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

(Incorporated in Bermuda with limited liability)

(Stock Code : 169)

MAJOR TRANSACTION
DISPOSAL OF LONDON PROPERTY PROJECT

THE DISPOSAL

The Board is pleased to announce that on 16 January 2018 (after Hong Kong trading hours), (i) the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares (representing 60% of the entire issued shares of the Target Company) subject to the terms contained therein for the Consideration of £35,609,277.96 (equivalent to approximately HK\$373,990,002.70); and (ii) the Company, the Target Company and the Purchaser entered into the Shareholder Loan Repayment Agreement, pursuant to which the Purchaser has agreed to repay the Debt for and on behalf of the Target Company to the Company, which is currently expected to be £159,526,879.25 (equivalent to approximately HK\$1,675,447,002.01).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons. As far as the Company is aware, none of the shareholders of the Company is materially interested in the Sale and Purchase Agreement, the Shareholder Loan Repayment Agreement and the transactions contemplated thereunder. Therefore, under Rule 14.44 of the Listing Rules, as no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the Sale and Purchase Agreement, the Shareholder Loan Repayment Agreement and the transactions contemplated thereunder, written approval has been obtained from Wanda Overseas, our controlling shareholder holding 3,055,043,100 ordinary shares of the Company, representing approximately 65.04% of the issued share capital of the Company as at the date of this announcement, in lieu of holding a general meeting.

A circular containing, among other things, further information in respect of the Disposal and other information as required by the Listing Rules will be despatched to the shareholders of the Company for their information on or before 6 February 2018.

INTRODUCTION

Reference is made to the announcement of the Company dated 9 August 2017 in relation to, among other things, the disposal of 60% equity interest in the Target Company, being the holding company of the Group's London Property Project; and the announcement of the Company dated 21 November 2017 in relation to the strategic review of the Company's property projects.

The Board is pleased to announce that on 16 January 2018 (after Hong Kong trading hours),

- (i) the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares (representing 60% of the entire issued shares of the Target Company) subject to the terms contained therein for the Consideration of £35,609,277.96 (equivalent to approximately HK\$373,990,002.70); and
- (ii) the Company, the Target Company and the Purchaser entered into the Shareholder Loan Repayment Agreement, pursuant to which the Purchaser has agreed to repay the Debt for and on behalf of the Target Company to the Company, which is currently expected to be £159,526,879.25 (equivalent to approximately HK\$1,675,447,002.01).

Principal terms of the Sale and Purchase Agreement and the Shareholder Loan Repayment Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date

16 January 2018

Parties

Vendor: the Company

Purchaser: the Purchaser

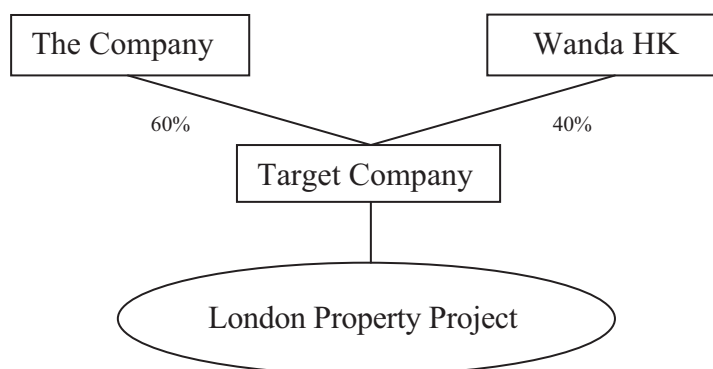
To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of the Purchaser is investment holding and (ii) the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, which represent 60% of the entire issued shares of the Target Company. The Target Company is a company incorporated in Hong Kong with limited liability, which is held as to 60% by the Company and 40% by Wanda HK. Through the Project Companies, each of which is a wholly-owned subsidiary of the Target Company, the Target Company enjoys the interest of the freehold title and land development rights of the Property.

As disclosed in the announcement and circular of the Company dated 6 September 2013 and 30 September 2013, respectively, the Property was acquired by the Target Company in 2013 for redeveloping it into a hotel, residential, office and retail complex and operating such complex (in each case, by the Target Company and/or through one or more of its subsidiaries). As at the date of this announcement, the London Property Project is under the development stage with the foundation works in progress.

The following diagram illustrates the shareholding structure of the Target Company as at the date of this announcement:



Condition precedent and Completion

Completion of the Sale Shares Disposal is conditional upon the following conditions:—

- (a) Ping An Bank having, in writing, released or waived any and all relevant restrictions in relation to the Ping An Bank Loan in respect of the sale of the Sale Shares; and
- (b) the Purchaser having fully repaid the Debt on behalf of the Company as set forth in the Shareholder Loan Repayment Agreement.

