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

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(incorporated in the Cayman Islands with limited liability)

(Stock code: 2282)

**CONTINUING CONNECTED TRANSACTIONS
MASTER SERVICE AGREEMENT AND RELATED
ARRANGEMENTS WITH SHUN TAK**

Reference is made to the prospectus of the Company dated May 23, 2011.

On October 8, 2010, MGM Grand Paradise, a subsidiary of our Company, entered into the Master Service Agreement with Shun Tak which provides a continuing framework for the provision of products and services between our Group and the Shun Tak Group. The Transactions include:

- Purchase of Ferry Tickets from the Shun Tak Group;
- Engagement of advertising services from the Shun Tak Group;
- Engagement of laundry services from the Shun Tak Group;
- Rental of hotel rooms to our Group;
- License of exhibition area from the Shun Tak Group;
- Rental of hotel rooms to the Shun Tak Group.

Shun Tak is determined by the Stock Exchange to be an associate (as defined under the Listing Rules) of our Company as Ms. Pansy Ho, the Chairperson and Executive Director of our Company and one of our substantial shareholders, is the managing director and a substantial shareholder of Shun Tak and therefore Shun Tak is deemed to be a connected person of our Company under the Listing Rules.

The Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of our Company under the Listing Rules and are subject to reporting and announcement requirements but are exempt from independent Shareholders' approval. Such transactions are also subject to annual review requirements and appropriate disclosure will be made in the annual reports and accounts of the Company under the Listing Rules.

Reference is made to the prospectus of the Company dated May 23, 2011.

On October 8, 2010, MGM Grand Paradise and Shun Tak entered into the Master Service Agreement which provides a continuing framework for the provision of products and service between our Group and the Shun Tak Group. Terms of each specific service are or will be further detailed separately in an agreement or a service contract which may be constituted by the acceptance of a price quotation, sales orders or other written documents. The principal terms of the Master Service Agreement are set out below:

Date	October 8, 2010
Parties	MGM Grand Paradise and Shun Tak
Term	With effect from January 1, 2011 to December 31, 2013 and thereafter renewable for successive terms of three years by mutual agreement in writing
	Agreements or service contracts entered into under the Master Service Agreement will be in writing for a fixed term of not more than 3 years.

The Transactions

The products and/or services provided or to be provided under the Master Service Agreement include the Shun Tak Group providing various services and products, including Ferry Tickets, travel products, rental of hotel rooms, laundry services, advertising services and property cleaning services to our Group and our Group providing rental of hotel rooms at wholesale room rates to the Shun Tak Group and receiving rebates for Ferry Tickets from the Shun Tak Group.

In accordance with the ferry ticket agreement, dated December 1, 2007, between STCTSM and MGM Grand Paradise, for sale of ferry tickets for STCTSM, MGM Grand Paradise shall be entitled to a 5% discount on the original selling price net of departure tax and levy (where applicable) for all ferry tickets sold. Such discount accords with market practice in granting discounts to other bulk purchasers of ferry tickets. The term was currently extended on a day-by-day basis pending for formal renewal.

In accordance with advertising contracts, dated November 8, 2010 and November 16, 2010, entered into between STCTSM and MGM Grand Paradise, STCTSM will provide (i) advertising space on exterior surface of their vessel during the period from December 23, 2010 to December 22, 2011, (ii) airtime on their onboard video monitors during the period from October 1, 2010 to December 31, 2011; and (iii) advertising space on seat back trays of their vessels during the period from September 1, 2010 to December 31, 2011 at a fixed rate respectively. Such rate is determined based on arms' length negotiation and market rates charged to other advertisers.

In accordance with the laundry agreement, dated December 18, 2007, between Clean Living and MGM Grand Paradise, Clean Living was appointed as MGM Grand Paradise's primary laundry service provider to clean linen items and garments used in MGM Macau. MGM Grand Paradise will pay Clean Living a monthly fee based on predetermined unit prices for the number of items cleaned. The unit prices were determined on normal commercial basis, with reference to market prices and expected cleaning cost. The laundry agreement expired on December 31, 2010 but was extended on month-on-month basis pending for formal renewal.

