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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)

**REVISION OF THE EXISTING ANNUAL CAP OF
CONTINUING CONNECTED TRANSACTIONS
UNDER PRODUCT SUPPLY FRAMEWORK AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS
FINANCE SERVICES SHARING AGREEMENT**

**REVISION OF THE EXISTING ANNUAL CAP OF THE CONTINUING
CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 18 November 2021 in relation to the Company's continuing connected transactions under the Product Supply Framework Agreement for the purchase and supply of the Products between the Group and Dalian Wanda Group, pursuant to which Dalian Wanda Group and/or its subsidiaries have agreed to purchase, and the Group has agreed to supply, the Products according to the terms and conditions agreed therein.

The continuing connected transactions contemplated under the Product Supply Framework Agreement will not expire until 31 December 2024. However, the Board expects the transaction amount of the continuing connected transactions under the Product Supply

Framework Agreement for the year ending 31 December 2024 may exceed the Existing Annual Cap. Therefore, on 1 August 2024, the Board has resolved to revise the Existing Annual Cap for the year ending 31 December 2024.

FINANCE SERVICES SHARING AGREEMENT

On 1 August 2024, the Company entered into the Finance Services Sharing Agreement with Dalian Wanda Group in relation to the provision of certain finance services by Dalian Wanda Group to the Company from 1 August 2024 to 31 December 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dalian Wanda Group is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the Revised Annual Cap exceed 0.1% but are less than 5%, the transactions contemplated under the Product Supply Framework Agreement and the Revised Annual Cap shall be subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement set out in 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 cap in respect of the Finance Services Sharing Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Finance Services Sharing Agreement shall be subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REVISION OF THE EXISTING ANNUAL CAP OF THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 18 November 2021 in relation to the Company's continuing connected transactions under the Product Supply Framework Agreement for the purchase and supply of the Products between the Group and Dalian Wanda Group, pursuant to which Dalian Wanda Group and/or its subsidiaries have agreed to purchase, and the Group has agreed to supply, the Products according to the terms and conditions agreed therein.

The continuing connected transactions contemplated under the Product Supply Framework Agreement will not expire until 31 December 2024. However, the Board expects the transaction amount of the continuing connected transactions under the Product Supply Framework Agreement for the year ending 31 December 2024 may exceed the Existing Annual Cap. Therefore, on 1 August 2024, the Board has resolved to revise the Existing Annual Cap for the year ending 31 December 2024.

All terms and conditions under the Product Supply Framework Agreement remain unchanged. The major terms of the Product Supply Framework Agreement are set out in the section headed "*Renewal of Framework Agreements due to expire on 31 December 2021 – New Product Supply Framework Agreement*" in the announcement of the Company dated 18 November 2021.

Historical figures under the Product Supply Framework Agreement

The Existing Annual Caps and actual transaction amounts under the Product Supply Framework Agreement for each of the years ended 31 December 2022 to 2023 and the year ending 31 December 2024 are as follows:

| | Year ended 31 December | | Year ending |
|----------------------------|------------------------|------------|------------------------------|
| | 2022 | 2023 | 31 December |
| | (RMB) | (RMB) | 2024 |
| | | | (RMB) |
| Existing Annual Caps | 22,973,000 | 22,973,000 | 24,357,000 |
| Actual transaction amounts | 22,333,443 | 22,526,343 | 12,884,016 ^(Note) |

Note: This represents actual transaction amount for the six months ended 30 June 2024.

