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**萬達酒店發展有限公司**  
**WANDA HOTEL DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 169)**

**ANNOUNCEMENT**  
**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF FRAMEWORK AGREEMENTS**  
**AND**  
**NOVATION AND RENEWAL OF ANNUAL CAPS UNDER**  
**THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT**

References are made to (i) the announcement of the Company dated 13 November 2018 in relation to, among others, the Hotel Management Framework Agreement and the Property Leasing Framework Agreement entered into between the Company and DWCM Group; (ii) the announcement of the Company dated 18 October 2019 in relation to, among others, the Hotel Design Framework Agreement and the Hotel Construction Management Framework Agreement entered into between the Company and Dalian Wanda Group; and (iii) the announcement of the Company dated 30 June 2021 in relation to the Product Supply Framework Agreement entered into between the Company and Dalian Wanda Group.

**RENEWAL OF FRAMEWORK AGREEMENTS DUE TO EXPIRE ON 31 DECEMBER 2021**

Each of the abovementioned framework agreements (except for the Hotel Management Framework Agreement) are due to expire on 31 December 2021. In order to continue the continuing connected transactions, on 18 November 2021:—

- (i) the Company entered into the New Property Leasing Framework Agreement with the DWCM Group, pursuant to which DWCM Group Companies may from time to time lease property (including office, storage and parking space) in the PRC to the Group which at the same time may include Property Management Services to be provided by DWCM Group Companies for the leased property;
- (ii) the Company entered into the New Hotel Design Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group Companies may from time to time engage the Group to provide Hotel Design Services for the hotel projects of Dalian Wanda Group;

- (iii) the Company entered into the New Hotel Construction Management Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group Companies may from time to time engage the Group to provide hotel construction management services for the hotel projects of Dalian Wanda Group; and
- (iv) the Company entered into the New Product Supply Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group Companies have agreed to purchase, and the Group has agreed to supply, the Products according to the terms and conditions agreed therein.

## **NOVATION AND RENEWAL OF ANNUAL CAPS UNDER THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT**

On 13 November 2018, the Company and DWCM Group entered into the Hotel Management Framework Agreement, pursuant to which DWCM Group may from time to time engage the Group to provide hotel management services. The Hotel Management Framework Agreement will expire on 31 December 2038 and the annual caps in respect of the transactions contemplated under the Hotel Management Framework Agreement will expire on 31 December 2021. Further details of the Hotel Management Framework Agreement were set out in the announcement of the Company dated 13 November 2018 and the circular of the Company dated 7 December 2018.

On 18 November 2021, the Company entered into the Novation Agreement with DWCM Group and Dalian Wanda Group, pursuant to which DWCM Group agreed to novate, and Dalian Wanda Group agreed to assume, all of DWCM Group's rights and obligations in and under the Hotel Management Framework Agreement from 1 January 2022.

Further, as the Company intends to continue the transactions under the Hotel Management Framework Agreement, on 18 November 2021, the Board also resolved to propose to renew the annual caps for the transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024. The Company will comply with the requirements of Chapter 14A of the Listing Rules in respect of the renewal of annual caps for the continuing connected transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, DWCM Group is an indirect holding company of the Company. DWCM Group is in turn controlled by Dalian Wanda Group, which is in turn controlled by Mr. Wang Jianlin. DWCM Group and Dalian Wanda Group as controlling shareholders of the Company are connected persons of the Company under the Listing Rules. Accordingly, each of the New Framework Agreements and the Hotel Management Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The Novation Agreement constitutes amendments to the Hotel Management Framework Agreement with effect from 1 January 2022 for the remaining term of the Hotel Management Framework Agreement.

As one or more applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in relation to the proposed annual caps of the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the novation and renewal of annual caps) exceed 5%, the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement shall be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in relation to the proposed annual caps of the transactions contemplated under the New Property Leasing Framework Agreement, the New Hotel Construction Management Framework Agreement and the New Product Supply Framework Agreement exceed 0.1% but do not exceed 5%, the transactions contemplated under the New Property Leasing Framework Agreement, the New Hotel Construction Management Framework Agreement and the New Product Supply Framework Agreement shall be subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Hotel Management Framework Agreement (as amended by the Novation Agreement) exceeds three years, the Company has appointed Opus Capital to explain the reason for a longer term and to confirm that it is a normal business practice for agreement(s) of this type to be of such duration.

## **GENERAL**

The SGM will be convened for the independent Shareholders to consider and, if thought fit, to approve, among others, the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement. DWCM Group, Dalian Wanda Group and their respective associates shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement. Wanda Overseas, being an associate of DWCM Group and Dalian Wanda Group, is interested in 3,055,043,100 Shares, representing approximately 65.04% of the issued share capital of the Company as at the date of this announcement, and will abstain from voting on such resolution(s).

A circular containing, among other things, (i) details of the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice convening the SGM and a proxy form, will be despatched to the Shareholders within 15 business days after the publication of this announcement.

