of Shares, including the weighted average number of Shares in issue during the year plus the potential Shares arising from exercise of share options.

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

	2020	2019
(Loss)/profit		
(Loss)/profit for the year attributable to owners of the Company for the purposes of basic and diluted loss/earnings per Share (HK\$'000)	<u>(5,201,531)</u>	<u>1,931,228</u>
Weighted average number of Shares		
Weighted average number of Shares for the purpose of basic loss/earnings per Share ('000)	3,800,062	3,800,057
Number of dilutive potential Shares arising from exercise of share options ('000) ⁽¹⁾	<u>—</u>	<u>3,231</u>
Weighted average number of Shares for the purpose of diluted loss/earnings per Share ('000)	<u>3,800,062</u>	<u>3,803,288</u>
(Loss)/earnings per Share — Basic	<u>(HK136.9 cents)</u>	<u>HK50.8 cents</u>
(Loss)/earnings per Share — Diluted	<u>(HK136.9 cents)</u>	<u>HK50.8 cents</u>

⁽¹⁾ The computation of the diluted loss per share for the year ended December 31, 2020 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

10. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	436,848	654,241
Less: Loss allowance	(144,808)	(122,298)
	<u>292,040</u>	<u>531,943</u>

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	137,967	218,010
31 — 90 days	5,661	202,759
91 — 180 days	6,540	88,732
Over 180 days	141,872	22,442
	<u>292,040</u>	<u>531,943</u>

11. BORROWINGS

During the year ended December 31, 2020, the Company completed the following significant refinancing transactions:

- entered into the Second Revolving Credit Facility, increasing the available undrawn credit facilities by HK\$2.34 billion to HK\$5.24 billion, with an option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions;
- the issuance of senior notes with an aggregate principal amount of US\$500 million. The net proceeds were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes;

- increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion; and
- entered into amendments to the financial covenants under the Revolving Credit Facility and Second Revolving Credit Facility to revise the permitted leverage ratio and permitted interest coverage ratio.

At December 31, 2020 the Group's unsecured borrowings included credit facilities and senior notes.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unsecured senior notes repayable:		
Over three years but not exceeding four years	5,814,675	—
Over four years but not exceeding five years	3,876,450	5,843,535
Over five years	5,814,675	5,843,535
	<hr/>	<hr/>
	15,505,800	11,687,070
Less: Debt finance costs	(181,924)	(157,712)
	<hr/>	<hr/>
	15,323,876	11,529,358
	<hr/> <hr/>	<hr/> <hr/>
Unsecured credit facilities repayable:		
Over two years but not exceeding five years	5,970,000	5,200,000
	<hr/>	<hr/>
	5,970,000	5,200,000
Less: Debt finance costs	(138,836)	(124,832)
	<hr/>	<hr/>
	5,831,164	5,075,168
	<hr/> <hr/>	<hr/> <hr/>
Current	—	—
Non-current	21,155,040	16,604,526
	<hr/>	<hr/>
	21,155,040	16,604,526
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Unsecured Senior Notes

2024 Notes and 2026 Notes

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to pay down outstanding borrowings under the Senior Secured Credit Facility. 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.

The 2024 Notes and 2026 Notes are general unsecured obligations of the Company. The 2024 Notes and 2026 Notes rank equally in right of payment with all of the Company's existing and future senior indebtedness. The 2024 Notes and 2026 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 2024 Notes and 2026 Notes.

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 2024 Notes and 2026 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 2024 Notes and 2026 Notes also provide for certain events of default, including certain insolvency related proceedings relating to the Group.

2025 Notes

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million. 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.

The 2025 Notes are general unsecured obligations of the Company. The 2025 Notes rank equally in right of payment with all of the Company's existing and future senior indebtedness, including the 2024 Notes and the 2026 Notes and any outstanding obligations under the Revolving Credit Facility and the Second Revolving Credit Facility. The 2025 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 subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the 2025 Notes.

The 2025 Notes were issued pursuant to an indenture, dated June 18, 2020, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The 2025 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 2025 Notes also provide for certain events of default, including certain insolvency related proceedings relating to the Group.

As at the date of this announcement, 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. The proceeds of the Revolving Credit Facility were used to replace the Senior Secured Credit Facility, which was cancelled on August 14, 2019, and for ongoing working capital needs and general corporate purposes of the Group.

On May 26, 2020, the Company entered into the 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 December 31, 2020, the Group had total available undrawn unsecured credit facilities of HK\$6.90 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 December 31, 2020, HK\$5.97 billion of the Revolving Credit Facility was drawn. HK\$3.78 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 December 31, 2020, the Group paid interest at HIBOR plus 2.75% per annum (2019: HIBOR plus 2.25% per annum). As at the date of this announcement, HK\$6.87 billion of the Revolving Credit Facility was drawn.

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.

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.

The amendments of the permitted leverage ratio and permitted interest coverage ratio 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 years ended December 31, 2020 and 2019.

