

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

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

**VERY SUBSTANTIAL DISPOSAL  
AND CONNECTED TRANSACTION  
DISPOSAL OF INTEREST IN THE CHICAGO PROPERTY PROJECT  
AND  
RESUMPTION OF TRADING**

**THE DISPOSAL**

The Board is pleased to announce that on 24 July 2020 (after Hong Kong trading hours), the Seller, a non-wholly owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Membership Interests, representing 90% of the Membership Interests of the Target Company, subject to the terms and conditions contained therein, at the Consideration of US\$270,000,000 (equivalent to approximately HK\$2,092,500,000). Pursuant to the Agreement, the Inter-Company Loan, representing loans due to the Seller from the Target Company amount to US\$244,770,000 (equivalent to approximately HK\$1,896,967,500) as at 30 June 2020 (subject to adjustment prior to Closing) will be repaid to the Seller.

Upon the Closing, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

In the event of a breach or default by the Purchaser or the Seller leading to a failure to close, the sole remedy of the non-defaulting party will be the receipt of a sum of liquidated damage or, in lieu of liquidated damage, the Transfer for Default.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Target Company is an indirect subsidiary of the Company and is owned as to 10% by the Purchaser. Therefore, the Purchaser is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. The Disposal (and the Transfer for Default, if applicable) therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transaction; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained approval from the Board (including the independent non-executive Directors) regarding the Disposal (and the Transfer for Default, if applicable) contemplated under the Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal and the Transfer for Default are fair and reasonable, and that the Disposal and the Transfer for Default are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Disposal and the Transfer for Default are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal and the Transfer for Default (if applicable) exceed 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened and held to seek approval from the Shareholders in relation to the Agreement and the transactions contemplated thereunder. As far as the Company is aware, none of the Shareholders is materially interested in the Agreement and the transactions contemplated thereunder, and thus no Shareholder is required to abstain from voting at the SGM on resolutions in relation to the Agreement and the transactions contemplated thereunder. The Company has also been informed by its controlling shareholder, Wanda Commercial Properties Overseas Limited, that it has irrevocably undertaken to the Company to vote in favour of the Disposal at the SGM.

A circular containing, among other things, further information in respect of the Disposal and other information and a notice of the SGM is expected to be dispatched to the Shareholders on or before 20 August 2020.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 27 July 2020 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:00 a.m. on 30 July 2020.

**As Closing is subject to the fulfilment of the conditions precedent which are detailed in this announcement, the Disposal may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 24 July 2020 (after Hong Kong trading hours), the Seller, a non-wholly owned subsidiary of the Company, and the Purchaser entered into the Agreement, the principal terms of which are set out below.

## **THE AGREEMENT**

### **Date**

24 July 2020

### **Parties**

- (1) the Seller as vendor
- (2) the Purchaser as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of the Purchaser is real estate and property development; (ii) the beneficial owners of the Purchaser are Elcano II LLC, an Illinois limited liability company, Carlins Limited Partnership, 2007 GST TR A and 2007 GST TR B created under the Loewenberg 2007 GST Trust UAD 3/7/2007, David J. Carlins, Lake Shore Enterprises III LP and James Loewenberg as members, and James Loewenberg, Joel M. Carlins, David J. Carlins and Robin Tebbe as managers; (iii) the beneficial owners are principally engaged in investment holding.

### **Assets to be disposed**

Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Membership Interests, representing 90% of the entire issued and outstanding membership interests of the Target Company.

The Target Company is a company incorporated under the laws of Delaware with limited liability. As at the date of this announcement, the Target Company is owned as to 90% by the Seller, a company which is indirectly held as to 60% by the Company and 40% by Wanda HK, and is owned as to 10% by the Purchaser, which is a managing member of the Target Company. The Target Company owns the Land known as the Vista Tower located at 363-401 East Wacker Drive, Chicago, Illinois. The Target Company owns and is in the process of completing the Chicago Property Project.

### **Consideration**

The Consideration is US\$270,000,000 (equivalent to approximately HK\$2,092,500,000), which represents the amount of the Seller's capital contributions under the Operating Agreement as of 30 June 2020.

