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

(Incorporated in Bermuda with limited liability)

(Stock Code : 169)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
ENTRUSTED MANAGEMENT AGREEMENT

ENTRUSTED MANAGEMENT AGREEMENT

On 24 August 2021, Guilin Project Company, an indirect non-wholly owned subsidiary of the Company, entered into the Entrusted Management Agreement with Zhuhai Wanda and Guilin Wanda, pursuant to which Guilin Project Company agreed to entrust Zhuhai Wanda Group to manage the Commercial Complex Project held by Guilin Project Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhuhai Wanda and Guilin Wanda are non-wholly owned subsidiaries of Dalian Wanda, and Dalian Wanda is an intermediate holding company of the Company. Therefore, Zhuhai Wanda and Guilin Wanda are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Entrusted Management Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in relation to the highest annual cap for the transactions contemplated under the Entrusted Management Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Entrusted Management Agreement shall be subject to the reporting and announcement requirements, but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 24 August 2021, Guilin Project Company, an indirect non-wholly owned subsidiary of the Company, entered into the Entrusted Management Agreement with Zhuhai Wanda and Guilin Wanda, pursuant to which Guilin Project Company agreed to entrust Zhuhai Wanda Group to manage the Commercial Complex Project held by Guilin Project Company.

ENTRUSTED MANAGEMENT AGREEMENT

A summary of the principal terms of the Entrusted Management Agreement is set out as follows:

Date: 24 August 2021

Parties: (i) Guilin Project Company

(ii) Zhuhai Wanda

(iii) Guilin Wanda

Period: From 24 August 2021 to 30 June 2022.

Subject to the parties having obtained necessary approvals and complied with all applicable Listing Rules, the Entrusted Management Agreement will be automatically renewed for a term of three years unless terminated by either party no less than 30 days before the expiration of the term.

Subject matter: Zhuhai Wanda and Guilin Wanda shall provide the commercial operation services in respect of the Commercial Complex Project (the “**Commercial Operation Services**”) including commercial management services, property management services and value-added services.

Guilin Project Company agreed to entrust Zhuhai Wanda and Guilin Wanda to provide the Commercial Operation Services on an exclusive basis. Zhuhai Wanda and Guilin Wanda shall receive service fees in accordance with the Entrusted Management Agreement.

Rights and obligations of Zhuhai Wanda Group:

In the course of providing the Commercial Operation Services, Zhuhai Wanda Group shall have the right to take, in the name of and on behalf of Guilin Project Company, all actions necessary to provide the Commercial Operation Services or carry out related work. Guilin Project Company shall bear the corresponding legal liability for the acts lawfully carried out by Zhuhai Wanda Group in providing the Commercial Operation Services except for the legal liabilities caused by the negligence of Zhuhai Wanda Group or the non-compliance of the provisions of the Entrusted Management Agreement.

Zhuhai Wanda has the right to change the service provider and the recipient of the service fees. Provided that the service provider and the recipient of the service fees is Zhuhai Wanda or its subsidiaries, no prior consent of Guilin Project Company is required.

Service fees:

In consideration of the Commercial Operation Services provided by Zhuhai Wanda Group, Guilin Project Company agreed to pay the management fee comprising a basic service fee and a bonus service fee.

During the term of the Entrusted Management Agreement, the service fees payable by the Guilin Project Company varies depending on the number of years since the Commercial Complex Project commenced operation and performance of the Commercial Complex Project and will be based on a pre-determined formula set out in the Entrusted Management Agreement which comprises a basic service fee and a bonus service fee, both being a certain applicable percentage of the net operating income generated by the Commercial Complex Project.

The net operating income is the total income generated by the Commercial Complex Project (including rental and rental related income and other income generated by the Commercial Complex Project) less deductions agreed between the parties in the Entrusted Management Agreement being costs of operating and managing the Commercial Complex Project such as fees incurred for maintenance, cleaning, security guards, renovation, energy, etc.

The abovementioned service fees were determined based on normal commercial terms after arm's length negotiation between Guilin Project Company and Zhuhai Wanda.

ANNUAL CAPS IN RESPECT OF THE ENTRUSTED MANAGEMENT AGREEMENT

The total amount payable by Guilin Project Company to Zhuhai Wanda Group under the Entrusted Management Agreement shall not exceed the following caps:

From 24 August to 31 December 2021: RMB9.26 million

From 1 January to 30 June 2022: RMB14.82 million

The annual caps are determined based on the expected amount of the service fees payable under the Entrusted Management Agreement which is in turn calculated based on the expected rental and other income that the Commercial Complex Project will generate during the term of the Entrusted Management Agreement and a reasonable allowance for unexpected upward adjustment.