## INTRODUCTION

References are made to (i) the announcement of the Company dated 13 November 2018 in relation to, among others, the Hotel Management Framework Agreement and the Property Leasing Framework Agreement entered into between the Company and DWCM Group; (ii) the announcement of the Company dated 18 October 2019 in relation to, among others, the Hotel Design Framework Agreement and the Hotel Construction Management Framework Agreement entered into between the Company and Dalian Wanda Group; and (iii) the announcement of the Company dated 30 June 2021 in relation to the Product Supply Framework Agreement entered into between the Company and Dalian Wanda Group.

## RENEWAL OF FRAMEWORK AGREEMENTS DUE TO EXPIRE ON 31 DECEMBER 2021

Each of the abovementioned framework agreements (except for the Hotel Management Framework Agreement) are due to expire on 31 December 2021. Details of each of the New Framework Agreements are as follow:

### **New Property Leasing Framework Agreement**

A summary of the principal terms of the New Property Leasing Framework Agreement is set out as follows:

- Date:** 18 November 2021
- Parties:** (i) DWCM Group (as lessor)  
(ii) The Company (as lessee)
- Term:** From 1 January 2022 or upon satisfaction of all applicable requirements relating to connected transactions under the Listing Rules (whichever is later) to 31 December 2024
- Leasing target:** Pursuant to the New Property Leasing Framework Agreement, DWCM Group Companies may from time to time (i) lease property (including office, storage and parking space) in the PRC to the Group for its daily operation needs and (ii) provide property management services for the leased properties (the “**Property Management Services**”).

Property Management Services to be provided by the DWCM Group Companies will be specific to the leased property, and may include but are not limited to the management and maintenance of shared and public facilities (such as rooftops, corridors, flowerbeds, trees, outdoor pipes, drains, ponds, car parks, etc.) and traffic and parking management at the leased property.

Members of the Group and DWCM Group Companies shall enter into separate agreements (“**Individual Lease Agreement(s)**”) in relation to the lease of property by DWCM Group Companies to the Group (depending on the particular property being leased, this may include Property Management Services), which shall be subject to the terms and conditions under the New Property Leasing Framework Agreement and the annual caps thereunder. The duration of each Individual Lease Agreement shall not exceed the term of the New Property Leasing Framework Agreement and the terms of the Individual Lease Agreements shall be made on normal commercial terms.

**Rent:**

The rent set out in each Individual Lease Agreement will take into account the Property Management Services to be provided at the specific property being leased. The Company shall determine the rent payable for each lease after arm’s length negotiations based on normal commercial principles with reference to the market price and other commercial considerations, such as floor area, location, the type of property and level of Property Management Services being provided. In particular, the rent shall not exceed the amount of rent payable by or to be charged by an independent third party in respect of similar leased properties.

In order to ensure that the terms of the Individual Lease Agreements are and will be made on normal commercial terms, the actual rent for each Individual Lease Agreement shall not, from the Group’s perspective, be less favourable than the rent charged and terms for equivalent or similar leased properties provided by independent third parties to the Group.

If there are no comparable leased properties in the vicinity or if for any reason both parties cannot compare the price of the property to be leased with the market, parties must treat each other as an independent third party with the terms of the rent to be determined on a fair and reasonable basis.

**Historical figures and annual caps:**

The annual caps and actual transaction amounts under the Property Leasing Framework Agreement for the two years ended 31 December 2020 and the eight months ended 31 August 2021 are set out below:

	<b>Year ended 31 December</b>		<b>Eight months ended 31 August</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(RMB’000)</i>	<i>(RMB’000)</i>	<i>(RMB’000)</i>
Annual caps	15,438	16,114	16,824
Actual transaction amounts	13,876	14,885	9,172

**Annual caps:** The annual caps of the maximum aggregate amounts payable by the Group to DWCM Group Companies for each of the three years ending 31 December 2024 under the New Property Leasing Framework Agreement are set out below:

	Year ending 31 December		
	2022 (RMB'000)	2023 (RMB'000)	2024 (RMB'000)
Annual caps	22,372	22,372	22,372

The annual caps in respect of the transactions contemplated under the New Property Leasing Framework Agreement are arrived at after taking into consideration of, *inter alia*, (i) the existing property leasing agreements entered into between the Company and DWCM Group Companies, (ii) the Company's anticipated demand for new leasing arrangements (including Property Management Services) during the term of the New Property Leasing Framework Agreement to meet its daily operations needs, and (iii) the expected rent pricing conditions in the PRC property leasing market for office, storage and parking space.

### **New Hotel Design Framework Agreement**

A summary of the principal terms of the New Hotel Design Framework Agreement is set out as follows:

- Date:** 18 November 2021
- Parties:**
- (i) Dalian Wanda Group
  - (ii) The Company
- Term:** From 1 January 2022 or the day on which independent Shareholders' approval in respect of the New Hotel Design Framework Agreement is obtained at the SGM (whichever is later) to 31 December 2024
- Services:** Pursuant to the New Hotel Design Framework Agreement, Dalian Wanda Group Companies may from time to time engage the Group to provide hotel design consulting services (the "**Hotel Design Services**") which may include, but not limited to, the below services for Dalian Wanda Group's hotel projects:
- (i) interior, furniture, fixtures and equipment design and consulting services;
  - (ii) back-of-house area design review services;

- (iii) outdoor direction signage and indoor lighting design consulting services; and
- (iv) kitchen and launderette area design services.