Mandatory Prepayments

Pursuant to the Revolving Credit Facility and the Second Revolving Credit Facility, lenders will be permitted to cancel their commitments and to require the prepayment in full of the Revolving Credit Facility or Second Revolving Credit Facility 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, including loss of concession (as defined therein) and certain insolvency related proceedings relating to the Group.

Security and Guarantees

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

12. PAYABLES AND ACCRUED CHARGES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding chips liabilities	1,031,086	1,682,714
Customer advances and other	689,567	619,946
Accrued staff costs	427,046	664,026
Gaming taxes payables	377,699	838,340
Other payables and accrued charges	284,117	377,809
Loyalty programs liabilities	151,278	145,875
Construction payables and accruals	146,586	224,822
Other casino liabilities	63,361	215,757
Trade payables	36,582	69,066
	3,207,322	4,838,355
Current	3,199,112	4,825,255
Non-current	8,210	13,100
	3,207,322	4,838,355

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	30,209	60,316
31 — 60 days	3,634	6,831
61 — 90 days	2,571	1,025
91 — 120 days	106	68
Over 120 days	62	826
	36,582	69,066

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

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.

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 which now aligns with the expiry date of other gaming Concessionaires/Sub-concessionaires in Macau. The Macau Government is working on the gaming concessions retender process and announced that the public consultation on the gaming law will be completed in the second half of 2021, the amendment of which will precede the launching of the public tender. The Company awaits the issuance of guidance by the Macau Government with respect to the gaming concessions retender or extension process.

On March 23, 2020, an addendum to the Sub-concession Contract was executed to clarify that the transfer of the casino premises and gaming-related equipment to the Macau Government only applies upon expiration of the Sub-concession Contract on June 26, 2022.

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. Among the actions taken were the implementation of travel restrictions, such as the temporary suspension of China's individual visa scheme that permits mainland Chinese residents to travel to Macau, the temporary suspension of all ferry services from Hong Kong to Macau, and the closure of casino operations in Macau for a 15-day period that commenced on February 5, 2020. As a result, all operations at MGM MACAU and MGM COTAI were suspended, other than operations that were necessary to provide sufficient non-gaming facilities to serve any remaining hotel guests. Although operations at MGM MACAU and MGM COTAI resumed on February 20, 2020, certain health safeguards, such as limiting the number of gaming tables allowed to operate and the number of seats available at each table game, slot machine spacing, temperature checks, mask protection and the need to present negative COVID-19 test results and health declarations submitted through the Macau Health Code system remain in effect at the present time. In addition, a number of restaurants and bars are currently open with shorter operating hours due to reduced demand caused by travel restrictions.

Following discussions between the Macau and Guangdong authorities on the need for maintenance of the disease-control effort while also advancing work to boost socioeconomic development, it was announced that, effective from July 15, 2020, those entering mainland China from Macau across its land boundaries with Guangdong are exempted from the medical observation period. However, they must obtain a negative nucleic acid test result, issued within seven days of their intended departure from Macau and have a valid 'green' code result for the Macau Health Code system and the Guangdong health-declaration system respectively. DICJ also announced that, effective from July 15, 2020, all guests entering casinos are required to provide a negative nucleic acid test result with a valid 'green' Macau Health Code. Effective from August 12, 2020, those entering mainland China from Macau are exempted from the medical observation period. Additionally, tourist visas issuance (including 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.

At the date of this announcement, several 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 and Taiwan, and bans on entry or enhanced quarantine requirements on other visitors). These restrictions significantly impacted visitation to MGM MACAU and MGM COTAI, which had a significant adverse impact on the Group's results for the year ended December 31, 2020 and will likely continue to impact the Group's results given the uncertainty of the length of time of the pandemic. According to the DSEC, total visitor arrivals decreased by 85.0% and the total visitation from mainland China to Macau decreased by 83.0% for the year ended December 31, 2020, respectively, compared to 2019. The Macau gross gaming revenue decreased by 79.3% to HK\$58.7 billion for the year ended December 31, 2020 compared to 2019. Visitation to Macau and volume across all operations at MGM MACAU and MGM COTAI have steadily improved since the October 2020 Golden Week which benefited from the resumption of tourist visas issuance and the efforts to control the COVID-19 pandemic by mainland China and Macau Governments.

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 in the current financial year:

- the Company entered into an amendment to the financial covenants under the Revolving Credit Facility on February 21, 2020, to revise the permitted leverage ratio and permitted interest coverage ratio. On April 9, 2020, the Company entered into a second amendment to the financial covenants under the Revolving Credit Facility, to further 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 to HK\$5.24 billion, with an option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions;
- 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;
- on June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion;

- on 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 October 15, 2020, the Company entered into a third amendment to the financial covenants under the Revolving Credit Facility, to further 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;
- 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 year; and
- certain capital expenditures that were planned to begin during the year have been deferred.

