
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult a licensed security dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wanda Hotel Development Company Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the licensed security dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



萬達酒店發展有限公司
WANDA HOTEL DEVELOPMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 169)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FRAMEWORK AGREEMENT
AND
RENEWAL OF ANNUAL CAPS UNDER
THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 5 to 19 of this Circular. A letter of advice containing the recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 20 to 21 of this Circular. A letter of advice from Opus Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 45 of this Circular.

A notice of the SGM to be held at Unit 3007, 30/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 29 December 2021 at 10:00 a.m. is set out on pages SGM-1 to SGM-2 of this Circular. Whether or not you are able to attend and vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

In view of the recent development of the pandemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement precautionary measures at the SGM, including but not limited to, mandatory use of surgical face masks for all persons attending the SGM and no distribution of corporate gift or refreshment will be provided during the SGM. Any person who does not comply with the precautionary measures or is subject to any mandatory quarantine order of the government of the HKSAR may be denied entry into the SGM venue.

The Company would like to remind the Shareholders that, as an alternative to attending the SGM in person, the Shareholders may exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy in accordance with the instructions set out in this circular and the enclosed form of proxy.

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the Board of Directors
“Circular”	this circular issued by the Company dated 9 December 2021
“close associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“continuing connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder(s)”	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, a controlling shareholder of the Company and the controlling shareholder of DWCM Group
“Dalian Wanda Group Companies”	Dalian Wanda Group and/or its subsidiaries (except for the Group)
“Director(s)”	director(s) of the Company
“DWCM Group”	Dalian Wanda Commercial Management Group Co., Ltd* (大連萬達商業管理集團股份有限公司), a company established in the PRC with limited liability and controlled by Dalian Wanda Group, a controlling shareholder of the Company
“DWCM Group Companies”	DWCM Group and/or its subsidiaries (except for the Group)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hotel Design Framework Agreement”	the hotel design consulting services framework agreement entered into between the Company and Dalian Wanda Group on 18 October 2019
“Hotel Design Services”	has the meaning ascribed to it in the section headed “I. Renewal of Hotel Design Framework Agreement — New Hotel Design Framework Agreement — Services” of this Circular
“Hotel Management Framework Agreement”	the hotel management framework agreement entered into between the Company and DWCM Group on 13 November 2018, as amended by the Novation Agreement
“Hotel Management Services”	has the meaning ascribed to it in the section headed “II. Renewal of Annual Caps under the Hotel Management Framework Agreement — The Hotel Management Framework Agreement (as amended by the Novation Agreement) — Services” of this Circular
“Independent Board Committee”	the independent Board committee of the Company comprising Mr. He Zhiping, Dr. Teng Bing Sheng and Dr. Chen Yan, all being independent non-executive Directors, which is formed to advise the Independent Shareholders on the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise (i) the Independent Board Committee and the Independent Shareholders on the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement; and (ii) the Board in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules
“Independent Shareholders”	the Shareholders other than Wanda Overseas and its associates
“independent third party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company

DEFINITIONS

“Individual Agreements”	has the meaning ascribed to it in the section headed “Internal Control Measures On Continuing Connected Transactions” of this Circular
“Individual Hotel Design Agreement”	has the meaning ascribed to it in the section headed “I. Renewal of Hotel Design Framework Agreement — New Hotel Design Framework Agreement — Services” of this Circular
“Individual Hotel Management Agreement”	has the meaning ascribed to it in the section headed “II. Renewal of Annual Caps under the Hotel Management Framework Agreement — The Hotel Management Framework Agreement (as amended by the Novation Agreement) — Services” of this Circular
“Latest Practicable Date”	7 December 2021, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Hotel Design Framework Agreement”	the hotel design consulting services framework agreement entered into between the Company and Dalian Wanda Group on 18 November 2021
“Non-exempt Continuing Connected Transactions”	being the continuing connected transaction of the Company as contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement, for which the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules exceed 5%, and, accordingly, shall be subject to the reporting, announcement, annual review, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Novation Agreement”	the deed of novation entered into between the Company, DWCM Group and Dalian Wanda Group on 18 November 2021 in relation to the Hotel Management Framework Agreement
“PRC”	the People’s Republic of China, which for the purpose of this Circular only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wanda Hotel Brands”	the hotel brands of Wanda Reign, Wanda Vista and Wanda Realm and Wanda Jin owned by Dalian Wanda Group
“Wanda Overseas”	Wanda Commercial Properties Overseas Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company
“%”	per cent.

** For identification purposes only*

LETTER FROM THE BOARD



萬達酒店發展有限公司
WANDA HOTEL DEVELOPMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 169)

Executive Directors:

Mr. Ning Qifeng (*Chairman*)

Non-executive Directors:

Mr. Ding Benxi

Mr. Zhang Lin

Mr. Han Xu

Independent Non-executive Directors:

Mr. He Zhiping

Dr. Teng Bing Sheng

Dr. Chen Yan

*Head office and principal place of
business in Hong Kong:*

Unit 3007, 30th Floor

Two Exchange Square

8 Connaught Place

Central

Hong Kong

Registered office:

Victoria Place

5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

9 December 2021

To the Shareholders

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FRAMEWORK AGREEMENT
AND
RENEWAL OF ANNUAL CAPS UNDER
THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 18 November 2021 in relation to, among others, the renewal of the Hotel Design Framework Agreement due to expire on 31 December 2021 and the renewal of annual caps under the Hotel Management Framework Agreement.

LETTER FROM THE BOARD

The purpose of this Circular is to provide you with, among other things, (i) details in relation to the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice convening the SGM and a proxy form.

I. RENEWAL OF HOTEL DESIGN FRAMEWORK AGREEMENT

References are made to (i) the announcement of the Company dated 13 November 2018 in relation to, among others, the Hotel Management Framework Agreement; and (ii) the announcement of the Company dated 18 October 2019 in relation to, among others, the Hotel Design Framework Agreement.

The Hotel Design Framework Agreement is due to expire on 31 December 2021. In order to continue the continuing connected transactions thereunder, on 18 November 2021, the Company entered into the New Hotel Design Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group Companies may from time to time engage the Group to provide Hotel Design Services for the hotel projects of Dalian Wanda Group.

Details of the New Hotel Design Framework Agreement are as follow:

New Hotel Design Framework Agreement

A summary of the principal terms of the New Hotel Design Framework Agreement is set out as follows:

- Date:** 18 November 2021
- Parties:** (i) Dalian Wanda Group
(ii) The Company
- Term:** From 1 January 2022 or the day on which independent Shareholders' approval in respect of the New Hotel Design Framework Agreement is obtained at the SGM (whichever is later) to 31 December 2024
- Services:** Pursuant to the New Hotel Design Framework Agreement, Dalian Wanda Group Companies may from time to time engage the Group to provide hotel design consulting services (the "**Hotel Design Services**") which may include, but not limited to, the below services for Dalian Wanda Group's hotel projects:
- (i) interior, furniture, fixtures and equipment design and consulting services;
- (ii) back-of-house area design review services;

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- (iii) outdoor direction signage and indoor lighting design consulting services; and
- (iv) kitchen and launderette area design services.

Dalian Wanda Group Companies and the Group shall enter into separate agreements (the “**Individual Hotel Design Agreement(s)**”) in relation to the provision of Hotel Design Services for relevant projects, which shall be subject to the terms and conditions under the New Hotel Design Framework Agreement and the annual caps thereunder. The duration of each Individual Hotel Design Agreement shall not exceed the term of the New Hotel Design Framework Agreement and the terms of the Individual Hotel Design Agreements shall be made on normal commercial terms.

**Service fees and
pricing policy:**

The service fees payable by Dalian Wanda Group to the Group for the Hotel Design Services under each Individual Hotel Design Agreement shall be fair and reasonable and shall be determined after arm’s length negotiations based on normal commercial terms with reference to the scope of service, hotel grading, size of the hotel project by square meter, and within the range of the prevailing market prices by taking into account the quotations obtained by Dalian Wanda Group from at least two independent third party suppliers for the provision of equivalent or similar services in their ordinary course of business and which shall not, from the Group’s perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third party in hotels of equivalent or similar grading.

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In order to ensure that the terms of the Individual Hotel Design Agreements signed on or after the date of the New Hotel Design Framework Agreement are and will be made on normal commercial terms, the Group has established a review mechanism to monitor the prevailing service fees and contractual terms for equivalent or similar services in the market and approve in advance the terms of each Individual Hotel Design Agreement signed on or after the date of the New Hotel Design Framework Agreement to ensure that its actual service fees rates and contractual terms shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading. Under the existing review mechanism, the Company will, prior to the signing of each of the Individual Hotel Design Agreements, designate members of the management in its finance and compliance team to review each of such agreements by comparing their terms against the terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading. Once the designated members determine, after arm's length negotiations, that the terms of the Individual Hotel Design Agreement are on normal commercial terms or better, the agreement will be approved by such designated members for signing. The review mechanism is intended to ensure that the terms of each Individual Hotel Design Agreement will be entered into after arm's length negotiations based on normal commercial terms.

If in the future the Group is of the view that the service fees and contractual terms fixed under the New Hotel Design Framework Agreement are, from the Group's perspective, less favourable than that provided by the Group to independent third parties at the time, the Group will use its best endeavours to negotiate revised service fees and contractual terms with Dalian Wanda Group under the New Hotel Design Framework Agreement to ensure that each new Individual Hotel Design Agreement to be entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties for hotels of equivalent or similar grading during the same period. If the rates charged and terms for equivalent or similar services provided by the Group to Dalian Wanda Group becomes less favourable than that provided by the Group to independent third parties, signifying a deviation from the terms of the New Hotel Design Framework Agreement, the Company will re-comply with the Listing Rules requirements if applicable.