Dalian Wanda Group Companies and the Group shall enter into separate agreements (the “**Individual Hotel Design Agreement(s)**”) in relation to the provision of Hotel Design Services for relevant projects, which shall be subject to the terms and conditions under the New Hotel Design Framework Agreement and the annual caps thereunder. The duration of each Individual Hotel Design Agreement shall not exceed the term of the New Hotel Design Framework Agreement and the terms of the Individual Hotel Design Agreements shall be made on normal commercial terms.

**Service fees and pricing policy:**

The service fees payable by Dalian Wanda Group to the Group for the Hotel Design Services under each Individual Hotel Design Agreement shall be fair and reasonable and shall be determined after arm’s length negotiations based on normal commercial terms with reference to the scope of service, hotel grading, size of the hotel project by square meter, and within the range of the prevailing market prices by taking into account the quotations obtained by Dalian Wanda Group from at least two independent third party suppliers for the provision of equivalent or similar services in their ordinary course of business and which shall not, from the Group’s perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third party in hotels of equivalent or similar grading.

In order to ensure that the terms of the Individual Hotel Design Agreements signed on or after the date of the New Hotel Design Framework Agreement are and will be made on normal commercial terms, the Group has established a review mechanism to monitor the prevailing service fees and contractual terms for equivalent or similar services in the market and approve in advance the terms of each Individual Hotel Design Agreement signed on or after the date of the New Hotel Design Framework Agreement to ensure that its actual service fees rates and contractual terms shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading. Under the proposed review mechanism to be established, the Company will, prior to the signing of each of the Individual Hotel Design Agreements, designate members of the management in its finance and compliance team to review each of such agreements by comparing their terms against the terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading. Once the designated members determine, after arm's length negotiations, that the terms of the Individual Hotel Design Agreement are on normal commercial terms or better, the agreement will be approved by such designated members for signing. The review mechanism is intended to ensure that the terms of each Individual Hotel Design Agreement will be entered into after arm's length negotiations based on normal commercial terms.

If in the future the Group is of the view that the service fees and contractual terms fixed under the New Hotel Design Framework Agreement are, from the Group's perspective, less favourable than that provided by the Group to independent third parties at the time, the Group will use its best endeavours to negotiate revised service fees and contractual terms with Dalian Wanda Group under the New Hotel Design Framework Agreement to ensure that each new Individual Hotel Design Agreement to be entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties for hotels of equivalent or similar grading during the same period. If the rates charged and terms for equivalent or similar services provided by the Group to Dalian Wanda Group becomes less favourable than that provided by the Group to independent third parties, signifying a deviation from the terms of the New Hotel Design Framework Agreement, the Company will re-comply with the Listing Rules requirements if applicable.

**Historical figures and annual caps:**

The annual caps and actual transaction amounts under the Hotel Design Framework Agreement for the two years ended 31 December 2020 and the eight months ended 31 August 2021 are set out below:

	<b>Year ended 31 December</b>		<b>Eight months ended 31 August</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	52,340	92,450	70,920
Actual transaction amounts	19,556	39,212	36,635

**Annual caps:**

The annual caps of the maximum aggregate amounts payable by Dalian Wanda Group Companies for each of the three years ending 31 December 2024 for the provision of hotel design services by the Group are set out below:

	<b>Year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	59,766	17,764	4,065

The annual caps in respect of the transactions contemplated under the New Hotel Design Framework Agreement are arrived at after taking into consideration of, among others, (i) the anticipated demand for Hotel Design Services by Dalian Wanda Group based on the current development plan of the existing property projects of Dalian Wanda Group and on the assumption that Dalian Wanda Group will continue to develop the existing property projects, with reference to the expected business commencement dates of the hotel projects, payment terms, anticipated gross floor area of the hotel projects and unit price of the Hotel Design Services having regards to the grading in respect of the hotels developments; (ii) the prevailing market prices for the relevant design services; and (iii) a buffer of 15% taking into account, among others, (a) the inflation expected during the term of the New Hotel Design Framework Agreement; (b) a potential fluctuation in the annual caps during the term of the New Hotel Design Framework Agreement due to the potential additional demand for Hotel Design Services by Dalian Wanda Group during the term of the New Hotel Design Framework Agreement, the possibility of early or delay in revenue recognition due to the progress of Hotel Design Services during the term of the New Hotel Design Framework Agreement and the possibility of securing new agreements for the provision of Hotel Design Services.

The annual caps are arrived at after taking into account the above factors and the fluctuation in the annual caps is mainly affected by the expected percentage of completion of work of each hotel project in the current development plan of Dalian Wanda Group during the 3 years ending 31 December 2024.