Retirement of CEO

On May 11, 2020, we announced the retirement of our CEO Grant R. Bowie (“Mr. Bowie”). Mr. Bowie’s retirement as CEO took effect on May 31, 2020. On August 6, 2020, Mr. Bowie also resigned as an executive Director of the Company, due to his retirement plans. Mr. Bowie remains as an advisor of the Company for a period up to December 31, 2022. Ms. Pansy Ho continues to act as managing director of MGM Grand Paradise. Certain senior executive roles have been restructured to complement the expertise of the management team.

MGM MACAU

MGM MACAU opened in December 2007. The casino floor offers approximately 28,551 square meters, with 638 slot machines, 279 gaming tables, and multiple VIP and private gaming areas as at December 31, 2020. The hotel comprises a 35-story tower with 582 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 655 slot machines and 273 gaming tables as at December 31, 2020. 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. The Mansion, an ultra-exclusive resort within a resort, which is available only to our most selective guests, was launched in late March 2019. Mansion One, the private ultra-luxury gaming area for invitation-only premium mass customers, attached to The Mansion was introduced in December 2018. The new gaming area allowed us to expand our gaming operations and enhance our competitiveness.

The Company reached a settlement agreement with the principal contractors in connection with the construction costs of MGM COTAI in December 2019. Under the settlement agreement, the parties agreed that the final contract sums in respect of the builders' work executed under the main construction contract and the work under the mechanical, electric and plumbing (MEP) nominated sub-contracts was MOP10,270.5 million (approximately HK\$9,971.4 million). The Company agreed to pay to the principal contractors MOP612.5 million (approximately HK\$594.7 million), being the settlement amount of MOP10,270.5 million (approximately HK\$9,971.4 million) less the total amount previously certified and paid by the Company to the principal contractors of MOP9,658.0 million (approximately HK\$9,376.7 million). The required amounts had been fully settled as at December 31, 2020. In addition, the Company had closed out substantially all of its construction liabilities related to the nominated sub-contracts of the MGM COTAI development.

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;
- Maintain strong business relationships with our gaming promoters and identify potential gaming promoters to further grow our VIP business;
- Utilize The Mansion and Mansion One to attract ultra-high end customers, while maintaining our focus on the high margin mass market gaming segment; and
- Identify innovative gaming and non-gaming investment opportunities.

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 in 2020 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 safety concerns.

The Company has developed recovery strategies to attract customer visitations upon the gradual relaxation of China's travel policy, the resumption of ferry services from Hong Kong to Macau and the easing of regional travel restrictions. The strategies include:

- implementing new initiatives in hygiene and social distancing to address customer safety concerns and changing customer behavior;
- introducing new attractions and experiences that leverage our unique public spaces, 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 South 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 year-to-year comparability of our financial condition are affected by a number of factors, including:

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. Additionally, infrastructure investment and growth in room supply have supported 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 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 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 and monetary outflow policies. 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.

According to Macau Government statistics, total gross gaming revenue in the Macau gaming market increased by 14.0% to HK\$294.0 billion for the year ended December 31, 2018 over 2017. However, the monthly gross gaming revenue of the Macau gaming market experienced inconsistent months of growth and decline, resulting in a year-over-year decline of 3.4% to HK\$283.9 billion for the year ended December 31, 2019 over 2018. Due to the COVID-19 related closures and other related restrictions on travel and capacity at the facilities in the Macau gaming market, according to the DICJ, the gross gaming revenue of the Macau gaming market decreased by 79.3% to HK\$58.7 billion for the year ended December 31, 2020 over 2019. According to the DSEC, total visitor arrivals in Macau decreased by 85.0% and the total visitation from mainland China to Macau decreased by 83.0% in 2020, respectively, over 2019. Visitation to Macau have steadily improved since the October 2020 Golden Week which benefited from the resumption of tourist visas issuance and the efforts to control the COVID-19 pandemic by 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 third quarter of 2020 to HK\$21.2 billion the fourth quarter of 2020, driven by the higher visitation, in particular in the mass market gaming segment. The January 2021 monthly gross gaming revenue of the Macau gaming market was increased by 2.6% to HK\$7.8 billion compared with December 2020. We expect that the rate of business recovery will continue to be gradual, driven by the premium mass market which both MGM MACAU and MGM COTAI are well positioned to capture.

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 in October 2018; the expansion of the Macau Airport; the opening of new Hengqin border 24-hour checkpoint in August 2020; the opening of Macau Light Rapid Transit System in December 2019; 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, together with Macau designated as a key tourism hub by the Chinese Government;
- The continuous growth of mainland China outbound tourism, particularly in light of the growing middle class; and
- The strong efforts to 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 December 31, 2020, 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. There is a continuing market share migration from the Macau Peninsula to Cotai. Our overall gaming market share increased to 9.5% for the year ended December 31, 2019 before the COVID-19 pandemic due in part to the opening and continued ramp-up of MGM COTAI. Visitation to Macau and volume across all operations at MGM MACAU and MGM COTAI have steadily improved since the October 2020 Golden Week as described above. As a result, our overall gaming market share increased to 12.6% for the fourth quarter ended December 31, 2020, driven by the premium mass market which both MGM MACAU and MGM COTAI are well positioned to capture.