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Historical figures and annual caps under the Hotel Design Framework Agreement

The annual caps and actual transaction amounts under the Hotel Design Framework Agreement for the two years ended 31 December 2020 and the eight months ended 31 August 2021 are set out below:

	Year ended 31 December		Eight months ended
	2019	2020	31 August 2021
	(RMB'000)	(RMB'000)	(RMB'000)
Annual caps	52,340	92,450	70,920
Actual transaction amounts	19,556	39,212	36,635

Annual caps under the New Hotel Design Framework Agreement

The annual caps of the maximum aggregate amounts payable by Dalian Wanda Group Companies for each of the three years ending 31 December 2024 for the provision of Hotel Design Services by the Group are set out below:

	Year ending 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
Annual caps	59,766	17,764	4,065

The annual caps in respect of the transactions contemplated under the New Hotel Design Framework Agreement are arrived at after taking into consideration of, among others, (i) the anticipated demand for Hotel Design Services by Dalian Wanda Group based on the current development plan of the existing property projects of Dalian Wanda Group and on the assumption that Dalian Wanda Group will continue to develop the existing property projects, with reference to the expected business commencement dates of the hotel projects, payment terms, anticipated gross floor area of the hotel projects and unit price of the Hotel Design Services having regards to the grading in respect of the hotels developments; (ii) the prevailing market prices for the relevant design services; and (iii) a buffer of 15% taking into account, among others, (a) the inflation expected during the term of the New Hotel Design Framework Agreement; (b) a potential fluctuation in the annual caps during the term of the New Hotel Design Framework Agreement due to the potential additional demand for Hotel Design Services by Dalian Wanda Group during the term of the New Hotel Design Framework Agreement; and (c) the possibility of early or delay in revenue recognition due to the progress of Hotel Design Services during the term of the New Hotel Design Framework Agreement and the possibility of securing new agreements for the provision of Hotel Design Services.

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The annual caps are arrived at after taking into account the above factors and the fluctuation in the annual caps is mainly affected by the expected percentage of completion of work of each hotel project in the current development plan of Dalian Wanda Group during the 3 years ending 31 December 2024.

II. RENEWAL OF ANNUAL CAPS UNDER THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT

The Hotel Management Framework Agreement will expire on 31 December 2038 but the corresponding annual caps under the Hotel Management Framework Agreement will expire on 31 December 2021, and as the Company intends to continue the transactions under the Hotel Management Framework Agreement, the Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the renewal of annual caps for the continuing connected transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

On 18 November 2021, the Board resolved to propose to renew the annual caps for the transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

The Hotel Management Framework Agreement (as amended by the Novation Agreement)

As disclosed in the announcement of the Company dated 13 November 2018 and the circular of the Company dated 7 December 2018 in relation to, among others, the Hotel Management Framework Agreement and announcement of the Company dated 18 November 2021 in relation to the Novation Agreement, the principal terms of the Hotel Management Framework Agreement (as amended by the Novation Agreement) is as follows:

Date	:	13 November 2018
Parties	:	(i) the Company (ii) Dalian Wanda Group
Term	:	From 1 January 2019 or upon satisfaction of all applicable requirements relating to connected transactions under the Listing Rules (whichever is later) to 31 December 2038
Services	:	Pursuant to the Hotel Management Framework Agreement, the Dalian Wanda Group may from time to time engage the Group to provide hotel management services (the “ Hotel Management Services ”) which may include, but are not limited to, the below services:

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- (i) pre-opening support and technical advisory services regarding specification standards required for hotels being managed and other coordination services to facilitate the pre-opening preparation;
- (ii) procurement of services and products for operation of hotels;
- (iii) carrying out marketing and business development activities and providing accounting, finance, human resources and information technology functions;
- (iv) setting the prices of guest rooms and other services; and
- (v) other relevant functions and services for the operation of hotels.

Members of the Group and the Dalian Wanda Group Companies shall enter into separate agreements (“**Individual Hotel Management Agreement(s)**”) in relation to the provision of Hotel Management Services for relevant projects, which shall be subject to the terms and conditions under the Hotel Management Framework Agreement and the applicable annual caps. The duration of each Individual Hotel Management Agreement shall not exceed the term of the Hotel Management Framework Agreement and the terms of the Individual Hotel Management Agreements shall be made on normal commercial terms.

Service fees and pricing policy

: The service fees payable by the Dalian Wanda Group Companies to the Group for the Hotel Management Services for each hotel shall be fair and reasonable and shall be charged on the following basis:

- (i) management fees comprising a base management fee at a rate of 2.5% of the gross operating revenue of the relevant hotel and an incentive management fee at a rate between 6% and 8% (inclusive) of the gross operating profit of the relevant hotel;
- (ii) group service fees for the relevant financial, human resources and/or information technology services provided by the Group charged at a rate of 2% of the gross operating revenue of the relevant hotel;

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- (iii) pre-opening fees, comprising a hotel pre-opening support fee of RMB500,000 (or other currency equivalent) for each hotel and a technical services fee of RMB2 million (or other currency equivalent) for each hotel; and
- (iv) 6% of the room income for each room booking made via the official reservation systems of hotels under Wanda Hotel Brands; 5.6% of the of aggregate revenue contributed by each customer introduced by the regional sale department of hotels of Wanda Hotel Brands; and 5% of certain spending of any member of Wanda Club, a club for customers of the hotels of Wanda Hotel Brands.

The service fees payable under the Hotel Management Framework Agreement by the Dalian Wanda Group Companies to the Group for the Hotel Management Services were determined after arm's length negotiations based on normal commercial principles with reference to and fall within the range of the service fees charged by the Group to independent third parties in existing hotel management agreements for equivalent or similar services in nearby hotels of equivalent or similar grading.

In order to ensure that the terms of the Individual Hotel Management Agreements signed on or after the date of the Hotel Management Framework Agreement are and will be made on normal commercial terms, the Group has established a review mechanism to monitor the prevailing service fees and contractual terms for equivalent or similar services in the market and approve in advance the terms of each Individual Hotel Management Agreement signed on or after the date of the Hotel Management Framework Agreement to ensure that its actual service fees rates and contractual terms shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in nearby hotels of equivalent or similar grading. If in the future the Group is of the view that the service fees and contractual terms fixed under the Hotel Management Framework Agreement are, from the Group's perspective, less favourable than that provided by the Group to independent third parties at the time, the Group will use its best endeavours to negotiate revised service fees and contractual terms with the Dalian Wanda Group under the Hotel Management Framework Agreement to ensure that each new Individual Hotel Management Agreement to be

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entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in nearby hotels of equivalent or similar grading during the same period. If appropriate, the Company will re-comply with the Listing Rules requirements as applicable at the time.

Renewal of annual caps under the Hotel Management Framework Agreement

On 18 November 2021, the Board resolved to propose to renew the annual caps for the transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

Historical figures and annual caps: The annual caps and actual transaction amounts under the Hotel Management Framework Agreement for the two years ended 31 December 2020 and the eight months ended 31 August 2021 are set out below:

	Year ended 31 December		Eight months ended 31 August
	2019 (RMB'000)	2020 (RMB'000)	2021 (RMB'000)
Annual caps	81,118	80,804	81,988
Actual transaction amounts	59,767	37,780	34,063

Annual caps: The annual caps of the maximum aggregate amounts payable by Dalian Wanda Group Companies for each of the three years ending 31 December 2024 for the provision of hotel management services under the Hotel Management Framework Agreement by the Group are set out below:

	Year ending 31 December		
	2022 (RMB'000)	2023 (RMB'000)	2024 (RMB'000)
Annual caps	67,624	75,923	75,676

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The annual caps in respect of the transactions under the Hotel Management Framework Agreement are arrived at after taking into consideration of, inter alia, (i) anticipated demand for hotel management services by the Group based on the current development plan of the existing property projects of the Group and on the assumption that the Group will continue to hold the existing property projects; (ii) the prevailing market prices for the relevant hotel management services, with reference to the prices charged by the Group to independent third parties for equivalent or similar services in no less than 3 nearby hotels of equivalent or similar grading; (iii) the expected occupancy of the hotels of the Group's existing property projects, and; (iv) a buffer of 15% taking into account, among others, (a) the inflation expected during the three years ending 31 December 2024 (taking into account the average historical inflation rate in the PRC in 2019 and 2020 of approximately 2.7% and the inflation rate in the PRC in October 2021 of approximately 1.5%); (b) a potential fluctuation in the annual caps during the three years ending 31 December 2024 due to the additional service fees that the Group may receive resulting from potential additional operating revenue of the existing hotels, which depends on the performance of each of these existing hotels and which is in turn dependent on the occupancy rate of hotel rooms and room rate charged by each of the existing hotels which fluctuates with demand for hotel rooms, and potential additional number of hotels that the Dalian Wanda Group may acquire during the three years ending 31 December 2024 for which the Dalian Wanda Group will require Hotel Management Services.

Having considered historical transaction amounts and the above factors and after taking into account that the hospitality industry in the PRC is slowly recovering from the COVID-19 pandemic, the Board considers that the buffer is fair and reasonable.