Revised Annual Cap

The Directors expect the maximum annual consideration of supply of the Products pursuant to the Product Supply Framework Agreement will not exceed the following amount:

| Year | Annual Cap (RMB) |
|--------------------------------------|-----------------------------|
| For the year ending 31 December 2024 | 42,000,000 |

Basis for the determination of the Revised Annual Cap

The Revised Annual Cap was determined primarily with reference to, among others:

- (i) the actual transaction amount incurred under the Product Supply Framework Agreement from 1 January 2024 to 30 June 2024 amounting to approximately RMB12,884,016, representing approximately 52.9% of the Existing 2024 Annual Cap for the year ending 31 December 2024;
- (ii) the anticipated amount of the supply of the Products by the Group to Dalian Wanda Group and its subsidiaries with reference to the expected market demand for the Products, more particularly an anticipated surge in demand for the Products around the forthcoming mid-autumn festival; and
- (iii) the anticipated prices for the Products, for the year ending 31 December 2024.

NEW CONTINUING CONNECTED TRANSACTIONS – THE FINANCE SERVICES SHARING AGREEMENT

Details of the Finance Services Sharing Agreement are set out below:

- Date: 1 August 2024
- Parties:
1. The Company
 2. Dalian Wanda Group
- Duration: From 1 August 2024 to 31 December 2024
- Subject: Pursuant to the Finance Services Sharing Agreement, Dalian Wanda Group shall provide to the Group finance services including the provision of intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, general ledger and other finance and office administration function in accordance with the terms of the Finance Services Sharing Agreement.
- Pricing Policy: The service fees payable by the Group shall be the actual cost of the finance service plus a mark up of the prevailing value-added tax for the provision of such services.
- The service fees shall be prepaid by the Group half-yearly in advance. The estimated cost of the finance service which the Group's prepayment amount will be based on will be determined with reference to the historical annual operating costs and expenses, the estimated volume of business transactions of the Group and the estimated expense budget for the next year.
- The difference between the actual cost incurred and the estimated cost prepaid will be reviewed annually. In case the estimated cost prepaid is higher than the actual cost incurred, the difference will be refunded to the Group.

Historical figures and annual caps:

The annual caps and actual transaction amounts under the previous finance services sharing agreement covering similar finance services provided by Dalian Wanda Group to the Group for the two years ended 31 December 2023 and for the six months ended 30 June 2024 are set out below:

| | Year ending 31 December | | Six months ended |
|----------------------------|-------------------------|-----------|------------------|
| | 2022 | 2023 | 30 June |
| | (RMB) | (RMB) | 2024 |
| | | | (RMB) |
| Actual transaction amounts | 919,190 | 2,580,551 | 920,682 |

As all applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the actual transaction amounts for similar finance services incurred in previous years are either (i) less than 0.1% or (ii) less than 0.5% and the total consideration is less than HK\$3,000,000, the previous continuing connected transactions for finance services from Dalian Wanda Group similar to that under the Finance Services Sharing Agreement were fully exempt from reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Annual Cap:

The annual cap of the maximum aggregate amounts payable by the Group to Dalian Wanda Group for the provision of finance services for the year ending 31 December 2024 shall be RMB3,800,000.

The annual cap in respect of the transactions contemplated under the Finance Services Sharing Agreement are arrived at after taking into consideration of, among others:

- (i) the estimated cost and the prevailing applicable value-added tax of 6% for the provision of finance services;
- (ii) the historical actual transaction amounts incurred for similar services from 1 January 2024 to 30 June 2024 amounting to approximately RMB920,682;
- (iii) the anticipated increase in demand for finance services in the second half of 2024 due to the Group's increasing volume of business transactions; and
- (iv) a buffer of 15% to account for any potential additional demand for finance services from the Group.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP UNDER THE PRODUCT SUPPLY FRAMEWORK AGREEMENT AND THE FINANCE SERVICES SHARING AGREEMENT

Revision of the Existing Annual Cap under the Product Supply Framework Agreement

Supply of the Products to Dalian Wanda Group under the Product Supply Framework Agreement 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. Conducting transactions under the Product Supply Framework Agreement also expands the Company's source of revenue and profit.