The Seller has provided Inter-Company Loans to the Target Company pursuant to the Contribution Agreement. Pursuant to the Agreement, the principal amount of the Inter-Company Loans shall be repaid to the Seller at Closing. As at 30 June 2020, the principal amount of the Inter-Company Loans amounted to US\$244,770,000 (equivalent to approximately HK\$1,896,967,500).

The principal amount of the Inter-Company Loans may be increased after the date of the Agreement and prior to Closing, but shall not exceed US\$55,000,000 (equivalent to approximately HK\$426,250,000) in the aggregate from the date of the Agreement through the initial Closing Date, and, if the Closing is extended pursuant to terms of the Agreement, US\$20,000,000 (equivalent to approximately HK\$155,000,000) for the first 30 days that the initial Closing Date is extended, and the Seller shall not be required to fund further costs pursuant to the Contribution Agreement before the Closing Date if the Closing Date is extended for more than 31 days from the initial Closing Date.

The Consideration and the Inter-Company Loans will be paid by the Purchaser to the Seller in the following manner:

- (a) prior to the Closing, the Purchaser shall deposit an amount equal to the Consideration and the Inter-Company Loans less the Deferred Amount (i.e. as at 30 June 2020, it is an amount equal to US\$314,770,000) (the “**Closing Consideration**”) with the escrow agent who shall release the Closing Consideration to the Seller at the Closing upon satisfaction of the terms and conditions of Closing;
- (b) the payment of the First Tranche Deferred Amount, being US\$100,000,000 (the “**First Tranche Deferred Amount**”) (subject to the Deferred Amount Adjustments as described below), shall be evidenced by a promissory note in an agreed form (the “**First Tranche Subordinated Note**”) signed by the Deferred Amount Borrower and having a maturity date not later than three years from the Closing. Under the First Tranche Subordinated Note, the Purchaser shall have the right to extend its maturity date for two successive one year periods, and the outstanding amount of the First Tranche Deferred Amount shall earn interest at the First Tranche Deferred Amount Interest Rate as from the Closing Date. The First Tranche Deferred Amount and all interest earned thereon shall be repaid from and after the earlier of repayment in full of the Replacement Financing and the maturity date of the First Tranche Subordinated Note; and
- (c) the payment of the Second Tranche Deferred Amount, being US\$100,000,000 (the “**Second Tranche Deferred Amount**”), shall be evidenced by a promissory note in an agreed form (the “**Second Tranche Subordinated Note**”, together with the First Tranche Subordinated Note, the “**Subordinated Notes**”) signed by the Deferred Amount Borrower and having a maturity date not later than three years from the Closing. Under the Second Tranche Subordinated Note, the Deferred Amount Borrower shall have the right to extend its maturity date for two successive one-year periods and the outstanding amount of the Second Tranche Deferred Amount shall earn interest at the Second Tranche Deferred Amount Interest Rate as from the Closing Date. The Second Tranche Deferred Amount and all interest earned thereon shall be repaid from and after the earlier of repayment in full of the First Tranche Deferred Amount and the maturity date of the Second Tranche Subordinated Note.

The Subordinated Notes will be secured by a mortgage on certain condominium units of the Chicago Property Project (the “**Mortgage**”). The Subordinated Notes and the Mortgage will be subordinated to the Replacement Financing.

If the Purchaser elects to extend the Closing, the First Tranche Deferred Amount shall increase as follows (the “**Deferred Amount Adjustments**”):

- (a) if the Closing occurs within 30 days after the initial Closing Date, the First Tranche Deferred Amount shall be increased by an amount equal to US\$100,000 per day for each day of extension from the initial Closing Date through the 30th day after the initial Closing Date; and
- (b) if the Closing occurs more than 31 days after the initial Closing Date, the First Tranche Deferred Amount shall be increased by an amount equal to US\$166,667 per day for each day of extension from and including the 31st day after the initial Closing Date through the Closing Date.

Magellan Holdco LLC, an entity with common controlling shareholders of the Purchaser, will provide an unconditional and absolute guarantee to the Seller for, among others, repayment of some or all of the Deferred Amount (with interest thereon) under certain circumstances as may be applicable to the Purchaser, including filing of bankruptcy petition by the Purchaser.

