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If you have sold or transferred all your shares in Powerlong Commercial Management Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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## **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 TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

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Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless otherwise specified.

A notice convening the EGM of the Company to be held on Wednesday, 22 November 2023 at 2:00 p.m. at Jin Long Hall 1, 2nd Floor, Le Meridien Shanghai Minhang, No. 3199 Cao Bao Road, Minhang District, Shanghai, PRC is set out on pages EGM-1 to EGM-4 of this circular and a form of proxy for the EGM is despatched together with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 2:00 p.m. on Monday, 20 November 2023) before the time appointed for the holding of the EGM or any adjournment meeting (as the case may be). The completion of a form of proxy will not preclude Shareholders from attending and voting at the EGM in person should they so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked.

31 October 2023

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“2021 Announcement”	the announcement of the Company dated 8 September 2021 regarding, among others, the 2021 Residential Property Management Services Framework Agreement, 2021 Commercial Operational Services Framework Agreement, and 2021 Common Area and Advertising Space Management Services Framework Agreement
“2021 Circular”	the circular of the Company dated 18 October 2021 regarding, among others, the 2021 Residential Property Management Services Framework Agreement, 2021 Commercial Operational Services Framework Agreement, and 2021 Common Area and Advertising Space Management Services Framework Agreement
“2021 Commercial Operational Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 8 September 2021 in relation to the provision of Commercial Operational Services by the Group to the Powerlong Group and its associates
“2021 Common Area and Advertising Space Management Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 8 September 2021 in relation to the provision of Common Area and Advertising Space Management Services by the Group to the Powerlong Group and its associates
“2021 Residential Property Management Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 8 September 2021 in relation to the provision of Residential Property Management Services by the Group to the Powerlong Group and its associates
“2022 Announcement”	the announcement of the Company dated 11 May 2022 regarding, among others, the 2022 Car Parking Lots Management Services Framework Agreement

## DEFINITIONS

“2022 Car Parking Lots Management Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 11 May 2022 in relation to the Group’s leasing and management of the car parking lots owned by the Powerlong Group and its associates which will be subleased to customers in the properties managed by the Group
“2023 Car Parking Lots Management Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 15 September 2023 in relation to the Group’s leasing and management of the car parking lots owned by the Powerlong Group and its associates which will be subleased to customers in the properties managed by the Group
“2023 Commercial Operational Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 15 September 2023 in relation to the provision of Commercial Operational Services by the Group to the Powerlong Group and its associates
“2023 Common Area and Advertising Space Management Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 15 September 2023 in relation to the provision of Common Area and Advertising Space Management Services by the Group to the Powerlong Group and its associates
“2023 Framework Agreements”	collectively, the 2023 Car Parking Lots Management Services Framework Agreement, 2023 Residential Property Management Services Framework Agreement, 2023 Commercial Operational Services Framework Agreement, and 2023 Common Area and Advertising Space Management Services Framework Agreement
“2023 Residential Property Management Services Framework Agreement”	the framework agreement entered into between the Company and Powerlong Holdings on 15 September 2023 in relation to the provision of Residential Property Management Services by the Group to the Powerlong Group and its associates
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

## DEFINITIONS

“Car Parking Lots Management Services”	as defined under the section headed “1. 2023 Car Parking Lots Management Services Framework Agreement” of this circular
“Commercial Operational Services”	as defined under the section headed “3. 2023 Commercial Operational Services Framework Agreement” of this circular
“Common Area and Advertising Space Management Services”	as defined under the section headed “4. 2023 Common Area and Advertising Space Management Services Framework Agreement” of this circular
“Company”	Powerlong Commercial Management Holdings Limited (寶龍商業管理控股有限公司), 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 (stock code: 9909)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on Wednesday, 22 November 2023 at 2:00 p.m. at Jin Long Hall 1, 2nd Floor, Le Meridien Shanghai Minhang, No. 3199 Cao Bao Road, Minhang District, Shanghai, PRC for the purpose of considering and, if thought fit, approving the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual cap for those transactions)
“Existing Framework Agreements”	collectively, the 2022 Car Parking Lots Management Services Framework Agreement, the 2021 Residential Property Management Services Framework Agreement, the 2021 Commercial Operational Services Framework Agreement, and the 2021 Common Area and Advertising Space Management Services Framework Agreement
“GFA”	gross floor area
“Group”	the Company and its subsidiaries

