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

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 24 December 2013 (the “**Announcement**”) in relation to the continuing connected transactions entered into by and among the Company and/or MGMGP and the respective Counterparties under the First Renewed MGM Marketing Agreement, the First Renewed Macau Marketing Agreement, the First Renewed BEH Marketing Agreement, the First Renewed Development Agreement and the First Renewed Master Service Agreement.

Reference is also made to the announcement of the Company dated 31 July 2014 (the “**Second Announcement**”) in relation to the revision of annual caps for the continuing connected transactions under the First Renewed Master Service Agreement.

As the term of the First Renewed Agreements will expire on 31 December 2016, and the Company and/or MGMGP and the respective Counterparties wish to continue the continuing connected transactions thereafter, on 12 December 2016, the Company and/or MGMGP and the respective Counterparties entered into the Second Renewed MGM Marketing Agreement, the Second Renewed Macau Marketing Agreement, the Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement to replace and renew the First Renewed Agreements. Each of the Second Renewed Agreements has a term of three years and will be effective from 1 January 2017.

As each of the transactions contemplated under the Second 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 Second Renewed MGM Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Services 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 each of the Second Renewed Macau Marketing Agreement and the Second 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 in relation to the continuing connected transactions entered into by and among the Company and/or MGMGP and the respective Counterparties under the First Renewed MGM Marketing Agreement, the First Renewed Macau Marketing Agreement, the First Renewed BEH Marketing Agreement, the First Renewed Development Agreement and the First Renewed Master Service Agreement.

Reference is also made to the Second Announcement in relation to the revision of annual caps for the continuing connected transactions under the First Renewed Master Service Agreement.

As the term of the First Renewed Agreements will expire on 31 December 2016, and the Company and/or MGMGP and the respective Counterparties wish to continue the continuing connected transactions thereafter, on 12 December 2016, the Company and/or MGMGP and the respective Counterparties entered into the Second Renewed MGM Marketing Agreement, the Second Renewed Macau Marketing Agreement, the Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement to replace and renew the First Renewed Agreements. Each of the Second Renewed Agreements has a term of three years and will be effective from 1 January 2017.

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 each of the Second Renewed Macau Marketing Agreement and the Second 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. Each of the Second Renewed Macau Marketing Agreement and the Second Renewed BEH Marketing Agreement has a term of three years and will be effective from 1 January 2017. The key terms of the Second Renewed Macau Marketing Agreement and the Second Renewed BEH Marketing Agreement are similar to that previously disclosed in the Announcement, except that the annual caps for each of the two Agreements has been reduced from HK\$39,000,000 to HK\$5,000,000 for the years ending 31 December 2017, 2018 and 2019. The reason for the decrease in the annual caps is due to the historical figures of the amounts paid under the First Renewed Macau Marketing Agreement and the First Renewed BEH Marketing Agreement.

Details of the Second Renewed Agreements, other than the Second Renewed Macau Marketing Agreement and the Second Renewed BEH Marketing Agreement, are set out as below:

I. Second Renewed MGM Marketing Agreement

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 First Renewed MGM Marketing Agreement on 24 December 2013. As the term under the First Renewed MGM Marketing Agreement will expire on 31 December 2016, the parties entered into the Second Renewed MGM Marketing Agreement on 12 December 2016 to replace and renew the First Renewed MGM Marketing Agreement. The Second Renewed MGM Marketing Agreement is for a term of three years and will be effective from 1 January 2017. Pursuant to the Second 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 Macau Group.

1. *Key terms of the Second Renewed MGM Marketing Agreement*

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

Date: 12 December 2016

Parties:

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

Term: The Second Renewed MGM Marketing Agreement is for a term of three years and will be effective from 1 January 2017.

Subject to the compliance with the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Second 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 First Renewed MGM Marketing Agreement will expire and will be without further force or effect as of 1 January 2017.

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\$55,000,000, HK\$60,000,000 and HK\$65,000,000 for the years ending 31 December 2017, 2018 and 2019, respectively.

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.

2. *Annual caps*

The annual caps for the continuing connected transactions contemplated under the Second Renewed MGM Marketing Agreement for the three years ending 31 December 2019 are as follows:

	For the year ending 31 December 2017 (HK\$'000)	For the year ending 31 December 2018 (HK\$'000)	For the year ending 31 December 2019 (HK\$'000)
Annual caps	55,000	60,000	65,000

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

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the nine months ended 30 September 2016 (unaudited)
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Historical Transaction			
Amount	22,233	16,651	11,694

The marketing fees payable under the Second 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 First Renewed MGM Marketing Agreement. The annual caps under the Second 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 in the next three years and in general the trend of the gaming market's gaming revenue growth in Macau and, in particular, the expected commencement of operation of MGM Cotai in 2017; (iii) the development of the Cotai area in Macau and 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; (v) the historical marketing fees paid by the Group to the MGM Group for the two years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016 (unaudited) under the First Renewed MGM Marketing Agreement; and (vi) the arrangements under the Second Renewed Macau Marketing Agreement and the Second Renewed BEH Marketing Agreement.