In accordance with the wholesale agreement, dated December 6, 2010, for rental of MGM Macau's hotel rooms between Shun Tak Travel Services Limited, an indirect subsidiary of Shun Tak, and MGM Grand Paradise, MGM Grand Paradise provides rental of hotel rooms to Shun Tak Travel Services Limited at wholesale contract rates during the period from January 1, 2011 to June 30, 2011. The room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality.

In accordance with the exhibition area licence agreements, dated April 30, 2010 and March 18, 2011, entered into between Shun Tak Properties Limited and MGM Grand Paradise, MGM Grand Paradise is allowed to show various promotion materials at Shun Tak Centre in Hong Kong during the period from May 1, 2010 to April 30, 2012 for a monthly licence fee. The licence fee was determined on normal commercial basis, with reference to market rental and licence charges. The term of the licence agreement is subject to further extension 2 months before expiry of the current licence term.

In accordance with the letter agreement, dated March 8, 2011, entered into between Mandarin Oriental Macau, as its hotel manager on behalf of its owner Properties Sub F, Limited with MGM Grand Paradise for rental of hotel rooms at intercompany rates during the period from March 8, 2011 to June 30, 2011. The room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality. Shun Tak Group has indirect beneficial interests of 51% in Properties Sub F, Limited while the remaining interests is held by an independent third party.

Consideration and Annual Caps for the Master Service Agreement

Our Group and the Shun Tak Group have entered into, and may continue to enter into, agreements or service contracts with details of the service scope and fees determined/to be determined at arm's length negotiations between the relevant member(s) of our Group and the relevant member(s) of the Shun Tak Group by reference to prevailing market prices and on normal commercial terms.

Our Group has paid the Shun Tak Group approximately HK\$27,633,000, HK\$63,325,000 and HK\$74,918,000 for the years ended December 31, 2008, 2009 and 2010, respectively. The Shun Tak Group has paid our Group approximately HK\$6,431,000, HK\$5,531,000 and HK\$4,130,000 for the years ended December 31, 2008, 2009 and 2010.

Set out below are the annual caps on amounts payable by our Group to the Shun Tak Group and the amounts payable by the Shun Tak Group to our Group in respect of the transactions contemplated by the Master Service Agreement in respect of the three financial years ending December 31, 2011, 2012 and 2013 respectively:

Period (for the year ending)	Annual cap on payments from Shun Tak (HK \$)	Annual cap on payments to Shun Tak (HK \$)
December 31, 2011	3,500,000	128,000,000
December 31, 2012	4,000,000	132,000,000
December 31, 2013	4,500,000	135,000,000

The annual caps on amounts payable to Shun Tak have been determined by reference to (i) historical amounts of expenses paid to the Shun Tak Group for the services contemplated by the Old Master Service Agreement; and (ii) the estimated quantity of Ferry Tickets sales and the volume of services in respect of travel agency services, rental of hotel rooms, laundry services, advertising services and property cleaning services which may be required by our Group during each of the three years ending December 31, 2011, 2012 and 2013.

The annual caps on amounts payable by Shun Tak have been determined by reference to (i) historical amounts of revenues received for services contemplated by the Old Master Service Agreement; (ii) the anticipated demand for the relevant products and services; and (iii) the anticipated room rates for hotel rooms during each of the three years ending December 31, 2011, 2012 and 2013.

Reasons for the Master Service Agreement and the Existing Transactions

MGM Grand Paradise is a company incorporated in Macau principally engaged in developing and operating casinos, hotels and resort facilities and the Company holds 80% of the voting rights in MGM Grand Paradise. It owns and operates MGM Macau which is located at a prime site in Macau with facilities including hotel rooms, restaurants, event and meeting facilities, spa and casino.

Shun Tak is an investment holding company and its subsidiaries are engaged in a number of business activities including transportation, hospitality, property development and investment.

