
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)

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF
THE 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 4 to 15 of this Circular. A letter of advice containing the recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this Circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 34 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 Wednesday, 18 December 2024 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

29 November 2024

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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 29 November 2024
“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 as at the Latest Practicable Date
“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 as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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 “I. 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 committee of the Board 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 renewal of annual caps under the Hotel Management Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the renewal of annual caps under the Hotel Management Framework Agreement and the transactions contemplated thereunder
“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
“Individual Hotel Management Agreement”	has the meaning ascribed to it in the section headed “I. 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”	22 November 2024, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“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 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 Club”	the club for customers of the hotels of Wanda Hotel Brands
“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*)
Mr. Liu Yingwu

Non-executive Directors:

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

29 November 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF
THE 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 8 November 2024 in relation to, among others, 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 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 ANNUAL CAPS UNDER THE HOTEL MANAGEMENT FRAMEWORK AGREEMENT

The Hotel Management Framework Agreement will expire on 31 December 2038 but the corresponding annual caps in respect of the transactions contemplated under the Hotel Management Framework Agreement will expire on 31 December 2024, and as the Company intends to continue the transactions under the Hotel Management Framework Agreement, on 8 November 2024, 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 2027. 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 2027.

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, the announcement of the Company dated 18 November 2021 and the circular of the Company dated 9 December 2021 in relation to the Novation Agreement, and the announcement of the Company dated 8 November 2024 in relation to the renewal of the annual caps, the principal terms of the Hotel Management Framework Agreement (as amended by the Novation Agreement) are 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

LETTER FROM THE BOARD

- 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.

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:

LETTER FROM THE BOARD

- (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 the relevant hotel and a technical services fee of RMB2 million (or other currency equivalent) for the relevant 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.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

Renewal of annual caps under the Hotel Management Framework Agreement

On 8 November 2024, 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 2027.

Historical figures: The annual caps under the Hotel Management Framework Agreement for the three years ended 31 December 2024 are set out below:

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

The actual transaction amounts under the Hotel Management Framework Agreement for the two years ended 31 December 2023 (audited) and the nine months ended 30 September 2024 (unaudited) are set out below:

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
Actual transaction amounts	47,050	74,099	43,118

LETTER FROM THE BOARD

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 2027 for the provision of Hotel Management Services under the Hotel Management Framework Agreement by the Group are set out below:

	Year ending 31 December		
	2025	2026	2027
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual caps	78,644	80,440	80,973

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 provided by the Group on the assumption that the Group will continue to manage the existing property projects, and which depends on the performance of each of the existing hotels, taking into account (a) the historical transaction amounts (b) the expected average increase of around 17% in occupancy rates of hotels managed by the Group in 2025, and (c) the expected progressive growth in prevailing hotel management service fees as a result of the expected average increase in occupancy rates; and (ii) possible reasonable buffer of 15% taking into account, among others, (a) expected gross domestic product (“GDP”) growth of the PRC during the three years ending 31 December 2027 (taking into account the average historical GDP growth in the PRC from 2021 to 2023 of approximately 5.53 % and the GDP growth rate in the PRC in the second quarter of 2024 of approximately 4.7%); and (b) a potential fluctuation in the annual caps during the three years ending 31 December 2027 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.

LETTER FROM THE BOARD

Having considered historical transaction amounts and the above factors, the Board considers that the annual caps for the three years ending 31 December 2027 are fair and reasonable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The renewal of annual caps under the Hotel Management Framework Agreement is 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 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 and Dalian Wanda Group Companies. The Company also believes that by maintaining the existing relationship between the Company and Dalian Wanda Group Companies, the Company could further its development into a global leading comprehensive hotel management services provider.

The Directors (including the independent non-executive Directors) consider that the Hotel Management Framework Agreement (taking into account the renewal of annual caps referred to above) was 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.

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 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 Management Agreement on a quarterly basis to ensure that the terms thereunder are made in accordance with the terms and conditions (including the pricing policies) of the Hotel Management Framework Agreement;

LETTER FROM THE BOARD

- (ii) the Company has designated certain members of the management to closely monitor subsisting and potential connected transactions of the Group on a quarterly basis and will review the transactions under the Hotel Management Framework Agreement with 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;
- (iii) the Company will report any Individual Hotel Management 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 Hotel Management 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; and
- (iv) the Company's auditors will conduct annual review on the annual caps and the transactions under the Hotel Management Framework Agreement, and report their findings and conclusions to the Board.

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.

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.

