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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: 6028, 40258, 40634, 5036)

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
THIRD RENEWED BRANDING AGREEMENT**

Reference is made to the announcement of MGM China Holdings Limited (the “**Company**”) dated December 8, 2022, in relation to the Third Renewed Branding Agreement entered into by and among the Company, MGMGP, MGM Branding, MGM Resorts International, MRIH and NCE. In view of the expected increase in the Company’s consolidated gross monthly revenues, the aggregate amount of the license fees payable by the Company under the Third Renewed Branding Agreement to MGM Branding for each of the financial years ending December 31, 2024 and December 31, 2025 is expected to be higher than the levels envisaged at the time of entering into the Third Renewed Branding Agreement and, as such, it is expected that the amounts of the annual caps for the financial years ending December 31, 2024 and December 31, 2025 (the “**Original Annual Caps**”) will be exceeded. The Board has therefore revised the amounts of the Original Annual Caps and the parties to the Third Renewed Branding Agreement have subsequently entered into the Amendment Agreement dated August 16, 2024 regarding the same.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. MGM Resorts International is a connected person of the Company as it holds, through its wholly-owned subsidiaries, approximately 55.95% of the issued share capital of the Company and is the controlling shareholder of the Company. MRIH is an indirect wholly-owned subsidiary of MGM Resorts International. Ms. Pansy Catilina Chiu King Ho (“**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 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. As MGM Branding, MGM Resorts International, MRIH and NCE are

connected persons, the transactions contemplated under the Third Renewed Branding Agreement as amended by the Amendment Agreement constitute continuing connected transactions of the Company pursuant to Rule 14A.31 of the Listing Rules.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Revised Annual Caps are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions under the Third Renewed Branding Agreement are 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.

INTRODUCTION

Reference is made to the announcement of the Company dated December 8, 2022, in relation to the Third Renewed Branding Agreement entered into by and among the Company, MGMGP, MGM Branding, MGM Resorts International, MRIH and NCE.

REVISION OF ANNUAL CAPS

As set out in “Key terms of the Third Renewed Branding Agreement” below, the payment of monthly license fees under the Third Renewed Branding Agreement is calculated on a basis equal to 1.75% of the Company's consolidated gross monthly revenues (determined in accordance with IFRS).

In view of the expected increase in the Company's consolidated gross monthly revenues, the aggregate amount of license fees payable by the Company under the Third Renewed Branding Agreement to MGM Branding for each of the financial years ending December 31, 2024 and December 31, 2025 is expected to be higher than the levels envisaged at the time of entering into the Third Renewed Branding Agreement and, as such, it is expected that the amounts of the Original Annual Caps will be exceeded.

The Board has revised the Original Annual Caps for the continuing connected transactions contemplated under the Third Renewed Branding Agreement for the two years ending December 31, 2024 and December 31, 2025 as follows:

Annual cap of license fees payable for:

MGM Macau and MGM Cotai and additional properties the Group may develop

	For the year ending December 31, 2024 (US\$'000)	For the year ending December 31, 2025 (US\$'000)
Original Annual Caps	57,600	60,000

	For the year ending December 31, 2024 (US\$'000)	For the year ending December 31, 2025 (US\$'000)
Revised Annual Caps	90,000	110,000

The historical license fees paid by the Group to MGM Branding under the Second Renewed Branding Agreement for the year ended December 31, 2022 and the Third Renewed Branding Agreement for the year ended December 31, 2023 and the six months ended June 30, 2024, respectively are set out as follows:

	For the year ended December 31, 2022 (US\$'000)	For the year ended December 31, 2023 (US\$'000)	For the six months ended June 30, 2024 (US\$'000) (unaudited)
Historical Transaction Amounts	11,800	55,200	36,298

As at June 30, 2024, the license fees payments made since January 1, 2024 from the Group to MGM Branding pursuant to the Third Renewed Branding Agreement were US\$ 36,298,640. As at the date of this announcement, the Original Annual Cap for the year ending December 31, 2024 has not been exceeded.

The license fees payable under the Third Renewed Branding Agreement were determined based on, amongst others, the intellectual property licensing fees charged by comparable market peers and the historical fee arrangements. The Revised Annual Caps under the Amendment Agreement to the Third Renewed Branding Agreement were determined by reference to, amongst others, (i) the historical license fees paid by the Group to MGM Branding for the year ended December 31, 2022 under the Second Renewed Branding Agreement, the year ended December 31, 2023 and the six months ended June 30, 2024 under the Third Renewed Branding Agreement; (ii) the anticipated increase in the Company's consolidated gross monthly revenues; and (iii) the Group's expected future developments of resort and casino projects.

