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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)

VERY SUBSTANTIAL DISPOSAL DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that on 17 April 2025 (after Hong Kong trading hours), the Company, the Purchaser and the Target Company entered into the SPA, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing the entire issued share capital of the Target Company), subject to the terms contained therein, for the Initial Consideration of approximately RMB2,497.3 million (equivalent to approximately HK\$2,696.7 million), subject to adjustments (if any) as summarised in the section headed “Adjustments to the Initial Consideration” below.

Upon Completion, the Group will no longer hold any interest in the Target Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal 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 for the purpose of seeking approval from the Shareholders in relation to the SPA and the transactions contemplated thereunder. As far as the Company is aware, none of the Shareholders is materially interested in the SPA and the transactions contemplated thereunder, and thus no Shareholder is required to abstain from voting at the SGM on resolutions in relation to the SPA and the transactions contemplated thereunder.

A circular containing, among other things, further information in respect of the Disposal and other information as required by the Listing Rules and a notice of the SGM is expected to be dispatched to the Shareholders on or before 14 May 2025.

As Completion 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 17 April 2025 (after Hong Kong trading hours), the Company, the Purchaser and the Target Company entered into the SPA, the principal terms of which are summarized below.

THE SPA

Date

17 April 2025

Parties

- (1) the Company as seller
- (2) the Purchaser as purchaser
- (3) the Target Company

Based on the information provided by the Purchaser, the Purchaser is an investment holding company wholly owned by Tongcheng Travel, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 780). Tongcheng Travel is a leading travel platform in China. Tongcheng Travel and its subsidiaries are principally engaged in the provision of travel related services, including accommodation reservation services, transportation ticketing services, hotel management services, tourist attraction ticketing services, packaged tours, and a variety of value-added ancillary services in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire, and the Company has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company. Further particulars of the Target Company are set out in the section headed "Information on the Target Group" below.

Consideration and payment terms

The Initial Consideration for the Disposal is approximately RMB2,497.3 million (equivalent to approximately HK\$2,696.7 million), subject to adjustment (if any) as summarized in the section headed “Adjustments to the Initial Consideration” below.

The Consideration was arrived at after arm’s length negotiations between the Company and the Purchaser on normal commercial terms with reference to (i) current market conditions of the hotel management industry and its prospects; and (ii) EV/EBITDA multiple of some listed companies whose principal business or significant business segment includes the hotel or property management business as detailed in the section “Criteria for selection of comparables” below.

The Consideration shall be paid by the Purchaser to the Company (except for (c)) in cash in the following manner:

- | | | |
|---|--|--|
| (a) Earnest Money payable within five business days from the date of the SPA into the designated account of the Company | in the HK\$ equivalent of approximately RMB124.9 million | representing 5% of the Initial Consideration, which shall be fully applied towards payment of the Consideration on the Completion Date |
|---|--|--|

In the event that the Completion is not implemented:

- (i) due to any reasons attributable to the Company in accordance with the terms of the SPA, the Earnest Money shall be refunded to the Purchaser at an interest rate of SOFR+2%;
- (ii) due to any reasons attributable to the Purchaser in accordance with the terms of the SPA, the Earnest Money will not be refunded by the Company; or

(iii) due to any reasons not attributable to the Company and the Purchaser in accordance with the terms of the SPA, the Earnest Money shall be refunded to the Purchaser without any interest.

(b) Completion Payment on the Completion Date into the designated account of the Company	in the HK\$ equivalent of approximately RMB2,279.2 million plus the Earnest Money, in the aggregate amount of HK\$ equivalent of approximately RMB2,404.1 million	representing 97% of the Initial Consideration in the amount of approximately RMB2,422.4 million, including the Earnest Money to be converted as part of the Consideration. However, after conversion of the Earnest Money, only a net amount of approximately RMB2,279.2 million is payable because there is a deduction for the Pre-adjustment Deduction of approximately RMB18.3 million
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Of the approximately RMB2,279.2 million payable on the Completion Date, approximately RMB124.9 million shall be paid into an escrow account on the Completion Date and released to the Company with interest after the expiration of first month after the Completion Date (or on such later date as agreed by the Purchaser but in any event not more than four months after the Completion Date)

