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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)

DISCLOSEABLE TRANSACTION
DISPOSAL AND ACQUISITION PURSUANT TO THE SECURITIES AND REAL ESTATE TRANSFER AGREEMENT

THE TRANSACTION

The Board is pleased to announce that on 31 October 2025 (after Hong Kong trading hours), Wanda Chicago, an indirect non-wholly owned subsidiary of the Company, and CPE entered into the Agreement pursuant to which Wanda Chicago has agreed to acquire and CPE has agreed to sell the 49% equity interests in the Target Company in exchange for Wanda Chicago transferring, conveying and selling its rights, title and interest in the Condo Units to CPE in accordance with the terms and conditions of the Agreement.

LISTING RULES IMPLICATION

The Company considers the Transaction as both a disposal of Condo Units as well as an acquisition of the Sale Shares. As the highest applicable percentage ratio (as defined under the Listing Rules) for the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Transaction is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules, but is exempted from the shareholders' approval requirement.

THE TRANSACTION

The Board is pleased to announce that on 31 October 2025 (after Hong Kong trading hours), Wanda Chicago, an indirect non-wholly owned subsidiary of the Company, and CPE entered into the Agreement pursuant to which Wanda Chicago has agreed to acquire and CPE has agreed to sell the 49% equity interests in the Target Company in exchange for Wanda Chicago transferring, conveying and selling its rights, title and interest in the Condo Units to CPE in accordance with the terms and conditions of the Agreement.

Set out below are the principal terms of the Agreement:

Date: 31 October 2025

Parties:

(1) CPE, as the securities owner
(2) Wanda Chicago, as the condo owner

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, CPE and its respective ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

Subject Matter:

Pursuant to the Agreement, CPE shall sell the Sale Shares free from all encumbrances to Wanda Chicago, in exchange for the Condo Units to be transferred, conveyed and sold free from all encumbrances by Wanda Chicago to CPE.

The Transaction involves (i) the acquisition of Sale Shares in the Target Company by Wanda Chicago from CPE; and (ii) the disposal of Condo Units by Wanda Chicago to CPE.

Consideration:

The consideration for the Acquisition shall be the transfer, conveyance and sale by Wanda Chicago to CPE of all of Wanda Chicago's rights, title and interest in the Condo Units free from all encumbrances in accordance with the terms and conditions of the Agreement, and the exchange shall be satisfied at Completion.

The consideration for the Disposal shall be the transfer, conveyance and sale by CPE to Wanda Chicago of all of CPE's rights, title and interest in the Sale Shares free from all encumbrances in accordance with the terms and conditions of the Agreement, and the exchange shall be satisfied at Completion.

Such exchange represents full and fair consideration for the Transaction and was the result of arms-length negotiation between the parties.

Conditions Precedent: Completion of the Agreement shall be subject to and conditional upon, among others, the following conditions being fulfilled before the Longstop Date:–

Conditions for Wanda Chicago to perform its obligations

(i) each of the warranties and representations of CPE contained in the Agreement shall be true and correct in all material respects as of the date of the Agreement and at Completion;

(ii) CPE shall have performed and complied in all material respects with all the covenants and agreements required by the Agreement to be performed and complied by it prior to or on Completion.

Conditions for CPE to perform its obligations

(i) each of the warranties and representations of Wanda Chicago contained in the Agreement shall be true and correct in all material respects as of the date of the Agreement and at Completion;

(ii) Wanda Chicago shall have performed and complied in all material respects with all the covenants and agreements required by the Agreement to be performed and complied by it prior to or on Completion.

Termination: If Completion has not occurred on or before the Longstop Date, the Agreement shall terminate automatically.

Completion: Completion shall take place on a date mutually agreed by all parties which is not later than the Longstop Date.

Upon completion of the Acquisition, Wanda Chicago and Wanda Kids will hold 49% and 51% of the equity interests in the Target Company, respectively.

The Agreement also contains provisions such as representations and warranties which are usual and customary for a transaction of this nature and scale.