Following the Group's effort to grow its business in supplying the Products through Dalian Wanda Group, the demand for the Products has begun to grow more than the Group had first anticipated in 2021 when the Product Supply Framework Agreement was first entered into. As a result, it was anticipated that the expected transaction amounts of the continuing connected transactions under the Product Supply Framework Agreement for the year ending 31 December 2024 may exceed the Existing Annual Cap and the Board had resolved to revise the Existing Annual Cap for the said continuing connected transactions accordingly. This is 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 Finance Services Sharing Agreement

The entering into of the Finance Services Sharing Agreement will enable the Group to continue to improve and streamline its business operations. It is expected that Dalian Wanda Group will be able to leverage the familiarity with the Group's business requirements and to provide reliable and timely services for the Group's business operations. By entering into the Finance Services Sharing Agreement, the Group will benefit from a clear delineation of service capabilities in respect of the shared services with enhanced service effectiveness, which will in turn optimize the Group's contract management and internal control system. Further, the entering into of the Finance Services Sharing Agreement will allow the Company to continue to leverage on the mature infrastructure and coverage already built by Dalian Wanda Group and promote better cooperation between Dalian Wanda Group and the Group, thereby reducing the transaction costs to achieve more profits and competitive advantage.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreements and the transactions contemplated thereunder (including the relevant 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 under the Agreements 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 Agreements including the following, for so long as the transactions constitute continuing connected transactions of the Company:

- (i) the internal compliance review department of the Company is responsible for the review of any specific order or the price of the services 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 Product Supply Framework Agreement;
- (ii) the internal compliance review department of the Company is responsible for the review of the transaction records and costs for the finance services under the Finance Services Sharing Agreement to ensure that the Group is charged in accordance with the terms and conditions (including the pricing policies) of the Finance Services Sharing Agreement;
- (iii) 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 Agreements with Dalian Wanda Group and its subsidiaries to identify any continuing connected transaction that may be at risk of exceeding the annual cap so as to ensure that relevant Listing Rules requirements have been re-complied before any annual cap is exceeded;
- (iv) the independent non-executive Directors will review annually to ensure that all Products sold under the specific orders 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 products sold to independent third parties;
- (v) the Company's auditors will conduct an annual review on the pricing basis and the annual caps under each of the Agreements and report their findings and conclusions to the Board; and
- (vi) the Board will continue to review regularly the Company's internal control systems and its effectiveness.

INFORMATION ABOUT THE PARTIES

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the main board of 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.

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.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dalian Wanda Group is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the Revised Annual Cap exceed 0.1% but are less than 5%, the transactions contemplated under the Product Supply Framework Agreement and the Revised Annual Cap shall be subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement set out in 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 cap in respect of the Finance Services Sharing Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Finance Services Sharing Agreement shall be subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

| | |
|---------------------------|--|
| “Agreements” | the Product Supply Framework Agreement and Finance Services Sharing Agreement |
| “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 |
| “controlling shareholder” | 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, and a controlling shareholder of the Company as at the date of this announcement |
| “Director(s)” | the director(s) of the Company |

| | |
|--------------------------------------|--|
| “Existing Annual Cap(s)” | the existing annual cap(s) for the continuing connected transactions under the Product Supply Framework Agreements as set out in the announcement of the Company dated 18 November 2021 |
| “Finance Services Sharing Agreement” | the finance services sharing agreement entered into between the Company and Dalian Wanda Group on 1 August 2024 |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “independent third party(ies)” | party(ies) which is/are independent of the Group and the connected persons of the Company |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan |
| “Product Supply Framework Agreement” | the product supply framework agreement entered into between the Company and Dalian Wanda Group on 18 November 2021, details of which is summarized in the announcement of the Company dated 18 November 2021 |
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Revised Annual Cap” | the revised annual cap for the year ending 31 December 2024 for the continuing connected transactions under the Product Supply Framework Agreement; |

| | |
|------------------|---|
| “Shareholder(s)” | holder(s) of the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

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

Hong Kong, 1 August 2024

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