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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated December 12, 2016 (the “**Announcement**”) in relation to the renewal of continuing connected transactions entered into by and among the Company and/or MGMGP and the respective Counterparties under the Second Renewed MGM Marketing Agreement, the Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement.

As the term of the Second Renewed Agreements will expire on December 31, 2019, and the Company and/or MGMGP and the respective Counterparties wish to continue the continuing connected transactions thereafter, on December 27, 2019, the Company and/or MGMGP and the respective Counterparties entered into the Third Renewed MGM Marketing Agreement, the Third Renewed BEH Marketing Agreement, the Third Renewed Development Agreement and the Third Renewed Master Service Agreement to replace and renew the Second Renewed Agreements. Each of the Third Renewed Agreements has a term of less than three years and will be effective from January 1, 2020.

As each of the transactions contemplated under the Third Renewed Agreements is entered into by the Company and/or MGMGP and the respective Counterparties which are connected person(s) of the Company under the Listing Rules, such transactions constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps under each of the Third Renewed MGM Marketing Agreement, the Third Renewed Development Agreement and the Third Renewed Master Service Agreement are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps under the Third Renewed BEH Marketing Agreement are, on an annual basis, less than 0.1%, such continuing connected transactions are fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated December 12, 2016 (the "**Announcement**") in relation to the renewal of continuing connected transactions entered into by and among the Company and/or MGMGP and the respective Counterparties under the Second Renewed MGM Marketing Agreement, the Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement.

As the term of the Second Renewed Agreements will expire on December 31, 2019, and the Company and/or MGMGP and the respective Counterparties wish to continue the continuing connected transactions thereafter, on December 27, 2019, the Company and/or MGMGP and the respective Counterparties entered into the Third Renewed MGM Marketing Agreement, the Third Renewed BEH Marketing Agreement, the Third Renewed Development Agreement and the Third Renewed Master Service Agreement to replace and renew the Second Renewed Agreements. Each of the Third Renewed Agreements has a term of less than three years and will be effective from January 1, 2020.

As all the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps under the Third Renewed BEH Marketing Agreement are, on an annual basis, less than 0.1%, such continuing connected transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Third Renewed BEH Marketing Agreement has a term of one year and will be effective from January 1, 2020. The key terms of the Third Renewed BEH Marketing Agreement are similar to that previously disclosed in the Announcement with an annual cap of HK\$5,000,000 for the year ending December 31, 2020.

Details of the Third Renewed Agreements, other than the Third Renewed BEH Marketing Agreement, are set out below:

I. Third Renewed MGM Marketing Agreement

1. Background

As disclosed in the Announcement, MGM Resorts, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd., MGMGP and the Company entered into the Second Renewed MGM Marketing Agreement on December 12, 2016. As the term under the Second Renewed MGM Marketing Agreement will expire on December 31, 2019, the parties entered into the Third Renewed MGM Marketing Agreement on December 27, 2019 to replace and renew the Second Renewed MGM Marketing Agreement. The Third Renewed MGM Marketing Agreement is for a term of one year and will be effective from January 1, 2020. Pursuant to the Third Renewed MGM Marketing Agreement, MGM Resorts and its designated affiliates will be entitled to receive marketing fees in consideration of referrals of gaming customers made to resort, hotel and casino properties owned or operated by the Group.

2. Key terms of the Third Renewed MGM Marketing Agreement

Key terms of the Third Renewed MGM Marketing Agreement are set out below:

Date: December 27, 2019

Parties:

1. MGM Resorts
2. MGM Resorts International Marketing, Ltd.
3. MGM Grand International Pte, Ltd.
4. MGMGP
5. the Company

Term: The Third Renewed MGM Marketing Agreement is for a term of one year and will be effective from January 1, 2020.

Subject to the compliance with the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Third Renewed MGM Marketing Agreement, it may be renewed for a three-year term (or such other period permitted under the Listing Rules) upon mutual agreement between the parties in writing.

The Second Renewed MGM Marketing Agreement will expire and will be without further force or effect as of January 1, 2020.

Principal terms: The Company has agreed to cause each Macau Group member to pay marketing fees to MGM Resorts and its designated affiliates in consideration of the referrals of gaming customers made to resort, hotel and casino properties owned or operated by the members of the Macau Group.