If the total amount payable under the Entrusted Management Agreement is expected to exceed the proposed annual caps, the Company will revise the relevant annual caps and re-comply with the provisions of Chapter 14A of the Listing Rules governing continuing connected transaction as appropriate.

INTERNAL CONTROL MEASURES

In order to safeguard the interests of the Company and its shareholders as a whole, in addition to our compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's continuing connected transactions, to ensure the transactions contemplated under the Entrusted Management Agreement do not exceed the annual caps, the business department of the Group shall fill in and submit statistical charts for the continuing connected transactions at least quarterly. In the event that the amount of the transactions incurred and/or to be incurred under the Entrusted Management Agreement is expected to reach the relevant annual caps, the business department will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual cap(s) is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED MANAGEMENT AGREEMENT

The Commercial Complex Project held by the Group through the Guilin Project Company is classified as an investment property of the Group and generate property leasing income for the Group in the past few years.

Zhuhai Wanda Group has extensive experience and strength in the operation and management of commercial complexes, technology services, big data analysis and application, full process supply chain management, property management, car park management and various operation management. In addition, the Guilin Project Company is indirectly owned as to 49% by Dalian Wanda and the Directors believe that the interest of the Company and Dalian Wanda are aligned in respect of the management of the Commercial Complex Project as its owners. Considering that the Commercial Complex Project commenced operation more than five years ago and may require modification to keep up with the change in consumer habits and demands in its surrounding area and requires more renovation and maintenance works as facilities of the Commercial Complex Project is aging, as well as being the only commercial property project held by the Group, the Directors believe that entrusting the Commercial Complex Project with Zhuhai Wanda Group for the Commercial Operation Services to be provided pursuant to the Entrusted Management Agreement is in the interest of the Group, as it will allow the Group to lower its opportunity costs by enabling the Group to focus its resources on its hotel management business whilst being able to continue earning rental income from this investment property through another party as interested owner of the property. This is in line with the Group's plan and strategic goal of achieving long-term development of the Group and sustainable growth of the Shareholders' value in the long run.

The Directors (including the independent non-executive Directors) consider that the terms of the Entrusted Management Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, were negotiated on an arm's length basis and are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

None of the Directors have any material interest in the transactions under the Entrusted Management Agreement and none of them were required to abstain from voting on the resolutions in relation to the transactions pursuant to the bye-laws of the Company.

INFORMATION ABOUT THE PARTIES

Guilin Project Company is a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of 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 hotel management and operations, hotel design, construction management services and investment properties leasing in the PRC.

Zhuhai Wanda, a joint stock company established under the laws of the PRC with limited liability, is principally engaged in commercial operation service business. Guilin Wanda, a company established under the laws of the PRC with limited liability, is principally engaged in properties management business.

Guilin Wanda is an indirect wholly-owned subsidiary of Zhuhai Wanda, and Zhuhai Wanda is a non-wholly owned subsidiary of Dalian Wanda. Dalian Wanda is ultimately beneficially owned by Wang Jianlin.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“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
“Commercial Complex Project”	the Guilin Gaoxin Wanda Plaza* (桂林高新萬達廣場) and the related operating premises (where applicable) located in Guilin City, the PRC
“Commercial Operation Services”	has the meaning ascribed to it in the section headed “ENTRUSTED MANAGEMENT AGREEMENT — Subject matter”
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Dalian Wanda”	Dalian Wanda Commercial Management Group Co., Ltd., Ltd.* (大連萬達商業管理集團股份有限公司), formerly known as Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司), a company established under the laws of the PRC with limited liability, a controlling shareholder of the Company
“Director(s)”	director(s) of the Company
“Entrusted Management Agreement”	an entrusted management agreement entered into between Guilin Project Company, Zhuhai Wanda and Guilin Wanda on 24 August 2021
“Group”	the Company and its subsidiaries
“Guilin Project Company”	Guilin Gaoxin Wanda Plaza Co., Ltd.* (桂林高新萬達廣場有限公司), an indirect non-wholly owned subsidiary of the Company
“Guilin Wanda”	Guilin Wanda Shopping Plaza Business Management Co., Ltd.* (桂林萬達廣場商業管理有限公司), a company established under the laws of the PRC with limited liability, which is indirectly wholly-owned by Zhuhai Wanda
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhuhai Wanda”	Zhuhai Wanda Commercial Management Group Co., Ltd.* (珠海萬達商業管理集團股份有限公司), a non-wholly owned subsidiary of Dalian Wanda

“Zhuhai Wanda Group” Zhuhai Wanda and Guilin Wanda

“0%” per cent.

** For identification purpose only*

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

Hong Kong, 24 August 2021

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