BASIS OF CONSIDERATION

The Consideration was determined after arm's length negotiations between Wanda Chicago and CPE and on normal commercial terms. In arriving at the Consideration, Wanda Chicago has taken into account:

(1) The PG Valuation Report issued to Wanda Chicago to appraise the value of the total equity of Target Group of approximately RMB663,590,000 to RMB775,220,000 (equivalent to approximately HKD727,964,000 to HKD850,423,000) (of which the value of the Sale Shares is approximately RMB325,159,000 to RMB379,858,000 (equivalent to approximately HKD356,702,000 to HKD416,707,000)) as of 30 April 2025 ("**PG Valuation**") prepared by PG Advisory Global Limited ("**PG**"), an independent valuer; and

(2) The C&W Valuation Report issued to Wanda Chicago to appraise the net realisable value of each of the 37 condominium units (including the Condo Units) within The Residences at St. Regis Chicago of approximately USD112,480,000 (equivalent to approximately HKD876,455,000) (of which the value of the Condo Units is approximately USD47,461,000 (equivalent to approximately HKD369,821,000)) as of 30 June 2025 ("**C&W Valuation**") prepared by Cushman & Wakefield of Illinois, Inc. ("**C&W**"), an independent valuer.

Further information on PG Valuation and C&W Valuation are set out below:

PG Valuation

Valuation Approach

Pursuant to PG Valuation Report, PG has considered the application of three valuation approaches, namely income approach, market approach and asset-based approach:

– Income approach: The income approach refers various valuation methods that determine the value of the asset by estimating the present value of the asset's future expected income. This approach adopts capitalization and discounting method, etc. to assess and estimate the value of the asset. Income approach utilizes methods such as investment returns and discounted income in assessing the anticipated output capacity and profitability of the asset, therefore, to determine the value of the subject of valuation. The discounted cash flow ("**DCF**") method, aggregates present values to arrive at the asset's total value.

– Market approach: The market approach determines fair value by referencing the trading prices of comparable companies or transactions and carry out analysis through direct comparison or analogy. The market approach is a valuation methodology that determines asset value based on the principle of substitution, employing comparative and analogical reasoning and methods. The market approach is one of the most direct and persuasive valuation methods in asset valuation. It serves as a cross-verification tool to test and validate the results obtained from the income approach, ensuring that PG Valuation is both comprehensive and grounded in observable market data.

– Asset-based approach: The asset-based approach values a company by restating its net asset value from a balance sheet perspective, estimating the fair value of total assets and subtracting the fair value of liabilities. The asset-based approach was not adopted for PG Valuation.

Based on the Target Company's business model, revenue composition and financial condition, the income approach-DCF method has been selected as the basis for PG Valuation in determining the value of the total equity of Target Company and market approach served only as a cross-verification for income approach.

Forecast Period

The forecast period under PG Valuation is from 1 May 2025 to 31 December 2030.

General Assumptions

A number of general assumptions have been made in the preparation of the PG Valuation, which include:

(1) the Target Group is a going concern;

(2) there will be no material adverse impact on the operations of the Target Group as a result of fluctuations in economic conditions or changes in policies and regulations;

(3) there will be no material change in the prevailing interest rates;

(4) the Target Group has no material outstanding claims, litigations and contingent liabilities;

(5) the Target Group has no material tax disputes;

(6) there will be no significant change in the Target Group's business management and business model;

(7) all assets (both tangible and intangible) used in the operations of the Target Group are owned or reasonably used by the Company;

(8) all related party transactions are on an arm's length basis;

(9) the financial projections and related assumptions are reasonably reflective of the Company's future business plans;

(10) the long term capital structure used for the calculation of the discount rate is based on the average capital structure of the industry of the comparable companies;

(11) PG did not perform relevant commercial due diligence in the course of the valuation to verify the information and assumptions.

Specific Assumptions on The Octonauts IP Rights

A number of specific assumptions on The Octonauts IP Rights have been made in the preparation of the PG Valuation, which include:

(1) Meomi Design Inc. authorized the Target Group to use The Octonauts IP Rights for its business activities such as production and distribution of animation episodes and movies and licensing during the forecast period;

(2) the Target Group pays corresponding royalties and agency fees to Meomi Design Inc. and the agent for the production and distribution of episodes, movies and licensing business of The Octonauts applying certain specific rate of royalties and agency fee in respect of stock episodes, new episodes and licensing businesses;

(3) the Target Group can continue to legally use The Octonauts IP Rights for the production, distribution and licensing of episodes and movies during the forecast period.