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 approximately 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.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Dalian Wanda Group is an indirect holding company of the Company which is in turn controlled by Mr. Wang Jianlin. Dalian Wanda Group as a controlling shareholder of the Company is a connected person of the Company under the Listing Rules. Accordingly, each of 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 Hotel Management Framework Agreement (taking into account the renewal of annual caps) exceed 5%, the transactions contemplated under the Hotel Management Framework Agreement (taking into account the renewal of annual caps) 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 to approve the transactions contemplated under the renewal of annual caps under the Hotel Management Framework Agreement. Any Shareholder who is materially interested in the Hotel Management Framework Agreement shall abstain from voting on the resolution. Therefore, Dalian Wanda Group Companies and their respective associates shall abstain from voting on the relevant resolution to be proposed at the SGM to approve the transactions contemplated under the renewal of annual caps under the Hotel Management Framework Agreement. As at the Latest Practicable Date, Wanda Overseas, being an associate of 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.

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 Hotel Management Framework Agreement who will be required to abstain from voting on the relevant resolution to be proposed at the SGM.

LETTER FROM THE BOARD

Each of Mr. Han Xu and Mr. Zhang Lin, the Company's non-executive Directors, also serve as the first vice president and a director of Dalian Wanda Group respectively as at the date of the board meeting held to approve, among others, the annual caps for the three years ending 31 December 2027 under the Hotel Management Framework Agreement. Mr. Han Xu and Mr. Zhang Lin have, respectively, duly declared their positions held within Dalian Wanda Group to the Board and given due consideration to their fiduciary duties owed towards the Group, and having considered that none of the Directors have any material interest in the transactions contemplated under the Hotel Management Framework Agreement (taking into account the revision of annual caps thereunder), the Board is of the view that none of them were required to abstain from voting on the resolution 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 SGM 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 SGM or any adjournment thereof to the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned 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 whether the transactions contemplated under the Hotel Management Framework Agreement (taking into account the renewal of annual caps) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and how to vote on 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 16 to 17 of this Circular, containing its opinions as to whether the transactions contemplated under 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.

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.

LETTER FROM THE BOARD

Your attention is drawn to the letter from Opus Capital, which are set out on pages 18 to 34 of this Circular, containing its opinions as to whether the transactions contemplated under 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 that the transactions as contemplated under the Hotel Management Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and is of the view that the proposed renewal of the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of resolution to be proposed at the SGM to approve 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 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)

29 November 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF
THE RENEWAL OF ANNUAL CAPS UNDER THE HOTEL
MANAGEMENT FRAMEWORK AGREEMENT**

We refer to the circular dated 29 November 2024 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 whether the transactions contemplated under Hotel Management Framework Agreement (taking into account the renewal of annual caps) are (i) fair and reasonable, (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (iii) in the interests of the Company and the Shareholders as a whole.

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 transactions contemplated under the Hotel Management Framework Agreement (taking into account the renewal of annual caps), which contains, among other things, Opus Capital’s advice, opinions and recommendations regarding the renewal of annual caps under the Hotel Management Framework Agreement, as set out on pages 18 to 34 of the Circular, and the Letter from the Board as set out on pages 4 to 15 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having given due consideration to the reasons relating to 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 29 November 2024, we consider the transactions contemplated thereunder are: (i) on normal commercial terms and are entered into in the ordinary and usual course of business of the Group; (ii) fair and reasonable so far as the Independent Shareholders are concerned; and (iii) 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 resolution 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

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



18th Floor, EC Healthcare Tower (Central)
19-20 Connaught Road Central
Central, Hong Kong

29 November 2024

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

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE 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 the renewal of annual caps under the Hotel Management Framework Agreement and the transactions contemplated thereunder. Details of the Hotel Management Framework Agreement (taking into account the 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 29 November 2024, 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 annual caps under the Hotel Management Framework Agreement

The Hotel Management Framework Agreement will expire on 31 December 2038 and the annual caps in respect of the transactions contemplated under the Hotel Management Framework Agreement will expire on 31 December 2024. As the Company intends to continue the transactions under the Hotel Management Framework Agreement, on 8 November 2024, 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 2027 (the “**Annual Cap Renewal**”). 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 2027.

LETTER FROM OPUS CAPITAL

On 13 November 2018, the Company and DWCM Group entered into the Hotel Management Framework Agreement, pursuant to which DWCM Group may from time to time engage the Group to provide hotel management services. On 18 November 2021, the Company entered into the Novation Agreement with DWCM Group and Dalian Wanda Group, pursuant to which (i) DWCM Group agreed to novate, and Dalian Wanda Group agreed to assume, all of DWCM Group's rights and obligations in and under the Hotel Management Framework Agreement from 1 January 2022 to 31 December 2038; and (ii) the Company agreed to such change under the Hotel Management Framework Agreement.