FURTHER INFORMATION ON THIRD RENEWED BRANDING AGREEMENT

Key terms of the Third Renewed Branding Agreement

Key terms of the Third Renewed Branding Agreement were disclosed in the announcement of the Company dated December 8, 2022 and are set out as below:

Date: December 8, 2022

Parties:

- (i) the Company
- (ii) MGMGP
- (iii) MGM Branding
- (iv) MGM Resorts International
- (v) MRIH
- (vi) NCE

Term: The Third Renewed Branding Agreement is for a term of three years and effective from January 1, 2023.

Principal terms: Under the Third Renewed Branding Agreement, the Group has been granted a revocable, non-assignable and non-transferable sublicense to use the marks “MGM”, “MGM Grand”, “MGM Grand Macau” and the MGM lion and other MGM-related service marks, trademarks, registrations and domain names owned by MGM Resorts International and its subsidiaries (the “**Subject Marks**”) in connection with the marketing and operation of the Group’s casino resort businesses within the Restricted Zone, excluding certain reserved zones within the PRC in which MGM Resorts International will not licence the parties to conduct casino gaming business within the Restricted Zone and will only create reserved zones if it permits the Company to either use MGM Resort International’s alternative proprietary branding or permits us to develop and use the Group’s intellectual property.

The grant of the sublicense for the Group’s casino gaming business is exclusive within the Restricted Zone, the grant of the sublicense for the Group’s resort business is exclusive within Macau and the grant of the sublicense in respect of the resort business in portions of the Restricted Zone other than Macau is non-exclusive. The Third Renewed Branding Agreement requires the Company to utilize only the Subject Marks for the branding of the Group’s property.

In addition to any expansion of MGM Macau and MGM Cotai, any future resort and casino projects or sites that the Group may develop in the Restricted Zone will use the MGM brand.

The Company has agreed to establish a compliance committee for each operating member of the Group, pursuant to a written charter reasonably acceptable to MGM Resorts International. MGM Resorts International and NCE shall each have the right to nominate one person to each compliance committee and if such person ceases to be a member of such compliance committee, then MGM Resorts International or NCE (as applicable) shall have the right to nominate a replacement person in each case provided that such nomination rights shall cease upon the failure of the relevant nominator's ultimate owner to also own, directly or indirectly, at least 20% of the Shares. Each compliance committee shall consist of persons knowledgeable in the area of casino gaming laws and sanction laws, which (unless MGM Resorts International otherwise consents) will have not less than two of which shall be former U.S. gaming regulators. Each compliance committee shall report directly to the board of directors or other governing body of the relevant member of the Group, and the Group shall comply with the requests of each compliance committee for information concerning the Group's position in respect to matters relating to gaming laws and sanction laws.

On December 8, 2022, MGM Resorts International has licensed the Subject Marks to MRIH under the second renewed trademark license agreement (the "**Second Renewed License**"), which in turn, on December 8, 2022, has sub-licensed the Subject Marks to MGM Branding under the second renewed sublicense agreement (the "**Second Renewed Sublicense**"). MGM Branding has in turn sublicensed the Subject Marks to the Company pursuant to the Third Renewed Branding Agreement. The Company has a right to enter into a direct license in respect of the Subject Marks with MGM Resorts International, and MGM Resorts International is obliged to enter into such direct license with our Company, in the event that the Second Renewed License or the Second Renewed Sublicense are terminated for any reason other than in circumstances involving a default by the Company under the Third Renewed Branding Agreement.

Payment of license fees:

The Company has agreed that it shall pay MGM Branding monthly license fees calculated on a basis equal to 1.75% of the Company's consolidated gross monthly revenues (determined in accordance with IFRS), subject to the annual cap as set out in this announcement.

The license fees in respect of each month shall be paid to MGM Branding on or prior to the 15th day of the immediately following month.