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

Gaming Patrons

Our results of operations are substantially dependent upon casino revenue 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 our VIP players and our in-house VIP players.

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 gross 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 space 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.

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 currently 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. We have been successful in collecting some receivables previously considered to be at risk of recoverability. The Group regularly reviews the recoverable amount of each individual debt to ensure that adequate loss allowances are made for irrecoverable amounts.

GGR Mix

With our focus on premium mass gaming, the Company is strategically positioned to leverage the gaming market's recovery and growth potential. Our proportion of GGR from the mass and VIP market was 72% and 28%, respectively, for the year ended December 31, 2020 compared to 64% and 36% in 2019, respectively. However, as described above, our revenues were reduced substantially in 2020, therefore our proportion of GGR from the mass and VIP markets for the year ended December 31, 2020 is not comparable to our proportion of GGR from the mass and VIP markets for the year ended December 31, 2019.

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.

With 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. Through the integration and application of innovation and technology, we featured the livestream show of Dong Mingzhu and the “27th Huading Awards – China’s Top 100 Film Satisfaction Survey Release Ceremony” at our MGM Theater. MGM China also partnered with Macao Orchestra to perform the Beethoven: Symphony No. 6 in F Major, Op.68, “Pastorale”, under our Spectacle. In addition, the MGM Cotai Art Collection features over 300 captivating and thought-provoking artworks. Headlining the MGM Cotai Art Collection are 28 Chinese imperial carpets dating from Qing Dynasty that once adorned the Forbidden City in Beijing.

As a result of the suspension of casino operations for a 15-day period, certain non-gaming facilities closed down in February 2020. Those facilities have gradually reopened beginning February 20, 2020. A number of restaurants and bars are currently open with shorter operating hours due to reduced demand caused by travel restrictions. We have been implementing new initiatives in hygiene and social distancing to address customer safety concerns and changing customer behavior as the health and safety of our staff and customers are always our priority. With such implementation, we were able to focus on enhancing our non-gaming offerings to attract customers including MGM Mixy-Go-Matchy offerings, interactive art tours and cultural experience, and musical performances under our Spectacle at MGM COTAI. Also, across the two properties, taking advantage of the LED displays at the Spectacle and the coral of the Grande Praça’s giant aquarium, “The MGM Sea Odyssey” was another innovative show at MGM.

All of these non-gaming offerings attract visitors to our resorts and create a sense of anticipation among our customers, local communities and tourists about the activities at MGM MACAU and MGM COTAI. In addition, we are preparing events and attractions to be delivered upon the recovery from COVID-19.

Segment Information

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

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

Adjusted EBITDA

Adjusted EBITDA is profit/loss before finance costs, income tax expense, depreciation and amortization, gain/loss on disposal/write-off of property and equipment and other assets, interest income, net foreign currency difference, share-based payments, pre-opening costs and corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this announcement 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)/profit attributable to owners of the Company for the years ended December 31, 2020 and 2019:

	For the year ended	
	December 31	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company	(5,201,531)	1,931,228
Income tax expense	10,186	10,462
Net foreign currency gain	(52,024)	(85,190)
Finance costs	1,118,409	1,128,075
Interest income	(9,232)	(21,238)
	<hr/>	<hr/>
Operating (loss)/profit	(4,134,192)	2,963,337
Depreciation and amortization	2,467,666	2,564,457
Loss on disposal/write-off of property and equipment and other assets	13,287	14,778
Pre-opening costs ⁽¹⁾ (unaudited)	—	20,548
Corporate expenses (unaudited)	212,933	549,703
Share-based payments	68,583	70,308
	<hr/>	<hr/>
Adjusted EBITDA (unaudited)	(1,371,723)	6,183,131
	<hr/> <hr/>	<hr/> <hr/>
MGM MACAU Adjusted EBITDA (unaudited)	(384,012)	3,819,025
MGM COTAI Adjusted EBITDA (unaudited)	(987,711)	2,364,106

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

Discussion of Results of Operations

Financial results for the year ended December 31, 2020 compared to financial results for the year ended December 31, 2019

Operating Revenue

The following table sets forth the operating revenue for the years ended December 31, 2020 and 2019.

	For the year ended	
	December 31	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
MGM MACAU	2,793,858	12,371,138
Casino revenue	2,474,342	11,409,455
Other revenue	319,516	961,683
	<hr/>	<hr/>
MGM COTAI	2,302,125	10,393,898
Casino revenue	1,909,739	9,014,008
Other revenue	392,386	1,379,890
	<hr/>	<hr/>
Operating revenue	5,095,983	22,765,036
	<hr/> <hr/>	<hr/> <hr/>

Operating revenue of HK\$5,096.0 million for the year ended December 31, 2020 was 77.6% lower than the prior year. This decrease was caused by the impact of the COVID-19 related closures and restrictions on travel and capacity at our facilities as described above.