As at the Latest Practicable Date, Dalian Wanda Group is an indirect holding company of the Company which is in turn controlled by Mr. Wang Jianlin. Dalian Wanda Group as a controlling shareholder of the Company is a connected person of the Company under the Listing Rules. Accordingly, each of 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 Hotel Management Framework Agreement (taking into account the Annual Cap Renewal) exceed 5%, the transactions contemplated under the Hotel Management Framework Agreement (taking into account the Annual Cap Renewal) shall be subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Hotel Management Framework Agreement (taking into account the Annual Cap Renewal), and none of them were required to abstain from voting on relevant resolution at the board meeting.

Dalian Wanda Group Companies and their respective associates shall abstain from voting on the relevant resolution to be proposed at the SGM to approve the transactions contemplated under the Hotel Management Framework Agreement. As at the Latest Practicable Date, Wanda Overseas, being an associate of Dalian Wanda Group, is interested in 3,055,043,100 Shares representing approximately 65.04% of the issued share capital of the Company and will abstain from voting on the resolution at the SGM.

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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 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 transactions contemplated under the Hotel Management Framework Agreement (taking into account the 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 resolution relating to the 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

During the past two (2) years immediately prior to this letter, we have not: (i) acted in the capacity as a financial adviser or as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, Dalian Wanda Group Companies or any other parties that could reasonably be regarded as relevant to our independence. During the past two (2) years, except for the normal independent financial advisory fees paid or payable to us in connection with this appointment, no arrangements existed whereby we had received or will receive any fees or benefits from the Group, Dalian Wanda Group Companies 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 Hotel Management Framework Agreement;
- (ii) the Novation Agreement;
- (iii) the Company's interim report for the six months ended 30 June ("HY") 2024 (the "**2024 Interim Report**");

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- (iv) the Company's annual report for the year ended 31 December ("FY") 2023 (the "**2023 Annual Report**"); and
- (v) 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.

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 Hotel Management Framework Agreement (as amended by the Novation Agreement and taking into account the 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 transactions contemplated under the Hotel Management Framework Agreement (taking into account the 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.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the transactions contemplated under the Hotel Management Framework Agreement (taking into account the 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.

1.2 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 approximately 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.

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 DWCM Group.

2. Reasons for and benefits of entering into the transactions

As stated in the Letter from the Board, the entering into the renewal of annual caps under the Hotel Management Framework Agreement is 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 is in line with the Group's plan to adopt an asset-light business model and the strategic goal of achieving long-term development of the Group and sustainable growth of the Shareholders' value in the long run.

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The Annual Cap Renewal provides an effective framework to regulate the provision and receipt of services between the Company and Dalian Wanda Group. The Company believes that by maintaining the existing relationship between the Company and Dalian Wanda Group, the Company could further its development into a global leading comprehensive hotel design and management services provider.

As stated in the 2024 Interim Report, the hotel network under the Group's management consisted of 174 hotels with over 36,600 rooms in operation covering 109 cities in the PRC, and an additional 360 hotels were contracted to be managed by the Group but are still under development and have not commenced operation yet. With the economy recovery in the PRC post pandemic, the Company expects the domestic tourism in the PRC will improve and sustain its growth in the coming years. As referred in the 2024 Interim Report, the Group will continue to pursue its hotel network expansion and plans to add 42 new hotels in 2024. With the anticipated growth in the hotel network of Dalian Wanda Group, this will also increase the demand for hotel services required. Accordingly, the Annual Cap Renewal under the Hotel Management Framework Agreement will maintain the Group's revenue stream and improve the Group's profitability. Therefore the 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 Annual Cap Renewal is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of 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; the announcement of the Company dated 18 November 2021 and the circular of the Company dated 9 December 2021 in relation to the Novation Agreement; and the announcement of the Company dated 8 November 2024 in relation to the Annual Cap Renewal, the principal terms of the Hotel Management Framework Agreement (as amended by the Novation Agreement) are 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

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- 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.

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;

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- (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 the relevant hotel and a technical services fee of RMB2 million (or other currency equivalent) for the relevant 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 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 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 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 the Novation Agreement and note that the pricing terms of the services fees payable by Dalian Wanda Group Companies to the Group for the Hotel Management Services are determined on the basis as mentioned above. As part of our due diligence work, we have randomly selected and reviewed eight (8) hotel management agreements entered into between members of the Group and Dalian Wanda Group Companies (the “**Connected Agreements**”), and eight (8) hotel management agreements entered into between members of the Group and independent third parties in hotels of equivalent or similar grading (the “**Hotel Management Comparables**”) for FY2022, FY2023 and 9 months ended 30 September 2024 (the “**Review Period**”). In this regard, we have compared and noted that the scope of service of each contract is similar. Given that (i) we have randomly selected the Connected Agreements and the Hotel Management Comparables; (ii) the agreements selected, which comprise of subsisting agreements signed prior to FY2021 and new agreements signed during the Review Period, in which Hotel Management Services were provided during the Review Period; and (iii) the Hotel Management Comparables cover the hotels of equivalent or similar grading to those with Dalian Wanda Group Companies, we are of the view that sample size of the Connected Agreements and the Hotel Management Comparables selected is sufficient, fair and representative.