Quantitative Assumptions

A number of quantitative assumptions have been made in the preparation of the PG Valuation, which include:

(1) Based on the Target Group's plans following the Acquisition to expand both its domestic and international distribution and licensing of The Octonauts IP Rights, the revenue is expected to increase from RMB138.0 million in 2025 to RMB286.6 million in 2030 and the revenue growth rate is expected to maintain at 5%-7% annually from 2027 to 2030. This assumption takes into account historical track record and the expansion plan of investment, production and distribution operations and the plan to increase overseas licensing, the resumption of pre-pandemic movie revenue level and annual inflation rate.

(2) Based on the analysis of the Target Group's cost structure for its investment, production, distribution, and licensing businesses, the operating costs are expected to increase from RMB69.7 million in 2025 to RMB158.7 million in 2030 during the forecast period, accounting for approximately 50%, 56% and 55% of the revenue respectively in 2025, 2027 and 2030. This assumption takes into account various factors, including the anticipated change in production costs and costs of the licensing business.

(3) Based on the new management structure of the Target Group following the Acquisition, it is expected that the Target Company will pay Wanda Kids for both division and headquarters expenses to support daily operations and that division expenses is expected to increase annually from RMB26.3 million in 2025 to RMB32.0 million in 2030, and headquarters expenses is expected to increase annually from RMB5.0 million in 2025 to RMB6.0 million in 2030.

(4) The Target Group expects to have no significant capital expenditures during the forecast period, and routine capital expenditures are included in division and headquarters expenses.

Key Inputs

Under the income approach, PG has adopted the DCF method to reflect the value of an investment based on the present value of the cash flows that the business can be expected to generate in the future. The Gordon Growth model is adopted to estimate the terminal value to reflect the value of free cash flows during the perpetual period and is calculated approximately as follows:

$$TVn = FCF_{n+1}/(r-g)$$

Where:
TV_n = Terminal value in the nth year;
FCF_{n+1} = Free cash flow in the next year of nth year;
r = Discount rate; and
g = Terminal growth rate.

Under the DCF method, an analytical value is derived from the use of a discounted rate and the rate of return which reflect the inherent risk of investment and the current market needs to convert the future net cash flow into present value. The following are adopted in arriving at the PG Valuation:

– The weighted average cost of capital ("**WACC**") was adopted to determine the discount rate used in the PG Valuation, which was calculated with reference to various factors, including cost of debt, applicable tax rates, percentage of cost of debt, cost of share capital and percentage of equity to share capital. In determining the discount rate, several quantitative assumptions described above have been applied. PG calculated the WACC based on the Capital Asset Pricing Model. WACC of 11.0% to 12.8% was adopted.

– PG adopted an assumption that the Target Company will have a terminal growth rate of 1.5% during the stable period after 2030.

In addition to determining the value of the total equity of Target Group as of 30 April 2025 through DCF analysis, PG has considered Target Company's revenue, cost, division and headquarters expenses, corporate income tax, capital expenditures, operational capital for the financial forecast. Also, the adjustments took into account the Target Group's non-operating assets and liabilities.

Sensitivity analysis

PG has prepared a sensitivity analysis of discount rates to the value of the total equity of Target Group ranging from 11.0% to 12.8%. The sensitivity results are as follows:

Discount Rate	**The value of the total equity of Target Group**
11.0%	RMB775,220,000 (equivalent to approximately HKD850,423,000)
12.8%	RMB663,590,000 (equivalent to approximately HKD727,964,000)

C&W Valuation

Valuation Approach

Pursuant to C&W Valuation, sales comparison approach was adopted to develop an opinion of value by comparing the 37 condominium units (including the Condo Units) to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The C&W Valuation Report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), and the Code of Ethics and Certification Standards of the Appraisal Institute.

C&W identify value and price trends by analysing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers. The basic steps of this approach are:

(1) research recent, relevant property sales and current offerings in the competitive area;

(2) select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;

(3) identify sales that include favorable financing and calculate the cash equivalent price;

(4) reduce the sale prices to a common unit of comparison such as price per unit or effective gross income multiplier;

(5) make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and

(6) interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is sales price per unit. All comparable sales were analyzed on this basis.