## DEFINITIONS

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors, namely Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald, formed to advise the Independent Shareholders in relation to each of the 2023 Framework Agreements and the transactions contemplated thereunder (including the annual caps for those transactions)
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on each of the 2023 Framework Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not interested in or involved in the 2023 Framework Agreements
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Latest Practicable Date”	26 October 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Powerlong Group”	Powerlong Holdings and its subsidiaries

## DEFINITIONS

“Powerlong Holdings”	Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on Main Board of the Stock Exchange (stock code: 1238)
“PRC”	the People’s Republic of China
“Residential Property Management Services”	as defined under the section headed “2. 2023 Residential Property Management Services Framework Agreement” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD

**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)**

*Executive Directors:*

Mr. Hoi Wa Fong (*Chairman of the Board*)

Mr. Chen Deli (*Chief executive officer*)

*Non-executive Directors:*

Mr. Zhang Yunfeng

Ms. Hoi Wa Fan

Ms. Hoi Wa Lam

*Independent Non-executive Directors:*

Dr. Lu Xiongwen

Ms. Ng Yi Kum, Estella

Mr. Chan Wai Yan, Ronald

*Registered Office:*

Maples Corporate Services Limited

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

*Principal Place of Business*

*in Hong Kong:*

19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

31 October 2023

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 15 September 2023 in relation to the 2023 Framework Agreements.

As the Existing Framework Agreements will expire on 31 December 2023, the Company entered into the 2023 Framework Agreements on 15 September 2023 (after trading hours). Details of the Existing Framework Agreements are set out in the 2021 Announcement, the 2022 Announcement and the 2021 Circular.

At the EGM, resolutions will be proposed for the Independent Shareholders to approve, amongst others, (1) the 2023 Car Parking Lots Management Services Framework Agreement, (2) the 2023 Residential Property Management Services Framework Agreement, (3) the 2023 Commercial Operational Services Framework Agreement, and (4) the 2023 Common Area and Advertising Space Management Services Framework Agreement, their respective annual caps and the transactions contemplated thereunder.



## LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with (i) further information on the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions), (ii) a letter from the Independent Financial Adviser, (iii) a letter from the Independent Board Committee, and (iv) a notice convening the EGM.

### 2023 FRAMEWORK AGREEMENTS

#### 1. 2023 Car Parking Lots Management Services Framework Agreement

Set out below is a summary of the principal terms of the 2023 Car Parking Lots Management Services Framework Agreement:

Date: 15 September 2023

Parties: (i) the Company; and  
(ii) Powerlong Holdings.

Subject: Pursuant to the 2023 Car Parking Lots Management Services Framework Agreement, the Group shall lease and manage certain car parking lots owned by the Powerlong Group and/or its associates, which will be subleased to customers in the properties managed by the Group (the “**Car Parking Lots Management Services**”). The Group will pay an annual rent to the Powerlong Group and/or its associates, while the income generated from the car parking lots and received from Independent Third Party customers will not constitute continuing connected transactions for the Group.

The 2023 Car Parking Lots Management Services Framework Agreement is a framework agreement which provides the mechanism for the Group’s leasing and management of certain car parking lots owned by the Powerlong Group and/or its associates on a project-by-project basis. It is envisaged that from time to time and as required, individual transaction agreements will be required to be entered into between the Group and the Powerlong Group and/or its associates. Each individual transaction agreement may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Car Parking Lots Management Services Framework Agreement. As the individual transaction agreements are simply further elaborations on the 2023 Car Parking Lots Management Services Framework Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

Term: From 1 January 2024 to 31 December 2026 (both days inclusive).

## LETTER FROM THE BOARD

Conditions precedent: The 2023 Car Parking Lots Management Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the 2023 Car Parking Lots Management Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for entering into the 2023 Car Parking Lots Management Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

Payment: Payment for the rental fees by the Group to the Powerlong Group and its associates under the 2023 Car Parking Lots Management Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group will enter into separate rental agreements with the Powerlong Group and/or its associates containing specific information relating to the car parking lots, such as lot number and site of the car parking lots. Payments are usually settled between the Group and Powerlong Group and/or its associates on a quarterly basis, and the Group shall make payment within 15 business days from the end of the respective quarter.