### **New Hotel Construction Management Framework Agreement**

A summary of the principal terms of the New Hotel Construction Management Framework Agreement is set out as follows:

**Date:** 18 November 2021

**Parties:** (i) Dalian Wanda Group  
(ii) The Company

**Term:** From 1 January 2022 to 31 December 2024

**Services:** Pursuant to the New Hotel Construction Management Framework Agreement, Dalian Wanda Group Companies may from time to time engage the Group to provide hotel construction management services. For the avoidance of doubt, such services do not include project design, construction and supervision work, in respect of which Dalian Wanda Group Companies should hire relevant professional advisory body(ies) and be responsible for such expenses.

Dalian Wanda Group Companies and the Group shall enter into separate agreements (the “**Individual Hotel Construction Management Agreement(s)**”) in relation to the provision of hotel construction management services for relevant projects, which shall be subject to the terms and conditions under the New Hotel Construction Management Framework Agreement and the annual caps thereunder. The duration of each Individual Hotel Construction Management Agreement shall not exceed the term of the New Hotel Construction Management Framework Agreement and the terms of the Individual Hotel Construction Management Agreements shall be made on normal commercial terms.

**Service fees and pricing policy:**

The service fees payable by Dalian Wanda Group to the Group for the hotel construction management services for each hotel shall be fair and reasonable and the consultation and hotel construction management service fees for each project shall be charged according to the project area and such fee shall not exceed RMB136 per square meter. The ceiling of the unit price of RMB136 per square meter is higher than the current unit price charged by the Group to independent third parties for equivalent or similar services, and was determined after taking into account historical unit price charged by the Group to Dalian Wanda Group and possible inflation during the term of the New Hotel Construction Management Services Framework Agreement. The service fee for each project shall be determined after arm's length negotiations based on normal commercial terms with reference to the prevailing market prices by taking into account the fee charged by the Group to independent third party for equivalent or similar services. The fee charged by the Company shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third party.

In order to ensure that the terms of the Individual Hotel Construction Management Agreements shall be made on normal commercial terms or better, the actual service fees rates for each Individual Hotel Construction Management Agreement shall be determined with reference to the prices and terms provided by the Group to independent third parties for similar services. In order to ensure that the terms of the Individual Hotel Construction Management Agreements signed on or after the date of the New Hotel Construction Management Framework Agreement are and will be made on normal commercial terms, the Group has established a review mechanism to monitor the prevailing service fees and contractual terms for equivalent or similar services in the market and approve in advance the terms of each Individual Hotel Construction Management Agreement signed on or after the date of the New Hotel Construction Management Framework Agreement to ensure that its actual service fees rates and contractual terms shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third party.

Under the aforementioned review mechanism, the Company will, prior to the signing of each of the Individual Hotel Construction Management Agreements, designate members of the management in its finance and compliance team to review each of such agreements by comparing their terms against the terms for equivalent or similar services provided by the Group to independent third parties. Once the designated members determine, after arm's length negotiations, that the terms of the Individual Hotel Construction Management Agreement are on normal commercial terms or better, the agreement will be approved by such designated members for signing. The review mechanism is intended to ensure that the terms of each Individual Hotel Construction Management Agreement will be entered into after arm's length negotiations based on normal commercial terms. If in the future the Group is of the view that the service fees and contractual terms fixed under the New Hotel Construction Management Framework Agreement are, from the Group's perspective, less favourable than that provided by the Group to independent third parties at the time, the Group will use its best endeavours to negotiate revised service fees and contractual terms with Dalian Wanda Group under the New Hotel Construction Management Framework Agreement to ensure that each new Individual Hotel Construction Management Agreement to be entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading during the same period. If the rates charged and terms for equivalent or similar services provided by the Group to Dalian Wanda Group becomes less favourable than that provided by the Group to independent third parties, signifying a deviation from the terms of the New Hotel Construction Management Framework Agreement, the Company will re-comply with the Listing Rules requirements if applicable

**Historical figures and annual caps:**

The annual caps and actual transaction amounts under the Hotel Construction Management Framework Agreement for the two years ended 31 December 2020 and the eight months ended 31 August 2021 are set out below:

	<b>Year ended 31 December</b>		<b>Eight months ended 31 August</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	10,870	31,690	25,120
Actual transaction amounts	472	14,797	9,824

**Annual caps:**

The annual caps of the maximum aggregate amounts payable by Dalian Wanda Group Companies for each of the three years ending 31 December 2024 for the provision of hotel construction management services by the Group are set out below:

	<b>Year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual caps	26,101	14,239	2,431

The annual caps in respect of the transactions contemplated under the New Hotel Construction Management Framework Agreement are arrived at after taking into consideration of, among others, (i) the anticipated demand for hotel construction management services by Dalian Wanda Group based on the current development plan of the existing hotel projects of Dalian Wanda Group and on the assumption that Dalian Wanda Group will continue to develop the existing property projects, with reference to the expected business commencement dates of the hotel projects, payment terms, anticipated gross floor area of the hotel projects and unit price of the hotel construction management services; (ii) the prevailing market prices for the relevant hotel construction management services; and (iii) a buffer of 15% taking into account, among others, (a) the inflation expected during the term of the New Hotel Construction Management Framework Agreement; (b) a potential fluctuation in the annual caps during the term of the New Hotel Construction Management Framework Agreement considering the potential additional demand for hotel construction consulting services by Dalian Wanda Group during the term of the New Hotel Construction Management Framework Agreement, the possibility of early or delay in revenue recognition due to the progress of hotel project construction consulting services during the term of the New Hotel Construction Management Framework Agreement and the possibility of securing new agreements for provision of hotel construction management services. The annual caps are arrived at after taking into account the above factors and the fluctuation in the annual caps is mainly affected by the expected percentage of completion of work of each hotel project in the current development plan of Dalian Wanda Group during the 3 years ending 31 December 2024.

