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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
PRODUCT SUPPLY FRAMEWORK AGREEMENT

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On 30 June 2021, the Company entered into the Product Supply Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group and/or its subsidiaries have agreed to purchase, and the Group has agreed to supply, the Products according to the terms and conditions agreed therein.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dalian Wanda Group is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Product Supply Framework 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 proposed annual cap in respect of the Product Supply Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Product Supply Framework Agreement shall be subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 June 2021, the Company entered into the Product Supply Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group and/or its subsidiaries have agreed to purchase, and the Group has agreed to supply, the Products according to the terms and conditions agreed therein.

PRODUCT SUPPLY FRAMEWORK AGREEMENT

A summary of the principal terms of the Product Supply Framework Agreement is set out as follows:

Date: 30 June 2021

Parties: (i) Dalian Wanda Group, a controlling shareholder of the Company as at the date of this announcement

(ii) The Company

Term: From 30 June 2021 to 31 December 2021

Subject matter: Dalian Wanda Group and/or its subsidiaries agreed to purchase, and the Group agreed to supply the Products, including but not limited to products such as rice dumplings, mooncakes and gift boxes according to the terms and conditions agreed therein.

Dalian Wanda Group and/or its subsidiaries shall place specific orders (“**Individual Specific Order(s)**”) for each purchase through a merchandising platform available to the hotels that is managed by the Group, which shall stipulate, among others, the product types, quantity and delivery details and be subject to the terms and conditions under the Product Supply Framework Agreement and the annual cap thereunder. The duration of each Individual Specific Order shall not exceed the term of the Product Supply Framework Agreement and the terms of the Individual Specific Orders shall be made on normal commercial terms.

Purchase prices and pricing policy:

The purchase prices payable by Dalian Wanda Group to the Group for the Products for each purchase shall be determined with reference to the purchase prices for equivalent or similar products offered by the Group to other independent third parties.

In order to ensure that the terms of the Individual Specific Orders shall be made on normal commercial terms or better (from the perspective of the Group), the actual prices for each Individual Specific Order shall be determined with reference to the prices and terms provided by the Group to independent third parties for equivalent or similar products on rates and/or terms not less favourable from the Group’s perspective than the rates charged and/or terms for equivalent or similar products sold to independent third parties.

Upon the Product Supply Framework Agreement taking effect, the internal compliance review department of the Company will regularly review any individual specific order for equivalent or similar products entered into between the Group and independent third parties to ensure that all Products sold under the Individual Specific Orders to Dalian Wanda Group and/or its subsidiaries by the Group are sold on rates charged and/or terms not less favourable from the Group's perspective than the rates charged and/or terms for equivalent or similar products sold to independent third parties. Such review will be performed annually by the independent non-executive Directors of the Company. If the Company is of the view that the rates charged and/or terms for the Products sold to Dalian Wanda Group and/or its subsidiaries are less favourable from the Group's perspective than the rates charged and terms for equivalent or similar products sold by the Group to independent third parties, Dalian Wanda Group and/or its subsidiaries and the Group agree to use their best endeavour to adjust the rates and/or terms to ensure that the terms of the transactions are fair and reasonable.

Annual cap:

The proposed annual cap of the transactions contemplated under the Product Supply Framework Agreement for the year ending 31 December 2021 is estimated to be RMB22,000,000.

The annual cap in respect of the transactions under the Product Supply Framework Agreement is arrived at after taking into consideration of, among others, (i) the anticipated amount of purchases of the Products from the Group by Dalian Wanda Group and its subsidiaries with reference to the expected market demand for relevant products; and (ii) the anticipated prices for the Products, for the year ending 31 December 2021.

If the total transaction amounts under the Product Supply Framework Agreement are expected to exceed the proposed annual cap, the Company will inform the Stock Exchange as soon as practicable and revise the relevant annual cap and/or re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PRODUCT SUPPLY FRAMEWORK AGREEMENT

Supply of the Products to Dalian Wanda Group under the Product Supply Framework Agreement enables the Company to have an assured and stable outlet for its products and acquire a better understanding of end-customers, which in turn should enhance its capabilities to attract and retain customers by maximizing cross-selling opportunities and sharing of business resources, and optimize the Group's manufacturing processes to predict and control costs. Entering into the Product Supply Framework Agreement also expands the Company's source of revenue and improve the Company's profitability. This is in line with the Group's plan to adopt an asset-light business model and the strategic goal of achieving long-term development of the Group and sustainable growth of the Shareholders' value in the long run.

The Directors (including the independent non-executive Directors) consider that the terms of the Product Supply Framework Agreement and the transactions contemplated thereunder (including the annual cap) 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 Product Supply Framework 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.

INTERNAL CONTROL MEASURES ON CONTINUING CONNECTED TRANSACTIONS

In order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted certain measures in monitoring the transactions under the Product Supply Framework Agreement including the following, for so long as the transactions constitute continuing connected transactions of the Company:

- (i) the internal compliance review department of the Company is responsible for the review of any Individual Specific Order on a regular basis to ensure that the terms thereunder are made in accordance with the terms and conditions (including the pricing policies) of the Product Supply Framework Agreement;
- (ii) the Company has designated certain members of the management to closely monitor subsisting and potential connected transactions of the Group on a regular basis and will review the transactions under the Product Supply Framework Agreement with Dalian Wanda Group and its subsidiaries to identify any continuing connected transaction that may be at risk of exceeding the annual cap so as to ensure that relevant Listing Rules requirements have been re-complied before any annual cap is being exceeded; and
- (iii) the Company will report any Individual Specific Order to the independent non-executive Directors for their review annually to ensure that all Products sold under the Individual Specific Orders are on rates charged and/or terms not less favourable from the Group's perspective than the rates charged and/or terms for equivalent or similar products sold to independent third parties.

INFORMATION ABOUT THE PARTIES

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange. The Group is principally engaged in investment property leasing, hotel operation and management, hotel design and construction management services in the PRC.

Dalian Wanda Group, a joint stock company incorporated in the PRC with limited liability, is a large multinational conglomerate focusing on modern services. Its core businesses are commercial management, cultural industry, real estate and investment. It is the ultimate holding company of the Company.

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

LISTING RULES IMPLICATIONS

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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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Dalian Wanda Group”	Dalian Wanda Group Co., Ltd.* (大連萬達集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, and a controlling shareholder of the Company

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Products”	the specially accustomed gift and food products supplied by the Group, including but not limited to products such as rice dumplings, mooncakes and gift boxes
“Product Supply Framework Agreement”	the product supply framework agreement entered into between the Company and Dalian Wanda Group on 30 June 2021
“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
“%”	per cent.

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

Hong Kong, 30 June 2021

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

**For identification purpose only*