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|-----|---|------------------------|---|
| (c) | payment for Completion Audit adjustment within five business days of mutual agreement | in the HK\$ equivalent | <p>(if the Net Completion Audit Adjustment is positive) the difference to be paid by the Purchaser to the Company</p> <p>(if the Net Completion Audit Adjustment is negative) the difference to be paid by the Company to the Purchaser</p> |
| (d) | balance payment payable within five business days after the expiration of 12 months after the Completion Date | in the HK\$ equivalent | <p>representing 3% of the Initial Consideration in the amount of approximately RMB74.9 million</p> <p><i>plus:</i> the actually recovered amount within 12 months of the Completion Date from the:</p> <ul style="list-style-type: none"> (i) Pre-adjustment Deduction; and (ii) Long-term Receivable |

Adjustments to the Initial Consideration

Completion Audit: After Completion, the Company and the Purchaser will engage an auditor to prepare the Completion Accounts for the purpose of determining the adjustment to the Initial Consideration. The Initial Consideration will be increased by reference to increases in net cash and net working capital between the Pro Forma Accounts and the Completion Accounts or reduced by reference to decreases in net cash and net working capital between the Pro Forma Accounts and the Completion Accounts, as the case may be (the net amount being the “**Net Completion Audit Adjustment**”). For the avoidance of doubt, the calculation of net cash excludes certain long-term receivable of the Target Group from an Independent Third Party in the amount of approximately RMB22.9 million as at 30 June 2024 (the “**Long-term Receivable**”).

Reduction of Initial Consideration: The Initial Consideration is also subject to, reduction if certain contingencies occur prior to the Completion Date, and further reduction for the occurrence during the six months after, if such events result in impact on the business of the Target Group.

Conditions precedent

Completion of the Disposal is conditional upon the satisfaction or waiver (as the case may be) of the certain conditions on or before the Long Stop Date and the major conditions precedent include:—

Conditions precedent to be fulfilled by the Company:

- (a) the Company having obtained the Shareholders' approval at the SGM with respect to a "very substantial disposal" under the Listing Rules;
- (b) the Company having delivered to the Purchaser the resignation letters duly executed by all existing directors of the Target Company appointed by the Company, with the resignation being approved by the board of directors of the Target Company;
- (c) the representations and warranties of the Company and the Target Company remaining true and correct as of the date of the SPA and the Completion Date;
- (d) there having been no material adverse changes in relation to the material contracts of the Target Group and there having been no material litigations, arbitrations, preservation and administrative penalties from governmental authorities against members of the Target Group;
- (e) the Company having procured Dalian Wanda to enter into a non-compete and non-solicitation agreement with Tongcheng Travel, as summarized in the section headed "Non-compete and non-solicitation" below;

Conditions precedent to be fulfilled by the Purchaser:

- (f) the Purchaser having obtained the necessary approval from relevant competent authorities in the PRC in respect of the declaration of concentration of undertakings for the Disposal;
- (g) the Purchaser having paid the Earnest Money in accordance with the terms of the SPA; and
- (h) the Purchaser having delivered to the Company the non-compete and non-solicitation agreement referenced in paragraph (e) above as executed by Tongcheng Travel.

The Purchaser may only waive conditions (b) to (e) set out above and the Company may only waive conditions (g) and (h) set out above. As at the date of this announcement, conditions (e) and (h) have been fulfilled.

Completion

Completion shall take place in the place of business of the Target Company on the third business day after the latter of the date of fulfilment of the condition precedent set out in (f) and the date of the Completion confirmation letter in accordance with the terms of the SPA (or such other date or venue as mutually agreed by the Company and the Purchaser in writing), provided that the other conditions precedent have been fulfilled or waived, as applicable.