Summary Statistics

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

MGM MACAU	For the year ended	
	December 31	
(in thousands, except for number of gaming units, percentage and REVPAR)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
VIP table games turnover	32,225,466	185,271,168
VIP gross table games win ⁽¹⁾	1,097,452	5,645,079
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	3.41%	3.05%
Average daily gross win per VIP gaming table	47.5	193.7
Main floor table games drop	8,907,488	37,258,722
Main floor gross table games win ⁽¹⁾	1,813,594	8,040,066
Main floor table games win percentage	20.4%	21.6%
Average daily gross win per main floor gaming table	26.3	105.4
Slot machine handle	9,105,859	31,522,103
Slot machine gross win ⁽¹⁾	327,529	1,217,710
Slot hold percentage	3.6%	3.9%
Average daily win per slot	1.4	3.2
Commissions, complimentaries and other incentives ⁽¹⁾	(764,233)	(3,493,400)
Room occupancy rate	35.6%	96.4%
REVPAR	593	1,951

	As at December 31	
	2020	2019
	(unaudited)	(unaudited)
Gaming Units:		
Tables ⁽²⁾	279	290
Slot machines ⁽³⁾	638	1,085
MGM COTAI	For the year ended	
	December 31	
(in thousands, except for number of gaming units, percentage, and REVPAR)	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
VIP table games turnover	22,181,609	113,018,290
VIP gross table games win ⁽¹⁾	551,059	4,049,296
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	2.48%	3.58%
Average daily gross win per VIP gaming table	30.1	201.5
Main floor table games drop	6,892,861	27,395,106
Main floor gross table games win ⁽¹⁾	1,809,847	6,898,379
Main floor table games win percentage	26.3%	25.2%
Average daily gross win per main floor gaming table	25.8	92.8
Slot machine handle	7,454,978	37,087,694
Slot machine gross win ⁽¹⁾	233,176	1,030,491
Slot hold percentage	3.1%	2.8%
Average daily win per slot	1.0	2.4
Commissions, complimentaries and other incentives ⁽¹⁾	(684,343)	(2,964,158)
Room occupancy rate	22.4%	91.6%
REVPAR	327	1,428

	As at December 31	
	2020 (unaudited)	2019 (unaudited)
Gaming Units:		
Tables ⁽²⁾	273	262
Slot machines ⁽³⁾	655	1,154

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

⁽²⁾ Permanent table count as at December 31, 2020 and 2019.

⁽³⁾ Due to social distancing measures as a result of the COVID-19 pandemic, the slot machines were operated at a reduced capacity.

Casino Revenue

	For the year ended	
	December 31	
	2020	2019
	HK\$'000	HK\$'000
VIP gross table games win	1,648,511	9,694,375
Main floor gross table games win	3,623,441	14,938,445
Slot machine gross win	560,705	2,248,201
	<hr/>	<hr/>
Gross casino revenue	5,832,657	26,881,021
	<hr/>	<hr/>
Commissions, complimentary and other incentives	(1,448,576)	(6,457,558)
	<hr/>	<hr/>
Casino revenue	4,384,081	20,423,463
	<hr/> <hr/>	<hr/> <hr/>

Casino revenue decreased year-over-year by 78.5% to HK\$4,384.1 million in 2020. The decrease was primarily due to the impact of the COVID-19 related closures and restrictions on travel and capacity at our facilities which affected all components of our operations. The components of our gaming operations were:

VIP Gaming Operations

Our VIP gross table games win decreased year-over-year by 83.0% to HK\$1,648.5 million in 2020. Similarly, VIP table games turnover in MGM MACAU and MGM COTAI decreased by 82.6% to HK\$32,225.5 million and 80.4% to HK\$22,181.6 million during the current year, respectively.

Main Floor Table Gaming Operations

Main floor gross table games win decreased year-over-year by 75.7% to HK\$3,623.4 million in 2020.

Slot Machine Gaming Operations

Slot machine gross win decreased year-over-year by 75.1% to HK\$560.7 million in 2020. Similarly, slot machine handle in MGM MACAU and MGM COTAI decreased by 71.1% to HK\$9,105.9 million and 79.9% to HK\$7,455.0 million during the current year, respectively.

Other Revenue

Other revenue includes hotel rooms, food, beverage, retail and entertainment and decreased year-over-year by 69.6% to HK\$711.9 million in 2020. These sources of revenue were also directly impacted by the temporary closures and subsequent substantial decrease in inbound tourists, compared to 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 year.