### *Historical annual caps*

The annual caps for the rental fees charged by Powerlong Group and/or its associates under the 2022 Car Parking Lots Management Services Framework Agreement for the two years ended 31 December 2023 were as follows:

<b>For the year ended 31 December</b>	<b>Annual cap</b>	<b>Actual transaction amount</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>
2022	59.5	45.0
2023 (up till 30 June 2023)	91.5	39.2

The gross amount of accounts payable by the Group to Powerlong Group and/or its associates as at 30 June 2023 was approximately RMB23.7 million. The actual total rental fees charged by the Group to Independent Third Party customers

## LETTER FROM THE BOARD

for the lease of car parking lots for the year ended 31 December 2022 and for the six months ended 30 June 2023 were approximately RMB174.3 million and RMB73.9 million.

The Directors confirmed that the existing annual cap under the 2022 Car Parking Lots Management Services Framework Agreement for the year ending 31 December 2023 has not been exceeded up to the date of this circular.

### *Proposed annual caps and their basis*

The proposed annual caps for the rental fees payable by the Group for the Car Parking Lots Management Services under the 2023 Car Parking Lots Management Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap (RMB million)</b>
2024	149.9
2025	189.1
2026	222.4

The above annual caps have been determined primarily by reference to:

- (a) the actual rental fees paid by the Group to the Powerlong Group and its associates under the 2022 Car Parking Lots Management Services Framework Agreement for the year ended 31 December 2022 and the period from 1 January 2023 to 30 June 2023;
- (b) the number of existing car parking lots under management by the Group as at the Latest Practicable Date;
- (c) the projected fees payable by the Group based on the existing contracts and the expected increase in the number of car parking lots under the Group's management based on the development plan of the Powerlong Group and its associates for the years ending 31 December 2024, 2025 and 2026; and
- (d) the estimated increment of rental fees based on the commercial negotiation between the Group and the Powerlong Group and its associates.

## LETTER FROM THE BOARD

### *Pricing policy*

The rent to be paid by the Group under the 2023 Car Parking Lots Management Services Framework Agreement shall be determined on arm's length basis with reference to, among others, (i) the market rental fees of car parking lots in similar locations and similar properties; and (ii) the occupancy rate of car parking lots leased by the Group from the Powerlong Group and its associates.

In summary, the Group shall lease and manage certain car parking lots owned by the Powerlong Group and/or its associates, and charge a fixed fee for the car parking lots upon entry. The Group makes a profit from the income generated from the car parking lots and received from Independent Third Party customers after deducting the annual rent payable to the Powerlong Group and/or its associates. As the Group leases car parking lots from the Powerlong Group and/or its associates in bulk on a wholesale basis, the average annual rent per car parking lot charged by Powerlong Group and/or its associates is lower than the average annual rent per car parking lot charged by the Group to Independent Third Party customers who lease the car parking lots one by one.

### *Reasons for and benefits of the 2023 Car Parking Lots Management Services Framework Agreement*

As the 2022 Car Parking Lots Management Services Framework Agreement is due to expire on 31 December 2023 and it is expected that the Group will continue to lease and manage the car parking lots owned by the Powerlong Group and/or its associates for subleasing to Independent Third Party customers from time to time in the ordinary course of business of the Group, the 2023 Car Parking Lots Management Services Framework Agreement is entered into so that the Group may continue to manage the relevant car parking lots and sublease them to Independent Third Party customers to expand the revenue base of the Group.

