

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Powerlong Commercial Management Holdings Limited **寶龍商業管理控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9909)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

References are made to the announcements of the Company dated 20 November 2020 and 11 May 2022 in relation to the 2020 Digitalization Service Agreement, pursuant to which Shanghai Yueshang agreed to provide digitalization technology services to the Group from 20 November 2020 to 31 December 2022 (both days inclusive).

On 16 June 2023 (after trading hours), the Company entered into the 2023 Digitalization Service Agreement with Shanghai Yueshang, pursuant to which, Shanghai Yueshang agreed that it will provide digitalization technology services to the Group for a term commencing from the date of the Digitalization Service Agreement (i.e. 16 June 2023) and ending on 31 December 2025 (both days inclusive).

LISTING RULES IMPLICATIONS

Shanghai Yueshang is owned as to 33.8% by Mr. Hoi Wa Fong, an executive Director of the Company, and as to 8.3% by Shanghai Jiashang, a wholly-owned subsidiary of the Company, with the remaining 57.9% interests being owned by other Independent Third Parties. By virtue of Mr. Hoi Wa Fong's interest in Shanghai Yueshang, Shanghai Yueshang is an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 Digitalization Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the 2023 Digitalization Service Agreement are, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the 2023 Digitalization Service Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to the announcements of the Company dated 20 November 2020 and 11 May 2022 in relation to the 2020 Digitalization Service Agreement, pursuant to which Shanghai Yueshang agreed to provide digitalization technology services to the Group from 20 November 2020 to 31 December 2022 (both days inclusive).

On 16 June 2023 (after trading hours), the Company entered into the 2023 Digitalization Service Agreement with Shanghai Yueshang, pursuant to which, Shanghai Yueshang agreed that it will provide digitalization technology services to the Group for a term commencing from the date of the Digitalization Service Agreement (i.e. 16 June 2023) and ending on 31 December 2025 (both days inclusive).

Details of the 2023 Digitalization Service Agreement are set forth below:

2023 DIGITALIZATION SERVICE AGREEMENT

Date

16 June 2023

Parties

- (1) the Company; and
- (2) Shanghai Yueshang.

Duration

The 2023 Digitalization Service Agreement has a fixed term commencing from 16 June 2023 and ending on 31 December 2025 (both days inclusive).

Subject

Pursuant to the 2023 Digitalization Service Agreement, Shanghai Yueshang will provide certain digitalization technology services to the Group, including but not limited to building internet digital services, information systems and hardware deployment for the Group (the “**Services**”) on a project-by-project basis.

The 2023 Digitalization Service Agreement is a framework agreement which provides the mechanism for the provision of the Services by Shanghai Yueshang to the Group. It is envisaged that from time to time and as required, individual service agreements will be required to be entered into between the Group and Shanghai Yueshang. Each individual service agreement will set out the relevant Services to be provided by Shanghai Yueshang to the Group and the service fees. The individual service agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Digitalization Service Agreement. As the individual service agreements are simply further elaborations on the 2023 Digitalization Service Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

Price

The service fees payable by the Group in respect of the Services contemplated under the 2023 Digitalization Service Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on an arm's length basis, on similar basis as the Group transacts business with other independent service providers and shall be on terms which are no less favorable to the Group than those offered by other independent service providers.

The total final service price shall be determined through commercial negotiation in accordance with the fair market prices obtained by the Company through public bidding or other methods.

Payment

Payment of the Services will be settled by way of cash within 30 days after confirmation of work done by both parties, subject to the terms of the individual service agreements in respect of the Services to be entered into between the Group and Shanghai Yueshang under the 2023 Digitalization Service Agreement.

PRICING POLICIES AND INTERNAL CONTROL

As a general principle, the price and terms of the individual service agreements in respect of the Services will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group transacts business with other independent service providers and shall be on terms which are no less favorable to the Group than those offered by other independent service providers. Subject to the general principle disclosed above, the Group will also take into account the following factors when determining the service fee payable in respect of the Services: (i) the prevailing market rates of the Services; (ii) the quality and fees of the Services available in the market; and (iii) the expected cost to be incurred by Shanghai Yueshang in providing such Services. In determining the service fee payable under the 2023 Digitalization Service Agreement, to the extent reasonably practicable, the Group will also invite service provider(s) in the market (including the Independent Third Party(ies)) to participate in a tender to get a reference on the prevailing market rates for the relevant Services. The prices obtained through the tender process, where applicable, will be reviewed and evaluated by the relevant personnel of the cost control centre and information department of the Group and to be compared against the market rates obtained through the regular price research conducted by the Company. Where the terms of an offer from, and product quality delivered by, Shanghai Yueshang are more favorable than those offered by other independent service provider(s) to the Group, the Group may award the tender to Shanghai Yueshang.