If the above condition (a) is not fulfilled on or before the Completion Date, the Parties shall resolve the consent from Ping An Bank in such manner as agreed between them.

If (i) the Purchaser fails to satisfy the condition precedent as set out in paragraph (b) above on the Completion Date; or (ii) the Purchaser fails to pay the Consideration in accordance with the Sale and Purchase Agreement, the Company will be entitled not to proceed to Completion, terminate the Sale and Purchase Agreement, and forfeit the Deposit absolutely.

If the conditions precedent are not fulfilled (or otherwise resolved as agreed by the Parties) and the Sale and Purchase Agreement has been terminated pursuant to it, all rights and obligations of the Parties under the Sale and Purchase Agreement shall cease and terminate, save and except for those customary rights and obligations of the Parties (including but not limited to confidentiality, notice), and no Party shall have any claim against the other save for claims (if any) in respect of such continuing provisions or any antecedent breach of the Sale and Purchase Agreement.

If the conditions precedent have been fulfilled and the Company failed to comply with its Completion obligations pursuant to the Sale and Purchase Agreement, if such failure is due to the sole default of the Company, and in the case where the Sale and Purchase Agreement is terminated by the Purchaser, the Company shall (in addition to any other remedy the Purchaser may have) immediately (a) refund the Deposit in full (to the extent paid and without interest) to the Purchaser, and (b) pay an amount equal to the Deposit (to the extent paid and without interest) to the Purchaser, and all rights and obligations of the Parties shall cease to have effect immediately upon such termination except that termination shall not affect the then accrued rights and obligations of the Parties and shall have no prejudice to those customary rights and obligations (including but not limited to confidentiality, notice) of the Parties;

If the conditions precedent have been fulfilled but the Company failed to comply with its Completion obligations pursuant to the Sale and Purchase Agreement, if such failure is due to a force majeure event, the Purchaser may terminate the Sale and Purchase Agreement and in such case the Company shall forthwith upon demand refund the Deposit in full to the Purchaser, and each Parties' further rights and obligations shall cease immediately on termination, except that termination shall not affect the then accrued rights and obligations of the Parties.

The Sale and Purchase Agreement contains other indemnities, warranties and covenants given by the Company in customary terms for transactions of this nature and scale.

The total aggregate liability of the Company in respect of each and all claims pursuant to the Sale and Purchase Agreement shall not exceed the amount of the Premium.

The Completion shall take place on the Completion Date.

Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company. Accordingly, the profits and losses and the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Company after the Completion. The Company has also been informed by Wanda HK that it has also entered into similar agreements for the sale of the remaining 40% stake in the Target Company at the same price per share as the Company's sale per Sale Share.

Consideration

The Consideration for the Sale Shares Disposal is £35,609,277.96 (equivalent to approximately HK\$373,990,002.70), of which £24,000,000.00 (equivalent to approximately HK\$252,062,400) is referred to as Premium.

The Consideration shall be paid by the Purchaser to the Company in the following manner:

- (a) an amount of £2,868,525.90 (equivalent to approximately HK\$30,126,980.12) has been paid on the date of the Sale and Purchase Agreement as Deposit;
- (b) an amount of £8,740,752.06 (equivalent to approximately HK\$91,800,622.58) shall be paid at Completion;
- (c) assuming Completion takes place, 50% of the Premium (i.e. £12,000,000.00 (equivalent to approximately HK\$126,031,200)) shall be paid before 31 December 2018; and
- (d) assuming Completion takes place, 50% of the Premium (i.e. £12,000,000.00 (equivalent to approximately HK\$126,031,200)) shall be paid before 31 December 2019.

Unless the Sale and Purchase Agreement is terminated by the Company, if any payment of the Consideration is not made pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall pay interest at the annual rate of 10% to the Company in respect of the amount(s) due and payable for the period commencing from the due date of such payment till the date on which such due and payable amount with relevant interest is fully paid.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and with reference to, among other things, the preliminary valuation of the Property of approximately £305 million conducted by an independent valuer, the adjusted net asset value of the Target Company and the prevailing market conditions. The Directors are of the view that the Consideration is reflective of the price which could be realised by the Group from disposal of the Target Company in an open market.