View of the Independent Financial Adviser on the Term of the Hotel Management Framework Agreement

The term of the Hotel Management Framework Agreement (as amended by the Novation Agreement) exceeds three years. Pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Opus Capital as the Independent Financial Adviser to explain the reason for a longer term and to confirm that it is a normal business practice for agreement(s) of this type to be of such duration.

In arriving at its opinion, Opus Capital has relied on the information set out in this Circular and has referred to the term of the Hotel Management Framework Agreement, which has a duration of seventeen (17) years. Pursuant to Rule 14A.52 of the Listing Rules, Opus Capital has formulated its opinion based on its research and analysis and its discussion with the management of the Company as follows:

- (i) the long tenure of the Hotel Management Framework Agreement aligns with the Group's long-term strategies and signifies the long-term cooperation commitment between the Company and Dalian Wanda Group;

LETTER FROM THE BOARD

- (ii) due to the unique nature of the hotel industry, hotel management contracts with a long tenure can avoid disruption to hotel operation and safeguard the quality of hotel management services provided;
- (iii) Opus Capital has obtained and reviewed the hotel management contracts entered between the Group and independent third parties hotel owners and noted that the term of such hotel management contracts generally has a duration over ten (10) years. Furthermore a majority of the hotel management contracts entered between the Group and hotel owners who are its connected parties have a tenure of thirty (30) years. Therefore entering into hotel management contracts of such long duration by the Group is a norm for the Group and is consistent with its past practices; and
- (iv) in considering whether it is a normal business practice for the Hotel Management Framework Agreement to have a duration longer than three (3) years, Opus Capital has conducted research, on a best effort basis, on hotel management contracts undertaken by companies listed on the Stock Exchange. In the course of its review, it is noted that it is not uncommon for the terms of the hotel management contracts of the comparables in general to be longer than ten (10) years.

Having considered the factors set out above, Opus Capital is of the view that the term of the Hotel Management Framework Agreement, which is longer than three (3) years, is required and it is normal business practice for agreements of this type to be of such duration.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

Entering into the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement are consistent with the Company's business strategy to capitalise on the Group's hotel management expertise, improve its business operations and maximize return to its Shareholders, which should expand the Company's source of revenue and improve the Company's profitability and are 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 Company is of the view that the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement could provide an effective framework to regulate the provision and receipt of services between the Company, DWCM Group Companies and Dalian Wanda Group Companies. The Company also believes that by maintaining the existing relationship between the Company, DWCM Group Companies and Dalian Wanda Group Companies, the Company could further its development into a global leading comprehensive hotel design and management services provider.

The Directors (including the independent non-executive Directors) consider that (i) the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps); and (ii) the Hotel Management Framework Agreement (taking into account the renewal of annual caps referred to above) 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.

LETTER FROM THE BOARD

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 New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the renewal of annual caps referred to above) including the following, for so long as the transactions constitute continuing connected transactions of the Company:

- (i) the internal audit department of the Company is responsible for the review of any Individual Hotel Design Agreement and Individual Hotel Management Agreement (collective, “**Individual Agreements**”) upon entering into each of the Individual Agreement to ensure that the terms thereunder are made in accordance with the terms and conditions (including the pricing policies) of the respective New Hotel Design Framework Agreement and the Hotel Management 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 monthly basis and will review the transactions under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement with DWCM Group, Dalian Wanda Group and/or their respective subsidiaries to identify any continuing connected transaction that may be at risk of exceeding the annual caps 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 Agreements to the independent non-executive Directors for their review annually to ensure that all services provided and/or products sold under the respective Individual Agreements 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 services provided and/or products sold to independent third parties.

INFORMATION ABOUT THE PARTIES

The Company and the Group

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.

DWCM Group

DWCM Group, a company established in the PRC with limited liability, is principally engaged in the business of investment holding.

As at the Latest Practicable Date, DWCM Group is an indirect holding company of the Company interested in approximate 65.04% of the total issued shares of the Company and is in turn controlled by Dalian Wanda Group, which is ultimately beneficially controlled by Mr. Wang Jianlin.

LETTER FROM THE BOARD

Dalian Wanda Group

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 and DWCM Group and is ultimately beneficially controlled by Mr. Wang Jianlin.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, DWCM Group is an indirect holding company of the Company. DWCM Group is in turn controlled by Dalian Wanda Group, which is in turn controlled by Mr. Wang Jianlin. DWCM Group and Dalian Wanda Group as controlling shareholders of the Company are connected persons of the Company under the Listing Rules. Accordingly, each of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement and the transactions contemplated thereunder 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 caps of the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the renewal of annual caps) exceed 5%, the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement constitute Non-exempt Continuing Connected Transactions of the Company and shall be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The SGM

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement. Any Shareholder who is materially interested in the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement shall abstain from voting on the resolution(s). Therefore, DWCM Group, Dalian Wanda Group and their respective associates shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement. As at the Latest Practicable Date, Wanda Overseas, being an associate of DWCM Group and Dalian Wanda Group, was interested in 3,055,043,100 Shares, representing approximately 65.04% of the issued share capital of the Company as at the Latest Practicable Date, and will abstain from voting on such resolution(s).

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save for Wanda Overseas, no other Shareholder has a material interest in the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement who will be required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

None of the Directors have any material interest in the transactions contemplated under the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management 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.

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this Circular. Whether or not you intend to attend the meeting or any adjournment thereof, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment meeting if you so wish.

The Independent Board Committee

An Independent Board Committee comprising Mr. He Zhiping, Dr. Teng Bing Sheng and Dr. Chen Yan, all being independent non-executive Directors, has been formed and will advise the Independent Shareholders as to (i) whether the terms of the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) and the Hotel Management Framework Agreement (taking into account the renewal of annual caps) are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and how to vote on the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement at the SGM, taking into account of the recommendation of the Independent Financial Adviser.

Your attention is drawn to the letter from the Independent Board Committee, which are set out on pages 20 to 21 of this Circular, containing its opinions as to whether the terms of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the renewal of annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole and their recommendations as to voting.

LETTER FROM THE BOARD

The Independent Financial Adviser

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard under the Listing Rules.

Your attention is drawn to the letter from Opus Capital, which are set out on pages 22 to 45 of this Circular, containing its opinions as to whether the terms of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the renewal of annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and their recommendations as to voting.

RECOMMENDATION

The Board considers the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) and the Hotel Management Framework Agreement (taking into account the renewal of annual caps) to be on normal commercial terms and in the ordinary and usual course of business of the Group, is of the view that their terms are fair and reasonable and that the Company's entry into the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of resolutions to be proposed at the SGM to approve the transactions contemplated under the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this Circular.

Yours faithfully,
For and on behalf of the Board
Wanda Hotel Development Company Limited
Ning Qifeng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of advice from the Independent Board Committee, prepared for the purpose of incorporation into this Circular, setting out its recommendation to the Independent Shareholders regarding the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement:



萬達酒店發展有限公司
WANDA HOTEL DEVELOPMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 169)

9 December 2021

To the Independent Shareholders

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FRAMEWORK AGREEMENT
AND
RENEWAL OF ANNUAL CAPS UNDER THE HOTEL MANAGEMENT
FRAMEWORK AGREEMENT**

We refer to the circular dated 9 December 2021 issued by the Company to the Shareholders (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter will have the same meanings as those defined in the Circular unless otherwise specified.

We are members of the Independent Board Committee which has been formed by the Board to consider and advise the Independent Shareholders as to (i) whether the terms of the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) and the Hotel Management Framework Agreement (taking into account the renewal of annual caps) are fair and reasonable, (ii) whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (iii) whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter of advice from Opus Capital, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the renewal of annual caps), which contains, among other things, Opus Capital advice, opinions and recommendations regarding the terms of the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement, as set out on pages 22 to 45 of the Circular, and the Letter from the Board as set out on pages 5 to 19 of the Circular.

Having given due consideration to the reasons relating to the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement and to the advice and recommendations of Opus Capital stated in its letter of advice dated 9 December 2021:

- (a) we consider (i) the terms of the New Hotel Design Framework Agreement to be on normal commercial terms and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group; (ii) the terms of the New Hotel Design Framework Agreement to be fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the transactions contemplated under the New Hotel Design Framework Agreement to be in the interests of the Company and the Shareholders as a whole and accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the New Hotel Design Framework Agreement and the transactions contemplated thereunder; and

- (b) we consider (i) the terms of the Hotel Management Framework Agreement (taking into account the renewal of annual caps) to be on normal commercial terms and are entered into in the ordinary and usual course of business of the Group; (ii) the terms of the Hotel Management Framework Agreement (taking into account the renewal of annual caps) to be fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the transactions contemplated under the Hotel Management Framework Agreement to be in the interests of the Company and the Shareholders as a whole and accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the renewal of annual caps under the Hotel Management Framework Agreement.