The pricing policy for all the continuing connected transactions of the Group, including procurement of the Services by the Group under the 2023 Digitalization Service Agreement, will be supervised and monitored by the relevant personnel and management of the Group to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in

accordance with the terms of the agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under the 2023 Digitalization Service Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the Services contemplated under the 2023 Digitalization Service Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

ANNUAL CAPS AND BASIS OF DETERMINATION

The historical transaction amounts between the Company and Shanghai Yueshang for the period from 20 November 2020 to 31 December 2020 and the two years ended 31 December 2022 are as follows:

	For the period from 20 November 2020 to 31 December 2020 (RMB)	For the year ended 31 December 2021 (RMB)	For the year ended 31 December 2022 (RMB)
Provision of the Services by Shanghai Yueshang			
Annual cap	3,000,000	5,000,000	15,000,000
Transaction amount	860,000	4,900,000	12,580,000

The proposed annual caps of the Services contemplated under the 2023 Digitalization Service Agreement for each of the years ending 31 December 2023, 2024 and 2025 are set out below:

	For the year ending 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)
Provision of the Services by Shanghai Yueshang	15,000,000 (<i>Note</i>)	15,000,000	15,000,000

Note: The transaction amount for the Services paid or payable by the Group to Shanghai Yueshang during the period from 1 January 2023 up to the date of this announcement has not exceeded the de minimis threshold under Rule 14A.76(1) of the Listing Rules.

The annual caps of the Services contemplated under the 2023 Digitalization Service Agreement are determined with reference to (i) the anticipated demand of the Group for the Services, taking into account of the anticipated volume of projects and the project development plan of the Group up to 31 December 2025; and (ii) the historical transaction amounts between the Group and Shanghai Yueshang for provision of the Services by Shanghai Yueshang for the period from 20 November 2020 to 31 December 2020 and the two years ended 31 December 2022.

REASONS AND BENEFITS

The Company is an investment holding company and the Group is a leading service provider engaging in the provision of commercial operational services and residential property management services in the PRC. Shanghai Yueshang has strong technological innovation and product research and development capabilities, and rich experience in digitalization services for related industries of real estate companies in the PRC.

Through the Services to be provided by Shanghai Yueshang pursuant to the 2023 Digitalization Service Agreement, problem commonly encountered by the Group in the internet information platform can be effectively resolved so as to meet the evolving business and operational requirements. The Services will enable the Group to build a complete and accurate data platform which will effectively facilitate the business expansion of the Group.

Taking into consideration of the cooperation and the established and stable strategic business relationship between the Group and Shanghai Yueshang under the 2020 Digitalization Service Agreement, the Directors consider that it is in the interest of the Company to enter into the 2023 Digitalization Service Agreement as Shanghai Yueshang is familiar with the specifications, standards and requirements of the Group and the Group has confidence on the quality of the Services to be provided by Shanghai Yueshang. The 2023 Digitalization Service Agreement was entered into in the usual and ordinary course of business of the Group and the transactions contemplated thereunder will be conducted on arm's length basis and on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the 2023 Digitalization Service Agreement (including the annual caps for the transactions thereunder) are fair and reasonable and the entering into of the 2023 Digitalization Service Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Shanghai Yueshang is owned as to 33.8% by Mr. Hoi Wa Fong, an executive Director of the Company, and as to 8.3% by Shanghai Jiashang, a wholly-owned subsidiary of the Company, with the remaining 57.9% interests being owned by other Independent Third Parties. By virtue of Mr. Hoi Wa Fong's interest in Shanghai Yueshang, Shanghai Yueshang is an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 Digitalization Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the 2023 Digitalization Service Agreement are, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the 2023 Digitalization Service Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As Mr. Hoi Wa Fong is considered to have a material interest in the transactions contemplated under the 2023 Digitalization Service Agreement by virtue of his shareholding interests in Shanghai Yueshang, he has abstained from voting on the Board resolution to approve the entering into of the 2023 Digitalization Service Agreement.