For the hotel management agreements entered into between members of the Group and Dalian Wanda 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 1.5% to 2.0% of total operating revenue and 3.0% to 8.5% of gross operating profit, respectively, and the management fees of 2.5% and incentive management fees of the Hotel Management Framework Agreement that ranged from 6% to 8%, are within the range of the Hotel Management Comparables. The group service fees charged under the agreements of the Hotel Management Comparables of 2.0% of operating revenue is the same as the group service fee charged under the Hotel Management Framework Agreement.

In respect of the hotel pre-opening fee, we noted that two (2) out of eight (8) Hotel Management Comparables contain such fees, where the amounts are the same as the Hotel Management Framework Agreement of RMB500,000. In respect of the technical services fee of the Hotel Management Comparables where the Group’s charges range from RMB0.8 million to RMB2 million, it is slightly lower or similar to the price charged to Dalian Wanda Group Companies.

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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 charged to Dalian Wanda Group Companies ranged from 6% to 10%, which is consistent with the fee charged to the Hotel Management Comparables. On the fee for customers introduced by the regional sale department of hotels of Wanda Hotel Brands, the fee charged by the Group ranged from 5.6% to 10% to Dalian Wanda Group Companies, and this is the same fee charged to the Hotel Management Comparables. In respect of the fee charged for spending of any member of Wanda Club, we noted that the 5% fee charged to the Hotel Management Comparables which contain such fees is the same as that charged to Dalian Wanda Group Companies. All the above fee charges are in line with the fee stated under the Hotel Management Framework Agreement.

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 2022 and 2023 and nine months ended 30 September 2024.

The Annual Cap Renewal

On 8 November 2024, 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 2027 (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 2022 and 2023 and nine months ended 30 September 2024; and (ii) the proposed annual caps under the Hotel Management Framework Agreement for the Relevant Period:

	Year ended 31 December		Nine months ended
	2022	2023	30 September 2024
	(RMB'000)	(RMB'000)	(RMB'000)
Annual caps	67,624	75,923	75,676
Actual transaction amounts	47,050	74,099	43,118
Utilisation rate	70%	98%	57%

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	Year ending 31 December		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Annual caps	78,644	80,440	80,973

We noted that the annual caps under the Hotel Management Framework Agreement for the Relevant Period (the “**Hotel Management Caps**”) are arrived at after taking into consideration of, *inter alia*:

- (i) anticipated demand for Hotel Management Services provided by the Group on the assumption that the Group will continue to manage the existing property projects, and which depends on the performance of each of the existing hotels, taking into account (a) the historical transaction amounts; (b) the expected average increase of around 17% in occupancy rates of hotels managed by the Group in 2025; and (c) the expected progressive growth in prevailing hotel management service fees as a result of the expected average increase in occupancy rates; and
- (ii) possible reasonable buffer of 15% taking into account, among others, (a) expected gross domestic product (“**GDP**”) growth of the PRC during the three years ending 31 December 2027 (taking into account the average historical GDP growth in the PRC from 2021 to 2023 of approximately 5.53 % and the GDP growth rate in the PRC in the second quarter of 2024 of approximately 4.7%); and (b) a potential fluctuation in the annual caps during the three years ending 31 December 2027 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.

We noted that the utilisation rate of the annual caps under the Hotel Management Framework Agreement was well above 50%, and hit a high of 98% for FY2023. As discussed with the Management, the significant rise in actual transaction amounts reflected the strong recovery in the hospitality sector following the easing of pandemic-related lockdowns and restrictions in the PRC as of December 2022. Furthermore, discussion with Management revealed that the substantial growth was primarily driven by a surge in consumers eager to resume travelling after enduring prolonged lockdown and travel restrictions, which led to significant increase in travel and hotel stays throughout 2023.

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Based on the figures for nine months ended 30 September 2024, assuming the performance remains stable, the Management expects the revenue would reach approximately RMB54.9 million for the year ending 31 December 2024, representing a utilisation rate of approximately 72.5%. We note that actual transaction amounts experienced a decline for the nine months ended 30 September 2024 with a utilisation rate of 57%, as compared to FY2023. This was attributable to a combination of factors, including a slower overall growth of the PRC economy in the first three quarters of 2024, where the GDP growth had dropped from 5.3% in the first quarter of 2024 to 4.6% in the third quarter of 2024 according to the National Bureau of Statistics of China, a slight decline in occupancy rates at some hotels managed by the Group since travelling has generally eased in FY2024 and the seasonal impact of “Golden Week”, where extensive domestic travel during the week-long holiday would have spurred demand for hotel stays, has not been taken into account.