The Directors (including the independent non-executive Directors whose view is set out in "Letter from the Independent Board Committee" of this circular) consider that (i) the transactions contemplated under the 2023 Car Parking Lots Management Services Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Powerlong Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole, and (ii) the proposed annual caps for the three years ending 31 December 2026 for those transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### 2. 2023 Residential Property Management Services Framework Agreement

Set out below is a summary of the principal terms of the 2023 Residential Property Management Services Framework Agreement:

- Date: 15 September 2023
- Parties: (i) the Company; and  
(ii) Powerlong Holdings.
- Subject: Pursuant to the 2023 Residential Property Management Services Framework Agreement, the Company agreed to provide to the Powerlong Group and/or its associates residential property management services, including but not limited to (i) residential property management services for unsold units and sales offices owned by the Powerlong Group and/or its associates; and (ii) early stage initiation services, including but not limited to providing staff training before the delivery of the properties and initial residential property management services before the completion of property projects, and housing inspection services on properties developed by the Powerlong Group and/or its associates upon completion of construction and before delivery of the same to homeowners (the “**Residential Property Management Services**”).
- Term: From 1 January 2024 to 31 December 2026 (both days inclusive).
- Conditions precedent: The 2023 Residential Property Management Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:
- (i) the Company having issued the relevant circular in relation to the 2023 Residential Property Management Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
  - (ii) the Company having obtained all necessary approvals for entering into the 2023 Residential Property Management Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

**Payment:** Payment for the Residential Property Management Services by Powerlong Group and/or its associates to the Group under the 2023 Residential Property Management Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group shall submit the last month's service settlement sheet and relevant evidential documents to Powerlong Group and/or its associates on a quarterly basis, and Powerlong Group and/or its associates shall make payment within 15 business days from the end of the respective quarter.

### *Historical annual caps*

The annual caps for the provision of Residential Property Management Services under the 2021 Residential Property Management Services Framework Agreement for the three years ended 31 December 2023 were as follows:

<b>For the year ended 31 December</b>	<b>Annual cap</b> <i>(RMB million)</i>	<b>Actual transaction amount</b> <i>(RMB million)</i>
2021	146.6	143.2
2022	238.2	90.2
2023 (up till 30 June 2023)	335.9	29.4

The Directors confirmed that the existing annual cap under the 2021 Residential Property Management Services Framework Agreement for the year ending 31 December 2023 has not been exceeded up to the date of this circular.

The Powerlong Group and its associates are generally able to meet their payment obligations under the 2021 Residential Property Management Services Framework Agreement.

The gross amount of accounts receivable owed by the Powerlong Group and its associates, and an aging analysis on such receivables, as at 30 June 2023 are set forth below:

	<b>As at 30 June 2023</b> <b>(unaudited)</b>	
	<b>Gross amount of accounts receivable</b> <i>(RMB'000)</i>	<b>Aging</b>
The Powerlong Group and its associates	6,281	Within one year

## LETTER FROM THE BOARD

### *Proposed annual caps and their basis*

The proposed annual caps for the provision of Residential Property Management Services under the 2023 Residential Property Management Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap (RMB million)</b>
2024	151.0
2025	169.0
2026	182.0

The above annual caps have been determined primarily by reference to:

- (a) the actual transaction amount for the provision of Residential Property Management Services for the years ended 31 December 2021 and 2022 and the period from 1 January 2023 to 30 June 2023; and
- (b) the projected demand for the Residential Property Management Services from the Powerlong Group and its associates, having regard to the expanded scope of services to cover front-end intermediary, household inspection, repair services and end-of-sale sales services, as well as the increase in gross area of residential properties developed by the Powerlong Group and/or its associates and managed by the Group.

### *Pricing policy*

The service fees that the Group will charge for the Residential Property Management Services shall be determined after arm's length negotiations and taking into account (i) the nature of the properties; (ii) the location of the properties; (iii) the rate generally offered by the Group to Independent Third Parties in respect of comparable services; (iv) the anticipated operational costs (including labors cost and material costs); and (v) comparable market prices quoted from at least two independent service providers. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

### *Reasons for and benefits of the 2023 Residential Property Management Services Framework Agreement*

The Group has been providing Residential Property Management Services in the ordinary course of business of the Group to the Powerlong Group and its associates. As the 2021 Residential Property Management Services Framework Agreement is due to expire on 31 December 2023 and it is anticipated that the Group will continue to provide Residential Property Management Services to the Powerlong Group and its associates, the 2023 Residential Property Management Services Framework Agreement is entered into so that the Group may continue to provide Residential Property Management Services to the Powerlong Group and its associates to expand the revenue base of the Group.

## LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose view is set out in “Letter from the Independent Board Committee” of this circular) consider that (i) the transactions contemplated under the 2023 Residential Property Management Services Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Powerlong Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as whole, and (ii) the proposed annual caps for the three years ending 31 December 2026 under the 2023 Residential Property Management Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 3. 2023 Commercial Operational Services Framework Agreement

Set out below is a summary of the principal terms of the 2023 Commercial Operational Services Framework Agreement:

Date: 15 September 2023

Parties: (i) the Company; and  
(ii) Powerlong Holdings.

Subject: Pursuant to the 2023 Commercial Operational Services Framework Agreement, the Company agreed to provide to the Powerlong Group and/or its associates commercial operational services on the commercial buildings owned or operated by the Powerlong Group and/or its associates, including but not limited to, (i) market research and positioning, (ii) tenant sourcing and opening preparation; and (iii) tenant management and rent collection (the “**Commercial Operational Services**”).

Term: From 1 January 2024 to 31 December 2026 (both days inclusive).

Conditions precedent: The 2023 Commercial Operational Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the 2023 Commercial Operational Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for entering into the 2023 Commercial Operational Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.



## LETTER FROM THE BOARD

Payment: Payment for the Commercial Operational Services by Powerlong Group and/or its associates to the Group under the 2023 Commercial Operational Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group shall submit the last month's service settlement sheet and relevant evidential documents to Powerlong Group and/or its associates on a quarterly basis, and Powerlong Group and/or its associates shall make payment within 15 business days from the end of the respective quarter.

### *Historical annual caps*

The annual caps for the provision of Commercial Operational Services under the 2021 Commercial Operational Services Framework Agreement for the three years ended 31 December 2023 were as follows:

<b>For the year ended 31 December</b>	<b>Annual cap</b> <i>(RMB million)</i>	<b>Actual transaction amount</b> <i>(RMB million)</i>
2021	359.8	358.9
2022	495.4	385.0
2023 (up till 30 June 2023)	695.2	170.8

The Directors confirmed that the existing annual cap under the 2021 Commercial Operational Services Framework Agreement for the year ending 31 December 2023 has not been exceeded up to the date of this circular.

The Powerlong Group and its associates are generally able to meet their payment obligations under the 2021 Commercial Operational Services Framework Agreement.

The gross amount of accounts receivable owed by the Powerlong Group and its associates, and an aging analysis on such receivables, as at 30 June 2023 are set forth below:

<b>As at 30 June 2023</b> <b>(unaudited)</b>	
<b>Gross amount of accounts receivable</b> <i>(RMB'000)</i>	<b>Aging</b>
The Powerlong Group and its associates	122,623    Within one year

## LETTER FROM THE BOARD

### *Proposed annual caps and their basis*

The proposed annual caps for the provision of Commercial Operational Services under the 2023 Commercial Operational Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap (RMB million)</b>
2024	471.0
2025	573.2
2026	653.9

The above annual caps have been determined primarily by reference to:

- (a) the actual transaction amount for the provision of Commercial Operational Services for the years ended 31 December 2021 and 2022 and the period from 1 January 2023 to 30 June 2023; and
- (b) the projected demand for the Commercial Operational Services from the Powerlong Group and its associates and the increase in the number of commercial properties delivered or to be delivered by the Powerlong Group and its associates in 2023 and beyond.

### *Pricing policy*

The service fees that the Group will charge for the Commercial Operational Services shall be determined after arm's length negotiations with reference to (i) the location and size of the properties, (ii) the anticipated operational cost (including labor costs) for providing such services, and (iii) the price offered by the Group to independent property developers for similar services.

### *Reasons for and benefits of the 2023 Commercial Operational Services Framework Agreement*

The Group has been providing Commercial Operational Services in the ordinary course of business of the Group to the Powerlong Group and its associates. As the 2021 Commercial Operational Services Agreement is due to expire on 31 December 2023 and it is anticipated that the Group will continue to provide Commercial Operational Services to the Powerlong Group and its associates, the 2023 Commercial Operational Services Framework Agreement is entered into so that the Group may continue to provide Commercial Operational Services to the Powerlong Group and its associates to expand the revenue base of the Group.