3. *Reasons for and benefit of the renewal of the First Renewed MGM Marketing Agreement*

The Second Renewed MGM Marketing Agreement entitles MGM Resorts to continue to have a marketing presence at MGM Macau and the Company's future gaming developments during the term of the Second Renewed MGM Marketing Agreement. The purpose of the Second 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 present and future properties. The terms of the Second 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 Second 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.

4. *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 Second 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 Second 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. Second Renewed Development Agreement

Background

As disclosed in the Announcement, MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company entered into the First Renewed Development Agreement on 24 December 2013. As the term of the First Renewed Development Agreement will expire on 31 December 2016, the parties entered into the Second Renewed Development Agreement on 12 December 2016 to replace and renew the First Renewed Development Agreement. The Second Renewed Development Agreement is for a term of three years which will be effective from 1 January 2017. Pursuant to the Second 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.

1. Key terms of the Second Renewed Development Agreement

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

Date: 12 December 2016

Parties:

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

Term: The Second Renewed Development Agreement is for a term of three years and will be effective from 1 January 2017.

Subject to the compliance with the Listing Rules, or alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Second 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 First Renewed Development Agreement will expire and will be without further force or effect as of 1 January 2017.

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 Second 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 Second Renewed Development Agreement for each Project commenced or continuing in the territory during the term of the Second 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 Second 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, shall be limited to US\$32,210,000 for each of the years ending 31 December 2017, 2018 and 2019, provided, that the aggregate amount of the development fees related to the Project that concerns MGM Cotai shall not exceed an aggregate cap, payable over the duration of that project, of US\$70,000,000 (including, for the avoidance of doubt, all development fees paid previously pursuant to the Development Agreement and the First Renewed Development Agreement).

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

2. *Annual caps*

The annual caps for each Project contemplated under the Second Renewed Development Agreement for the three years ending 31 December 2019 are as follows:

	For the year ending 31 December 2017 (US\$ '000)	For the year ending 31 December 2018 (US\$ '000)	For the year ending 31 December 2019 (US\$ '000)
Annual caps	32,210	32,210	32,210

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

	For the year ended 31 December 2014 (US\$ '000)	For the year ended 31 December 2015 (US\$ '000)	For the nine months ended 30 September 2016 (unaudited) (US\$ '000)
Historical Transaction Amount	10,326	7,546	9,868

The development fees payable under the Second Renewed Development Agreement were determined based on, amongst others, the possibility of an increase in the requirement for development services for the Project that concerns MGM Cotai and other 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 Second 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 31 December 2014 and 2015 and the nine months ended 30 September 2016 (unaudited) under the First Renewed Development Agreement.

3. *Reasons for and benefit of renewal of the First Renewed Development Agreement*

The major purpose of the Second Renewed Development Agreement is that, through the development services provided, the Company will have access to the expertise of MGM Resorts and New Corporate Enterprises Limited (a company wholly-owned by Ms. Pansy Ho) in the design, construction, management and operation of high quality casino projects. The terms of the Second 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 Second 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.

4. *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 Second 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 Second 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. Second Renewed Master Service Agreement

Background

As disclosed in the Announcement, Shun Tak and MGMGP entered into the First Renewed Master Service Agreement on 24 December 2013. As further disclosed in the Second Announcement, the annual cap in relation to the payment from the Group to the Shun Tak Group under the First Renewed Master Service Agreement for the two years ended 31 December 2014 and 2015 and the year ending 31 December 2016 were revised to HK\$270,000,000, HK\$310,000,000 and HK\$460,000,000, respectively. Please refer to the Second Announcement for further details.

As the term of the First Renewed Master Service Agreement will expire on 31 December 2016, the parties entered into the Second Renewed Master Service Agreement on 12 December 2016 to replace and renew the First Renewed Master Service Agreement. The Second Renewed Master Service Agreement is for a term of three years which will be effective from 1 January 2017, 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.

1. Key terms of the Second Renewed Master Service Agreement

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

Date: 12 December 2016

Parties: 1) Shun Tak
2) MGMGP

Term: The Second Renewed Master Service Agreement is for a term of three years and effective from 1 January 2017.

Subject to the compliance with the Listing Rules, or alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Second 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.