Yours faithfully,

**Independent Board Committee of
Wanda Hotel Development Company Limited**

Mr. He Zhiping

Dr. Teng Bing Sheng

Dr. Chen Yan

Independent non-executive Directors

LETTER FROM OPUS CAPITAL LIMITED

The following is the text of a letter of advice from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholder in relation to the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement for the purpose of inclusion in this Circular.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

9 December 2021

*To: The Independent Board Committee and the Independent Shareholders of
Wanda Hotel Development Company Limited*

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FRAMEWORK AGREEMENT
AND
RENEWAL OF ANNUAL CAPS UNDER
THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with (i) renewal of the Hotel Design Framework Agreement due to expire on 31 December 2021; (ii) renewal of annual caps under the Hotel Management Framework Agreement and the transactions contemplated thereunder. Details of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the novation and renewal of annual caps) and the transactions contemplated thereunder are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 9 December 2021, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Renewal of the Hotel Design Framework Agreement

The Hotel Design Framework Agreement is due to expire on 31 December 2021. In order to continue the continuing connected transactions, on 18 November 2021, the Company entered into the New Hotel Design Framework Agreement with Dalian Wanda Group, pursuant to which Dalian Wanda Group Companies may from time to time engage the Group to provide Hotel Design Services for the hotel projects of Dalian Wanda Group.

LETTER FROM OPUS CAPITAL LIMITED

Renewal of annual caps under the Hotel Management Framework Agreement

The Hotel Management Framework Agreement will expire on 31 December 2038 but the corresponding annual caps under the Hotel Management Framework Agreement will expire on 31 December 2021. As the Company intends to continue the transactions under the Hotel Management Framework Agreement, the Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the renewal of annual caps for the continuing connected transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024.

On 18 November 2021, the Board resolved to propose to renew the annual caps for the transactions contemplated under the Hotel Management Framework Agreement for the three years ending 31 December 2024 (the “**Hotel Management Annual Cap Renewal**”).

As at the Latest Practicable Date, DWCM Group is an indirect holding company of the Company. DWCM Group is controlled by Dalian Wanda Group, which is in turn controlled by Mr. Wang Jianlin. DWCM Group and Dalian Wanda Group as controlling shareholders of the Company are connected persons of the Company under the Listing Rules. Accordingly, each of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement and the transactions contemplated thereunder 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 caps of the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal) exceed 5%, the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal constitute Non-exempt Continuing Connected Transactions of the Company and shall be subject to the reporting, announcement, annual review, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM OPUS CAPITAL LIMITED

BOARD MEETING AND THE SGM

To the best of the knowledge of the Directors, none of the Directors have any material interest in the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement, and none of them were required to abstain from voting on relevant resolution(s) at the board meeting.

DWCM Group, Dalian Wanda Group and their respective associates shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the transactions contemplated under the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal. Wanda Overseas, being an associate of DWCM Group and Dalian Wanda Group, was interested in 3,055,043,100 Shares representing approximately 65.04% of the issued share capital of the Company as at the Latest Practicable Date and will abstain from voting on the resolution(s) at the SGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Chen Yan, Mr. He Zhiping and Dr. Teng Bing Sheng, has been established by the Company for the purpose of advising the Independent Shareholders in respect of the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal) are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the resolutions relating to the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal at the SGM. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

OUR INDEPENDENCE

We were appointed as:

- (i) the independent financial adviser to advise the independent board committee and the independent shareholders of the Company on a major and connected transaction and continuing connected transactions in relation to the hotel design framework agreement and hotel construction management framework agreement, details of which are set out in the circular of the Company dated 28 November 2019 (the “**2019 Appointment**”); and

LETTER FROM OPUS CAPITAL LIMITED

- (ii) the independent financial adviser of the Company to opine on the lease tenure of the tenancy agreement in respect of the premises for children entertainment, playground and other related business in Guilin Gaoxin Wanda Shopping Plaza Co., Ltd.* (桂林高新萬達廣場有限公司), details of which are set out in the announcement of the Company dated 7 September 2020 (the “**2020 Appointment**”, together with the 2019 Appointment, collectively the “**Past Appointments**”).

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, Dalian Wanda Group or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal independent financial advisory fees paid or payable to us in connection with the Past Appointments and this appointment, no arrangements existed whereby we had received or will receive any fees or benefits from the Group, Dalian Wanda Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the New Hotel Design Framework Agreement;
- (ii) the Hotel Design Framework Agreement;
- (iii) the Hotel Management Framework Agreement;
- (iv) the Novation Agreement;
- (v) the Company’s interim report for the six months ended 30 June (“**HY**”) 2021 (the “**2021 Interim Report**”);
- (vi) the Company’s annual report for the year ended 31 December (“**FY**”) 2020 (the “**2020 Annual Report**”); and
- (vii) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM.

LETTER FROM OPUS CAPITAL LIMITED

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal) and the transactions contemplated thereunder.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the transactions contemplated under the New Hotel Design Framework Agreement (including the annual caps) and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal), we have taken into consideration the following principal factors and reasons:

1. Information on the Parties

1.1 The Company

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.

LETTER FROM OPUS CAPITAL LIMITED

1.2 DWCM Group

DWCM Group, a company established in the PRC with limited liability, is principally engaged in the business of investment holding.

1.3 Dalian Wanda Group

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 and the DWCM Group and is ultimately beneficially controlled by Mr. Wan Jianlin.

As at the Latest Practicable Date, DCWM Group is an indirect holding company of the Company interested in approximate 65.04% of the total issued Shares and is in turn controlled by Dalian Wanda Group, which is ultimately beneficially controlled by Mr. Wang Jianlin.

2. Reasons for and benefits of entering into the Transactions

As stated in the Letter from the Board, the entering into the New Hotel Design Framework Agreement and the renewal of annual caps under the Hotel Management Framework Agreement are consistent with the Company's business strategy to capitalise on the Group's hotel management expertise, improve its business operations and maximise return to its Shareholders, which should expand the Company's source of revenue and improve the Company's profitability and are 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.

Moreover, the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal could provide an effective framework to regulate the provision and receipt of services between the Company, DWCM Group Companies and Dalian Wanda Group Companies. The Company believes that by maintaining the existing relationship between the Company, DWCM Group Companies and Dalian Wanda Group Companies, the Company could further its development into a global leading comprehensive hotel design and management services provider.

LETTER FROM OPUS CAPITAL LIMITED

As stated in the 2021 Interim Report, the hotel network under the Group's management consisted of 98 hotels with 25,993 rooms in operation covering 71 cities in the PRC, and an additional 144 hotels were contracted to be managed by the Group but are still under development and have not commenced operation yet. With the effective pandemic control measures implemented by the PRC Government, the economy in the PRC rebounded strongly as it introduced various policies to encourage domestic consumption. The Directors are of the view that with the continuation of its hotel business expansion and by adhering to its plans of operating 10-15 new hotels in 2021, the hotel network of the Group will grow, which in turn will increase the demand for hotel services required by Dalian Wanda Group. As such, the entering into of the New Hotel Design Framework Agreement will expand the Group's revenue sources and may improve the Group's profitability. Moreover, we note that the Group will focus on fee-based business and such fee-based business to be generated from the New Hotel Design Framework Agreement is consistent with the Group's business objectives. Therefore the entering into of the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal aligns with the Group's strategies, which is in the ordinary and usual course of business of the Group.

In light of the above, we concur with the Directors' views that the entering into of the New Hotel Design Framework Agreement and the Hotel Management Annual Cap Renewal is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the New Hotel Design Framework Agreement and Hotel Management Framework Agreement (as amended by the Novation Agreement)

3.1 New Hotel Design Framework Agreement

(a) Principal terms

As stated in the Letter from the Board, the principal terms of the New Hotel Design Framework Agreement is set out as follows:

Date	:	18 November 2021
Parties	:	(i) Dalian Wanda Group (ii) The Company
Term	:	From 1 January 2022 or the day on which Independent Shareholders' approval in respect of the New Hotel Design Framework Agreement is obtained at the SGM (whichever is later) to 31 December 2024

LETTER FROM OPUS CAPITAL LIMITED

Services : Pursuant to the New Hotel Design Framework Agreement, Dalian Wanda Group Companies may from time to time engage the Group to provide the Hotel Design Services which may include, but not limited to, the below services for Dalian Wanda Group's hotel projects:

- (i) interior, furniture, fixtures and equipment design and consulting services;
- (ii) back-of-house area design review services;
- (iii) outdoor direction signage and indoor lighting design consulting services; and
- (iv) kitchen and launderette area design services.

Dalian Wanda Group Companies and the Group shall enter into separate agreements (the “**Individual Hotel Design Agreement(s)**”) in relation to the provision of Hotel Design Services for relevant projects, which shall be subject to the terms and conditions under the New Hotel Design Framework Agreement and the annual caps thereunder. The duration of each Individual Hotel Design Agreement shall not exceed the term of the New Hotel Design Framework Agreement and the terms of the Individual Hotel Design Agreements shall be made on normal commercial terms.

Service fees and pricing policy : The service fees payable by Dalian Wanda Group to the Group for the Hotel Design Services under each Individual Hotel Design Agreement shall be fair and reasonable and shall be determined after arm's length negotiations based on normal commercial terms with reference to the scope of service, hotel grading, size of hotel project by square meter (“**sq. m.**”), and within the range of the prevailing market prices by taking into account the quotations obtained by Dalian Wanda Group from at least two independent third party suppliers for the provision of equivalent or similar services in their ordinary course of business and which shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third party in hotels of equivalent or similar grading.

LETTER FROM OPUS CAPITAL LIMITED

In order to ensure that the terms of the Individual Hotel Design Agreements signed on or after the date of the New Hotel Design Framework Agreement are and will be made on normal commercial terms, the Group has established a review mechanism to monitor the prevailing service fees and contractual terms for equivalent or similar services in the market and approve in advance the terms of each Individual Hotel Design Agreement signed on or after the date of the New Hotel Design Framework Agreement to ensure that its actual service fees rates and contractual terms shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading. Under the existing review mechanism, the Company will, prior to the signing of each of the Individual Hotel Design Agreements, designate members of the management in its finance and compliance team to review each of such agreements by comparing their terms against the terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar gradings. Once the designated members determine, after arm's length negotiations, that the terms of the Individual Hotel Design Agreement are on normal commercial terms or better, the agreement will be approved by such designated members for signing. The review mechanism is intended to ensure that the terms of each Individual Hotel Design Agreement will be entered into after arm's length negotiations based on normal commercial terms.