Key Assumptions

C&W Valuation has been made on certain assumptions including:

(1) title to the 37 condominium units is assumed to be good and marketable and the 37 condominium units are assumed to be free and clear of all liens unless otherwise stated;

(2) responsible ownership and competent management of the 37 condominium units;

(3) there are no hidden or unapparent conditions of the 37 condominium units, subsoil or structures that render the 37 condominium units more or less valuable;

(4) full compliance with all applicable federal, state and local zoning and environmental regulations and laws;

(5) the information contained in the C&W Valuation or upon which the C&W Valuation is based has been gathered from sources C&W assumes to be reliable and accurate.

REASONS AND BENEFITS OF THE ACQUISITION AND DISPOSAL

The Company has been seeking purchaser for the 37 condominium units currently held by Wanda Chicago resulting from the enforcement of the Mortgage arising from the Chicago Project. The Target Company, as the operator of the Octonauts IP Rights, possesses strong intellectual property resources. Through this Transaction, the Company is able to enter the popular cultural intellectual property operation field, break through traditional business boundaries, and achieve business diversification and expansion. The Transaction is also consistent with the Company's original plan to seek and identify suitable domestic and foreign investment opportunities in the cultural tourism industry.

The Directors are of the view that PG Valuation and C&W Valuation have fairly and reasonably reflected the fair value of the total equity of the Target Group and the 37 condominium units (including the Condo Units), and taking into account the above, the Directors considered that the Acquisition and Disposal under the Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated and registered in England and is owned as to 51% by Wanda Kids and 49% by CPE as at the date of this announcement. It is principally engaged in the business of issuing television production licenses to broadcasting companies.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, CPE and Wanda Kids and their respective ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

Set out below are certain financial information of the Target Group (based on consolidated audited accounts of the Target Group prepared in accordance with the generally accepted accounting principles in England) for the year ended 31 December 2023 and 31 December 2024 respectively:

	For the year ended 31 December	
	2023	**2024**
	Audited	*Audited*
	Approximately	*Approximately*
Profit before tax	USD1,254,000	USD939,000
Profit after tax	USD983,000	USD631,000

The audited net asset value of the Target Group as at 31 December 2023 and 31 December 2024 was approximately USD12,537,000 (equivalent to HK$97,690,000) and USD13,167,000 (equivalent to HK$102,599,000), respectively.

INFORMATION ON THE CONDO UNITS AND FINANCIAL EFFECTS OF THE DISPOSAL

The Condo Units consists of 16 condominium units in the building located at 363 E. Wacker Drive, Chicago, Illinois 60601, which titles and ownership were delivered to the Group following the enforcement of the Mortgage of the Chicago Project on 30 December 2024.

The carrying amount of the Condo Units was recognised as properties held for sale of approximately HK$334,624,000 in the unaudited consolidated financial statements of the Company as at 30 June 2025. The Group expects to record a gain of approximately HK$28,178,000 (after deducting transaction-related costs and expenses and related taxes) from the Disposal. The actual amount of gain or loss resulting from the Disposal that will be recorded by the Company can be affected by fluctuations in exchange rates and the actual tax effects of the Disposal, and it will be subject to review and final audit by the auditors of the Company. Since the Condo Units are transferred, conveyed and sold to CPE in exchange for the Sale Shares, there will not be any sale proceeds from the Disposal.

INFORMATION ABOUT THE PARTIES

The Company

The Company is incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange. The Group is principally engaged in investment property leasing and trading and leasing of overseas' properties.

Wanda Chicago

Wanda Chicago is a limited liability company incorporated under the laws of Delaware and a non-wholly owned subsidiary of the Company, which is principally engaged in trading and leasing of properties in Chicago.

CPE

CPE is a limited liability company incorporated under the laws of Delaware and an indirect wholly-owned subsidiary of SPE. CPE is a company owned and operated for the purposes of acquiring, holding and monetizing the Condo Units. SPE is an indirect wholly-owned subsidiary of Tokyo-based Sony Group Corporation, an entity whose shares are listed on the Tokyo Stock Exchange. SPE is a corporation whose global operations encompass motion picture production, acquisition and distribution; television production, acquisition and distribution; television networks; digital content creation and distribution; operation of studio facilities; and development of new entertainment productions, services and technologies.