Termination of the license granted under the Third Renewed Branding Agreement:

MGM Branding and MGM Resorts International can terminate the license granted to the Company under the Third Renewed Branding Agreement if, among other things:

- (i) any member of the Group breaches in any material respect any of its obligations under the Third Renewed Branding Agreement, including a failure to maintain quality standards applicable to the MGM brand, or a failure to comply with applicable law or regulations;
- (ii) the New Gaming Concession, or any gaming license or permit of any casino, casino hotel, hotel, integrated resort or other similar properties developed or acquired by the Group is denied, revoked, or suspended for a period in excess of ten Business Days;
- (iii) any Competitor of MGM Resorts International acquires more than 15% of the voting Shares or the voting shares of any other member of the Group, unless MGM Resorts International is a larger direct or indirect shareholder of the Company or such member of the Group; or
- (iv) MGM Resorts International is directed by any regulator to cease doing business with us or if MGM Resorts International reasonably determines that (a) the Group is engaging in any activities or relationships which could or does jeopardize any licenses, permits or similar approvals required by MGM Resorts International to conduct its business, or (b) any member of the Group is not conducting its respective businesses to meet the standards set out in U.S. federal and state laws regulating corruption, money laundering and the financing of terrorism or complying with the standards of U.S. state gaming laws and regulations applicable to MGM Resorts International.

The Third Renewed Branding Agreement is only terminable by MGM Branding and MGM Resorts International in circumstances involving a breach by the Group, and in particular where the activities of the Group may impact its own or the wider MGM group's business interests as a result of resulting regulatory action taken under relevant gaming laws and regulations to which any of them are subject. The Third Renewed Branding Agreement is not terminable prior to the end of its term at will or on notice by any party.

Reasons for and benefit of entering into the Amendment Agreement in relation to the Revised Annual Caps under the Third Renewed Branding Agreement

The Third Renewed Branding Agreement enables MGM Macau, MGM Cotai and any future resort and casino projects or sites the Group may develop in the Restricted Zone to use the MGM brand, and grants a license to the Company to use the Subject Marks, which is critical to the success of the business of the Group, given that the Subject Marks are integral to the Group's corporate identity. The terms of the Third Renewed Branding Agreement were arrived at after arm's length negotiations between the relevant parties.

In view of the expected increase in the Company's consolidated gross monthly revenues, the corresponding amount of the monthly license fees payable under the Third Renewed Branding Agreement will be higher. Hence, the aggregate amount of the license fees payable by the Company under the Third Renewed Branding Agreement to MGM Branding for each of the financial years ending December 31, 2024 and 2025 is expected to be higher than the levels envisaged at the time of entering into the Third Renewed Branding Agreement. The Board has therefore revised the amount of the Original Annual Caps and the parties to the Third Renewed Branding Agreement have subsequently entered into the Amendment Agreement dated August 16, 2024 regarding the same.

The Directors (including the independent non-executive Directors) are of the view that (i) the transactions under the Third Renewed Branding Agreement are and will continue to be conducted in the ordinary and usual course of business of the Group and on an arm's length basis; (ii) the Revised Annual Caps are fair and reasonable; and (iii) the entering into of the Amendment Agreement in relation to the Revised Annual Caps are in the interest of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transaction.

MGM Resorts International is a connected person of the Company as it holds, through its wholly-owned subsidiaries, approximately 55.95% of the issued share capital of the Company and is the controlling shareholder of the Company. MRIH is an indirect wholly-owned subsidiary of MGM Resorts International. 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 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. As MGM Branding, MGM Resorts International, MRIH and NCE are connected persons, the transactions contemplated under the Third Renewed Branding Agreement as amended by the Amendment Agreement constitute continuing connected transactions of the Company pursuant to Rule 14A.31 of the Listing Rules.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Revised Annual Caps are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions under the Third Renewed Branding Agreement as amended by the Amendment Agreement are 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.

INFORMATION OF PARTIES TO THE THIRD RENEWED BRANDING AGREEMENT

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 and MGM Cotai through MGMGP.

MGM Grand Paradise Limited (“MGMGP”)

MGMGP is a private company limited by shares (“*sociedade anónima*”) incorporated in Macau, one of the subsidiaries of the Company and one of the six concessionaries which hold a concession for the operation of casino games in Macau. The Company holds 100% of the Class A shares in MGMGP, which represent 84.6% of the voting power of the share capital of MGMGP. Ms. Pansy Ho and MRIH each owns 97.4% (representing 15% voting power) and 2.6% (representing 0.4% voting power) respectively of the Class B shares. MGMGP is a casino gaming resort developer, owner and operator in the greater China region. It owns and operates MGM Macau and MGM Cotai.

MGM Resorts International

MGM Resorts International is a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM. MGM Resorts International, through its wholly-owned subsidiaries, holds approximately 55.95% of the issued share capital of the Company and is the controlling shareholder of the Company. The MGM Resorts International 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 International, please visit MGM Resorts International 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 55.95% 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 International 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 Branding

MGM Branding is a company incorporated in the British Virgin Islands which is jointly wholly-owned, directly or indirectly, by MGM Resorts International 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.