LETTER FROM OPUS CAPITAL LIMITED

If in the future the Group is of the view that the service fees and contractual terms fixed under the New Hotel Design Framework Agreement are, from the Group's perspective, less favourable than that provided by the Group to independent third parties at the time, the Group will use its best endeavours to negotiate revised service fees and contractual terms with Dalian Wanda Group under the New Hotel Design Framework Agreement to ensure that each new Individual Hotel Design Agreement to be entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in hotels of equivalent or similar grading during the same period. If the rates charged and terms for equivalent or similar services provided by the Group to Dalian Wanda Group becomes less favourable than that provided by the Group to independent third parties, signifying a deviation from the terms of the New Hotel Design Framework Agreement, the Company will re-comply with the Listing Rules requirements if applicable.

Our assessment

We have reviewed the New Hotel Design Framework Agreement and note that (i) the pricing terms of the service fees payable by Dalian Wanda Group to the Group for the Hotel Design Services will be determined on the basis as mentioned above; and (ii) the terms are identical to the terms set out under the Hotel Design Framework Agreement. We have also obtained the development plan of ten (10) existing property projects of Dalian Wanda Group (the "**Hotel Development Plan**") from the Management and randomly selected four (4) out of ten (10) hotel/conference property projects (the "**Selected Projects**") set out thereunder for the purpose of reviewing, in particular, the pricing terms and payment terms of the New Hotel Design Framework Agreement. In view of: (i) the Selected Projects include all the gradings of hotels and conference centres laid out in the Hotel Development Plan; and (ii) the aggregate contract amount of the Selected Projects for the provision of Hotel Design Services, in our opinion, provided sufficient coverage which accounts for approximately 40% of the total contract sum under the Hotel Development Plan, we are of the view that the sample size of the Selected Projects is sufficient, fair and representative for the purpose of our analysis.

LETTER FROM OPUS CAPITAL LIMITED

The Hotel Development Plan sets out each of the ten (10) hotel/conference property projects' details which include, among others, expected completion date, gross floor area, unit price of Hotel Design Services per sq. m. and total contract sum for Hotel Design Services under the Individual Hotel Design Agreement. Based on our discussion with the Management, we were informed that the unit price of Hotel Design Services per sq. m. set out in the Hotel Development Plan will form the pricing for the Individual Hotel Design Agreement which was based on the prevailing market prices and shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third party for hotels of equivalent or similar grading. We have obtained the Individual Hotel Design Agreements for the Selected Projects and noted the pricing terms thereon align with the Hotel Development Plan. We noted that unit prices of the ten (10) hotel/conference property projects vary and are made up of conference centres/six star hotels, five-star hotels and four-star hotels. We have obtained from the Management nine (9) agreements entered into between the Company and independent third parties for the provision of Hotel Design Services to hotels of equivalent or similar grading (the "**Hotel Design Comparables**"). In view of the Hotel Design Comparables represent all the equivalent gradings of hotels and conference centres which compared to the Selected Projects, we are of the view that sample size of the Hotel Design Comparables is sufficient, fair and representative.

We noted that the unit prices of Hotel Design Services per sq. m. in seven (7) Hotel Design Comparables are identical to those under the Individual Hotel Design Agreements for the Selected Projects for hotels of the equivalent grading and conference centres whilst the unit prices of the Hotel Design Services per sq. m. in the remaining two (2) Hotel Design Comparables are less than those under the Individual Hotel Design Agreements for the Selected Projects for hotels of equivalent grading and conference centres. As such, the pricing term of the Individual Hotel Design Agreements are no less favourable than those under the Hotel Design Comparables. The payment terms under the Individual Hotel Design Agreements for the Selected Projects are also no less favourable to those for the Hotel Design Comparables for hotels of the equivalent grading and conference centres in terms of the payment period.

LETTER FROM OPUS CAPITAL LIMITED

We further note the protective mechanism to the Group set out in the pricing policy of the New Hotel Design Framework Agreement which states that if the Group, in the future, is of the view that the service fees and contractual terms under the New Hotel Design Framework Agreement are, from the Group's perspective, less favourable than those provided by the Group to independent third parties, the Group will use its best endeavours to negotiate revised service fees and contractual terms with Dalian Wanda Group under the New Hotel Design Framework Agreement to ensure that each new Individual Hotel Design Agreement to be entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties. We consider this protective mechanism clause is beneficial to the Group in terms of ensuring the Group is able to revise its charges and terms to the rates charged and terms for equivalent or similar services provided by the Group to independent third parties so that the Group is not in a worse off position. As discussed with the Management, the protective mechanism under the Hotel Design Framework Agreement has not been triggered for the years ended 31 December 2019 and 2020 and eight months ended 31 August 2021.

Based on the above, and in particular, the Group will ensure that each new Individual Hotel Design Agreement will be on terms no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties and taking into consideration the internal control procedures adopted by the Company as described under the section below, we consider that the terms of the New Hotel Design Framework Agreement to be fair and reasonable as far as the Independent Shareholders are concerned.

(b) Annual caps

Set out below are (i) the actual transactions amounts under the Hotel Design Framework Agreement for the two years ended 31 December 2019 and 2020 and eight months ended 31 August 2021; and (ii) the proposed annual caps under the New Hotel Design Framework Agreement for the three years ending 31 December 2024 (the “**Relevant Period**”):

	Year ended 31 December		Eight months ended
	2019	2020	31 August
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Annual caps	52,340	92,450	70,920
Actual transaction amounts	19,556	39,212	36,635
Utilisation rate	37%	42%	52%

LETTER FROM OPUS CAPITAL LIMITED

	Year ending 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
Annual caps	59,766	17,764	4,065

We noted that the annual caps under the New Hotel Design Framework Agreement (the “**Hotel Design Caps**”) are arrived at after taking into consideration of, among others, (i) the anticipated demand for Hotel Design Services by Dalian Wanda Group based on the Hotel Development Plan; (ii) the prevailing market prices for the relevant design services; and (iii) a buffer of 15% taking into account, among others, (a) the inflation expected during the term of the New Hotel Design Framework Agreement; (b) a potential fluctuation in the annual caps during the term of the New Hotel Design Framework Agreement due to potential additional demand for Hotel Design Services by Dalian Wanda Group during the term of the New Hotel Design Framework Agreement; and (c) the possibility of early or delay in revenue recognition due to the progress of Hotel Design Services during the term of the New Hotel Design Framework Agreement and the possibility of securing new agreements for the provision of Hotel Design Services. The annual caps are arrived at after taking into account the above factors and the fluctuation in the annual caps is mainly affected by the expected percentage of completion of work of each hotel project in the Hotel Development Plan during the Relevant Period.

We noted that the utilisation rate of the annual caps under the Hotel Design Framework Agreement are below 50% for the two years ended 31 December 2020. As discussed with the Management, such low utilisation rates were mainly attributable to the delay in project completion primarily as a result of the COVID-19 pandemic and revision of the development plan of the hotels. As the COVID-19 pandemic is gradually under control in the PRC since mid-2021, the actual transaction amounts under the Hotel Design Framework Agreement for the eight months ended 31 August 2021 has seen an increase and the utilisation rate of the eight months ended 31 August 2021 has already reached more than 50% of the annual cap for the year ending 31 December 2021.

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We understand that the calculation of the Hotel Design Caps are based on the information of the ten (10) projects set out under the Hotel Development Plan. As shown in the Hotel Development Plan, nine (9) out of ten (10) projects are expected to commence business from 2022 to 2024. The expected business commencement date of each project is applied to the allocation of the expected annual revenue to be generated from the corresponding project across each year during the Relevant Period, which in turn impacts on the calculation of the annual caps of the relevant year. We have obtained the information regarding the expected percentage of completion of work for all the ten (10) existing property projects and we noted that it was applied in the Hotel Development Plan for allocating the contract sum of each hotel design project to each year of the Relevant Period. We noted that approximately 20% of the expected percentage of completion work is allocated to the year of completion of most of the projects while approximately 80% of the expected percentage of completion work is allocated to the 2-year period prior to the year of completion of most of the projects. With reference to the Hotel Development Plan, five (5) projects are expected to commence business in 2022 as a result of the COVID-19 pandemic which contributed to the delay in project completion while the number of project which are expected to complete in 2023, 2024 and 2025 are 2, 2 and 1 project(s) respectively. As such, the annual cap allocated to 2022 is substantially higher than the other two years and the Hotel Design Caps are in a decreasing trend over the Relevant Period. Therefore, we consider the allocation basis applied to the calculation of the annual caps to be reasonable.