THE SHAREHOLDER LOAN REPAYMENT AGREEMENT

Date

16 January 2018

Parties

Creditor: the Company

Debtor: the Target Company

Payer: the Purchaser

Subject matter

As at the date of the Shareholder Loan Repayment Agreement, the aggregate amount of Debt includes:

- (a) the Existing Loan, which is £129,583,833.01 (equivalent to approximately HK\$1,360,967,164.57);
- (b) the Additional Loan, which is expected to be £12,000,000.00 (equivalent to approximately HK\$126,031,200);
- (c) the Existing Interest, which is expected to be £17,943,046.24 (equivalent to approximately HK\$188,448,637.44); and
- (d) the Additional Interest.

The interest calculated from the date of the Shareholder Loan Repayment Agreement to the Completion Date based on the amount paid pursuant to paragraph (a) above, shall be deducted from the calculation of the Debt.

Pursuant to the Shareholder Loan Repayment Agreement, the Purchaser has agreed to repay the Debt for and on behalf of the Target Company to the Company in the following manner:

- (a) assuming that the Completion will take place on 31 January 2018, an amount of £44,258,063.78 (equivalent to approximately HK\$464,824,740.66), being 30% of the Existing Loan and the Existing Interest, has been repaid on the date of the Shareholder Loan Repayment Agreement;
- (b) the balance of the Debt shall be repaid at Completion.

If the repayment has not been made on the Completion Date, the Company will be entitled (i) not to proceed with Completion; (ii) terminate the Shareholder Loan Repayment Agreement; and (iii) forfeit the amount repaid the by the Purchaser pursuant to Shareholder Loan Repayment Agreement absolutely.

If Completion of the Sale and Purchase Agreement does not take place on the Completion Date for any reason not attributable to the Purchaser, the Company shall forthwith upon demand refund to the Purchaser the amount and relevant interest which has been paid by the Purchaser in accordance with the Shareholder Loan Repayment Agreement in full and the interest accrued on the basis of 5% annual interest. If the Company fails to repay any of the above amount on time in full, the Company shall undertake an annual penalty interest of 10% on the due and payable amount from the overdue date of such payment till the date on which such due and payable payment with relevant interest is fully refunded to the Purchaser.

Unless the Shareholder Loan Repayment Agreement is terminated, if any payment of the Debt is not made pursuant to the terms of the Shareholder Loan Repayment Agreement, the Purchaser shall pay interest at the annual rate of 10% to the Company in respect of the amount(s) due and payable from the overdue date of such Debt till the date on which such due and payable Debt with relevant interest is fully paid.

In determining the amount of the Debt payable by the Purchaser for and on behalf of the Target Company to the Company, the Group took into account the principal amounts owed by the Target Company to the Company and negotiated an interest rate which is reasonable in an open market.

INFORMATION ON THE TARGET COMPANY AND FINANCIAL EFFECTS OF THE DISPOSAL

The principal business of the Target Company, being the holding company of the Group's London Property Project, is investment holding.

The following is a summary of the unaudited financial results of the Target Company for the years ended 31 December 2015 and 2016 (prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants):

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss (before taxation and extraordinary items)	(111,043)	(85,449)
Net loss (after taxation and extraordinary items)	(112,713)	(85,449)

As at 31 December 2017, the unaudited net liabilities value of the Target Company was approximately HK\$135,311,000.

The Disposal is expected to give rise to a gain of approximately HK\$434 million (before taxation, if any), calculated with reference to the difference between the Consideration and the unaudited carrying amount of the Target Company as at 31 December 2017, and the transaction costs and expenses for the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Company is subject to the Consideration Adjustment and any changes to the carrying amount of the Target Company after 31 December 2017, as well as audit and will be assessed after Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are property development, property leasing, property management and investment holding activities. The Company considers that the Disposal represents an opportunity for the Group to realise its investment in the London Property Project and would benefit the Group by strengthening the liquidity and financial position of the Group.

The net proceeds from the Disposal will be used by the Group to repay loans and interest due to Wanda HK and to finance the operations and development of its existing property development projects.

Taking into account the above, the Directors consider that the terms of the Sale and Purchase Agreement and the Shareholder Loan Repayment Agreement are normal commercial terms, fair and reasonable and in the interest of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons. As far as the Company is aware, none of the shareholders of the Company is materially interested in the Sale and Purchase Agreement, the Shareholder Loan Repayment Agreement and the transactions contemplated thereunder. Therefore, under Rule 14.44 of the Listing Rules, as no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the Sale and Purchase Agreement, the Shareholder Loan Repayment Agreement and the transactions contemplated thereunder, written approval has been obtained from Wanda Overseas, our controlling shareholder holding 3,055,043,100 ordinary shares of the Company, representing approximately 65.04% of the issued share capital of the Company as at the date of this announcement, in lieu of holding a general meeting.