To assess whether the Hotel Management Caps 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 Dalian Wanda Group Companies for the two years ended 31 December 2023 and nine months ended 30 September 2024, and noted that the Group recorded an increase of approximately 57% from FY2022 to FY2023. As mentioned above, it is expected that revenue arising from the Hotel Management Framework Agreement would reach approximately RMB54.9 million for FY2024. We have also obtained the historical and forecasted room occupancy rate of the hotels currently managed by the Group. Notably, two (2) new hotels from Dalian Wanda Group were added to the Group’s portfolio since May 2024. The historical average of hotel occupancy rate was approximately 49% and 47% for FY2023 and nine months ended 30 September 2024, as compared to 28% for FY2022 when all pandemic-related restrictions were lifted in December 2022.

Based on the above, the Company has adopted a modest approach on the expected revenue over the Relevant Period, considering the gradual ramp-up in the performance of the newly added hotels that is consistent with past trend and with expectations that the overall revenue and occupancy rates will gradually increase and stabilise over the Relevant Period. We noted that the Company has applied a moderate growth of approximately 13.1% on the actual transaction amount for FY2023, being the most recent comprehensive date available following the pandemic, to arrive at the expected revenue for FY2025. In addition, the Company has applied year-on-year growth rate of approximately 2.3% and 0.6% to derive the expected revenue for the year ending 31 December 2026 and 2027. Furthermore, as informed by the Management, this has taken into account the positive effects of government incentives on the tourism industry as outlined below and the broader fiscal stimulus

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measures introduced by the Ministry of Finance of the PRC in October 2024. These initiatives are anticipated to significantly enhance consumer confidence, boost tourism demand and ultimately drive increased revenue and occupancy rates throughout the Relevant Period.

In addition to the fiscal stimulus announced by the Ministry of Finance of the PRC, the Central Bank of China had lowered a short-term policy rate and injected more liquidity into the banking system, in order to pull the economic growth back to this year's target of 5%. According to Reuters, it is reported that RMB1 trillion is due to be raised via special bonds which will be allocated to increase subsidies for a consumer goods replacement program. This initiative aims to revive the PRC economy and help achieve the PRC government's growth target. The impending fiscal measures are expected to boost consumer confidence and support economic growth, ultimately enhancing consumption and benefiting the tourism industry.

According to the National Bureau of Statistics of China, the nationwide per capita disposable income was RMB39,218 in 2023, indicating an increase of approximately 6.3% over the previous year, while in the first half of 2024, the nationwide per capita disposable income stood at RMB20,733, representing a rise of 5.4% over the previous year. In addition, the GDP in 2023 was approximately RMB126.1 trillion, up by 5.2% as compared to 2022, whilst in first three quarters of 2024, the GDP grew 4.8% year-on-year to around RMB95.0 trillion.

In view of the above, we consider that an annual cap of approximately RMB78.64 million to RMB80.97 million for each of the three years ending 31 December 2027, which provides reasonable room for potential increase in room occupancy rate after taking into account the historical performance, the Group's hotel expansion plan and the industry overall trend as analysed below, is fair and reasonable.

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

The hospitality and hotel services industry outlook in the PRC is on a promising trajectory of recovery in the post-pandemic landscape. According to recent statistics from the Ministry of Culture and Tourism of the PRC, it highlighted a significant resurgence in domestic travel, with approximately 4.8 billion trips taken during 2023, marking an exceptional surge of approximately 2.3 billion over the same period last year, representing approximately 93.3% increase. Furthermore, during the first three quarters of 2024, there were 4.2 billion trips taken which also registered a notable rise of around 563 million trips compared to the same period last year, reflecting a growth rate of approximately 15.3%. Such impressive figures indicated a strong desire among the domestic population to engage in travel, which can directly correlate with a positive impact on the hotel and hospitality sector.

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Along with the rise in domestic tourism, the Ministry of Foreign Affairs of the PRC has implemented strategic measures aimed at enhancing inbound tourism. Notably, the extension of a visa-free scheme for foreign tourists from at least 12 countries until the end of 2025, together with the introduction of a 144-hour visa-free arrival scheme for transit passengers from over 50 countries throughout 2024, is poised to attract a greater inflow of international travelers. These initiatives are specifically designed to revitalise the hospitality industry, which has been striving for recovery after the pandemic-induced downturn. The National Immigration Administration of the PRC reported that foreigners made a total of approximately 8.1 million entries into the PRC in the third quarter of 2024, showcasing a remarkable year-on-year increase of 48.8%. Among these, visa-free tourists accounted for around 4.8 million, representing an impressive 78.6% rise compared to 2023.