We understand that a 15% buffer was applied to the calculation of the Hotel Design Caps. We have considered, among others, in particular (a) the historical annual inflation rate in the PRC in 2018, 2019 and 2020 which were approximately 2.1%, 2.9% and 2.5% respectively with an average of approximately 2.5%; and (b) the fluctuation in the actual transaction amounts for the two years ended 31 December 2020 and eight months ended 31 August 2021. It is noted that the Hotel Design Caps fluctuate over 70% in each year during the Relevant Period since the nature of the revenue recognition is based on the expected percentage of completion work. It is not uncommon for hotel design projects to complete prior to or later than the target completion date due to the progress of the overall hotel construction. As such there will be a possibility of early or delay in revenue recognition which will affect the amount of Hotel Design Cap in the corresponding year. Further, there is also a possibility of securing new Individual Hotel Design Agreements during the Relevant Period. In view of the above, we consider that a 15% buffer applied to the calculation of the Hotel Design Caps to be reasonable.

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3.2 *The Hotel Management Framework Agreement (as amended by the Novation Agreement)*

As disclosed in the announcement of the Company dated 13 November 2018 and the circular of the Company dated 7 December 2018 in relation to, among others, the Hotel Management Framework Agreement and announcement of the Company dated 18 November 2021 in relation to the Novation Agreement, the principal terms of the Hotel Management Framework Agreement (as amended by the Novation Agreement) is as follows:

- Date : 13 November 2018
- Parties : (i) the Company
(ii) Dalian Wanda Group
- Term : From 1 January 2019 or upon satisfaction of all applicable requirements relating to connected transactions under the Listing Rules (whichever is later) to 31 December 2038
- Services : Pursuant to the Hotel Management Framework Agreement, Dalian Wanda Group may from time to time engage the Group to provide hotel management services (the “**Hotel Management Services**”) which may include, but are not limited to, the below services:
- (i) pre-opening support and technical advisory services regarding specification standards required for hotels being managed and other coordination services to facilitate the pre-opening preparation;
 - (ii) procurement of services and products for operation of hotels;
 - (iii) carrying out marketing and business development activities and providing accounting, finance, human resources and information technology functions;
 - (iv) setting the prices of guest rooms and other services; and
 - (v) other relevant functions and services for the operation of hotels

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Members of the Group and Dalian Wanda Group Companies shall enter into separate agreements (“**Individual Hotel Management Agreement(s)**”) in relation to the provision of Hotel Management Services for relevant projects, which shall be subject to the terms and conditions under the Hotel Management Framework Agreement and the applicable annual caps. The duration of each Individual Hotel Management Agreement shall not exceed the term of the Hotel Management Framework Agreement and the terms of the Individual Hotel Management Agreements shall be made on normal commercial terms.

Service fees and pricing policy

: The service fees payable by Dalian Wanda Group Companies to the Group for the Hotel Management Services for each hotel shall be fair and reasonable and shall be charged on the following basis:

- (i) management fees comprising a base management fee at a rate of 2.5% of the gross operating revenue of the relevant hotel and an incentive management fee at a rate between 6% and 8% (inclusive) of the gross operating profit of the relevant hotel;
- (ii) group service fees for the relevant financial, human resources and/or information technology services provided by the Group charged at a rate of 2% of the gross operating revenue of the relevant hotel;
- (iii) pre-opening fees, comprising a hotel pre-opening support fee of RMB500,000 (or other currency equivalent) for each hotel and a technical services fee of RMB2 million (or other currency equivalent) for each hotel; and
- (iv) 6% of the room income for each room booking made via the official reservation systems of hotels under Wanda Hotel Brands; 5.6% of the of aggregate revenue contributed by each customer introduced by the regional sale department of hotels of Wanda Hotel Brands; and 5% of certain spending of any member of Wanda Club, a club for customers of the hotels of Wanda Hotel Brands.

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The service fees payable under the Hotel Management Framework Agreement by Dalian Wanda Group Companies to the Group for the Hotel Management Services were determined after arm's length negotiations based on normal commercial principles with reference to and fall within the range of the service fees charged by the Group to independent third parties in existing hotel management agreements for equivalent or similar services in nearby hotels of equivalent or similar grading.

In order to ensure that the terms of the Individual Hotel Management Agreements signed on or after the date of the Hotel Management Framework Agreement are and will be made on normal commercial terms, the Group has established a review mechanism to monitor the prevailing service fees and contractual terms for equivalent or similar services in the market and approve in advance the terms of each Individual Hotel Management Agreement signed on or after the date of the Hotel Management Framework Agreement to ensure that its actual service fees rates and contractual terms shall not, from the Group's perspective, be less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in nearby hotels of equivalent or similar grading. If in the future the Group is of the view that the service fees and contractual terms fixed under the Hotel Management Framework Agreement are, from the Group's perspective, less favourable than that provided by the Group to independent third parties at the time, the Group will use its best endeavours to negotiate revised service fees and contractual terms with Dalian Wanda Group under the Hotel Management Framework Agreement to ensure that each new Individual Hotel Management Agreement to be entered into at the time will be no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties in nearby hotels of equivalent or similar grading during the same period. If appropriate, the Company will re-comply with the Listing Rules requirements as applicable at the time.

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Our assessment

We have reviewed the Hotel Management Framework Agreement and note that the pricing terms of the services fees payable by DWCM Group Companies to the Group for the Hotel Management Services are determined on the basis as mentioned above. We have obtained and reviewed all five (5) hotel management agreements entered into between members of the Group and DWCM Group Companies and seven (7) hotel management agreements entered into between members of the Group and independent third parties in hotels of equivalent or similar grading (“**Hotel Management Comparables**”). In this regard, we have compared and noted that the scope of service of each contract is similar. As the Hotel Management Comparables cover the hotels of equivalent or similar grading to those with DWCM Group Companies, we are of the view that sample size of the Hotel Management Comparables is sufficient, fair and representative.

For the hotel management agreements entered into between members of the Group and DWCM Group Companies, we have reviewed the pricing terms and scope of services of each of the agreements and cross checked against the Hotel Management Framework Agreement. We noted that the pricing terms and scope of services of each of the agreements are identical and consistent with the terms stipulated in the Hotel Management Framework Agreement.

For the Hotel Management Comparables, we noted that the management fees and incentive management fees range from 2% to 2.5% of total operating revenue and 6% to 8% of gross operating profit, respectively, which is similar to the management fees of 2.5% and incentive management fees of the Hotel Management Framework Agreement that ranged from 6% to 8%, respectively. The group service fees charged under the agreements of the Hotel Management Comparables is 2% of operating revenue, which is also in line with the group service fee charged under the Hotel Management Framework Agreement. In respect of the hotel pre-opening fee and technical services fee, we noted that six (6) of the seven (7) Hotel Management Comparables contain such fees, where the amounts are the same as the Hotel Management Framework Agreement of RMB500,000 and RMB2 million, respectively. Only one (1) of the Hotel Management Comparables where the Group charges a technical services fee at RMB1.5 million, which is lower than the price charged to DWCM Group Companies. In respect of the room booking fee charged under the agreements of the Hotel Management Comparables, we noted that the income for room booking made via the official reservation systems of hotels under Wanda Hotel Brands is also 6% of room income, fee for customers introduced by the regional sale department of hotels of Wanda Hotel Brands is around 5.6% and fee charged for spending of any member of Wanda Club is 5%, all of which are similar to the respective fee charged under the Hotel Management Framework Agreement.

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We further note the protective mechanism to the Group set out in the service fee and pricing policy of the Hotel Management Framework Agreement. We consider this protective mechanism clause is beneficial to the Group in terms of ensuring the Group is able to revise its service fees and terms to the rates charged and terms for equivalent or similar services provided by the Group to independent third parties so that the Group is not in a worse off position. As discussed with the Management, the protective mechanism under the Hotel Management Framework Agreement has not been triggered for the years ended 31 December 2019 and 2020 and eight months ended 31 August 2021.

Renewal of annual caps under the Hotel Management Framework Agreement

On 18 November 2021, the Board resolved to propose to renew the annual caps for the transactions contemplated under the Hotel Management Framework Agreement for the Relevant Period.

Set out below are (i) the actual transactions amounts under the Hotel Management Framework Agreement for the two years ended 31 December 2019 and 2020 and eight months ended 31 August 2021; and (ii) the proposed annual caps under the Hotel Management Framework Agreement for the Relevant Period:

	Year ended 31 December		Eight months ended
	2019	2020	31 August 2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual caps	81,118	80,804	81,988
Actual transaction amounts	59,767	37,780	34,063
Utilisation rate	74%	47%	42%
	Year ending 31 December		
	2022	2023	2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual caps	67,624	75,923	75,676

We noted that the annual caps under the Hotel Management Framework Agreement (the “**Hotel Management Caps**”) are arrived at after taking into consideration of, among others, (i) anticipated demand for hotel management services by the Group based on the current development plan of the existing property projects of the Group and on the assumption that the Group will continue to be engaged in the existing property projects; (ii) the prevailing market prices for the relevant hotel management services, with reference to the prices charged by the Group to independent third parties for equivalent or similar services in no less than 3 nearby hotels of equivalent or similar grading; (iii) the expected occupancy of the hotels of the Group’s existing property projects,

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and taking into account possible inflation and possible reasonable buffer to allow for increase in the room rate and the occupancy rate of the hotels; and (iv) a buffer of 15% taking into account, among others, (a) the inflation expected during the Relevant Period (taking into account the average historical inflation rate in the PRC in 2019 and 2020 of approximately 2.7% and the historical inflation rate in the PRC in October 2021 of approximate 1.5%); and (b) a potential fluctuation in the annual caps during the Relevant Period due to the additional service fees that the Group may receive resulting from potential additional operating revenue of the existing hotels, which depends on the performance of each of these existing hotels and which is in turn dependent on the occupancy rate of hotel rooms and room rate charged by each of the existing hotels which fluctuates with demand for hotel rooms, and potential additional number of hotels that Dalian Wanda Group may acquire during the three years ending 31 December 2024 for which Dalian Wanda Group will require Hotel Management Services.