Upon Completion, the Group will no longer hold any interest in the Target Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

Non-compete and non-solicitation

Pursuant to the SPA, Dalian Wanda and Tongcheng Travel are required to, and have entered into, a non-compete and non-solicitation agreement on 17 April 2025 (after trading hours), which provides for the following undertakings, each taking effect from the date following the Completion Date:

- (a) Dalian Wanda undertakes, for itself and its controlled corporations, not to participate directly or indirectly in the Wanda Restricted Business for a period of 10 years and not to use the Wanda Trademarks for the Wanda Restricted Business for a period of 20 years;
- (b) Tongcheng Travel undertakes to ensure the Target Group, not to (i) use the Wanda Trademarks in its operation of the Target Business or except as authorized by the Dalian Wanda Group or (ii) otherwise engage in any arrangement which are prejudicial to the interests of Dalian Wanda and its affiliates in their operations of the Target Business from the effective date thereof; and
- (c) each of Dalian Wanda and Tongcheng Travel undertakes not to solicit the employees of the other for a period of 12 months and Dalian Wanda further undertakes not to solicit the termination of certain material contracts required for the Target Group's operations for a period of 5 years.

Taking into account the terms of the SPA as a whole, the Company is of the view that the scope of the Wanda Restricted Business is reasonable and the undertaking in (a) above is in the interests of the Company and the Shareholders for the following reasons:

- (i) the Company engages in its two hotel-related business segments, namely hotel management and operations as well as hotel design and construction management, solely through the Target Group and following the Disposal, the Company no longer has any remaining business in hotel management-related businesses and the Purchaser also requires commercial comfort that the Company would not compete with the Target Group; and

- (ii) the scope of the Wanda Restricted Business is narrowly defined to include primarily chain, scaled and single hotel projects whereas the Company (as one of the controlled corporations of Dalian Wanda) is still permitted to engage in commercial projects, cultural tourism projects, complex projects, and the non-chain hotel, dining, and leisure and entertainment design within such projects.

Criteria for selection of comparables

The comparables are selected by identifying Chinese hotel management companies with the below attributes:

- (i) *Industry focus*: over 50% revenue generated from hotel operation and management business;
- (ii) *Brand Portfolio*: possess a diverse brand portfolio with a presence in the high-end segment;
- (iii) *Geographical coverage*: focusing on the Mainland China with national coverage and no single province contributes more than 30% of total number of hotels or revenue.

Based on the aforementioned selection criteria and public filings of these listed companies for 2023, a total of four comparables have been identified: (*Note 1*)

Company Name	Ticker	Business Description	EV/2023A EBITDA (<i>Note 2</i>)
H World Group Ltd ("H World Group")	1179-HK	H World Group is a leading global hotel operator with a diverse portfolio. It manages directly operated properties and employs asset-light expansion through manachised and franchised hotels.	10.5x

Company Name	Ticker	Business Description	EV/2023A
			EBITDA (Note 2)
Shanghai Jin Jiang International Hotels Co., Ltd. (“Jinjiang Hotels”)	600754-CN	Jinjiang Hotels is a prominent Chinese hospitality group. It operates full-service and limited-service hotels. It utilizes leased, operated, and franchised business models across both segments.	9.2x
Atour Lifestyle Holdings Limited (“Atour Lifestyle Holdings”)	ATAT-US	Atour Lifestyle Holdings specializes in managing lifestyle-oriented hotel brands, which includes Atour Hotel, Atour S, Atour Light, Atour X Hotel, ZHOTEL, and A.T. House etc. The company operates through manachised hotels, leased hotels, and retail and other services.	19.8x
BTG Hotels (Group) Co., Ltd. (“BTG Hotels”)	600258-CN	BTG Hotels focuses on hotel management and operations across various market segments. It manages both economy and luxury hotels. Its portfolio spans from five-star luxury accommodations to budget-friendly options.	7.0x

Note 1: The Company selected all the comparables identified. An extensive review has been undertaken. A full list of publicly-listed Chinese companies involved in hotel business was pulled from Capital IQ and such list was also cross-checked with an industry report published by China Hospitality Association, in order to identify comparables.