The marketing fees payable are equal to 3% of the Theoretical Win associated with gaming play by customers referred (excluding any play with gaming promoters).

“Theoretical Win” means, in respect of any customer (i) in the case of cash chip play, the total amount wagered multiplied by the game house advantage; and (ii) in the case of rolling chip, the turnover amount multiplied by the theoretical rolling chip win percentage of 2.7%, in each case ignoring the actual win or loss experienced as a result of that customer’s play, provided in each case that “theoretical win” shall not exceed, as to any customer, 12.5% of the available credit line for that customer on the related visit.

Payment of fees: The marketing fees payable by the Group during the term shall be limited to HK\$ 35,000,000 for the year ending December 31, 2020.

The marketing fees of each visit shall be paid on or prior to the twenty-fifth day of the month following receipt of payment by the Macau Group for the amounts owed to it by the customer in relation to a visit.

3. *Annual caps*

The annual cap for the continuing connected transactions contemplated under the Third Renewed MGM Marketing Agreement for the year ending December 31, 2020 is HK\$ 35,000,000.

The historical marketing fees paid by the Group to MGM Group under the Second Renewed MGM Marketing Agreement are set out as follows:

	For the year ended December 31, 2017 (HK\$ '000)	For the year ended December 31, 2018 (HK\$ '000)	For the nine months ended September 30, 2019 (HK\$ '000)
Historical transaction amount	15,678	15,558	10,952

The marketing fees payable under the Third Renewed MGM Marketing Agreement were determined based on, amongst others, the assessment of the incremental costs that the Group would have to incur to attract gaming customers and the historical fee arrangement under the Second Renewed MGM Marketing Agreement. The annual caps under the Third Renewed MGM Marketing Agreement were determined by reference to, amongst others, (i) the amount to be paid to properly compensate for the services of the marketing executives; (ii) sufficient additional fee capacity to address the expected growth of the Group's business through referrals and in particular the trend of the gaming revenue growth in the operation of MGM Cotai; (iii) the conclusion of the infrastructure developments facilitating more convenient travel to Macau, leading to an anticipated increase in marketing expenses to attract more potential gaming customers; (iv) the fact that the marketing fee rates payable in respect of the fees are similar to those payable to independent agents in connection with referrals of gaming business; and (v) the historical marketing fees paid by the Group to the MGM Group for the two years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019 (unaudited) under the Second Renewed MGM Marketing Agreement.

4. *Reasons for and benefit of renewal of the Second Renewed MGM Marketing Agreement*

The Third Renewed MGM Marketing Agreement entitles MGM Resorts to continue to have a marketing presence at MGM Macau and MGM Cotai during the term of the Third Renewed MGM Marketing Agreement. The purpose of the Third Renewed MGM Marketing Agreement is to continue to utilize the established international marketing network of MGM Resorts to direct additional gaming customers to the Company's properties. The terms of the Third Renewed MGM Marketing Agreement were arrived at after arm's length negotiations between the relevant parties. The Directors (including the independent non-executive Directors) consider that the entry into the Third Renewed MGM Marketing Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. *Listing Rules Implications*

MGM Resorts is a connected person of the Company as it holds, through its wholly-owned subsidiaries, approximately 56% of the issued share capital of the Company and is the controlling shareholder of the Company. MGM Resorts International Marketing, Ltd. and MGM Grand International Pte, Ltd. are both wholly-owned subsidiaries of MGM Resorts and are therefore also connected persons of the Company. As MGM Resorts, MGM Resorts International Marketing, Ltd. and MGM Grand International Pte, Ltd. are connected persons, the transactions contemplated under the Third Renewed MGM Marketing Agreement constitute continuing connected transactions of the Company pursuant to Rule 14A.31 of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Third Renewed MGM Marketing Agreement are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Appropriate disclosure will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

II. Third Renewed Development Agreement

1. Background

As disclosed in the Announcement, MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company entered into the Second Renewed Development Agreement on December 12, 2016. As the term of the Second Renewed Development Agreement will expire on December 31, 2019, the parties entered into the Third Renewed Development Agreement on December 27, 2019 to replace and renew the Second Renewed Development Agreement. The Third Renewed Development Agreement will be effective from January 1, 2020 and will expire on December 31, 2022. Pursuant to the Third Renewed Development Agreement, the Company has agreed to appoint MGM Branding to provide certain development services to the Group in connection with future expansion of the existing project and development of future resort gaming projects.