We noted that the utilisation rate of the annual caps under the Hotel Management Framework Agreement was below 50% and the actual transaction amounts had substantially decreased for the year ended 31 December 2020. As discussed with the Management, such fluctuation was mainly attributable to the city lockdown and travel restriction imposed by the government authority in the PRC as a result of the COVID-19 pandemic. As the COVID-19 pandemic is gradually under control in the PRC since mid-2021, the actual transaction amounts under the Hotel Management Framework Agreement for the year ending 31 December 2021 is expected to improve. Based on the figures for eight months ended 31 August 2021, assuming the performance remain stable, it is expected that such revenue would reach approximately RMB51.09 million for the year ending 31 December 2021, representing a utilisation rate of approximately 62%.

To assess whether the increase for the Hotel Management Caps of the Relevant Period is reasonable, we have taken into account the following factors:

(i) *Historic trend of the Hotel Management Services and the future potential growth of the market*

We have reviewed the Group's past revenue generated from providing Hotel Management Services to the DWCM Group Companies for the two years ended 31 December 2020 and eight months ended 31 August 2021, and we noted that the Group recorded a decrease of approximately 37% from FY2019 to FY2020. As mentioned above, it is expected that revenue arising from the Hotel Management Framework Agreement would reach approximately RMB51.09 million for the year ending 31 December 2021, representing a growth of approximately 35% compared to FY2020. According to the Hotel Development Plan, it is expected that there will be five (5) and two (2) hotels to commence operation in mid-2022 and mid-2023 respectively. As discussed with the Management, it is expected that these new hotels will record lower occupancy rate in their first year of operation and a potential growth starting from the second year.

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We have also obtained the historical and forecasted room occupancy rate of the hotels currently managed by the Group, and note that the historical occupancy rate has substantially dropped by approximately 21% in FY2020 on average but recovered steadily in the financial year ending 31 December 2021. As discussed with the Management, the Management has adopted a prudent approach in the occupancy rate projection over the Relevant Period, even though the COVID-19 pandemic was gradually under control since mid-2021. As such, we noted that the Group has applied a stable growth of approximately 2% in occupancy rate over the Relevant Period on average for the existing hotels managed by the Group. For those hotels which are expected to commence operations during Relevant Period, we noted that the expected occupancy rate for the first year of operation is approximately 20% on average and an average growth of approximately 18% in the second year.

In view of the above, we consider that an annual cap of approximately RMB67.62 million to RMB75.92 million for each of the three years ending 31 December 2024, which provides reasonable room for potential increase in room occupancy rate after taking into account the historical performance, and the industry overall trend as analysed below, is fair and reasonable.

(ii) *Hospitality and hotel services industry outlook in the PRC*

According to the research titled “Reviews of hotel data in September” published by Cinda Securities Co., Ltd. (“**Cinda Securities**”, a securities company established in the PRC which has a research and development centre) in October 2021, the hotel occupancy rate in China was approximately 53.1% in September 2021, representing a month-on-month increase of approximately 39.2%, as the spread of the COVID-19 pandemic was gradually under control, and year-on-year increase of approximately 9.4% in both occasions when compared to September 2020 and September 2019 respectively. The average room rate was RMB416 per room per night in September 2021, representing an increase of approximately 1.5% compared with August 2021, an increase of approximately 2.8% compared with September 2020, and a decrease of approximately 8.0% compared with September 2019 (which means recovering to 92% of the average room rate in the same period of 2019). Revenue per available room (“**RevPAR**”) was RMB221 per room per night in September 2021, which increased by approximately 37.4% compared with August 2021, driven by the increase in occupancy rate and average room rate. Compared with the same periods in the past years, as the occupancy rate is still in the recovery stage, RevPAR in September 2021 decreased by approximately 12.6% compared to September 2020 and approximately 21.8% compared to September 2019 (which means recovering to 78% of the RevPAR in the same period in 2019).

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The hotel performance in the PRC for 2021 was still severely affected by COVID-19 pandemic, but from April to July 2021, when the COVID-19 pandemic was under better control, RevPAR recovered to more than 80% of the same period in 2019. Cinda Securities expected that if COVID-19 pandemic slowly eases off, the demand of hotel will be strong. Considering the relative stable low number of confirmed cases of COVID-19 pandemic in China, the demand of hotel is expected to increase continuously.

We noted that the hotels managed under the Hotel Management Framework Agreement are mainly situated in first and second tier cities, which might also benefit from such steadily rising occupancy rate. Therefore, we consider that the annual caps, which has prudently taken into account a stable growth in occupancy rate for existing hotels managed by the Group and an approximately 18% growth in occupancy rate for newly opened hotels in the second year, is fair and reasonable.

We also understand from the discussion with the Management that the Hotel Management Caps for the Relevant Period have also taken into account the Management's confidence in the reputation and market standing of the hotels and the Hotel Management Services will be carried out in a larger scale, with a steady market income and occupancy rate growth in the recent years and post-pandemic. In addition, the Hotel Management Caps also cater for flexibility in the steadily rising room occupancy rate and room rate in line with the increasing price trend of the hospitality and hotel services in the PRC market as analysed above during the three-year term.

We note that a 15% buffer was applied to the calculation of the Hotel Management Caps. We have considered, among others, in particular (a) the historical annual inflation rate in the PRC in 2018, 2019 and 2020 which were approximately 2.1%, 2.9% and 2.5% respectively with an average of approximately 2.5%; and (b) the fluctuation in the actual transaction amounts for the two years ended 31 December 2020 and eight months ended 31 August 2021. It is noted that the Hotel Management Caps has fluctuated by approximately 17.5% and 12.3% in 2022 and 2023 respectively. Such fluctuation is mainly attributable to the number of hotels to be opened during the Relevant Period and the COVID-19 pandemic being gradually under control since mid-2021. Moreover, there is also a possibility of securing new Individual Hotel Management Agreements during the Relevant Period. In view of the above, we consider that a 15% buffer applied to the calculation of the Hotel Management Caps to be reasonable.

Taking into account of the above factors, we are of the view that the Hotel Management Caps for the Relevant Period are fair and reasonable.

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4. 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 New Hotel Design Framework Agreement and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal) including the following, for so long as the transactions constitute continuing connected transactions of the Company:

- (i) the internal audit department of the Company is responsible for the review of any Individual Hotel Design Agreement and Individual Hotel Management Agreement (collectively, “**Individual Agreements**”) upon entering into each of the Individual Agreement to ensure that the terms thereunder are made in accordance with the terms and conditions (including the pricing policies) of the respective New Hotel Design Framework Agreement and the Hotel Management 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 monthly basis and will review the transactions under the New Hotel Design Framework Agreement and the Hotel Management Framework Agreement with DWCM Group, Dalian Wanda Group and/or their respective subsidiaries to identify any continuing connected transaction that may be at risk of exceeding the annual caps 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 Agreements to the independent non-executive Directors for their review annually to ensure that all services provided under the respective Individual Agreements 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 services provided to independent third parties.

As part of our due diligence, we have obtained and reviewed the Group’s internal control policy memo regarding certain measures in monitoring the transactions under the New Hotel Design Framework Agreement and Hotel Management Framework Agreement. It is noted that any transaction contemplated under each of the Individual Agreements will be reviewed by the internal audit department of the Company to ensure the terms of which shall be in accordance with each of the New Hotel Design Framework Agreement and Hotel Management Framework Agreement respectively. In this regard, we have obtained the Company’s internal record that the internal audit department has performed such review procedures upon entering into each of the Individual Agreements and it is in line with our understanding. We also note that the independent non-executive Directors are responsible to review all services provided under the Individual Agreements conducted on terms that are fair and reasonable and the service fee will be no less favourable to the Group than the rates charged and terms for equivalent or similar services provided by the Group to independent third parties. We have obtained minutes of independent non-executive Directors’ meetings regarding the continuing connected transactions for FY2019, FY2020 and HY2021 and noted such matters were included. Moreover, we have obtained the letters from auditors for FY2019 and FY2020 confirming

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that they are not aware of any transactions contemplated under the Hotel Design Framework Agreement and Hotel Management Framework Agreement that (i) have not been approved by the Board; (ii) have not been entered in accordance with the terms stipulated in the Hotel Design Framework Agreement and Hotel Management Framework Agreement respectively; and (iii) have exceeded the cap.

OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, we considered that:

- (i) the terms of the New Hotel Design Framework Agreement and the continuing connected transactions contemplated thereunder (including the annual caps) and the Hotel Management Framework Agreement (taking into account the Hotel Management Annual Cap Renewal) are fair and reasonable;
- (ii) the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole;
- (iii) the New Hotel Design Framework Agreement is consistent with the Company's strategy to adopt an asset-light business model and maintain the existing relationship between the Company and Dalian Wanda Group;
- (iv) the internal control procedures adopted by the Group in relation to the Hotel Design Framework Agreement (including the annual caps) and Hotel Management Framework Agreement (including the annual caps); and
- (v) historically, the Group has been in compliance with the internal control procedures.