Operating Costs and Expenses

The major operating costs and expenses for the years ended December 31, 2020 and 2019 were:

	For the year ended	
	December 31	
	2020	2019
	HK\$'000	HK\$'000
Gaming taxes	2,404,651	10,615,274
Inventories consumed	290,639	677,086
Staff costs	2,916,868	3,722,251
Loss allowance on trade receivable, net	92,642	28,267
Other expenses and losses	1,057,709	2,194,364
Depreciation and amortization	2,467,666	2,564,457
Finance costs	1,118,409	1,128,075
Income tax expense	10,186	10,462

Gaming tax

Gaming tax decreased year-over-year by 77.3% to HK\$2,404.7 million in 2020. This decrease was attributable to the lower gross gaming revenue generated during the current year.

Inventories consumed

Inventories consumed decreased year-over-year by 57.1% to HK\$290.6 million in 2020. This decrease was attributable to the substantial reduction in consumption of food and beverage and other supplies in response to the reduced business activities.

Staff costs

Staff costs decreased year-over-year by 21.6% to HK\$2,916.9 million in 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 current year, while preserving local jobs in response to requests of the Macau Government.

Loss allowance on trade receivables, net

Loss allowance on trade receivables, net, increased by 227.7% from HK\$28.3 million in 2019 to HK\$92.6 million in 2020. The increase was primarily driven by higher expected credit losses arising from the COVID-19 pandemic.

Other expenses and losses

Other expenses and losses decreased year-over-year by 51.8% to HK\$1,057.7 million in 2020, which mainly resulted from:

Advertising and promotion expense. Advertising and promotion expense decreased by 69.8% from HK\$658.9 million in 2019 to HK\$199.0 million in 2020. The decrease resulted from reduced marketing activities being organized during the current year in light of decreased number of visitors due to travel restrictions.

License fee and marketing fees. License fee and marketing fees due to related companies decreased by 77.3% from HK\$412.1 million in 2019 to HK\$93.3 million in 2020. This decrease primarily resulted from lower revenue generated during the current year.

Depreciation and amortization

Depreciation and amortization remained constant for the current year as compared to the prior year.

Finance costs

Total finance costs were HK\$1,118.4 million in 2020 compared to HK\$1,128.1 million in 2019. Whilst the amounts were comparable between the two years, there were variations in composition principally being:

- HK\$763.3 million of interest on unsecured senior notes in 2020 compared to HK\$413.2 million in 2019;
- HK\$253.2 million of interest on unsecured credit facilities in 2020 compared to HK\$106.3 million in 2019; and
- HK\$380.2 million of interest on secured credit facilities and HK\$171.1 million of loss on extinguishment of debt in 2019 as a result of the replacement of the Senior Secured Credit Facility in August 2019. There are no such transactions in 2020.

Income tax expense

Income tax expense in the current and prior years primarily related to the provision for Macau dividend withholding tax.

Loss/profit attributable to owners of the Company

Loss/profit attributable to owners of the Company decreased significantly from a profit of HK\$1,931.2 million in 2019 to a loss of HK\$5,201.5 million in 2020. This decrease was attributable to the substantial reduction in activity in the current year as a result of the COVID-19 pandemic related closures and restrictions as described above.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at December 31, 2020, our cash and cash equivalents, and available undrawn credit facilities were HK\$2.64 billion and HK\$6.90 billion, respectively. These balances are available for operations, implement the planned new development activities and enhancement of our properties, and respond 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 December 31, 2020 and 2019.

	As at	
	December 31	December 31
	2020	2019
	HK\$'000	HK\$'000
Borrowings, net of debt finance costs	21,155,040	16,604,526
Less: cash and cash equivalents	(2,635,511)	(3,270,296)
Net debt	18,519,529	13,334,230
Total equity	5,017,664	10,460,134
Total capital ⁽¹⁾	23,537,193	23,794,364
Gearing ratio	78.7%	56.0%

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

Group Cash Flows

The following table presents a summary of the Group's cash flows for the years ended December 31, 2020 and 2019.

	For the year ended	
	December 31	
	2020	2019
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(2,969,889)	4,333,610
Net cash used in investing activities	(831,958)	(1,329,881)
Net cash generated from/(used in) financing activities	3,162,555	(3,725,343)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(639,292)	(721,614)
Cash and cash equivalents at the beginning of the year	3,270,296	3,992,107
Effect of foreign exchange rate changes, net	4,507	(197)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>2,635,511</u>	<u>3,270,296</u>

Net cash (used in)/generated from operating activities

The significant reduction in operating cash flow for the current year compared to the prior year was caused primarily by the COVID-19 related closures and restrictions.

Net cash used in investing activities

Net cash used in investing activities was HK\$832.0 million in 2020 compared to HK\$1,329.9 million in 2019. The major components of the cash flow used in investing activities related to payments for the construction and development activities at MGM COTAI and renovation work carried out at MGM MACAU as well as purchase of property and equipment in total amounting to HK\$838.8 million and HK\$1,122.0 million in 2020 and 2019, respectively. Other significant payments in 2019 included an amount of HK\$213.6 million related to the extension of the Sub-concession from April 1, 2020 to June 26, 2022.