2. Key terms of the Third Renewed Development Agreement

Key terms of the Third Renewed Development Agreement are set out below:

Date: December 27, 2019

Parties:

1. MGM Branding
2. MGMGP
3. MGM Resorts
4. MRIH
5. NCE
6. the Company

Term: The Third Renewed Development Agreement will be effective from January 1, 2020 and will expire on December 31, 2022.

Subject to the compliance with the Listing Rules, or alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Third Renewed Development Agreement, it may be renewed for a three-year term (or such other period permitted under the Listing Rules) upon mutual agreement between the parties in writing.

The Second Renewed Development Agreement will expire and will be without further force or effect as of January 1, 2020.

Principal terms: MGM Branding has agreed to provide certain development services to the Group in connection with future expansion of the existing project and development of future resort gaming projects.

“Development services” shall include:

- (a) advice and assistance in connection with the selection of professionals to design, develop and construct any project;
- (b) coordination and liaison services associated required to assure that the above professionals work together in a coordinated and cooperative function;
- (c) construction supervisory services;
- (d) consultation in respect of pre-opening activities; and
- (e) assistance in the coordination of all such pre-opening activities; and all other needful advisory services reasonably required by the Company in connection with any project to the extent reasonably consistent with the past practices of MGMGP and/or industry standards.

MGM Branding may provide the development services directly or through any of its affiliates. Each of MGM Resorts and NCE has severally agreed that it shall use reasonable efforts to cooperate with, facilitate and support the provision of development services by MGM Branding to the Group in accordance with the Third Renewed Development Agreement.

The Group has agreed to pay development fees to MGM Branding in consideration for the development services provided. The development fee payable is equal to 2.625% of the project costs incurred during the term of the Third Renewed Development Agreement for each Project commenced or continuing in the territory during the term of the Third Renewed Development Agreement (whether or not completed during the term).

“Project costs” are the total costs incurred by the Group for the design, development and construction of the casino, casino hotel, integrated resort and other related projects associated with that project, including costs of construction, fixtures and fittings and equipment, signage, gaming and other supplies and equipment and all costs associated with the opening for business of casino, casino hotel and other resort facilities at such sites and the reasonably allocated costs of the project team, but excluding the cost in respect of the acquisition of the applicable land, gaming concessions, financing charges and licence fees.

The Group is entitled to terminate the appointment of MGM Branding as provider of development services if it fails to comply with its obligations to provide the services. MGM Branding is entitled to terminate the provision of development services if the Group fails to comply with its obligations under the Third Renewed Development Agreement, including the payment of development fee.

Payment of fees: The development fees payable by the Group during the term, in respect of each Project (including any material expansion or improvement of MGM Macau and MGM Cotai), shall be limited to US\$ 5,000,000 for the year ending December 31, 2020 and US\$ 15,000,000 for each of years ending December 31, 2021 and December 31, 2022.

The development fees shall be paid in instalments as certain benchmarks set out under the Third Renewed Development Agreement are achieved.

3. *Annual caps*

The annual caps for each Project contemplated under the Third Renewed Development Agreement for the three years ending December 31, 2020, 2021 and 2022 are as follows:

	For the year ending December 31, 2020 (US\$ '000)	For the year ending December 31, 2021 (US\$ '000)	For the year ending December 31, 2022 (US\$ '000)
Annual caps	5,000	15,000	15,000

The historical development fees paid by the Group to MGM Branding under the Second Renewed Development Agreement are set out as follows:

	For the year ended December 31, 2017 (US\$ '000)	For the year ended December 31, 2018 (US\$ '000)	For the nine months ended September 30, 2019 (US\$ '000)
Historical transaction amount	16,167	1,758	Nil

The development fees payable under the Third Renewed Development Agreement were determined based on, amongst others, the potential projects that the Company may undertake and the assumption that there will be no significant increase in the aggregate costs and expenses. The annual caps under the Third Renewed Development Agreement were determined based on, amongst others, (i) the Group's expected future developments; and (ii) the historical development fees paid by the Group to MGM Branding for the two years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019 (unaudited) under the Second Renewed Development Agreement.