This influx of both domestic and international travellers is forecasted to significantly boost hotel occupancy rates, particularly in first and second-tier cities where the hotels managed under the Hotel Management Framework Agreement are mainly situated. First and second-tier cities are likely to experience heightened demand for accommodations due to their accessibility and attractiveness to tourists, as well as the benefits offered by the visa-free scheme. This anticipated rise in occupancy rates not only benefits existing hotels but also suggests a positive outlook for any newly opened hotels.

In summary, the current trends in domestic travel, coupled with supportive government measures to attract international visitors, create a favourable environment for the hospitality and hotel services industry in the PRC. These developments not only signify a robust recovery but also indicate growth and opportunity for the Company. Therefore, we consider that the Hotel Management Caps, which have prudently taken into account a stable growth in occupancy rate for existing hotels managed by the Group, is fair and reasonable.

We also understand from the discussion with the Management that the Hotel Management Caps have also taken into account the actual transaction amounts for FY2023 and nine months ended 30 September 2024, the Management's confidence in the reputation and market standing of the hotels, the higher demand for the Hotel Management Services that will bring 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 inflation, robust domestic travel growth and supportive government policies aimed at enhancing domestic and inbound tourism as analysed above.

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In respect of the expected average increase of around 17% in occupancy rates of hotels managed by the Group in FY2025, we have obtained the historical occupancy rate of the hotels managed by the Group and noted that there had an approximately 20% average increase from FY2022 to FY2023. In addition, as discussed with the Management, it is expected that the two (2) newly opened hotels in FY2024 that were added to the Group's portfolio will see an average occupancy increase of approximately 25% in FY2025, during their ramp-up period as they establish their presence in the market. Considering the strong domestic travel growth and favourable government policies aimed at enhancing domestic and inbound tourism as discussed above, we consider the expected average increase of around 17% in occupancy rates of hotels managed by the Group in FY2025 is acceptable.

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 2021, 2022 and 2023 which were approximately 0.9%, 2.0% and 0.2% respectively, as reported by the National Bureau of Statistics of China, with an average of approximately 1.03%; (b) the expected GDP growth of the PRC during the three years ending 31 December 2027, taking into account the average historical GDP growth from 2021 to 2023 of approximately 5.53%, the GDP growth of approximately 4.7% and 4.6% in the second and third quarter of 2024 respectively as recorded by the National Bureau of Statistics of China; and (c) the actual transaction amounts for the two years ended 31 December 2023 and nine months ended 30 September 2024, in particular the high utilisation rate of approximately 98% for FY2023. It is noted that the Hotel Management Caps are proposed to increase by approximately 2.3% and 0.7% in 2026 and 2027 respectively.

As mentioned above, the PRC government has implemented a range of incentives and fiscal measures to enhance tourism sector and stimulate economic growth, including significant funding initiatives and reduction in policy rates. These efforts are designed to boost consumer confidence and stimulate tourism demand. Concurrently, the robust growth in domestic travel indicates a resurgence in the tourism industry, further supported by strategic visa-free regulation aimed at attracting international travellers. Collectively, these initiatives are anticipated to enrich the tourism landscape, support economic growth and provide substantial advantages to the hospitality sector, particularly in major urban areas, thereby strengthening the overall economic and business environment.

As discussed with the Management, considering the positive impact of government incentives on the tourism industry and fiscal stimulus on the overall PRC economy as mentioned above, it is apparent that potential growth in hotel network and hotel room occupancies arising from government incentives on tourism industry and fiscal stimulus on the broader PRC economy substantiates the need for a buffer. Therefore, it is reasonable to conclude that the buffer serves as a prudent measure to accommodate potential fluctuations in the market. Furthermore, the Management also anticipate that hotel room income will continue to improve, thereby supporting stability in management fee income beyond 2025. 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 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 Hotel Management Framework Agreement (taking into account the 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 Management Agreement on a quarterly basis to ensure that the terms thereunder are made in accordance with the terms and conditions (including the pricing policies) of 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 quarterly basis and will review the transactions under the Hotel Management Framework Agreement with Dalian Wanda Group and/or its 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;
- (iii) the Company will report any Individual Hotel Management Agreement to the independent non-executive Directors for their review annually to ensure that all services provided under the Individual Hotel Management Agreement 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; and
- (iv) the Company's auditors will conduct annual review on the annual caps and the transactions under the Hotel Management Framework Agreement, and report their findings and conclusions to the Board.

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 Hotel Management Framework Agreement. It is noted that any transactions contemplated under the Individual Hotel Management Agreements will be reviewed by the internal audit department of the Company to ensure the terms of which shall be in accordance with the Hotel Management Framework Agreement. In this regard, we have obtained the Company's internal record that the internal audit department has performed such review procedures upon entering into the Individual Hotel Management Agreement 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 Hotel Management Agreements are 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

LETTER FROM OPUS CAPITAL

obtained minutes of independent non-executive Directors' meetings regarding the continuing connected transactions for FY2022, FY2023 and HY2024 and noted such matters were included. Moreover, we have obtained the letters from auditors for FY2022 and FY2023 confirming that they are not aware of any transactions contemplated under the 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 Management Framework Agreement; and (iii) have exceeded the cap.