A circular containing, among other things, further information in respect of the Disposal and other information as required by the Listing Rules will be despatched to the shareholders of the Company for their information on or before 6 February 2018.

DEFINITIONS

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

“Additional Interest”	the interest accrued at an annualized interest rate of 5% for the period from the date of actual lending to the Completion Date based on the Additional Loan
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“Additional Loan”	the loan provided and/or to be provided by the Company to the Purchaser from 1 January 2018 to the Completion Date
“Board”	the board of Directors
“Company”	Wanda Hotel Development Company Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Sale and Purchase Agreement or the Shareholder Loan Repayment Agreement (as the case may be)
“Completion Date”	31 January 2018 (or such other date as the Parties may agree in writing)
“connected person(s)”	has the meaning given in the Listing Rules
“Consideration”	£35,609,277.96, being the total consideration payable by the Purchaser for the Sale Shares Disposal under the Sale and Purchase Agreement
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Dalian Wanda Commercial”	大連萬達商業地產股份有限公司 (Dalian Wanda Commercial Properties Co., Ltd.*), a company established in the PRC with limited liability
“Debt”	the aggregate amount of the Loan, the Existing Interest and the Additional Interest, excluding the interest calculated based on the amount paid by the Purchaser for and on behalf of the Target Company to the Company on the date of the Shareholder Loan Repayment Agreement pursuant to the terms therein
“Deposit”	An amount of £2,868,525.90 (equivalent to approximately HK\$30,126,980.12) paid by the Purchaser to the Company pursuant to the Sale and Purchase Agreement
“Disposal”	the Sale Shares Disposal and the repayment of Debt by the Purchaser to the Company pursuant to the Shareholder Loan Repayment Agreement
“Directors”	directors of the Company
“Existing Interest”	the interest accrued on the Existing Loan from each of the drawing date till the Completion Date calculated with 5% annual interest

“Existing Loan”	the aggregate amount of loan which has been provided by the Company to the Target Company as of 31 December 2017
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate amount of Existing Loan and the Additional Loan
“London Property Project”	the project for the redevelopment of the Property
“Parties”	parties to the Sale and Purchase Agreement, being the Company and the Purchaser
“Ping An Bank”	Ping An Bank Company Limited
“Ping An Bank Loan”	the loan pursuant to the facility agreement entered into by and among the Project Companies and Ping An Bank on 6 June 2016 (according to which £150,000,000 has been withdrawn by the Project Company) and the guarantee agreement (《保證擔保合同》) entered into by and between Ping An Bank and Dalian Wanda Commercial on 6 June 2016
“Premium”	£24,000,000.00 (equivalent to approximately HK\$252,062,400), being part of the Consideration
“Project Company(ies)”	Wanda One (UK) Ltd. and/or Wanda One Nine Elms (UK) Ltd.
“Property”	the property located at Market Towers, 1 Nine Elms Lane, London SW8 5NQ, United Kingdom, with the land register number SGL504521
“Purchaser”	an independent third party
“Sale and Purchase Agreement”	the sale and purchase agreement entered into on 16 January 2018 between the Company as vendor and the Purchaser as purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	60 shares of the Target Company owned by the Company, representing 60% of the entire issued shares of the Target Company

“Sale Shares Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Sale and Purchase Agreement
“Shareholder Loan Repayment Agreement”	the shareholder loan repayment agreement entered into on 16 January 2018 among the Company as creditor, the Target Company as the debtor, and the Purchaser as payer in relation to the repayment of the Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wanda International Real Estate Investment Co. Limited, a company with limited liability incorporated under the laws of Hong Kong
“Wanda HK”	Wanda Commercial Properties (Hong Kong) Co. Limited, a company with limited liability incorporated under the laws of Hong Kong, a controlling shareholder of the Company
“Wanda Overseas”	Wanda Commercial Properties Overseas Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company
“£”	British pound sterling, the lawful currency of the United Kingdom

For the purpose of this announcement and for illustration purpose only, the exchange rate between £ and HK\$ is 1: 10.5026 and no representation is made that any amount in £ or HK\$ could have been or could be converted at such rates or at any other rates.

By Order of the Board
Wanda Hotel Development Company Limited
Ding Benxi
Chairman

Hong Kong, 16 January 2018

As at the date of this announcement, Mr. Ding Benxi (Chairman), Mr. Zhang Lin and Mr. Hui Yung, Chris are the non-executive Directors; Mr. Ning Qifeng is the executive Director; and Mr. Liu Jipeng, Dr. Xue Yunkui and Mr. Zhang Huaqiao are the independent non-executive Directors.