The Consideration was determined by the Seller and the Purchaser after arm’s length negotiations with reference to the amount of capital contribution by the Seller towards the Target Company as at the date of the Agreement and the prevailing market conditions.

#### **Termination without cause**

Within 21 days from the date of the Agreement, the Deferred Amount Borrower, and Seller shall work cooperatively and expeditiously with Replacement Financing Lender to negotiate (i) the terms of an inter-creditor agreement by and among the Seller and Replacement Financing Lender and (ii) the related financing terms under the Subordinated Notes in accordance with the terms of the Agreement. If the parties fail to reach agreement on the 21st day after the date of the Agreement, either the Purchaser or the Seller shall be entitled to immediately terminate the Agreement without any liabilities.

#### **Conditions precedent**

Closing of the Disposal is conditional upon the satisfaction or waiver (as the case may be) of conditions including:-

- (a) the Purchaser having executed and delivered to the Seller or escrow agent all documents required to be delivered by the Purchaser at or prior to the Closing, deposited the Purchase Price less the Deferred Amount with the escrow agent, paid all other sums of money required under the Agreement and taken or caused to be taken all other action required of Purchaser pursuant to the Agreement;
- (b) the Purchaser not having been in default of any covenant or agreement to be performed by the Purchaser under the Agreement and having performed in all material aspects all other obligations required to be performed by it under the Agreement;

- (c) the representations and warranties of the Purchaser remaining true and correct in all material respects as of the Closing Date, except where the failure of such representations and warranties to be true and correct would not have a material adverse effect on the Seller;
- (d) the Seller having executed and delivered all documents required to be delivered to the Purchaser or escrow agent by the Seller at or prior to the Closing, paid all sums of money required of the Seller and taken or caused to be taken all other action required of the Seller at or prior to the Closing pursuant to the Agreement;
- (e) the Seller not having been in default of any covenant or agreement to be performed by the Seller under the Agreement and having performed in all material aspects all other obligations required to be performed by it under the Agreement;
- (f) the representations and warranties of the Seller remaining true and correct in all material respects as of the Closing Date, except where the failure of such representations and warranties to be true and correct would not have a material adverse effect on the Purchaser;
- (g) prior to but concurrently with the Closing, the Purchaser having contributed (or caused to be contributed) to the Target Company additional capital of not less than US\$20,000,000 in immediately available funds, which shall be subordinated in all respects to repayment of the Deferred Amount;
- (h) certain insurers as co-insurers having committed to issue title insurance to the Seller insuring the Seller's interest as a first priority perfected mortgage under the Mortgage, subject to certain exceptions permitted under the Agreement;
- (i) certain insurers as co-insurers having committed to issue, to the extent required by any lenders of Replacement Financing, a lender's policy of title insurance in connection with the Replacement Financing, subject to certain exceptions permitted under the Agreement;
- (j) any and all approvals which may be required for Closing from the Stock Exchange and the shareholders of the Company having been obtained; and
- (k) no order of any court of competent jurisdiction having been issued in any action declaring illegal or invalid, or enjoining, the transactions contemplated by the Agreement.

The Seller may by written notice delivered to the Purchaser waive conditions (a), (b), (c), (h) and (k) set out above and the Purchaser may by written notice delivered to the Seller waive conditions (d), (e), (f), (i) and (k) set out above.

If the Seller is unable to obtain the Related Approvals by the Closing Date, either the Seller or the Purchaser may terminate this Agreement and the parties shall cause the Target Company to reimburse each of the Seller and the Purchaser such out-of-pocket costs in connection with the entry into and performance under the Agreement, subject to the maximum amount of US\$2,000,000 in the case of the Purchaser and US\$1,000,000 in the case of the Seller. Subject to such reimbursement, upon such termination, neither party shall have any further rights or obligations under the Agreement, except for those obligations that expressly survive termination.



## Closing

Closing will take place on or before 22 October 2020, subject to extension by (i) the Purchaser in its sole discretion for a period up to but not extending beyond 14 December 2020; or (ii) the Seller, if the Related Approvals have not been obtained by the initial Closing Date, for a period up to but not exceeding 30 days; and when all the conditions precedent have been satisfied (or waived, as the case may be) by the Seller and the Purchaser.