OPINION AND RECOMMENDATION

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

- (i) the transactions contemplated under the Hotel Management Framework Agreement (taking into account the 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 internal control procedures adopted by the Group in relation to the Hotel Management Framework Agreement (including the annual caps) are sufficient; and
- (iv) 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 resolution to be proposed at the SGM in relation to the 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 6 (advising on corporate finance) regulated activities. Ms. Koh has over 20 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

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 of 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 of DWCM Group	Approximate percentage (%) of the issued share capital of DWCM Group
Mr. He Zhiping	Long	Beneficial owner	150,000,000	0.55%
Mr. Liu Yingwu	Long	Beneficial owner	9,600,000	0.04%

(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)	36,000,000	0.13%
Mr. Zhang Lin	Long	Beneficial owner (Note 4)	72,000,000	0.27%
Mr. Han Xu	Long	Beneficial owner (Note 5)	36,000,000	0.13%

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 27,164,085,600 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 7.78% interest as a limited partner of a limited partnership that beneficially owns those shares in DWCM Group.
- (4) Mr. Zhang (i) beneficially owns 12,000,000 shares in DWCM Group; and (ii) is interested in 60,000,000 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 (i) beneficially owns 26,400,000 shares in DWCM Group; and (ii) is interested in 9,600,000 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	Short	Beneficial owner (Note 1)	3,055,043,100	65.04%
Wanda Real Estate Investments Limited	Short	Interest in controlled corporation (Note 2)	3,055,043,100	65.04%
Wanda Commercial Properties (Hong Kong) Co., Limited (“Wanda HK”)	Short	Interest in controlled corporation (Note 3)	3,055,043,100	65.04%
DWCM Group	Short	Interest in controlled corporation (Note 4)	3,055,043,100	65.04%
Dalian Wanda Group	Short	Interest in controlled corporation (Note 5)	3,055,043,100	65.04%
Dalian Hexing Investment Co., Ltd. (“Dalian Hexing”)	Short	Interest in controlled corporation (Note 6)	3,055,043,100	65.04%
Mr. Wang Jianlin	Short	Interest in controlled corporation (Note 7)	3,055,043,100	65.04%
UBS Group AG	Long	Interest in controlled corporation (Note 8)	3,055,563,498	65.05%
UBS AG	Long	Beneficial owner (Note 8)	3,055,563,498	65.05%
Temasek Holdings (Private) Limited	Long	Interest in controlled corporation (Note 9)	3,055,563,498	65.05%
Tembusu Capital Pte. Ltd.	Long	Interest in controlled corporation (Note 9)	3,055,563,498	65.05%
Pilatus Investments Pte. Ltd.	Long	Interest in controlled corporation (Note 9)	3,055,563,498	65.05%

APPENDIX
GENERAL INFORMATION

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
Seviora Holdings Pte. Ltd.	Long	Interest in controlled corporation (<i>Note 9</i>)	3,055,563,498	65.05%
SeaTown Holdings Pte. Ltd.	Long	Interest in controlled corporation (<i>Note 9</i>)	3,055,563,498	65.05%
SeaTown Private Strategies GP II Pte. Ltd.	Long	Interest in controlled corporation (<i>Note 9</i>)	3,055,563,498	65.05%
SeaTown Private Credit (Cayman) Feeder Fund II LP (“STPCFFII”)	Long	Interest in controlled corporation (<i>Note 9</i>)	3,055,563,498	65.05%
SeaTown Private Credit Master Fund II (“STPCMFII”)	Long	Beneficial owner (<i>Note 9</i>)	3,055,563,498	65.05%
Deutsche Bank Aktiengesellschaft	Long	Interest in controlled corporation (<i>Note 10</i>)	3,055,563,498	65.05%
DB Valoren S.à r.l.	Long	Interest in controlled corporation (<i>Note 10</i>)	3,055,563,498	65.05%
Deutsche Asia Pacific Holdings Pte Ltd	Long	Interest in controlled corporation (<i>Note 10</i>)	3,055,563,498	65.05%
DB Trustees (Hong Kong) Limited	Long	Beneficial owner (<i>Note 10</i>)	3,055,563,498	65.05%
Mr. Chen Chang Wei (“Mr. Chen”)	Long	Beneficial owner and held by controlled corporation (<i>Note 11</i>)	278,098,230	5.92%
	Long	Interest of spouse (<i>Notes 12</i>)	23,600,000	0.50%
Ms. Chan Sheung Ni	Long	Beneficial owner	23,600,000	0.50%
	Long	Interest of spouse (<i>Note 11</i>)	278,098,230	5.92%
Ever Good Luck Limited (“Ever Good”) (<i>Note 13</i>)	Long	Beneficial owner	73,860,230	1.57%
	Long	Trustee	204,237,800	4.35%