We, therefore, recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM in relation to the New Hotel Design Framework Agreement (including the annual caps) and the Hotel Management Annual Cap Renewal.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Koh Kwai Yim
Managing Director

Ms. Koh Kwai Yim is the Managing Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 17 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

** For identification purpose only*

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV to the SFO) which (a) have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of SFO); or (b) have been entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (c) have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(1) Interests in the shares of DWCM Group (Note 1)

Name of Director	Long position/ short position	Capacity/ Nature of interest	Interest in shares and underlying shares of DWCM Group	Approximate percentage (%) of the issued share capital of DWCM Group
Mr. He Zhiping	Long	Beneficial owner	25,000,000	0.55%

(2) Interests in the underlying shares of DWCM Group (Note 1)

Name of Director	Long position/ short position	Capacity/ Nature of interest	Interest in underlying shares of DWCM Group	Approximate percentage (%) of the issued share capital of DWCM Group (Note 2)
Mr. Ning Qifeng	Long	Beneficial owner (Note 3)	6,000,000	0.13%
Mr. Zhang Lin	Long	Beneficial owner (Note 4)	10,000,000	0.22%
Mr. Han Xu	Long	Beneficial owner (Note 5)	1,600,000	0.035%

Note:

- (1) DWCM Group, being an indirect holding company of the Company, is an associated company of the Company under Part XV of the SFO. The calculation is based on the total number of 4,527,347,600 shares in issue as at the Latest Practicable Date.
- (2) The percentage represents the number of underlying shares interested divided by the number of DWCM Group's issued shares as at the Latest Practicable Date.
- (3) Mr. Ning is interested in the underlying shares of DWCM Group through his 7.90% interest as a limited partner of a limited partnership that beneficially owns those shares in DWCM Group.
- (4) Mr. Zhang is interested in the underlying shares of DWCM Group through his 5.14% interest as a limited partner of a limited partnership that beneficially owns those shares in DWCM Group.
- (5) Mr. Han is interested in the underlying shares of DWCM Group through his 0.82% interest as a limited partner of a limited partnership that beneficially owns those shares in DWCM Group.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as was known to the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Long position/ short position	Capacity/ Nature of interest	Interest in Shares and underlying Shares of the Company	Approximate percentage (%) of the issued share capital of the Company
Wanda Overseas	Long	Beneficial owner	3,055,043,100	65.04%
Wanda Real Estate Investments Limited	Long	Interest in controlled corporation (<i>Note 1</i>)	3,055,043,100	65.04%
Wanda Commercial Properties (Hong Kong) Co., Limited ("Wanda HK")	Long	Interest in controlled corporation (<i>Note 2</i>)	3,055,043,100	65.04%
DWCM Group	Long	Interest in controlled corporation (<i>Note 3</i>)	3,055,043,100	65.04%

Name	Long position/ short position	Capacity/ Nature of interest	Interest in Shares and underlying Shares of the Company	Approximate percentage (%) of the issued share capital of the Company
Dalian Wanda Group	Long	Interest in controlled corporation (Note 4)	3,055,043,100	65.04%
Dalian Hexing Investment Co., Ltd. (“Dalian Hexing”)	Long	Interest in controlled corporation (Note 5)	3,055,043,100	65.04%
Mr. Wang Jianlin	Long	Interest in controlled corporation (Note 6)	3,055,043,100	65.04%
Mr. Chen Chang Wei (“Mr. Chen”)	Long	Beneficial owner and held by controlled corporation (Note 7)	278,098,230	5.92%
	Long	Interest of spouse (Notes 7 and 8)	23,600,000	0.50%
Ms. Chan Sheung Ni	Long	Beneficial owner	23,600,000	0.50%
	Long	Interest of spouse (Note 9)	278,098,230	5.92%
Ever Good Luck Limited (“Ever Good”) (Note 10)	Long	Beneficial owner	73,860,230	1.57%
	Long	Trustee	204,237,800	4.35%

Note:

- (1) Wanda Real Estate Investments Limited holds more than one-third of the issued shares of Wanda Overseas and is therefore deemed to have an interest in the Shares and underlying Shares of the Company in which Wanda Overseas is interested.
- (2) Wanda HK holds more than one-third of the issued shares of Wanda Real Estate Investments Limited and is therefore deemed to have an interest in the Shares and underlying Shares of the Company in which Wanda Real Estate Investments Limited is deemed to be interested. Mr. Ding Benxi, being Chairman of the Board until 22 April 2021 and a non-executive Director, was a director of Wanda HK until 17 February 2020.

- (3) DWCM Group holds more than one-third of the issued shares of Wanda HK and is therefore deemed to have an interest in the Shares and underlying Shares of the Company in which Wanda HK is deemed to be interested. Mr. Ding Benxi, being Chairman of the Board until 22 April 2021 and a non-executive Director, was an executive director and the chairman of the board of directors of DWCM Group until 10 February 2020. Mr. Ning Qifeng, being Chairman of the Board with effect from 22 April 2021 and an executive Director, is a chief vice president of DWCM Group.
- (4) Dalian Wanda Group holds more than one-third of the issued shares of DWCM Group and is therefore deemed to have an interest in the Shares and underlying Shares of the Company in which DWCM Group is deemed to be interested. Mr. Ding Benxi, being Chairman of the Board until 22 April 2021 and a non-executive Director, is a director of Dalian Wanda Group. Mr. Zhang Lin, being a non-executive Director, is a director of Dalian Wanda Group.
- (5) Dalian Hexing holds more than one-third of the issued shares of Dalian Wanda Group and is therefore deemed to have an interest in the Shares and underlying Shares of the Company in which Dalian Wanda Group is deemed to be interested.
- (6) Mr. Wang Jianlin holds more than one-third of the issued shares of Dalian Hexing and is therefore deemed to have an interest in the Shares and underlying Shares of the Company in which Dalian Hexing is deemed to be interested.
- (7) Mr. Chen was deemed to have a long position of 301,698,230 Shares, of which (i) 200 Shares were beneficially and legally owned by him, (ii) 204,237,800 Shares were held on trust for him by Ever Good, (iii) 73,860,230 Shares were beneficially owned by Ever Good, and (iv) 23,600,000 Shares were held by his spouse, Ms. Chan Sheung Ni, as beneficial owner.
- (8) Ms. Chan Sheung Ni is the spouse of Mr. Chen.
- (9) Ms. Chan Sheung Ni is the spouse of Mr. Chen. Ms. Chan Sheung Ni is therefore deemed to have an interest in the Shares of the Company in which Mr. Chen is interested.
- (10) The entire issued share capital of Ever Good is ultimately owned by Mr. Chen and Mr. Chen is the sole director of Ever Good. See note (7) above.

As at the Latest Practicable Date, save as disclosed above, none of the other Directors was a director or employee of a Company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested, directly or indirectly, and which was significant in relation to the business of the Group.

6. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this Circular:

Name	Qualification
Opus Capital	a licensed corporation permitted under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

Opus Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Opus Capital was not interested in any shares in the Company or any member of the Group, nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares in the Company or any member of the Group.

As at the Last Practicable Date, Opus Capital had no interest, direct or indirect, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not determinable by the Company or such member of the Group within one year without payment of compensation (other than statutory compensation).

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in businesses which compete or are likely to compete, either directly or indirectly, with business of the Group the interests of which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Name of Director/ close associate	Name of company	Nature of interest in the company	Business of the company
Mr. Ning Qifeng	DWCM Group	Having 0.13% interest in the underlying shares of DWCM Group	Engaging in property development, property lease, property management and investment holding
Mr. Zhang Lin	DWCM Group	Having 0.22% interest in the underlying shares of DWCM Group	Engaging in property development, property lease, property management and investment holding
Mr. Han Xu	DWCM Group	Having 0.035% interest in the underlying shares of DWCM Group	Engaging in property development, property lease, property management and investment holding
Mr. He Zhiping	DWCM Group	Being a shareholder with 0.55% interest	Engaging in property development, property lease, property management and investment holding

10. MISCELLANEOUS

The English text of this Circular prevails over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.wanda-hotel.com.hk>) from the date of this Circular up to and including the date of the SGM:

- (a) the New Hotel Design Framework Agreement; and
- (b) the Hotel Management Framework Agreement and the Novation Agreement.

NOTICE OF SPECIAL GENERAL MEETING



萬達酒店發展有限公司
WANDA HOTEL DEVELOPMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 169)

NOTICE IS HEREBY GIVEN that a special general meeting of Wanda Hotel Development Company Limited (the “**Company**”) will be held at Unit 3007, 30/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 29 December 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without amendments) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“**THAT**

1. the entering into by the Company of the New Hotel Design Framework Agreement dated 18 November 2021 (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) and the transactions contemplated thereunder be and are hereby approved (terms defined in the circular of the Company dated 9 December 2021 having the same meanings when used in this resolution); and
2. the proposed renewal of annual caps under the Hotel Management Framework Agreement dated 13 November 2018 (as amended by the Novation Agreement dated 18 November 2021) (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) be and are hereby approved (terms defined in the circular of the Company dated 9 December 2021 having the same meanings when used in this resolution).

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

Hong Kong, 9 December 2021

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A shareholder holding two or more shares is entitled to appoint more than one proxy. A proxy need not be a shareholder of the Company but must be present in person to represent the shareholder. Completion and return of an instrument appointing a proxy will not preclude a shareholder from attending and voting in person at the meeting (or any adjournment thereof).
2. Where there are joint registered holders of any shares, any one of such persons may vote at the meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting (or at any adjournment thereof) personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the proxy form, and any power of attorney (if any) or other authority (if any) under which it is signed (or a copy of such power or authority certified notarially), must be delivered to the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).
4. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from 23 December 2021 to 29 December 2021 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 22 December 2021.