The Directors (including the independent non-executive Directors whose view is set out in "Letter from the Independent Board Committee" of this circular) consider that (i) the transactions contemplated under the 2023 Commercial Operational Services Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial

## LETTER FROM THE BOARD

terms between the Group and Powerlong Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as whole, and (ii) the proposed annual caps for the three years ending 31 December 2026 under the 2023 Commercial Operational Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### 4. **2023 Common Area and Advertising Space Management Services Framework Agreement**

Set out below is a summary of the principal terms of the 2023 Common Area and Advertising Space Management Services Framework Agreement:

Date: 15 September 2023

Parties: (i) the Company; and  
(ii) Powerlong Holdings.

Subject: Pursuant to the 2023 Common Area and Advertising Space Management Services Framework Agreement, the Company agreed to manage the common area and advertising space in the properties owned by the Powerlong Group and/or its associates and sublease to the Independent Third Parties (the “**Common Area and Advertising Space Management Services**”). The Group will pay rents to Powerlong Group and/or its associates. Revenue to be generated from common area and advertising space management and revenue to be received from Independent Third Party customers shall not constitute continuing connected transactions of the Group.

Term: From 1 January 2024 to 31 December 2026 (both days inclusive).

Conditions precedent: The 2023 Common Area and Advertising Space Management Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the 2023 Common Area and Advertising Space Management Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for entering into the 2023 Common Area and Advertising Space Management Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

**Payment:** Payment for the lease of the common area and advertising space by the Group to the Powerlong Group and/or its associates under the 2023 Common Area and Advertising Space Management Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group will enter into separate lease agreements with the Powerlong Group and/or its associates containing specific information relating to the common area and the advertising space, such as address and site. Payments are usually settled between the Group and Powerlong Group and/or its associates on a quarterly basis, and the Group shall make payment within 15 business days from the end of the respective quarter.

### *Historical annual caps*

The annual caps for the rental fees charged by Powerlong Group and/or its associates under the 2021 Common Area and Advertising Space Management Services Framework Agreement for the three years ended 31 December 2023 were as follows:

<b>For the year ended 31 December</b>	<b>Annual cap (RMB million)</b>	<b>Actual transaction amount (RMB million)</b>
2021	106.8	103.6
2022	147.5	123.4
2023 (up till 30 June 2023)	191.0	60.0

The gross amount of accounts payable by the Group to Powerlong Group and/or its associates as at 30 June 2023 was approximately RMB35.9 million. The actual total rental fees charged by the Group to Independent Third Party customers for the lease of the common area and advertising space for the two years ended 31 December 2022 and for the six months ended 30 June 2023 were approximately RMB264.2 million, RMB216.5 million and RMB117.0 million.

The Directors confirmed that the existing annual cap under the 2021 Common Area and Advertising Space Management Services Framework Agreement for the year ending 31 December 2023 has not been exceeded up to the date of this circular.

## LETTER FROM THE BOARD

### *Proposed annual caps and their basis*

The proposed annual caps for the provision of Common Area and Advertising Space Management Services under the 2023 Common Area and Advertising Space Management Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap (RMB million)</b>
2024	221.3
2025	255.1
2026	307.4

The above annual caps have been determined primarily by reference to:

- (a) the actual rental fees paid by the Group to the Powerlong Group and its associates under the 2021 Common Area and Advertising Space Management Services Framework Agreement for the years ended 31 December 2021 and 2022 and the period from 1 January 2023 to 30 June 2023;
- (b) the existing GFA of common area and advertising space under the Group's management as of the Latest Practicable Date;
- (c) the projected fees payable by the Group based on the existing contracts and the expected increase in the total GFA of common area and advertising space under the Group's management based on the development plan of the Powerlong Group and its associates for the years ending 31 December 2024, 2025 and 2026; and
- (d) the estimated increment of rental fees based on the commercial negotiation between the Group and the Powerlong Group and its associates.