4. *Reasons for and benefit of renewal of the Second Renewed Development Agreement*

The major purpose of the Third Renewed Development Agreement is that, through the development services provided, the Company will have access to the expertise of MGM Resorts and NCE (a company wholly-owned by Ms. Pansy Ho) in the design, construction, management and operation of high quality casino projects. The terms of the Third Renewed Development Agreement were arrived at after arm's length negotiations between the relevant parties. The Directors (including the independent non-executive Directors) consider that the entry into the Third Renewed Development Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. *Listing Rules Implications*

MGM Resorts, through its wholly-owned subsidiaries, holds approximately 56% of the entire issued share capital of the Company and is the controlling shareholder of the Company. MRIH is an indirect wholly-owned subsidiary of MGM Resorts. Ms. Pansy Ho holds directly and indirectly approximately 22.49% of the entire issued share capital of the Company and is a substantial shareholder of the Company. She is also the Co-Chairperson and an Executive Director of the Company. NCE is wholly owned by Ms. Pansy Ho. MGM Branding is held 50% by MRIH and 50% by NCE. According to the Listing Rules, MGM Resorts, MRIH, Ms. Pansy Ho, NCE and MGM Branding are connected persons of the Company. As such, the transactions contemplated under the Third Renewed Development Agreement constitute continuing connected transactions of the Company pursuant to Rule 14A.31 of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps of each Project contemplated under the Third Renewed Development Agreement are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Appropriate disclosure will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

III. Third Renewed Master Service Agreement

1. *Background*

As disclosed in the Announcement, Shun Tak and MGMGP entered into the Second Renewed Master Service Agreement on December 12, 2016. As the term of the Second Renewed Master Service Agreement will expire on December 31, 2019, the parties entered into the Third Renewed Master Service Agreement on December 27, 2019 to replace and renew the Second Renewed Master Service Agreement. The Third Renewed Master Service Agreement will be effective from January 1, 2020 and will expire on December 31, 2022, and it governs the terms for the provision of products and services, including but not limited to, ferry tickets, travel products and rental of hotel rooms between the Group and the Shun Tak Group.

2. *Key terms of the Third Renewed Master Service Agreement*

Key terms of the Third Renewed Master Service Agreement are set out below:

Date: December 27, 2019

Parties:

1. Shun Tak
2. MGMGP

Term: The Third Renewed Master Service Agreement will be effective from January 1, 2020 and will expire on December 31, 2022.

Subject to the compliance with the Listing Rules, or alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Third Renewed Master Service Agreement, it may be renewed for a three-year term (or such other period permitted under the Listing Rules) upon mutual agreement between the parties in writing.

Principal terms The services and products provided or to be provided by the Shun Tak Group include sale of ferry tickets at discounted bulk purchase rate, sale of travel products including accommodation and transportation, provision of laundry services, transportation services, advertising services and property cleaning services to the Group.

The services and products provided or to be provided by the Group include provision of rental of hotel rooms at wholesale room rates to 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 order or other written documents and have been or will be negotiated on arm's length negotiations between the parties and by reference to prevailing market price. Existing agreements entered into under the Master Service Agreement, the First Renewed Master Service Agreement and the Second Renewed Master Service Agreement shall, unless stated otherwise, remain in full force and effect and subject to the terms of the Third Renewed Master Service Agreement. Please refer to the section headed "Existing Transactions" below for further details. Agreements or service contracts entered into under the Third Renewed Master Service Agreement will be in writing for a fixed term of not more than three years.

Payment of fees: The aggregate consideration payable during the term by the Group to the Shun Tak Group for the products and services provided shall be limited to HK\$ 250,000,000 for each of the three years ending December 31, 2020, 2021 and 2022.

The aggregate consideration payable during the term by the Shun Tak Group to the Group for the products and services provided shall be limited to HK\$ 2,500,000 for each of the three years ending December 31, 2020, 2021 and 2022.