## **New Product Supply Framework Agreement**

A summary of the principal terms of the New Product Supply Framework Agreement is set out as follows:

**Date:** 18 November 2021

**Parties:** (i) Dalian Wanda Group  
(ii) The Company

**Term:** From 1 January 2022 to 31 December 2024

**Subject matter:** Dalian Wanda Group Companies agreed to purchase, and the Group agreed to supply the Products, including but not limited to products such as rice dumplings, mooncakes and gift boxes according to the terms and conditions agreed therein.

Dalian Wanda Group Companies shall place specific orders (“**Individual Specific Order(s)**”) for each purchase through a merchandising platform available to the hotels that is managed by the Group, which shall stipulate, among others, the product types, quantity and delivery details and be subject to the terms and conditions under the New Product Supply Framework Agreement and the annual caps thereunder. The duration of each Individual Specific Order shall not exceed the term of the New Product Supply Framework Agreement and the terms of the Individual Specific Orders shall be made on normal commercial terms.

**Purchase prices and pricing policy:** The purchase prices payable by Dalian Wanda Group Companies to the Group for the Products for each purchase shall be determined with reference to the purchase prices for equivalent or similar products offered by the Group to other independent third parties.

In order to ensure that the terms of the Individual Specific Orders shall be made on normal commercial terms or better (from the perspective of the Group), the actual prices for each Individual Specific Order shall be determined with reference to the prices and terms provided by the Group to independent third parties for equivalent or similar products on rates and/or terms not less favourable from the Group’s perspective than the rates charged and/or terms for equivalent or similar products sold to independent third parties.

Upon the New Product Supply Framework Agreement taking effect, the internal compliance review department of the Company will regularly review any individual specific order for equivalent or similar products entered into between the Group and independent third parties to ensure that all Products sold under the Individual Specific Orders to Dalian Wanda Group Companies by the Group are sold on rates charged and/or terms not less favourable from the Group's perspective than the rates charged and/or terms for equivalent or similar products sold to independent third parties. Such review will be performed annually by the independent non-executive Directors. If the Company is of the view that the rates charged and/or terms for the Products sold to Dalian Wanda Group Companies are less favourable from the Group's perspective than the rates charged and terms for equivalent or similar products sold by the Group to independent third parties, Dalian Wanda Group Companies and the Group agree to use their best endeavour to adjust the rates and/or terms to ensure that the terms of the transactions are fair and reasonable.

**Historical figures and annual caps:**

The annual caps and actual transaction amounts under the Product Supply Framework Agreement for the year ended 31 December 2021 and for the eight months ended 31 August 2021 were RMB22,000,000 and approximately RMB2,753,000 respectively.

**Annual caps:**

The annual caps of the maximum aggregate amounts payable by Dalian Wanda Group for each of the three years ending 31 December 2024 for the purchases of the Products from the Group are set out below:

	<b>Year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	22,973	22,973	24,357

The annual caps in respect of the transactions under the New Product Supply Framework Agreement is arrived at after taking into consideration of, among others, (i) the anticipated amount of purchases of the Products from the Group by Dalian Wanda Group and its subsidiaries with reference to the expected market demand for relevant products; and (ii) the anticipated prices for the Products, for each of the three year ending 31 December 2024.

If the total transaction amounts under the New Product Supply Framework Agreement are expected to exceed the proposed annual caps, the Company will inform the Stock Exchange as soon as practicable and revise the relevant annual cap and/or re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

## **NOVATION AND RENEWAL OF ANNUAL CAPS UNDER THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT**

On 13 November 2018, the Company and DWCM Group entered into the Hotel Management Framework Agreement, pursuant to which DWCM Group may from time to time engage the Group to provide hotel management services. The Hotel Management Framework Agreement will expire on 31 December 2038 and the annual caps in respect of the transactions contemplated under the Hotel Management Framework Agreement will expire on 31 December 2021. Further details of the Hotel Management Framework Agreement were set out in the announcement of the Company dated 13 November 2018 and the circular of the Company dated 7 December 2018.

### **Novation Agreement in relation to the Hotel Management Framework Agreement**

On 18 November 2021, the Company entered into the Novation Agreement with DWCM Group and Dalian Wanda Group, pursuant to which (i) DWCM Group agreed to novate, and Dalian Wanda Group agreed to assume, all of DWCM Group's rights and obligations in and under the Hotel Management Framework Agreement from 1 January 2022 to 31 December 2038; and (ii) the Company agreed to such change under the Hotel Management Framework Agreement.