### *Pricing policy*

The fees to be paid by the Group under the 2023 Common Area and Advertising Space Management Services Framework Agreement shall be determined on arm's length basis with reference to, among others, (i) the market rent of the common area and advertising space in similar locations and similar properties; and (ii) the occupancy rate of the common area and advertising space leased by the Group from the Powerlong Group and its associates.

## LETTER FROM THE BOARD

### *Reasons for and benefits of the 2023 Common Area and Advertising Space Management Services Framework Agreement*

The Group has been leasing common area and advertising space from and providing Common Area and Advertising Space Management Services to the Powerlong Group and its associates in the ordinary course of business of the Group. As the 2021 Common Area and Advertising Space Management Services Agreement is due to expire on 31 December 2023 and it is anticipated that the Group will continue to provide Common Area and Advertising Space Management Services to the Powerlong Group and its associates, the 2023 Common Area and Advertising Space Management Services Framework Agreement is entered into so that the Group may continue to provide Common Area and Advertising Space Management Services to the Powerlong Group and its associates to expand the revenue base of the Group.

The Directors (including the independent non-executive Directors whose view is set out in “Letter from the Independent Board Committee” of this circular) consider that (i) the transactions contemplated under the 2023 Common Area and Advertising Space Management Services Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Powerlong Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as whole, and (ii) the proposed annual caps for the three years ending 31 December 2026 under the 2023 Common Area and Advertising Space Management Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Powerlong Real Estate (BVI) Holdings Limited, a company wholly-owned by Powerlong Holdings, holds 405,000,000 Shares, representing approximately 63.00% of the issued share capital of the Company. Accordingly, Powerlong Holdings is a controlling shareholder and a connected person of the Company and the entering into of each of the 2023 Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps under each of the 2023 Framework Agreements is more than 5%, each of the 2023 Framework Agreements is subject to the reporting, annual review, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

### INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the individual service agreements contemplated under the 2023 Framework Agreements 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.

The respective pricing policies for the continuing connected transactions of the Group 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 policies 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 relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the 2023 Framework Agreements and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

In respect of the 2023 Car Parking Lots Management Services Framework Agreement, the business department of the Group will monitor the traffic volume of the premises where the parking spaces are located on a regular basis. They will also review the rental fees charged by the Group regularly with reference to the customer traffic volume, market demand, the number of billable parking spaces and the parking space turnover rate of the relevant retail commercial properties under its management and make such adjustments when necessary to ensure that the revenue generated or to be generated from Independent Third Party customers covers the rental fees payable by the Group to the Powerlong Group and/or its associates.

In respect of the 2023 Common Area and Advertising Space Management Services Framework Agreement, the business department of the Group will monitor the traffic volume of the premises where the common area and advertising space are located on a regular basis. They will also maintain a list of merchants some of whom are returning customers who rent the common area and advertising space regularly. The fees charged by the Group will be reviewed with reference to the customer traffic volume, market demand, operating performance and the maturity level of the relevant retail commercial properties under the Group's management to ensure that the revenue generated or to be generated from Independent Third Party customers covers the rental fees payable by the Group to the Powerlong Group and/or its associates.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under each of the 2023 Framework Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.



## LETTER FROM THE BOARD

### GENERAL

As at the Latest Practicable Date, (i) Mr. Hoi Wa Fong (brother of Ms. Hoi Wa Fan and cousin of Ms. Hoi Wa Lam), an executive Director, holds approximately 14.66% of the issued shares of Powerlong Holdings; (ii) Ms. Hoi Wa Fan (sister of Mr. Hoi Wa Fong and cousin of Ms. Hoi Wa Lam), a non-executive Director, holds approximately 6.96% of the issued shares of Powerlong Holdings; (iii) Ms. Hoi Wa Lam (cousin of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan), a non-executive Director, holds approximately 0.38% of the issued shares of Powerlong Holdings; and (iv) Mr. Chen Deli, an executive Director and the chief executive officer of the Company, is an associate president of Powerlong Holdings. Accordingly, each of Mr. Hoi Wa Fong, Ms. Hoi Wa Fan, Ms. Hoi Wa Lam and Mr. Chen Deli is considered to have a material interest in the transactions contemplated under the 2023 Framework Agreements, and has abstained from voting on the Board resolutions to approve the entering into the 2023 Framework Agreements.