3. *Existing Transactions*

In accordance with the Agreement for Sale of Ferry Tickets, dated May 11, 2017, between Shun Tak China Travel Ship Management Limited ("STCTSM", an associated company of Shun Tak) and MGMGP, for sale of ferry tickets for Turbojet, MGMGP 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, except routes to Hong Kong International Airport (no discount) and Shenzhen Airport (HK\$ 10 discount per ticket). Such discount accords with market practice in granting discounts to other bulk purchasers of ferry tickets. Turbojet and Cotai Water Jet are the only two service providers, and the Company has agreements with both. The agreement is valid and ongoing;

Under the Agreement for Sale of Ferry Tickets dated May 11, 2017 between STCTSM and MGMGP, STCTSM shall also provide guest services to MGMGP including full escort meet and greet services at service ports, check-in services, porter and luggage services and land transportation arrangements. MGMGP shall pay to STCTSM service fees based on predetermined unit prices for the service provided. The unit price is based on standard rates available to all corporate clients. STCTSM is the sole service provider as STCTSM has exclusive access to secured areas of Turbojet vessels and at Hong Kong International Airport to provide meet-and-greet services. The agreement is valid and ongoing;

In accordance with two limousine services agreements, effective from September 1, 2018 and June 1, 2019, between Shun Tak & CITS Coach (Macao) Limited (an associated company of Shun Tak and in which Ms. Pansy Ho has minority interests) and MGMGP, Shun Tak & CITS Coach (Macao) Limited shall provide limousine transportation services to MGMGP to pick-up or drop-off guests of the Group at various points between Macau and cities within the Pearl River Delta Region or within Macau. MGMGP shall pay a monthly fee based on the predetermined base fee per vehicle with a premium to be paid for long distance transportation services. The base fees and premium were determined on a normal commercial basis, taking into account the demand of transportation services and market prices. Quotations were collected from multiple suppliers and commercial agreements were entered with Shun Tak & CITS Coach (Macao) Limited and another supplier, Son Meng, based on an assessment of pricing, vehicle types, and service. The agreements are valid and ongoing;

In accordance with five shuttle bus services agreements, effective from January 1, 2018, January 29, 2018, October 1, 2018, October 1, 2018, and January 1, 2019, respectively, between Shun Tak & CITS Coach (Macao) Limited and MGMGP, Shun Tak & CITS Coach (Macao) Limited shall provide shuttle bus transportation services to MGMGP for customers and employees of the Group in Macau. MGMGP shall pay to Shun Tak & CITS Coach (Macao) a monthly fee based on the number of hours of operation of the shuttle buses engaged by MGMGP on a predetermined hourly rate. The hourly rate was determined on a normal commercial basis, taking into account the demand of transportation services and market prices. Proposals were collected from multiple suppliers and the agreement was awarded to Shun Tak & CITS Coach (Macao) Limited based on pricing and service quality. The agreements are valid and ongoing;

In accordance with the dry cleaning and laundry services agreement, dated November 1, 2015, between Clean Living (Macao) Limited (“**Clean Living**”, an indirect subsidiary of Shun Tak) and MGMGP, Clean Living was appointed as a primary laundry service provider to clean linen items and garments used in MGM Macau and

MGM Cotai. MGMGP 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 costs. Proposals were collected from multiple suppliers and agreements were awarded to three suppliers. Business was split based on pricing, quality of work on product type (flat sheets, terry, uniform dry cleaning, uniform laundry, etc). Prices negotiated with the three suppliers are generally in the same range and represent fair market value for the Company's volume of business. A new agreement with Clean Living for the period from November 2019 through October 2021 was recently negotiated between the parties;

In accordance with the exhibition area license agreements, dated September 27, 2018, entered into between Shun Tak Properties Limited (a wholly-owned subsidiary of Shun Tak) and MGMGP, MGMGP is allowed to show various promotion materials at Shun Tak Centre during the period from January 1, 2019 to December 31, 2019 for a monthly license fee. The license fee was determined on normal commercial basis, with reference to market rental and license charges;

In accordance with the letter agreement dated September 12, 2019, entered into between Mandarin Oriental Macau (a subsidiary of Shun Tak), as the hotel manager on behalf of its owner Properties Sub F, Limited with MGMGP, rental of hotel room nights at intercompany rates were agreed for the period from October 1, 2019 to December 19, 2019. The room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality. Mandarin Oriental Hotel is the only non-gaming hotel in immediate proximity to MGM Macau to use for overflow guests. Rates negotiated with Mandarin Oriental Macau are comparable to 5-star resorts and generally consistent with rates charged by the Group to Shun Tak Travel Services Limited (a wholly-owned subsidiary of Shun Tak) for MGM Macau guestrooms. Shun Tak Group has indirect beneficial interests of 51% in Properties Sub F, Limited while the remaining interests are held by an independent third party;