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 and the First Renewed Master Service Agreement shall, unless stated otherwise, remain in full force and effect and subject to the terms of the Second Renewed Master Service Agreement. Please refer to the section headed "Existing Transactions" below for further details. Agreements or service contracts entered into under the Second 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\$350,000,000, HK\$400,000,000 and HK\$450,000,000 for the years ending 31 December 2017, 2018 and 2019, respectively.

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\$3,500,000, HK\$4,000,000 and HK\$4,500,000 for the years ending 31 December 2017, 2018 and 2019, respectively.

2. *Existing Transactions*

In accordance with the ferry ticket sales agreement, dated 1 December 2007, between STCTSM and MGMGP, for sale of ferry tickets for STCTSM, 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. Such discount accords with market practice in granting discounts to other bulk purchasers of ferry tickets. The agreement is valid and ongoing unless and until terminated subject to the terms of the Second Renewed Master Service Agreement.

In accordance with the limousine services agreement, effective from 1 April 2013 to 31 December 2016 (as extended by addendum), 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 pre-determined 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. The agreement will be renewed after expiration for a term expected to be from 1 January 2017 to 30 June 2017.

In accordance with the shuttle bus services agreement, effective from 18 December 2012 to 17 December 2016 (as extended by addendum), 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 pre-determined hourly rate. The hourly rate was determined on a normal commercial basis, taking into account the demand of transportation services and market prices. The agreement will be renewed after expiration for a term expected to be from 18 December 2016 to 30 June 2017.

In accordance with the purchaser order for meet and greet services, effective from 1 June 2013, between STCTSM and MGMGP, STCTSM shall 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 pre-determined unit prices for the service provided. The unit price was determined on a normal commercial basis based on standard rates available to all corporate clients. The agreement is valid and ongoing unless and until terminated subject to the terms of the Second Renewed Master Service Agreement.

In accordance with the dry cleaning and laundry services agreement effective from 1 November 2015 to 31 October 2018, between Clean Living (Macau) Limited (“Clean Living”), an indirect subsidiary of Shun Tak, and MGMGP, Clean Living was appointed as MGMGP’s primary laundry service provider to clean linen items and garments used in MGM Macau. MGMGP will pay Clean Living a monthly fee based on pre-determined unit prices for the number of items cleaned. The unit prices were determined on a normal commercial basis, with reference to market prices and expected cleaning cost.

In accordance with the Shun Tak Centre exhibition area license agreement, effective from 1 May 2013, entered into between Shun Tak Properties Limited, a subsidiary of Shun Tak, and MGMGP, MGMGP is allowed to show various promotion materials at Shun Tak Centre in Hong Kong. The monthly licence fee, renewed for the period from 1 May 2016 to 30 April 2018, was determined on normal commercial basis, with reference to market rental and licence charges.

In accordance with the agreement, dated 11 July 2016, entered into between Mandarin Oriental Macau (a subsidiary of Shun Tak), as the hotel manager on behalf of its owner, Properties Sub F, Limited (a subsidiary of Shun Tak) and MGMGP, Mandarin Oriental Macau provides rental of hotel rooms to MGMGP at agreed rates for the period from 17 July 2016 to 29 December 2016. The room rates were agreed after arms’ length negotiation based on the type of rooms, market demand and seasonality. The agreement has been renewed, effective from 3 January 2017 to 31 March 2017.

In accordance with the wholesale agreements, effective from 1 July 2016 to 31 December 2016 for rental of MGM Macau's hotel rooms between Shun Tak Travel Services Limited, an indirect subsidiary of Shun Tak, and MGMGP, MGMGP provides rental of hotel rooms to Shun Tak Travel Services Limited at wholesale contract rates. The room rates were agreed after arm's length negotiation based on the type of rooms, market demand and seasonality. The agreement will be renewed after expiration for a term expected to be from 1 January 2017 to 30 June 2017.

3. *Annual caps*

The annual caps for the continuing connected transactions contemplated under the Second Renewed Master Service Agreement for the three years ending 31 December 2019 are as follows:

Payment from the Group to the Shun Tak Group

	For the year ending 31 December 2017 (HK\$'000)	For the year ending 31 December 2018 (HK\$'000)	For the year ending 31 December 2019 (HK\$'000)
Annual caps	350,000	400,000	450,000

Payment from the Shun Tak Group to the Group

	For the year ending 31 December 2017 (HK\$'000)	For the year ending 31 December 2018 (HK\$'000)	For the year ending 31 December 2019 (HK\$'000)
Annual caps	3,500	4,000	4,500

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

Payment from the Group to the Shun Tak Group

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the nine months ended 30 September 2016 (unaudited)
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Historical Transaction			
Amount	197,538	79,640	48,300

Payment from the Shun Tak Group to the Group

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the nine months ended 30 September 2016 (unaudited)
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Historical Transaction			
Amount	210	132	42

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 Second Renewed Master Service Agreement were determined by reference to (i) historical amounts paid for services contemplated by the First Renewed Master Service Agreement for the two years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016 (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 31 December 2017, 2018 and 2019; 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 expected commencement of operation of MGM Cotai in 2017.