LISTING RULES IMPLICATION

The Company considers the Transaction as both a disposal of Condo Units as well as an acquisition of the Sale Shares. As the highest applicable percentage ratio (as defined under the Listing Rules) for the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Transaction is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules, but is exempted from the shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of Sale Shares by Wanda Chicago
"Agreement"	the securities and real estate transfer agreement entered into between Wanda Chicago and CPE dated 31 October 2025 in relation to the Disposal and Acquisition

"Chicago Project"	the disposal of the Company's interest in Parcel C LLC, further details of which is set out in the announcements of the Company dated 30 July 2020, 17 August 2020, 25 November 2020, 12 August 2024 and 2 January 2025 and circular of the Company dated 29 September 2020
"CPE"	CPE Stage Investments, Inc., a limited liability company incorporated under the laws of Delaware and an indirect wholly owned subsidiary of SPE
"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
"Completion"	the completion of the sale and purchase of the Sale Shares and sale and conveyance of the Condo Units in accordance with the Agreement
"Condo Units"	16 condominium units in The Residences at St. Regis Chicago
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Consideration"	has the meaning ascribed to it in the section "THE AGREEMENT" to this announcement
"C&W"	has the meaning ascribed to it in the section "BASIS OF CONSIDERATION" to this announcement
"C&W Valuation"	has the meaning ascribed to it in the section "BASIS OF CONSIDERATION" to this announcement

"C&W Valuation Report"	the valuation report prepared by Cushman & Wakefield of Illinois, Inc. to appraise the net realisable value of each of the 37 condominium units within The Residences at St. Regis Chicago
"DCF"	has the meaning ascribed to it in the section "BASIS OF CONSIDERATION – PG Valuation – Valuation Approach" to this announcement
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of Condo Units by Wanda Chicago
"forecast period"	from 1 May 2025 to 31 December 2030
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Mortgage"	a mortgage on certain condominium units to secure deferred payment under the Chicago Project
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Longstop Date"	5:59 p.m., London time, on a date that shall be determined in accordance with the Agreement and will be no later than 90 days from the date of the Agreement
"PG"	has the meaning ascribed to it in the section "BASIS OF CONSIDERATION" to this announcement

"PG Valuation"	has the meaning ascribed to it in the section "BASIS OF CONSIDERATION" to this announcement
"PG Valuation Report"	the valuation report prepared by PG Advisory Global Limited to appraise the value of the total equity of the the Target Group
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the 1,184,722 ordinary shares of £0.0001 each in the capital of the the Target Company, representing 49 per cent of the entire issued share capital of the Target Company
"SPE"	Sony Pictures Entertainment Inc., a Delaware corporation and an indirect wholly-owned subsidiary of Tokyo-based Sony Group Corporation
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"Target Company"	Vampire Squid Productions Limited, a limited liability company incorporated and registered in England and Wales with company number 07767492
"Target Group"	Target Company and its subsidiaries
"The Residences at St. Regis Chicago"	a building located at 363 E. Wacker Drive, Chicago, Illinois 60601

"The Octonauts IP Rights"	the exclusive rights to use intellectual property of "The Octonauts" globally until 2034, and in China from July 2034 to January 2053, as granted by Meomi Design Inc. to the Target Group through specific agreements
"Transaction"	the Acquisition and the Disposal
"USD"	the United States of America dollars, the lawful currency of the United States of America
"WACC"	has the meaning ascribed to it in the section "BASIS OF CONSIDERATION – PG Valuation – Key Inputs" to this announcement
"Wanda Chicago"	Wanda Chicago Real Estate, LLC, a limited liability company incorporated under the laws of Delaware and a non-wholly owned subsidiary of the Company
"Wanda Kids"	Wanda Kids Cultural Development Co., Limited, a limited liability company incorporated in Hong Kong

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK$ and USD into HK$ are based on the approximate exchange rate of RMB0.91157 to HK$1 and USD 1 to HK$7.7921, respectively.

By Order of the Board
Wanda Hotel Development Company Limited
Zhang Chunyuan
Chairman

Hong Kong, 31 October 2025

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