In accordance with the wholesale agreement for the period from July 1, 2019 to December 31, 2019 in relation to the rental of MGM Macau's hotel rooms between Shun Tak Travel Services Limited and MGMGP, MGMGP provides rental of hotel room nights to Shun Tak Travel Services Limited at wholesale contract rates. The room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality. Rates negotiated with Shun Tak Travel Services Limited are comparable to rates offered to other travel agencies of similar sales volume. The wholesale agreement is renewed at the end of each period for the subsequent six-month period;

4. *Annual caps*

The annual caps for the continuing connected transactions contemplated under the Third Renewed Master Service Agreement for the three years ending December 31, 2020, 2021 and 2022 are as follows:

Payment from the Group to the Shun Tak Group

	For the year ending December 31, 2020 (HK\$'000)	For the year ending December 31, 2021 (HK\$'000)	For the year ending December 31, 2022 (HK\$'000)
Annual caps	250,000	250,000	250,000

Payment from the Shun Tak Group to the Group

	For the year ending December 31, 2020 (HK\$'000)	For the year ending December 31, 2021 (HK\$'000)	For the year ending December 31, 2022 (HK\$'000)
Annual caps	2,500	2,500	2,500

The historical fees paid under the Second Renewed Master Service Agreement are set out as follows:

Payment from the Group to the Shun Tak Group

	For the year ended December 31, 2017 (HK\$'000)	For the year ended December 31, 2018 (HK\$'000)	For the nine months ended September 30, 2019 (HK\$'000)
Historical transaction amount	64,567	91,235	63,703

Payment from the Shun Tak Group to the Group

	For the year ended December 31, 2017 (HK\$'000)	For the year ended December 31, 2018 (HK\$'000)	For the nine months ended September 30, 2019 (HK\$'000)
Historical transaction amount	113	634	312

The 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 the Group and the relevant member(s) of the Shun Tak Group by reference to prevailing market prices and on normal commercial terms.

The annual caps on amounts payable by the Group to the Shun Tak Group under the Third Renewed Master Service Agreement were determined by reference to (i) historical amounts paid for services contemplated by the Second Renewed Master Service Agreement for the two years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019 (unaudited); (ii) the estimated quantity of ferry tickets sales and the volume of services in respect of the travel agency services, transportation services, laundry services, advertising services, property cleaning services, meet and greet services and provision of rental of hotel rooms at agreed rates which may be required by the Group during each of the three years ending December 31, 2020, 2021 and 2022; and (iii) the anticipated increase in demand for services from the Shun Tak Group due to the Group's expected increase in business volume and revenue over the next few years and in particular, the operation of MGM Cotai.

The annual caps on amounts payable by the Shun Tak Group to the Group under the Third Renewed Master Service Agreement were determined by reference to (i) historical amounts of revenues received for services contemplated by the Second Renewed Master Service Agreement for the two years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019 (unaudited); (ii) the anticipated demand for the relevant products and services; (iii) the operation of MGM Cotai and increase of the Group's capacity to provide services to the Shun Tak Group; and (iv) the anticipated room rates for hotel rooms during each of the three years ending December 31, 2020, 2021 and 2022.

5. *Reasons for and benefit of renewal of the Second Renewed Master Service Agreement*

The Third Renewed Master Service Agreement shall continue to provide a framework for the provision of products and services between the Group and the Shun Tak Group. The Third Renewed Master Service Agreement and the existing transactions shall continue to enable the Group to foster its hospitality-related business in Macau and enhance its overall revenue. The terms of the Third Renewed 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) consider that the entry into the Third Renewed Master Service Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Ms. Pansy Ho is the managing director and a substantial shareholder of Shun Tak. By virtue of a number of direct and indirect interests in Shun Tak, the Stock Exchange has determined that Shun Tak is an associate of Ms. Pansy Ho and therefore Shun Tak is deemed to be a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Third Renewed Master Service Agreement constitute continuing connected transactions of the Company pursuant to Rule 14A.31 of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Third Renewed Master Service Agreement are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and the annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Appropriate disclosure will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

IV. Information of Parties to the Third Renewed Agreements

The Company

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2282). The Company, through its principal subsidiary, MGMGP, is engaged in the development and operation of casino games of chance and other casino games, where permitted by applicable laws, and the related hotel and resort facilities in Macau and/or in other parts in Asia. It owns and operates MGM Macau through MGMGP.