Note 2: EV/EBITDA multiple is derived from data available from Bloomberg.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Company as at the date of this announcement. The Target Group is a leading hotel services provider in the PRC and is principally engaged in the business of hotel management and operations, hotel design and construction management and related consultancy and other ancillary business.

The followings are the unaudited net profit before and after taxation of the Target Group for the two years ended 31 December 2023 and 2024 respectively based on unaudited consolidated management accounts of the Target Group:

	For the year ended	
	31 December	
	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit (before taxation)	187,793	89,065
Net profit (after taxation)	148,647	21,563

The unaudited net asset value of the Target Group as at 31 December 2024 was approximately HK\$1,348.2 million.

FINANCIAL EFFECTS OF THE DISPOSAL

The actual gain or loss on the Disposal can only be ascertained after the final Consideration is determined given that the Initial Consideration is subject to adjustments as described above. For illustrative purposes only and assuming the Initial Consideration is the Consideration for the Disposal, the Disposal is expected to give rise to a gain of approximately HK\$1,730.8 million (after deducting transaction-related costs and expenses and related taxes). The expected gain is calculated after taking into account (i) the unaudited net asset value of the Target Group as at 31 December 2024 of approximately HK\$1,348.2 million; (ii) reversal of cumulative exchange reserve as at 31 December 2024 of approximately HK\$105.7 million; (iii) estimated net profit for the period from 1 January 2025 to the expected Completion Date of approximately HK\$61.9 million; (iv) the waiver by the Target Group of inter-company debts owed by the Company of approximately HK\$825.9 million; and (v) costs and expenses of the transaction and related taxes of approximately HK\$276.0 million. The actual gain or loss on the Disposal is subject to any changes to the final Consideration, the carrying amount of the Target Group as at the Completion Date, fluctuation of exchange rate and actual tax effect of the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The principal businesses of the Group are divided into four business segments, namely hotel operation and management services, hotel design and construction management services, investment property leasing and trading and leasing of overseas' properties. The two hotel-related business segments of the Group are operated by the Target Group and the two property-related business segments of the Group are operated by the Remaining Group.

The Company considers that the Disposal represents an opportunity for the Group to realise its investment in the Target Group at an EV/2023 EBITDA multiple at 9.5x (after necessary adjustments on EBITDA) that is within the range of multiples of the comparable companies. The Company is of the view that the Disposal will enable the Company to unlock some of the value in its hotel management business segment as the Company believes that the Shares are currently traded below their real value due to the investors taking a less optimistic view about another of the Company's business segment, namely the investment property leasing business. In addition, the Group will be able to focus on continuing its current investment property leasing business. The Company is also intending to diversify its investment business to include culture and tourism and to seek and identify suitable domestic and foreign investment opportunities.

The Company expects the Disposal to provide the Group with an estimated net proceeds of approximately HK\$2,400.9 million (after deducting transaction-related costs and expenses and related taxes), assuming no adjustments to the Initial Consideration. Following Completion, the Group expects to propose a distribution of all or a material part of the net proceeds by way of dividends to the Shareholders as permitted under applicable laws, after retaining such amount of funds in and towards the general working capital and/or future investments. The amount of any dividend, if declared, would be subject to the amount permitted under applicable laws and there is no guarantee that such dividend may be declared or at all. Shareholders and potential investors should note that the amount of such dividend, if declared, will be notified by the Company no later than the despatch of a circular in connection with the Disposal. In the event that the net proceeds exceed the amount of dividend, if so declared, further information on the use of proceeds will also be set out in such circular.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the SPA and the transactions contemplated thereunder, though not in the ordinary and usual course of business of the Company, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal 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 for the purpose of seeking approval from the Shareholders in relation to the SPA and the transactions contemplated thereunder. As far as the Company is aware, none of the Shareholders is materially interested in the SPA and the transactions contemplated thereunder, and thus no Shareholder is required to abstain from voting at the SGM on resolutions in relation to the SPA and the transactions contemplated thereunder.