On or before Closing, the Purchaser shall also have obtained the Replacement Financing.

Upon the Closing, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

## Remedies

In the event of a breach or default by the Purchaser after written notice from the Seller in the manner set out under the Agreement and the failure of the parties to close, the Seller's sole remedy under the Agreement is to terminate the agreement whereby the Seller nor the Purchaser shall have any further rights or obligations under the Agreement and, up to the 45th day from the date of the Agreement, the Seller shall receive as liquidated damages the sum of US\$10,000,000, or, in lieu of paying such liquidated damages in cash, the Purchaser may transfer to the Seller unencumbered and absolute title to 33.34% of the Purchaser's 10% Membership Interests, or on or after the 45th day from the date of the Agreement, the Seller shall receive as liquidated damages the sum of US\$15,000,000, or, in lieu of paying such liquidated damages in cash, the Purchaser may transfer to the Seller unencumbered and absolute title to 50% of the Purchaser's 10% Membership Interests (the "**Transfer for Purchaser's Default**").

In the event of a breach or default by the Seller after written notice from the Purchaser in the manner set out under the Agreement and the failure of the parties to close, the Purchaser's sole remedy under the Agreement is to terminate the agreement whereby the Purchaser nor the Seller shall have any further rights or obligations under the Agreement and the Purchaser shall receive as liquidated damages the sum of US\$10,000,000, or, in lieu of paying such liquidated damages in cash, the Seller may transfer to the Purchaser unencumbered and absolute title to approximately 3.37% of the Seller's 90% Membership Interests (the "**Transfer for Seller's Default**").

## INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability corporation incorporated in the state of Delaware, the United States of America. It is principally engaged in property development.

The following is a summary of the unaudited net profit/(loss) before and after taxation of the Target Company for the two years ended 31 December 2018 and 2019 respectively:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net profit/(loss) (before taxation)	(28,773)	(21,906)
Net profit/(loss) (after taxation)	(28,773)	(21,906)

The unaudited net assets value of the Target Company as at 31 December 2019 was approximately HK\$2,193,248,000.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

For illustrative purpose, the Disposal is expected to give rise to a gain of approximately HK\$94,000,000 (before any taxation), calculated with reference to the difference between the Consideration and the unaudited carrying amount of the Target Company as at 31 December 2019, reversal of cumulative exchange reserve as at 31 December 2019, the expected net loss for the period of January 2020 to October 2020, and the estimated transaction costs and expenses for the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Company is subject to any changes to the carrying amount of the Target Company by reference to a finalised valuation as at the Closing Date, fluctuation of exchange rate, tax effect of the Disposal (if any), and will be assessed after Closing.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The principal activities of the Group are property development, property investment and management, hotel operation and management, hotel design and construction management services.

Consistent with the Company's strategy to deleverage and improve cash flow and the Company's initiative as disclosed in the Company's annual report published on 27 April 2020, the Company considers that the Disposal represents an opportunity for the Group to realise its investment in the Chicago Property Project. As the Chicago Property Project is still under construction, the Disposal will help reduce the current and future indebtedness of the Group and will benefit the Group by strengthening the financial position of the Group. In addition, the Group will be able to divert its resources to focus more on the business of development and hotel management and operation services, hotel design, hotel construction management and related consultancy services.

The amount of net proceeds from the Disposal and the repayment of the Inter-Company Loans will be shared between the Company and Wanda HK pro rata to their shareholding in the Chicago Property Project as to 60% and 40% respectively. Of the 60% attributable to the Group in the amount of US\$307,000,000 (subject to adjustment of the amount of repayment of the Inter-Company Loans) will be used by the Group to repay the loans and interest due to Wanda HK.