MGMGP

MGMGP is a private company limited by shares (“sociedade anónima”) incorporated in Macau, and one of the subsidiaries of the Company and one of the sub-concessionaires which holds a sub-concession for the operation of casino games in Macau. The Company holds 100% of the Class A shares in MGMGP, which represents 80% of the voting power of the share capital of MGMGP. Ms. Pansy Ho and MRIH each owns one half of the Class B shares (or 10% of the voting power of the share capital of MGMGP each). MGMGP is a casino gaming resort developer, owner and operator in the greater China region. It owns and operates MGM Macau.

MGM Resorts

MGM Resorts is a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM. MGM Resorts, through its wholly-owned subsidiaries, holds approximately 56% of the issued share capital of the Company and is the controlling shareholder of the Company. The MGM Resorts group is engaged in the business of owning, operating, developing and managing resort properties on a global basis including the casino gaming business where permitted by applicable laws. For more information on MGM Resorts, please visit MGM Resorts website at <http://www.mgmresorts.com> (the information appearing in the website does not form part of this announcement).

MRIH

MRIH is a company incorporated in the Isle of Man. It is a wholly-owned subsidiary of MGM International, LLC, a Nevada limited liability company. MGM International, LLC is a wholly-owned subsidiary of MGM Resorts. MRIH holds directly approximately 56% of the issued share capital of the Company and is the controlling shareholder of the Company. It also owns 50% of the issued share capital of MGM Branding. The MGM Resorts group (including MRIH) is primarily engaged in the ownership and operation of casino resorts, which offer gaming, hotel, convention, dining, entertainment, retail and other resort amenities. For more information on MRIH, please visit MGM Resorts International website at <http://www.mgmresorts.com> (the information appearing in the website does not form part of this announcement).

MGM Resorts International Marketing, Ltd.

MGM Resorts International Marketing, Ltd. is a company incorporated in Hong Kong. It is a wholly-owned subsidiary of MGM Resorts. It is an investment holding company.

MGM Grand International Pte, Ltd.

MGM Grand International Pte, Ltd. is a company incorporated in Singapore. It is a wholly-owned subsidiary of MGM Resorts. It is an investment holding company.

BEH

BEH is a company incorporated in the British Virgin Islands which is wholly owned by Ms. Pansy Ho. It is an investment holding company.

MGM Branding

MGM Branding is a company incorporated in the British Virgin Islands which is jointly wholly owned, directly or indirectly, by MGM Resorts and Ms. Pansy Ho in equal portions. It holds certain intellectual property rights and is engaged in development services.

NCE

NCE is a company incorporated in the British Virgin Islands. It is wholly owned by Ms. Pansy Ho and it holds 50% of the issued share capital of MGM Branding. It is an investment holding company.

Shun Tak

Shun Tak is 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 is an investment holding company and its subsidiaries are engaged in a number of business activities including property development, investment and management, hospitality, transportation and investment. Ms. Pansy Ho is the group executive chairman and the managing director and a substantial shareholder of Shun Tak. By virtue of a number of direct and indirect interests in Shun Tak, the Stock Exchange has determined that Shun Tak is an associate of Ms. Pansy Ho and therefore is deemed a connected person of the Company.

Ms. Pansy Ho

Ms. Pansy Catilina Chiu King Ho is a recognized business leader in the greater China region. She holds directly and indirectly approximately 22.49% of the entire issued share capital of the Company and is a substantial shareholder of the Company. She is also the Co-Chairperson and an Executive Director of the Company.

V. General

By virtue of Ms. Pansy Ho's interests in BEH, NCE and Shun Tak as mentioned above, she is deemed to have a material interest in the Third Renewed BEH Marketing Agreement, the Third Renewed Development Agreement and the Third Renewed Master Service Agreement. Ms. Pansy Ho has thus abstained from voting on the relevant Board resolutions in respect of the Third Renewed BEH Marketing Agreement, the Third Renewed Development Agreement and the Third Renewed Master Service Agreement.

Save for the above, none of the other Directors has a material interest in any of the abovementioned continuing connected transactions under the Third Renewed Agreements.