Note:

- (1) On 11 January 2023, Wanda Overseas has pledged all its 3,055,043,100 ordinary shares of the Company in favour of UBS Group AG as security agent for the secured parties, in respect of a loan extended to Wanda Culture Holding Co. Limited extend by a group of leader including STPCMF and STPCMFII. Please refer to the announcement of the Company dated 12 January 2023. Mr. Zhanglin, being a non-executive Director, is a director of Wanda Overseas.
- (2) 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. Mr. Zhanglin, being a non-executive Director, is a director of Wanda Real Estate Investment Limited.
- (3) 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. Han Xu, being a non-executive Director, was a director of Wanda HK.
- (4) 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. Ning Qifeng, being an executive Director, is a chief vice president of DWCM Group.
- (5) 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. Zhang Lin, being a non-executive Director, is a director of Dalian Wanda Group.
- (6) 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.
- (7) 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.
- (8) UBS AG is wholly owned by UBS Group AG. Therefore, UBS Group AG is deemed to be interested in the shares of the Company in which UBS AG is interested.
- (9) STPCMFII is wholly owned by STPCFFII, and STPCFFII is owned as to 48.65% by Pilatus Investments Pte. Ltd., 18.71% by Seviara Holdings Pte. Ltd., and 7.48% by SeaTown Investments Pte. Ltd. STPCFFII's general partner is SeaTown Private Strategies GP II Pte. Ltd., which is wholly owned by SeaTown Holdings Pte. Ltd. SeaTown Holdings Pte. Ltd. is wholly owned by Seviara Holdings Pte. Ltd., which is in turn wholly owned by Pilatus Investments Pte. Ltd. Pilatus Investments Pte. Ltd. is wholly owned by Tembusu Capital Pte. Ltd., which is wholly owned by Temasek Holdings (Private) Limited.

By reason of the aforesaid relationships, Temasek Holdings (Private) Limited, Tembusu Capital Pte. Ltd., Pilatus Investments Pte. Ltd., Seviara Holdings Pte. Ltd., SeaTown Holdings Pte. Ltd., SeaTown Investments Pte. Ltd., SeaTown Private Strategies GP II Pte. Ltd. and STPCFFII are deemed to be interested in the shares of the Company which STPCMFII is interested in.

- (10) DB Trustees (Hong Kong) Limited is wholly owned by Deutsche Asia Pacific Holdings Pte Ltd, which is in turn wholly owned by DB Valoren S.à r.l. DB Valoren S.à r.l. is wholly owned by Deutsche Bank Aktiengesellschaft. Therefore, Deutsche Bank Aktiengesellschaft, Deutsche Asia Pacific Holdings Pte Ltd and DB Valoren S.à r.l. are deemed to be interested in the shares of the Company in which DB Trustees (Hong Kong) Limited is interested in.
- (11) 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.
- (12) 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.
- (13) 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 (11) 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 2023 (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

Reference is made to the Company's profit warning announcement of 12 August 2024 and Note 13 in the "*Notes to Interim Condensed Consolidated Financial Information*" section of the Company's interim report for the six months ended 30 June 2024 in relation to the provision for impairment loss of approximately HK\$984,449,000 (equivalent to approximately US\$126,013,000) in relation to the deferred amount arising from the Group's disposal of interest in Parcel C LLC. The impairment loss concerned has been taken into account and reflected in the financial and trading position of the Group as of 30 June 2024.

Save as disclosed above, 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 2023, 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 to conduct Type 6 (advising on corporate finance) regulated activities under the SFO

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 2023 (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 0.04% interest in shares of and 0.23% 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 0.1% interest in shares of and 0.03% 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
Mr. Liu Yingwu	DWCM Group	Being a shareholder with 0.04% 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 Hotel Management Framework Agreement and the Novation Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.wanda-hotel.com.hk>) for a period of not less than 14 days from the date of this Circular up to and including the date of the SGM.

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 Wednesday, 18 December 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution (with or without amendments) as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

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 each of which have been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) be and is hereby approved (terms defined in the circular of the Company dated 29 November 2024 having the same meanings when used in this resolution).”

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

Hong Kong, 29 November 2024

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).

NOTICE OF SPECIAL GENERAL MEETING

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Friday, 13 December 2024 to Wednesday, 18 December 2024 both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the registers of members of the Company on Wednesday, 18 December 2024 will be eligible to attend and vote at the SGM. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 12 December 2024.