The Master Service Agreement continues to provide a framework for the provision of products and services between our Group and the Shun Tak Group. The Master Service Agreement and the Existing Transactions enable our Group to foster its hospitality-related business in Macau and enhance our overall revenue. The terms of the Master Service Agreement and the Existing Transactions were arrived at after arm's length negotiations between the relevant parties. The Directors (including the independent non-executive Directors but excluding the Abstained Director) consider that the entry into the Master Service Agreement and the Existing Transactions are in the ordinary and usual course of business of our Group, on normal commercial terms, and that the terms of the Master Service Agreement and the Existing Transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Listing Rules Implications

Shun Tak is determined by the Stock Exchange to be an associate (as defined under the Listing Rules) of our Company as Ms. Pansy Ho, the Chairperson and Executive Director of our Company and one of our substantial shareholders, is the managing director and a substantial shareholder of Shun Tak and therefore Shun Tak is deemed to be a connected person of our Company under the Listing Rules.

The transactions contemplated under the Master Service Agreement will be on an ongoing basis and constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. Since the respective annual caps for Revenue and Expenses for the years ending December 31, 2011, 2012 and 2013 exceed 0.1% but are less than 5% for the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.07 of the Listing Rules, the entering into of the Master Service Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules and appropriate disclosure will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Abstained Director”	Ms. Pansy Ho, who has not given any opinion and has abstained from voting on the board resolutions on the Master Service Agreement in view of her interest in the Shun Tak Group as disclosed in this announcement
“Board”	the board of Directors of our Company
“Clean Living”	Clean Living (Macau) Limited
“Company”	MGM China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 2282)
“Director(s)”	the director(s) of our Company
“Existing Transactions”	the Transactions already entered into between our Group and the Shun Tak Group as described in the paragraph headed “The Transactions” of this announcement
“Expenses”	the consideration payable by our Group to the Shun Tak Group for the transactions contemplated under the Master Service Agreement
“Ferry Tickets”	tickets for the ferry services provided by the Shun Tak Group connecting certain ports in the Pearl River Delta of the PRC
“Group”	our Company and our subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Macau”	the Macau Special Administrative Region of the PRC
“Master Service Agreement”	the agreement dated October 8, 2010 between MGM Grand Paradise and Shun Tak which serves to provide a framework for the Transactions
“MGM Grand Paradise”	MGM Grand Paradise, S.A., a private company limited by shares incorporated under the laws of Macau, and one of the subsidiaries of the Company
“MGM Macau”	our sole resort and casino property in Macau owned by MGM Grand Paradise
“Old Master Service Agreement”	the master service agreement dated March 4, 2008 between MGM Grand Paradise and Shun Tak which provides a framework for products and/or services which may be provided/demanded by the Shun Tak Group to/from our Group from time to time
“PRC”	the People’s Republic of China
“Revenue”	the consideration receivable by our Group from the Shun Tak Group for the transactions contemplated under the Master Service Agreement
“Share(s)”	ordinary shares in our capital with a nominal value of HK\$1.00 each
“Shareholder(s)”	the holder(s) of our Share(s) from time to time
“Shun Tak”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 242)
“Shun Tak Group”	Shun Tak and its subsidiaries
“STCTSM”	Shun Tak - China Travel Ship Management Limited, an indirect subsidiary of Shun Tak
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions between the Shun Tak Group and our Group which are or will be carried out on an ongoing basis pursuant to the Master Service Agreement, including the various products and/or services to be provided by the Shun Tak Group to our Group and rental of hotel rooms by our Group to the Shun Tak Group

By Order of the Board
MGM CHINA HOLDINGS LIMITED
Pansy Catilina Chiu King HO
Chairperson

Hong Kong, June 3, 2011

As of the date of this announcement, our directors are Pansy Catilina Chiu King HO, James Joseph MURREN, Chen Yau WONG, William Joseph HORNBuckle and Grant R. BOWIE as executive directors, Kenneth A. ROSEVEAR, William M. SCOTT IV and Daniel J. D'ARRIGO as non-executive directors and Zhe SUN, Tommei Mei Kuen TONG and Patricia Sze Wan LAM as independent non-executive directors.