Net cash generated from/(used in) financing activities

Net cash generated from financing activities was HK\$3,162.6 million in 2020 compared to net cash used in financing activities of HK\$3,725.3 million in 2019.

The net cash generated from financing activities in the current year was primarily due to:

- HK\$3,876.2 million of proceeds from the issuance of the 2025 Notes;
- HK\$770.0 million net draw down on the Revolving Credit Facility; partially offset by
- HK\$1,022.2 million of interest payments;
- HK\$315.4 million of dividends paid being the final declared dividend for the year ended December 31, 2019; and
- HK\$107.0 million of debt finance costs paid.

Net cash used in financing activities in the prior year was primarily due to:

- HK\$13,860.0 million of net repayments of the Senior Secured Credit Facility and Revolving Credit Facility;
- HK\$821.6 million of interest payments;
- HK\$486.4 million of dividends paid; and
- HK\$309.9 million of debt finance costs paid; partially offset by
- HK\$11,772.5 million of proceeds from the issuance of the 2024 Notes and 2026 Notes.

Capital Commitments

As at December 31, 2020, the Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the consolidated financial statements:

	As at	
	December 31	December 31
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not accounted for	273,361	110,651

Contingent Liabilities

As at December 31, 2020 and 2019, the Group had given bank guarantees totaling HK\$1,095.2 million in relation to the Sub-concession, land concession and other operating purposes.

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. 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	
	December 31 2020 HK\$'000	December 31 2019 HK\$'000
Unsecured Senior Notes	15,505,800	11,687,070
Unsecured Credit Facilities	5,970,000	5,200,000
Less: debt finance costs	(320,760)	(282,544)
Total borrowings	<u>21,155,040</u>	<u>16,604,526</u>

Unsecured Senior Notes

2024 Notes and 2026 Notes

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to pay down outstanding borrowings under the Senior Secured Credit Facility. 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.

The 2024 Notes and 2026 Notes are general unsecured obligations of the Company. The 2024 Notes and 2026 Notes rank equally in right of payment with all of the Company's existing and future senior indebtedness. The 2024 Notes and 2026 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 2024 Notes and 2026 Notes.

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 2024 Notes and 2026 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 2024 Notes and 2026 Notes also provide for certain events of default, including certain insolvency related proceedings relating to the Group.

2025 Notes

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million. 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.

The 2025 Notes are general unsecured obligations of the Company. The 2025 Notes rank equally in right of payment with all of the Company's existing and future senior indebtedness, including the 2024 Notes and the 2026 Notes and any outstanding obligations under the Revolving Credit Facility and the Second Revolving Credit Facility. The 2025 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 subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the 2025 Notes.

The 2025 Notes were issued pursuant to an indenture, dated June 18, 2020, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The 2025 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 2025 Notes also provide for certain events of default, including certain insolvency related proceedings relating to the Group.

As at the date of this announcement, 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. The proceeds of the Revolving Credit Facility were used to replace the Senior Secured Credit Facility, which was cancelled on August 14, 2019, and for ongoing working capital needs and general corporate purposes of the Group.

On May 26, 2020, the Company entered into the 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 December 31, 2020, the Group had total available undrawn unsecured credit facilities of HK\$6.90 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 December 31, 2020, HK\$5.97 billion of the Revolving Credit Facility was drawn. HK\$3.78 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 December 31, 2020, the Group paid interest at HIBOR plus 2.75% per annum. As at the date of this announcement, HK\$6.87 billion of the Revolving Credit Facility was drawn.

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.

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.

The amendments of the permitted leverage ratio and permitted interest coverage ratio 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 years ended December 31, 2020 and 2019.

Mandatory Prepayments

Pursuant to the Revolving Credit Facility and the Second Revolving Credit Facility, lenders will be permitted to cancel their commitments and to require the prepayment in full of the Revolving Credit Facility or Second Revolving Credit Facility 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, including loss of concession (as defined therein) and certain insolvency related proceedings relating to the Group.

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\$. The Group reports gross gaming revenue to the Macau Government in MOP and gaming taxes are paid 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 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 years ended December 31, 2020 and 2019.

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.

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 year, 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 South Tower suites which are expected to open in mid-2021.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2020, the Group employed 10,364 (2019: 11,092) full-time and part-time employees in Macau, Hong Kong and Zhuhai which includes MGM MACAU, MGM COTAI and shared services team members.

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

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

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

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

DISCLOSURE OF FINANCIAL RESULTS IN MACAU

In March 2021, MGM Grand Paradise, our subsidiary and the holder of our gaming Sub-concession, will file its statutory consolidated financial statements in accordance with Financial Reporting Standards of Macau Special Administrative Region, the People’s Republic of China (“MFRS”) for the year ended December 31, 2020 (“MFRS Consolidated Financial Statements”) to the Gaming Inspection and Coordination Bureau of Macau, in compliance with the relevant provisions of its Sub-Concession Contract and applicable law. In addition, MGM Grand Paradise expects to publish its MFRS Condensed Financial Statements in the Macau Official Gazette and local newspapers in Macau by the end of April 2021. The MFRS Consolidated Financial Statements and the MFRS Condensed Financial Statements may not be directly comparable with our Company’s financial results disclosed herein, which are prepared under IFRS.