DEFINITIONS

Unless the context requires otherwise, the following terms shall have the following meanings in this announcement:

“Announcement”	the announcement of the Company dated December 12, 2016
“associates”	has the meaning ascribed thereto in the Listing Rules

“BEH”	Bright Elite Holdings Limited, a company incorporated under the laws of the British Virgin Islands, and which is wholly-owned by Ms. Pansy Ho
“Board”	the board of Directors of the Company
“Company”	MGM China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange (stock code: 2282)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Counterparties”	the counterparties to the Company and/or MGMGP in each of the Second Renewed Agreements and/or the Third Renewed Agreements
“Directors”	the director(s) of our Company
“First Renewed Master Service Agreement”	the first renewed Master Service Agreement dated December 24, 2013 entered into between MGMGP and Shun Tak
“Group”	our Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of The People’s Republic of China
“Macau Group”	collectively, the Company, MGMGP and their respective controlled affiliates which carry on the casino gaming business

“Master Service Agreement”	the agreement dated October 8, 2010 entered into between MGMGP and Shun Tak
“MGM Branding”	MGM Branding and Development Holdings, Ltd., a company incorporated under the laws of the British Virgin Islands which is jointly wholly owned, directly or indirectly by MGM Resorts and Ms. Pansy Ho in equal portions
“MGM Cotai”	the integrated casino, hotel and entertainment complex in Cotai owned by MGMGP
“MGMGP”	MGM Grand Paradise Limited, a company incorporated under the laws of Macau and a subsidiary of the Company
“MGM Group”	collectedly, MGM Resorts, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd. and their controlled affiliates which carry on the casino gaming business but shall not include the Macau Group
“MGM Macau”	the integrated casino, hotel and entertainment complex in Macau owned by MGMGP
“MGM Resorts”	MGM Resorts International, a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM, and the controlling shareholder of the Company
“MRIH”	MGM Resorts International Holdings, Ltd, a company incorporated in the Isle of Man and an indirect wholly owned subsidiary of MGM Resorts
“Ms. Pansy Ho”	Ho, Pansy Catilina Chiu King, a substantial Shareholder, the Co-Chairperson and an Executive Director of the Company
“NCE”	New Corporate Enterprises Limited, a company incorporated under the laws of the British Virgin Islands, and which is wholly owned by Ms. Pansy Ho

“Project”	the design, development and construction of any casino, casino hotel, integrated resort or other similar project or any Properties developed or acquired by the Group
“Properties”	MGM Macau, MGM Cotai and any future casino, casino hotel, hotel, integrated resort or other similar properties developed or acquired by the Group
“Second Renewed Agreements”	the Second Renewed MGM Marketing Agreement, the Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement
“Second Renewed BEH Marketing Agreement”	the second renewed BEH Marketing Agreement dated December 12, 2016 entered into among BEH, the Company and MGMGP
“Second Renewed Development Agreement”	the second renewed Development Agreement dated December 12, 2016 entered into among MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company
“Second Renewed Master Service Agreement”	the second renewed Master Service Agreement dated December 12, 2016 entered into between MGMGP and Shun Tak
“Second Renewed MGM Marketing Agreement”	the second renewed MGM Marketing Agreement dated December 12, 2016 entered into among MGM Resorts, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd., MGMGP and the Company
“Third Renewed Agreements”	the Third Renewed MGM Marketing Agreement, the Third Renewed BEH Marketing Agreement, the Third Renewed Development Agreement and the Third Renewed Master Service Agreement
“Third Renewed BEH Marketing Agreement”	the third renewed BEH Marketing Agreement dated December 27, 2019 entered into among BEH, the Company and MGMGP
“Third Renewed Development Agreement”	the third renewed Development Agreement dated December 27, 2019 entered into among MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company

“Third Renewed Master Service Agreement”	the third renewed Master Service Agreement dated December 27, 2019 entered into between MGMGP and Shun Tak
“Third Renewed MGM Marketing Agreement”	the third renewed MGM Marketing Agreement dated December 27, 2019 entered into among MGM Resorts, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd., MGMGP and the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shun Tak”	Shun Tak Holdings Limited, a company incorporated under the laws of 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/associated companies
“STCTSM”	Shun Tak China Travel Ship Management Limited, an associated company of Shun Tak
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“US\$”	United States dollars, the lawful currency of United States
“%”	per cent

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

Hong Kong, December 27, 2019

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