INFORMATION IN RELATION TO SHANGHAI YUESHANG

Shanghai Yueshang is a company established in the PRC with limited liability. As at the date of this announcement, Shanghai Yueshang is owned (i) as to 33.8% by 上海任俠企業管理有限公司 (Shanghai Renxia Corporate Management Co., Ltd.*) (“**Shanghai Renxia**”), (ii) as to 22.5% by 上海商悅企業管理中心 (有限合夥) (Shanghai Shangyue Enterprise Management Center (LLP)*) (“**Shanghai Shangyue**”), (iii) as to 11.3% by Mr. Wu Bichuan (吳弼川) (an Independent Third Party), (iv) as to 8.3% by 集富亞洲一期 (上海) 股權投資合夥企業 (有限合夥) (JAFCO Asia Phase I (Shanghai) Equity Investment Partnership (Limited Partnership)*) (“**JAFCO Asia**”) (an Independent Third Party), (v) as to 7.5% by 寧波保稅區易沃德投資合夥企業 (有限合夥) (Ningbo Baoshui Yiwode Investment Partnership (L.P.)* (“**Ningbo Yiwode**”) (an Independent Third Party), (vi) as to 8.3% by Shanghai Jiashang (a wholly-owned subsidiary of the Company), and (vii) as to 8.3% by Shenzhen Tencent (an Independent Third Party).

Shanghai Renxia is a company established in the PRC with limited liability. As at the date of this announcement, Shanghai Renxia is principally engaged in corporate management and consultation, business information consultation, property management, brand management and car park management, and is wholly owned by Mr. Hoi Wa Fong, an executive Director.

Shanghai Shangyue is a limited partnership established in the PRC. As at the date of this announcement, Shanghai Shangyue is principally engaged in business management consulting, business information consulting, marketing planning, conference services, exhibition display services, market information consulting and survey services, and is owned as to 60%, 14%, 11.5%, 11.5% and 3% by Ms. Shi Shanya (施珊雅), Mr. Sun Qijun (孫啟君), Mr. Cui Wei (崔巍), Mr. Wu Dingting (吳定庭) and Mr. Wu Bichuan (吳弼川) respectively, each of whom being an Independent Third Party.

JAFCO Asia is a limited partnership established in the PRC. As at the date of this announcement, JAFCO Asia is principally engaged in equity investment and related investment consultation, and is owned as to 99% and 1% by JAFCO Asia Technology Fund VII Pte. Ltd. (with 43.94% of interests indirectly held by JAFCO Co., Ltd., a company listed on the main board of the Tokyo Stock Exchange, Japan (Stock Code: 8595), and 56.06% of interests indirectly held by various limited partners with shareholding of less than 10%) and JAFCO Asia Technology Holdings VII (S) Pte. Ltd. respectively.

Ningbo Yiwode is a limited partnership established in the PRC. As at the date of this announcement, Ningbo Yiwode is principally engaged in industrial investment, asset management, investment management and investment consulting, and is owned as to 22.93% by E-House (China) Management Company Limited (a subsidiary of E-House (China) Enterprise Holdings Limited (Stock Code: 2048)), 9.17% by Shanghai Hecan Industry Company Limited (an indirect wholly-owned subsidiary of the Company), 9.17% by Shanghai Ronggu Chuangye Investment Company Limited and the remaining 58.73% by 21 individuals, 2 limited companies and 1 fund entity, each holding less than 10% in Ningbo Yiwode and each of them is an Independent Third Party.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2020 Digitalization Service Agreement”	the framework agreement entered into between the Company and Shanghai Yueshang on 20 November 2020 in relation to digitization services to be provided by Shanghai Yueshang to the Group
“2023 Digitalization Service Agreement”	the framework agreement entered into between the Company and Shanghai Yueshang on 16 June 2023 in relation to digitization services to be provided by Shanghai Yueshang to the Group
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Powerlong Commercial Management Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China, which shall for the purposes of this announcement not include Hong Kong, the Macau special Administrative Region of the PRC or Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Jiashang”	上海嘉緗數字科技有限公司 (Shanghai Jiashang Digital Technology Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement
“Shanghai Yueshang”	上海悅商信息科技有限公司 (Shanghai Yueshang Information Technology Co., Ltd.), a company established in the PRC with limited liability
“Shenzhen Tencent”	深圳市騰訊產業創投有限公司 (Shenzhen Tencent Industrial Venture Capital Co., Ltd.), a company established in the PRC with limited liability principally engaged in venture capital investment corporate management consultation and investment consultation and an Independent Third Party
“Shareholders”	holder(s) of the Shares
“Shares”	ordinary shares with a par value of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* for identification purposes only

By order of the Board
Powerlong Commercial Management Holdings Limited
Hoi Wa Fong
Chairman and Executive Director

Hong Kong, 16 June 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Hoi Wa Fong and Mr. Chen Deli, three non-executive Directors, namely, Mr. Zhang Yunfeng, Ms. Hoi Wa Fan and Ms. Hoi Wa Lam, and three independent non-executive Directors, namely, Ms. Ng Yi Kum, Estella, Mr. Chan Wai Yan, Ronald and Dr. Lu Xiongwen.