Pursuant to the Novation Agreement, Dalian Wanda Group agreed to be substituted in place of DWCM Group in respect of the Hotel Management Framework Agreement and the transactions contemplated thereunder and to be fully bound by the Hotel Management Framework Agreement as and to the same extent as if Dalian Wanda Group was a party thereto in place of DCWM Group from the date of the Hotel Management Framework Agreement.

Save for the aforesaid amendment, all other terms of the Hotel Management Framework Agreement remain unchanged.

### **Renewal of annual caps under the Hotel Management Framework Agreement**

The Hotel Management Framework Agreement will expire on 31 December 2038 but the corresponding annual caps under the Hotel Management Framework Agreement will expire on 31 December 2021, and as the Company intends to continue the transactions under the Hotel Management Framework Agreement, the Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the renewal of annual caps for the continuing connected transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

On 18 November 2021, the Board resolved to propose to renew the annual caps for the transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

**Historical figures and annual caps:**

The annual caps and actual transaction amounts under the Hotel Management Framework Agreement for the two years ended 31 December 2020 and the eight months ended 31 August 2021 are set out below:

	<b>Year ended 31 December</b>		<b>Eight months ended 31 August</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	81,118	80,804	81,988
Actual transaction amounts	59,767	37,780	34,063

**Annual caps:**

The annual caps of the maximum aggregate amounts payable by DWCM Group Companies for each of the three years ending 31 December 2024 for the provision of hotel management services under the Hotel Management Framework Agreement by the Group are set out below:

	<b>Year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	67,624	75,923	75,676

The annual caps in respect of the transactions under the Hotel Management Framework Agreement are arrived at after taking into consideration of, *inter alia*, (i) anticipated demand for hotel management services by the Group based on the current development plan of the existing property projects of the Group and on the assumption that the Group will continue to hold the existing property projects; (ii) the prevailing market prices for the relevant hotel management services; (iii) the expected occupancy of the hotels of the Group's existing property projects, and taking into account possible inflation and possible reasonable buffer to allow for increase in the room rate and the occupancy rate of the hotels.

## **View of the Independent Financial Adviser on the Term of the Hotel Management Framework Agreement**

The term of the Hotel Management Framework Agreement (as amended by the Novation Agreement) exceeds three years. Pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Opus Capital as the Independent Financial Adviser to explain the reason for a longer term and to confirm that it is a normal business practice for agreement(s) of this type to be of such duration.

In arriving at its opinion, Opus Capital has relied on the information set out in this announcement and has referred to the term of the Hotel Management Framework Agreement, which has a duration of seventeen (17) years. Pursuant to Rule 14A.52 of the Listing Rules, Opus Capital has formulated its opinion based on its research and analysis and its discussion with the management of the Company as follows:

- (i) the long tenure of the Hotel Management Framework Agreement aligns with the Group's long-term strategies and signifies the long-term cooperation commitment between the Company and Dalian Wanda Group;
- (ii) due to the unique nature of the hotel industry, hotel management contracts with a long tenure can avoid disruption to hotel operation and safeguard the quality of hotel management services provided;
- (iii) Opus Capital has obtained and reviewed the hotel management contracts entered between the Group and independent third parties hotel owners and noted that the term of such hotel management contracts generally has a duration over ten (10) years. Furthermore a majority of the hotel management contracts entered between the Group and hotel owners who are its connected parties have a tenure of thirty (30) years. Therefore entering into hotel management contracts of such long duration by the Group is a norm for the Group and is consistent with its past practices; and
- (iv) in considering whether it is a normal business practice for the Hotel Management Framework Agreement to have a duration longer than three (3) years, Opus Capital has conducted research, on a best effort basis, on hotel management contracts undertaken by companies listed on the Stock Exchange. In the course of its review, it is noted that it is not uncommon for the terms of the hotel management contracts of the comparables in general to be longer than ten (10) years.

Having considered the factors set out above, Opus Capital is of the view that the term of the Hotel Management Framework Agreement, which is longer than three (3) years, is required and it is normal business practice for agreements of this type to be of such duration.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

Entering into the New Framework Agreements and the novation and renewal of annual caps under the Hotel Management Framework Agreement are consistent with the Company's business strategy to capitalise on the Group's hotel management expertise, improve its business operations and maximize return to its Shareholders, which should expand the Company's source of revenue and improve the Company's profitability and are in line with the Group's plan to adopt an asset-light business model and the strategic goal of achieving long-term development of the Group and sustainable growth of the Shareholders' value in the long run.

The Company is of the view that the New Property Leasing Framework Agreement, the New Hotel Design Framework Agreement, the New Hotel Construction Management Framework Agreement and the novation and renewal of annual caps under the Hotel Management Framework Agreement could provide an effective framework to regulate the provision and receipt of services between the Company, DWCM Group Companies and Dalian Wanda Group Companies. The Company also believes that by maintaining the existing relationship between the Company, DWCM Group Companies and Dalian Wanda Group Companies, the Company could further its development into a global leading comprehensive hotel design and management services provider.