In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Target Company is an indirect subsidiary of the Company and is owned as to 10% by the Purchaser. Therefore, the Purchaser is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. The Disposal (and the Transfer for Default, if applicable) therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transaction; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained approval from the Board (including the independent non-executive Directors) regarding the Disposal (and the Transfer for Default, if applicable) contemplated under the Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal and the Transfer for Default are fair and reasonable, and that the Disposal and the Transfer for Default are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Disposal and the Transfer for Default are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 75%, the Disposal and the Transfer for Default (if applicable) constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened and held to seek approval from the Shareholders in relation to the Agreement and the transactions contemplated thereunder. As far as the Company is aware, none of the Shareholders is materially interested in the Agreement and the transactions contemplated thereunder, and thus no Shareholder is required to abstain from voting at the SGM on resolutions in relation to the Agreement and the transactions contemplated thereunder. The Company has also been informed by its controlling Shareholder, Wanda Commercial Properties Overseas Limited, that it has irrevocably undertaken to the Company to vote in favour of the Disposal at the SGM.

A circular containing, among other things, further information in respect of the Disposal and other information and a notice of the SGM is expected to be dispatched to the Shareholders on or before 20 August 2020.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 27 July 2020 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:00 a.m. on 30 July 2020.

**As Closing is subject to the fulfilment of the conditions precedent which are detailed in this announcement, the Disposal may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless otherwise defined or the context requires otherwise, the following expressions have the meanings set out below:

“%”	per cent
“Agreement”	the membership interest purchase agreement entered into on 24 July 2020 between the Seller and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Chicago Property Project”	the construction of improvements on the Land consisting of a tower structure with 101 stories and approximately 2,000,000 square feet which, when completed, will consist of ground level improvements connecting the Riverwalk Esplanade and Lakeshore East Park in Chicago, an upper street level to consist of open pedestrian plazas, scenic overlooks and landscaping to intersect with existing public space and entrances to the Vista Tower, a condominium regime which shall comprise approximately 393 condominium units and a hotel comprised of a 192 key hotel facility
“Closing”	the closing of the transaction contemplated under the Agreement which shall take place on or before 22 October 2020, subject to extension by (i) the Purchaser in its sole discretion for a period up to but not extending beyond 14 December 2020; or (ii) the Seller, if the Related Approvals have not been obtained by the initial Closing Date, for a period up to but not exceeding 30 days; and when all the conditions precedent have been satisfied (or waived, as the case may be) by the Seller and the Purchaser
“Closing Consideration”	has the meaning ascribed to it under the section “Consideration” of this Announcement

“Closing Date”	the date on which Closing shall occur in accordance with the terms of the Agreement
“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 (stock code: 169)
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the total purchase price payable by the Purchaser to the Seller in relation to the Disposal subject to the terms and conditions under the Agreement
“Contribution Agreement”	that certain Parcel C LLC Members Contribution Agreement dated 28 April 2017 and that certain agreement dated 16 October 2019 entered into by and among the Seller and the Purchaser
“controlling shareholder”	has the meaning as ascribed to it in the Listing Rules
“Deferred Amount”	the First Tranche Deferred Amount and the Second Tranche Deferred Amount
“Deferred Amount Adjustments”	has the meaning ascribed to it under the section “Consideration” of this Announcement
“Deferred Amount Borrower”	the Purchaser and Parcel C Manager LLC, a Delaware limited liability company
“Directors”	directors of the Company
“Disposal”	the disposal of the 90% of Membership Interests by the Seller to the Purchaser pursuant to the Agreement
“First Tranche Deferred Amount”	has the meaning ascribed to it under the section “Consideration” of this Announcement
“First Tranche Deferred Amount Interest Rate”	<p>an interest rate that shall compound annually, calculated:</p> <ol style="list-style-type: none"> <li>(1) from the Closing Date through and including the day immediately preceding the first anniversary of the Closing Date, at a rate of 8%;</li> <li>(2) from the first anniversary of the Closing Date through and including the day immediately preceding the second anniversary of the Closing Date, at a rate of 9%;</li> </ol>

- (3) from the second anniversary of the Closing Date through and including the day immediately preceding the third anniversary of the Closing Date, at a rate of 10%; and
- (4) if Deferred Amount Borrower elects to extend the initial maturity date of the First Tranche Subordinated Note, from the third anniversary of the Closing Date through and including the extended maturity date, at a rate of 15%.