A circular containing, among other things, further information in respect of the Disposal and other information as required by the Listing Rules and a notice of the SGM is expected to be dispatched to the Shareholders on or before 14 May 2025.

As Completion 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, the following expressions shall have the following meanings unless the context otherwise requires:

“%” per cent.

“Benchmark Date” 30 June 2024

“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 (stock code: 169)
“Completion”	completion of the Disposal in accordance with the terms of the SPA
“Completion Accounts”	the audited consolidated financial statements of the Target Company as at the Completion Date prepared in the Completion Audit
“Completion Audit”	has the meaning described in the section headed “Adjustments to the Initial Consideration” in this announcement
“Completion Payment”	has the meaning described in the section headed “Consideration and payment terms” in this announcement
“Completion Date”	the date on which Completion shall occur in accordance with the terms of the SPA
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Company in relation to the Disposal subject to the terms and conditions under the SPA
“controlling shareholder”	has the meaning as ascribed to it in the Listing Rules

“Dalian Wanda”	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 as at the date of this announcement
“Dalian Wanda Group”	Dalian Wanda and its subsidiaries
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the SPA
“Earnest Money”	has the meaning described in the section headed “Consideration and payment terms” in this announcement
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“EV”	enterprise value
“EV/EBITDA”	EV divided by EBITDA
“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 PRC
“Independent Third Parties”	party(ies) which is/are independent of the Group and the connected persons of the Company

“Initial Consideration”	the initial amount of the Consideration in the amount of approximately RMB2,497.3 million (equivalent to HK\$2,696.7 million), the final amount of which is subject to the adjustments (if any) under the terms of the SPA
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being 30 September 2025 or such other date as mutually agreed by the Company and the Purchaser
“Long-term Receivable”	has the meaning described in the section headed “Adjustments to the Initial Consideration” in this announcement
“Net Completion Audit Adjustment”	has the meaning described in the section headed “Adjustments to the Initial Consideration” in this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-adjustment Deduction”	in the amount of approximately RMB18.3 million, being the estimates of certain receivables and payables of the Target Group
“Pro Forma Accounts”	the pro forma accounts of the Target Group prepared based on the net asset value as at the Benchmark Date and adjustments taking into account estimated changes in the net cash and net working capital between the Benchmark Date and the expected Completion Date

“Purchaser”	eLong, Inc., a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by Tongcheng Travel
“Remaining Group”	the Group (excluding the Target Group)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	all the shares in issue in the Target Company held by 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 SPA 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
“SOFR”	the latest 3-month term secured overnight financing rate published by Chicago Mercantile Exchange before the date of this announcement, being 4.2561%
“SPA”	the conditional sale and purchase agreement dated 17 April 2025 entered into between the Company, the Purchaser and the Target Company in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“Target Business”	namely (i) commercial management services to commercial projects (including shopping malls) and complex projects and (ii) cultural tourism services to cultural tourism projects and complex projects including property management and other value-add services
“Target Company”	Wanda Hotel Management (HK) Co., Ltd., a company incorporated under the laws of Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Tongcheng Travel”	Tongcheng Travel Holdings Limited (同程旅行控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (Stock Code: 780)
“Wanda Permitted Business”	namely the operation, management, and/or design and construction consulting of commercial projects, cultural tourism projects, complex projects, and the non-chain hotel, dining, and leisure and entertainment design within such projects other than those operated by member(s) of the Dalian Wanda Group engaging primarily in hotel management for multiple hotels
“Wanda Restricted Business”	namely (i) hotel entrusted management and franchising business; and (ii) hotel design and construction consulting for chain, scaled, single hotel projects but excludes the Wanda Permitted Business

“Wanda Trademarks”

any trademarks, brands or logos incorporating the word or pattern of or otherwise similar to “万达” and/or “Wanda”

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

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HK\$ is based on the approximate exchange rate from RMB1.00 to HK\$1.08. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

Hong Kong, 17 April 2025

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