ANNUAL GENERAL MEETING

Notice of annual general meeting of the Company will be published and dispatched to the Company’s shareholders in the manner required by the Listing Rules in due course.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended December 31, 2020, the Company repurchased a total of 349,400 Shares at an aggregate purchase price of HK\$3.2 million on the Hong Kong Stock Exchange. Particulars of the repurchases are as follows:

Month of repurchase	Total number of Shares repurchased	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$’000</i>
March 2020	249,200	8.22	8.17	2,052
December 2020	100,200	11.62	11.44	1,158
	<u>349,400</u>			<u>3,210</u>

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 year ended December 31, 2020 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.

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 year ended December 31, 2020.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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

During the year ended December 31, 2020, the Company has complied with all provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Company has adopted its own code of conduct regarding securities transactions by Directors and senior management of the Group (the "Code") in terms which are no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

The Company has made specific inquiries and has received confirmations from all the Directors that they have complied with the required standard as set out in the Code for the year ended December 31, 2020.

AUDIT COMMITTEE

The Audit Committee is currently comprised of three independent non-executive Directors and two non-executive Directors. The major duties of the Audit Committee under its terms of reference adopted by a resolution of the Board passed on February 16, 2012 and amended by a resolution of the Board passed on November 5, 2015 include overseeing the relationship between the Company and its external auditors, monitoring the integrity of the financial statements, annual and interim reports and reviewing significant financial reporting judgments contained therein, monitoring compliance with statutory and the Listing Rules requirements in relation to financial reporting, and reviewing the Group's financial controls, internal controls and risk management systems. The Management Risk Committee, appointed by and subject to the oversight of the Audit Committee assists the Audit Committee, the Board and senior management as appropriate to oversee the overall risk management framework of the Group and to identify and effectively manage risks considered by the Management Risk Committee to be significant to the Group, including strategic, financial, business, operational, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks on an ongoing basis. The Audit Committee has reviewed the Group's annual results for the year ended December 31, 2020.

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

This announcement is published on the Company's and the Hong Kong Stock Exchange's websites. The Company's annual report for the year ended December 31, 2020 in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the Company's and the Hong Kong Stock Exchange's websites in due course.

Definitions and Glossary Used in this Announcement

“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
“Audit Committee”	The Audit Committee of the Company, whose terms of reference were adopted by the Board on February 16, 2012 and amended by the Board on November 5, 2015

“Board”	the board of Directors of the Company
“casino”	a gaming facility that provides casino games consisting of table games, slot machines and other electronic games and other games of chance
“casino revenue”	revenue from casino gaming activities (gross table games win and slot machines gross win), calculated net of commissions, complimentaries and other incentives and in accordance with IFRS
“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
“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

“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
“GGR” or “gross gaming revenue”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions, complimentaries and other incentives
“gross table games win”	the amount of drop (in our main floor casino operation) or turnover (in our VIP casino operation) that is retained as winnings. We record this amount and slot machine gross win as casino revenue after deduction of commissions, complimentaries and other incentives
“Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“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
“marker”	evidence of indebtedness by a player to the casino or gaming operator
“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 MACAU”	the integrated casino, hotel and entertainment resort in Macau owned by MGM Grand Paradise
“MGM Resorts International”	MGM Resorts International, a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM, and our controlling Shareholder
“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
“occupancy rate”	the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available

“Pansy Ho”	Pansy Catilina Chiu King Ho, a substantial Shareholder, 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, complimentary and other incentives
“rolling chip”	a physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to 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
“Senior Secured Credit Facility”	the Second Amended Credit Agreement, entered into between MGM China, MGM Grand Paradise, MGM Grand Paradise (HK) Limited, Superemprego Limitada, MGM — Security Services, Ltd. and Bank of America, N.A., dated June 9, 2015, as amended by the Third Supplemental Agreement, dated February 2, 2016, the Fourth Supplemental Agreement, dated February 15, 2017, the Fifth Supplemental Agreement, dated June 15, 2018 and the Sixth Supplemental Agreement, dated April 15, 2019

“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 complimentary and other incentives
“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

By Order of the Board

William Joseph Hornbuckle
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-chairperson and Executive Director

Hong Kong, February 26, 2021

As at the date of this announcement, our directors are William Joseph HORNBUCKLE, Pansy Catilina Chiu King HO, Chen Yau WONG, and John M. MCMANUS as executive Directors, Kenneth Xiaofeng FENG, James Armin FREEMAN, Daniel J. TAYLOR and Ayesha Khanna MOLINO as non-executive Directors and Zhe SUN, Sze Wan Patricia LAM, Russell Francis BANHAM and Simon MENG as independent non-executive Directors.