In respect of the New Product Supply Framework Agreement, supply of the Products to Dalian Wanda Group Companies enables the Company to have an assured and stable outlet for its products and acquire a better understanding of end-customers, which in turn should enhance its capabilities to attract and retain customers by maximizing cross-selling opportunities and sharing of business resources, and optimize the Group's manufacturing processes to predict and control costs.

The Directors (excluding the independent non-executive Directors whose views will, after receiving the advice from the Independent Financial Adviser, be set out in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) consider that (i) the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps); and (ii) the Hotel Management Framework Agreement (taking into account the renewal of annual caps referred to above) (including the annual caps) are entered into in the ordinary and usual course of business of the Company, were negotiated on an arm's length basis and are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

The Directors (including the independent non-executive Directors) consider that the New Property Leasing Framework Agreement, the New Hotel Construction Management Framework Agreement, the New Product Supply Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) are entered into in the ordinary and usual course of business of the Company, were negotiated on an arm's length basis and are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

None of the Directors have any material interest in the transactions contemplated under the New Framework Agreements, the Novation Agreement and the transactions contemplated under the Hotel Management Framework Agreement, and none of them were required to abstain from voting on the resolutions in relation to the transactions pursuant to the bye-laws of the Company.

## INTERNAL CONTROL MEASURES ON CONTINUING CONNECTED TRANSACTIONS

In order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted certain measures in monitoring the transactions under the New Framework Agreements and the Hotel Management Framework Agreement (taking into account the novation and renewal of annual caps referred to above) including the following, for so long as the transactions constitute continuing connected transactions of the Company:

- (i) the internal audit department of the Company is responsible for the review of any Individual Lease Agreement, Individual Hotel Design Agreement, Individual Hotel Construction Management Agreement, Individual Specific Order and separate agreements entered into in relation to the provision of hotel management services under the Hotel Management Framework Agreement (collective, “**Individual Agreements**”) on a regular basis to ensure that the terms thereunder are made in accordance with the terms and conditions (including the pricing policies) of the respective New Framework Agreements and the Hotel Management Framework Agreement;
- (ii) the Company has designated certain members of the management to closely monitor subsisting and potential connected transactions of the Group on a regular basis and will review the transactions under the New Framework Agreements and the Hotel Management Framework Agreement with DWCM Group, Dalian Wanda Group and/or their respective subsidiaries to identify any continuing connected transaction that may be at risk of exceeding the annual caps so as to ensure that relevant Listing Rules requirements have been re-complied before any annual cap is being exceeded; and
- (iii) the Company will report any Individual Agreements to the independent non-executive Directors for their review annually to ensure that all services provided and/or products sold under the respective Individual Agreements are on rates charged and/or terms not less favourable from the Group’s perspective than the rates charged and/or terms for equivalent or similar services provided and/or products sold to independent third parties.

## INFORMATION ABOUT THE PARTIES

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange. The Group is principally engaged in investment property leasing, hotel operation and management, hotel design and construction management services in the PRC.

DWCM Group, a company established in the PRC with limited liability, is principally engaged in the business of investment holding.

Dalian Wanda Group, a joint stock company incorporated in the PRC with limited liability, is a large multinational conglomerate focusing on modern services. Its core businesses are commercial management, cultural industry, real estate and investment. It is the ultimate holding company of the Company and DWCM Group and is ultimately beneficially controlled by Mr. Wang Jianlin.

As at the date of this announcement, DCWM Group is an indirect holding company of the Company interested in approximate 65.04% of the total issued shares of the Company and is in turn controlled by Dalian Wanda Group, which is ultimately beneficially controlled by Mr. Wang Jianlin.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, DWCM Group is an indirect holding company of the Company. DWCM Group is in turn controlled by Dalian Wanda Group which is in turn controlled by Mr. Wang Jianlin. DWCM Group and Dalian Wanda Group as controlling shareholders of the Company are connected persons of the Company under the Listing Rules. Accordingly, each of the New Framework Agreements and the Hotel Management Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The Novation Agreement constitutes amendments to the Hotel Management Framework Agreement with effect from 1 January 2022 for the remaining term of the Hotel Management Framework Agreement.

As one or more applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in relation to the proposed annual caps of the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the novation and renewal of annual caps) exceed 5%, the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement shall be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in relation to the proposed annual caps of the transactions contemplated under the New Property Leasing Framework Agreement, the New Hotel Construction Management Framework Agreement and the New Product Supply Framework Agreement exceed 0.1% but do not exceed 5%, the transactions contemplated under the New Property Leasing Framework Agreement, the New Hotel Construction Management Framework Agreement and the New Product Supply Framework Agreement shall be subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Hotel Management Framework Agreement (as amended by the Novation Agreement) exceeds three years, the Company has appointed Opus Capital to explain the reason for a longer term and to confirm that it is a normal business practice for agreement(s) of this type to be of such duration.

## GENERAL

The SGM will be convened for the independent Shareholders to consider and, if thought fit, to approve, among others, the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement. DWCM Group, Dalian Wanda Group and their respective associates shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement. Wanda Overseas, being an associate of DWCM Group and Dalian Wanda Group, is interested in 3,055,043,100 Shares, representing approximately 65.04% of the issued share capital of the Company as at the date of this announcement, and will abstain from voting on such resolution(s).