The annual caps on amounts payable by the Shun Tak Group to the Group under the Second Renewed Master Service Agreement were determined by reference to (i) historical amounts of revenues received for services contemplated by the First Renewed Master Service Agreement for the two years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016 (unaudited); (ii) the anticipated demand for the relevant products and services; (iii) the expected commencement of operation of MGM Cotai in 2017 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 31 December 2017, 2018 and 2019.

4. Reasons for and benefit of renewal of the First Renewed Master Service Agreement

The Second 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 Second 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 Second 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 Second 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.

5. *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 Second 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 Second 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 Second 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 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 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.

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 Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement. Ms. Pansy Ho has thus abstained from voting on the relevant Board resolutions in respect of the Second Renewed BEH Marketing Agreement, the Second Renewed Development Agreement and the Second Renewed Master Service Agreement.

Save for the above, none of the other Directors has a material interest in any of the above-mentioned continuing connected transactions under the Second 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 24 December 2013
“associate”	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
“BEH Marketing Agreement”	the agreement dated 17 May 2011 entered into among BEH, the Company and MGMGP
“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 First Renewed Agreements and/or the Second Renewed Agreements
“Development Agreement”	the agreement dated 17 May 2011 entered into among MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company
“Director(s)”	the director(s) of the Company
“First Renewed Agreements”	the First Renewed MGM Marketing Agreement, the First Renewed Macau Marketing Agreement, the First Renewed BEH Marketing Agreement, the First Renewed Development Agreement and the First Renewed Master Service Agreement

“First Renewed BEH Marketing Agreement”	the first renewed BEH Marketing Agreement dated 24 December 2013 entered into among BEH, the Company and MGMGP
“First Renewed Development Agreement”	the first renewed Development Agreement dated 24 December 2013 entered into among MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company
“First Renewed Macau Marketing Agreement”	the first renewed Macau Marketing Agreement dated 24 December 2013 entered into among the MGM Resorts, MGMGP and the Company
“First Renewed Master Service Agreement”	the first renewed Master Service Agreement dated 24 December 2013 entered into between MGMGP and Shun Tak
“First Renewed MGM Marketing Agreement”	the first renewed MGM Marketing Agreement dated 24 December 2013 entered into among MGM Resorts, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd., MGMGP and the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	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
“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
“Macau Marketing Agreement”	the agreement dated 17 May 2011 entered into among MGM Resorts, MGMGP and the Company

“Master Service Agreement”	the agreement dated 8 October 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 on a plot of land with an area of 71,833 square meters located in Cotai leased from the Macau Government for an initial term of 25 years since 9 January 2013
“MGMGP”	MGM Grand Paradise Limited, a company incorporated under the laws of Macau and a subsidiary of the Company
“MGM Group”	collectively, 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 resort and casino property in Macau owned by MGMGP
“MGM Marketing Agreement”	the agreement dated 17 May 2011 entered into among MGM Resorts, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd., MGMGP and the Company
“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
“Ms. Pansy Ho”	Ho, Pansy Catilina Chiu King, a substantial Shareholder, the Co-Chairperson and an Executive Director of the Company
“MRIH”	MGM Resorts International Holdings, Ltd., a company incorporated in the Isle of Man, an indirect wholly-owned subsidiary of MGM Resorts, and the controlling shareholder 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 Announcement”	the announcement of the Company dated 31 July 2014
“Second Renewed Agreements”	the Second Renewed MGM Marketing Agreement, the Second Renewed Macau 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 12 December 2016 entered into among BEH, the Company and MGMGP
“Second Renewed Development Agreement”	the second renewed Development Agreement dated 12 December 2016 entered into among MGM Branding, MGMGP, MGM Resorts, MRIH, NCE and the Company
“Second Renewed Macau Marketing Agreement”	the second renewed Macau Marketing Agreement dated 12 December 2016 entered into among MGM Resorts, MGMGP and the Company
“Second Renewed Master Service Agreement”	the second renewed Master Service Agreement dated 12 December 2016 entered into between MGMGP and Shun Tak
“Second Renewed MGM Marketing Agreement”	the second renewed MGM Marketing Agreement dated 12 December 2016 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 the United States of America
“%”	per cent

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

Hong Kong, 12 December 2016

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 A. ROSEVEAR, William M. SCOTT IV and Daniel J. D’ARRIGO as non-executive directors and Zhe SUN, Patricia Sze Wan LAM, Peter Man Kong WONG and Russell Francis BANHAM as independent non-executive directors.