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 Chairperson and an Executive Director of the Company.

GENERAL

By virtue of Ms. Pansy Ho's interests in NCE as mentioned above, she is deemed to have a material interest in the Amendment Agreement to the Third Renewed Branding Agreement. Ms. Pansy Ho has thus abstained from voting on the relevant Board resolutions in respect of the Revised Annual Caps.

Save for the above, none of the other Directors has a material interest in the Amendment Agreement to the Third Renewed Branding Agreement.

DEFINITIONS

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

“Amendment Agreement”	the Amendment Agreement, dated August 16, 2024, to the Third Renewed Branding Agreement entered into among the Company, MGMGP, MGM Branding, MGM Resorts International, MRIH and NCE
“Affiliate(s)”	with respect to any person or entity, any other person or entity that, directly or indirectly, controls, is controlled by, or is under common control with, such entity. As used herein, the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of any entity, or the power to veto major policy decisions of any entity, whether through the ownership of voting securities, by agreement, or otherwise
“Board”	the board of Directors of the Company
“Business Days”	any day upon which commercial banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“casino gaming business”	the design, development, construction, ownership, management and/or operation of casinos or gaming areas (including those casinos or gaming areas which form part of a hotel or an integrated resort) and other similar facilities in which customers are able to gamble by playing games of fortune or chance or other similar games, games of skill, including all card wagering games such as poker, pai gow and blackjack including, but not limited to facilities offering VIP, premium direct or gaming promoter operated gaming rooms, mass gaming floors, slot machine operations or other designated areas where games of fortune or chance are operated or played
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“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
“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
“IFRS”	International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock
“Macau” or “Macau S.A.R.”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Government”	the government of Macau
“MGM Cotai”	the hotel and casino of that name in the Macau S.A.R. and all contiguous additions
“MGM Group”	MGM Resorts International and its Affiliates, excluding MGM Branding, the Group, MGMGP and their respective controlled affiliates which carry on the casino gaming business
“MGM Macau”	the hotel and casino of that name in the Macau S.A.R. and all contiguous additions
“New Gaming Concession”	the concession for the operation of games of fortune or chance or other games in casino in the Macau SAR, awarded by the Macau Government to MGMGP, for a term of 10 years effective from January 1, 2023, as the same may be extended from time to time in accordance with Law
“Original Annual Caps”	the annual caps set forth for the two years ended December 31, 2024 and December 31, 2025 for the continuing connected transactions under the Third Renewed Branding Agreement as set out in the announcement of the Company dated December 8, 2022
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement for geographical and statistical references only and except where the context otherwise requires, Hong Kong, Macau and Taiwan

“Restricted Zone”	the PRC, Macau, Hong Kong and Taiwan
“Revised Annual Caps”	the revised annual caps stated in the Amendment Agreement for the two years ended December 31, 2024 and December 31, 2025 for the continuing connected transactions under the Third Renewed Branding Agreement as set out in this announcement
“Second Renewed Branding Agreement”	the second renewed Branding Agreement effective June 26, 2022, entered into among the Company, MGMGP, MGM Branding, MGM Resorts International, MRIH and NCE
“Second Renewed License”	the trademark license agreement effective from January 1, 2023, entered into between MGM Resorts International and MRIH in respect of the Subject Marks
“Second Renewed Sublicense”	the trademark sublicense agreement effective from January 1, 2023, entered into between MRIH and MGM Branding in respect of the Subject Marks
“Share(s)”	ordinary share(s) with a nominal value of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Marks”	the marks “MGM”, “MGM Grand”, “MGM Grand Macau” and the MGM lion and other MGM-related service marks, trademarks, registrations and domain names owned by MGM Resorts International and its subsidiaries
“subsidiary”	has the meaning ascribed thereto in the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Third Renewed Branding Agreement”	the third renewed Branding Agreement effective from January 1, 2023 entered into among the Company, MGMGP, MGM Branding, MGM Resorts International, MRIH and NCE
“U.S.”	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

“%” per cent

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

Hong Kong, August 16, 2024

As at the date of this announcement, our directors are Pansy Catilina Chiu King HO, William Joseph HORNBUCKLE, John M. MCMANUS, Jeny LAU, and Kenneth Xiaofeng FENG as executive Directors, Daniel J. TAYLOR, Ayesha Khanna MOLINO and Jonathan S. HALKYARD as non-executive Directors and Sze Wan Patricia LAM, Russell Francis BANHAM, Simon MENG and Chee Ming LIU as independent non-executive Directors.