To the best of the knowledge of the Directors, as at the date of this announcement, no other Directors have any material interest in the transactions contemplated under the New Framework Agreements, the Novation Agreement and the Hotel Management Framework Agreement and none of them were required to abstain from voting on relevant resolution(s) pursuant to the by-laws of the Company.

A circular containing, among other things, (i) details of the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice convening the SGM and a proxy form, will be despatched to the Shareholders within 15 business days after the publication of this announcement.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the Board of Directors
“Company”	Wanda Hotel Development Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules

“Dalian Wanda Group”	Dalian Wanda Group Co., Ltd.* (大連萬達集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, a controlling shareholder of the Company and the controlling shareholder of DWCM Group as at the date of this announcement
“Dalian Wanda Group Companies”	Dalian Wanda Group and/or its subsidiaries (except for the Group)
“Director(s)”	director(s) of the Company
“DWCM Group”	Dalian Wanda Commercial Management Group Co., Ltd* (大連萬達商業管理集團股份有限公司), a company established in the PRC with limited liability and controlled by Dalian Wanda Group, a controlling shareholder of the Company as at the date of this announcement
“DWCM Group Companies”	DWCM Group and/or its subsidiaries (except for the Group)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel Construction Management Framework Agreement”	the hotel construction management services framework agreement entered into between the Company and Dalian Wanda Group on 18 October 2019
“Hotel Design Framework Agreement”	the hotel design consulting services framework agreement entered into between the Company and Dalian Wanda Group on 18 October 2019
“Hotel Design Services”	has the meaning ascribed to it in the section headed “New Hotel Design Framework Agreement – Services” of this announcement
“Hotel Management Framework Agreement”	the hotel management framework agreement entered into between the Company and DWCM Group on 13 November 2018
“Independent Board Committee”	the independent Board committee of the Company comprising Mr. He Zhiping, Dr. Teng Bing Sheng and Dr. Chen Yan, all being independent non-executive Directors, which is formed to advise the independent Shareholders on the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement

“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise (i) the Independent Board Committee and the independent Shareholders on the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement; and (ii) the Board in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules
“independent third party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“Individual Agreements”	has the meaning ascribed to it in the section headed “Internal Control Measures On Continuing Connected Transactions” of this announcement
“Individual Hotel Construction Management Agreement”	has the meaning ascribed to it in the section headed “New Hotel Construction Management Framework Agreement – Services” of this announcement
“Individual Hotel Design Agreement”	has the meaning ascribed to it in the section headed “New Hotel Design Framework Agreement – Services” of this announcement
“Individual Lease Agreement”	has the meaning ascribed to it in the section headed “New Property Leasing Framework Agreement – Leasing target” of this announcement
“Individual Specific Order”	has the meaning ascribed to it in the section headed “New Product Supply Framework Agreement – Subject matter” of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Agreements”	the New Property Leasing Framework Agreement, the New Hotel Design Framework Agreement, the New Hotel Construction Management Framework Agreement and the New Product Supply Framework Agreement
“New Hotel Construction Management Framework Agreement”	the hotel construction management services framework agreement entered into between the Company and Dalian Wanda Group on 18 November 2021

“New Hotel Design Framework Agreement”	the hotel design consulting services framework agreement entered into between the Company and Dalian Wanda Group on 18 November 2021
“New Product Supply Framework Agreement”	the product supply framework agreement entered into between the Company and Dalian Wanda Group on 18 November 2021
“New Property Leasing Framework Agreement”	the property leasing framework agreement entered into between the Company and DWCM Group on 18 November 2021
“Novation Agreement”	the deed of novation entered into between the Company, DWCM Group and Dalian Wanda Group on 18 November 2021 in relation to the Hotel Management Framework Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Products”	the specially accustomed gift and food products supplied by the Group, including but not limited to products such as rice dumplings, mooncakes and gift boxes
“Product Supply Framework Agreement”	the product supply framework agreement entered into between the Company and Dalian Wanda Group on 30 June 2021
“Property Leasing Framework Agreement”	the property leasing framework agreement entered into between the Company and DWCM Group on 13 November 2018
“Property Management Services”	has the meaning ascribed to it in the section headed “New Property Leasing Framework Agreement – Leasing target” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held for the independent Shareholders to consider and, if thought fit, approve the New Hotel Design Framework Agreement and the transactions contemplated thereunder and the renewal of annual caps under the Hotel Management Framework Agreement
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Wanda Overseas”

Wanda Commercial Properties Overseas Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company

“%”

per cent.

By Order of the Board  
**Wanda Hotel Development Company Limited**  
**Ning Qifeng**  
*Chairman*

Hong Kong, 18 November 2021

*As at the date of this announcement, Mr. Ning Qifeng (Chairman) is the executive Director, Mr. Ding Benxi, Mr. Han Xu and Mr. Zhang Lin are the non-executive Directors; and Mr. He Zhiping, Dr. Teng Bing Sheng and Dr. Chen Yan are the independent non-executive Directors.*