“First Tranche Subordinated Note”	has the meaning ascribed to it under the section “Consideration” of this Announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inter-Company Loan”	the loans due to the Seller from the Target Company amounting to US\$244,770,000 (equivalent to approximately HK\$1,896,967,500) as at 30 June 2020 (subject to adjustment as described in the section “Consideration” of this Announcement)
“Land”	fee simple interest in certain land and the appurtenances thereon, and the improvements on the said land known as Vista Tower, located at 363-401 East Wacker Drive, Chicago, Illinois, United States of America
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Membership Interests”	the issued and outstanding membership interests of the Target Company
“Mortgage”	has the meaning ascribed to it under the section “Consideration” of this Announcement
“Operating Agreement”	that certain Limited Liability Company Agreement dated 10 July 2014, as amended by that certain First Addendum dated 6 December 2014, that certain Second Addendum dated 6 August 2015, that certain third addendum dated 31 March 2016 entered into by and among the Seller and the Purchaser and the Contribution Agreement

“Purchaser”	Magellan Parcel C/D LLC, an Illinois limited liability company which owns 10% of the issued and outstanding membership interests and managing member in the Target Company
“Related Approvals”	any and all approvals which may be required for Closing from the Stock Exchange and the shareholders of the Company
“Replacement Financing”	financing which the Purchaser shall obtain pursuant to the Agreement for the Chicago Property Project, from a qualified institutional lender or experienced and qualified investor, which may be debt (both senior and mezzanine) and/or one or more tiers of preferred equity (whether invested directly in the Target Company or any entity directly or indirectly owning an interest in the Target Company) from a preferred equity investor and/or a new member, directly or indirectly, of the Purchaser which will be, or will be affiliated with, one of the managers of the Purchaser (but expressly excluded any common equity contributed by such new member)
“Replacement Financing Lender”	the parties selected by the Purchaser to provide the Replacement Financing
“Sale Membership Interest”	the Membership Interests owned by the Seller that is the subject of the Disposal, representing 90% of the Membership Interests
“Second Tranche Deferred Amount”	has the meaning ascribed to it under the section “Consideration” of this Announcement
“Second Tranche Deferred Amount Interest Rate”	<p>an interest rate that shall compound annually, calculated:</p> <ol style="list-style-type: none"> <li>(1) from the Closing Date through and including the day immediately preceding the first anniversary of the Closing Date, at a rate of 3%;</li> <li>(2) from the first anniversary of the Closing Date through and including the day immediately preceding the second anniversary of the Closing Date, at a rate of 5%;</li> <li>(3) from the second anniversary of the Closing Date through and including the day immediately preceding the third anniversary of the Closing Date, at a rate of 7%; and</li> <li>(4) if Deferred Amount Borrower elects to extend the initial maturity date of the Second Tranche Subordinated Note, from the third anniversary of the Closing Date through and including the extended maturity date, at a rate of 15%.</li> </ol>

“Second Tranche Subordinated Note”	has the meaning ascribed to it under the section “Consideration” of this Announcement
“Seller	Wanda Chicago Real Estate, LLC, a limited liability company incorporated under the laws of Delaware and a non-wholly owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Notes”	the First Tranche Subordinated Note and the Second Tranche Subordinated Note
“Target Company”	Parcel C LLC, a Delaware limited liability company
“Transfer for Default”	Transfer for Seller’s Default, if the Purchaser is the non-defaulting party, or Transfer for Purchaser’s Default, if the Seller is the non-defaulting party
“Transfer for Purchaser’s Default”	has the meaning ascribed to it in the section headed “Remedies” in this announcement
“Transfer for Seller’s Default”	has the meaning ascribed to it in the section headed “Remedies” in this announcement
“Wanda HK”	Wanda Commercial Properties (Hong Kong) Co., Limited ( 萬達商業地產(香港)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“US\$”	the United States of America dollars, the lawful currency of the United States of America



*For the purpose of this announcement and for illustration purpose only, the exchange rate between US\$ and HK\$ is 1:7.75 and no representation is made that any amount in US\$ or HK\$ could have been or could be converted at such rates or at any other rates.*

By Order of the Board  
**Wanda Hotel Development Company Limited**  
**Ding Benxi**  
*Chairman*

Hong Kong, 30 July 2020

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