The EGM will be convened and held to seek the approval of the Independent Shareholders on the entering into the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions). Powerlong Holdings, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan, Ms. Hoi Wa Lam and Mr. Chen Deli and their respective associates (including Powerlong Real Estate (BVI) Holdings Limited, Huihong Management (PTC) Limited, Sky Infinity Holdings Limited, Mr. Chen Deli, Soar Eagle Enterprises Limited and Tricor Trust (Hong Kong) Limited, who in aggregate hold 461,719,500 Shares, representing approximately 71.82% of the issued share capital of the Company, as at the Latest Practicable Date) shall abstain from voting at the EGM for the resolutions to approve such matters.

An Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald, has been established to advise the Independent Shareholders in relation to the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions). Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### INFORMATION ON THE PARTIES TO THE 2023 FRAMEWORK AGREEMENTS

#### **The Company and the Group**

The Company is an investment holding company and the Group is a leading service provider engaging in commercial operational services and residential property management services in the PRC.

#### **Powerlong Holdings and the Powerlong Group**

Powerlong Holdings is an investment holding company and the Powerlong Group is a leading real estate developer in the PRC specializing in the development and operation of high quality, large-scale and integrated commercial and residential complexes.



## LETTER FROM THE BOARD

### EGM

The Company will convene and hold the EGM on Wednesday, 22 November 2023 at 2:00 p.m. at Jin Long Hall 1, 2nd Floor, Le Meridien Shanghai Minhang, No. 3199 Cao Bao Road, Minhang District, Shanghai, PRC to seek the approval of the Independent Shareholders for entering into the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions). The notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use in connection with the EGM is enclosed herewith. Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). The completion and delivery of a form of proxy will not preclude Shareholders from attending and voting at the EGM in person should they so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked. Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the EGM will be taken by poll.

### 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information as 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.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 25 to 26 of this circular and the letter from the Independent Financial Adviser set out on pages 27 to 68 of this circular in connection with the 2023 Framework Agreements, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) were entered into in the ordinary and usual course of business on normal commercial terms or better and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

**LETTER FROM THE BOARD**

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) at the EGM as set out in the notice of the EGM.

Your attention is drawn to additional information set out in Appendix I to this circular.

Yours faithfully  
By order of the Board  
**Powerlong Commercial Management Holdings Limited**  
**Hoi Wa Fong**  
*Chairman*

**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)**

31 October 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular issued by the Company to the Shareholders dated 31 October 2023 (the “**Circular**”) which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee and to advise you on whether the terms of the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote on the resolution at the EGM. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 24 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 27 to 68 of the Circular. Your attention is also drawn to the additional information set out in Appendix I thereto.

Having taken into account (i) the terms and conditions of the 2023 Framework Agreements; and (ii) the factors and reasons considered by, and the advice and recommendations of, the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that (i) the transactions contemplated under each of the 2023 Framework Agreements are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Powerlong Group and its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and (ii) the proposed annual caps for the three years ending 31 December 2026 under the each of the 2023 Framework Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2023 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

Yours faithfully,  
Independent Board Committee

**Dr. Lu Xiongwen**  
*Independent non-executive  
Director*

**Ms. Ng Yi Kum, Estella**  
*Independent non-executive  
Director*

**Mr. Chan Wai Yan, Ronald**  
*Independent non-executive  
Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of the letter from Red Sun Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated thereunder the 2023 Framework Agreements and the respective annual caps, for the purpose of inclusion in this circular.



红日资本有限公司  
RED SUN CAPITAL LIMITED

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Hong Kong

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Fax: (852) 2857 9100

31 October 2023

To: *the Independent Board Committee and the Independent Shareholders of  
Powerlong Commercial Management Holdings Limited*

Dear Sirs,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

#### I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Framework Agreements, collectively, the 2023 Car Parking Lots Management Services Framework Agreement, 2023 Residential Property Management Services Framework Agreement, 2023 Commercial Operational Services Framework Agreement, and 2023 Common Area and Advertising Space Management Services Framework Agreement, and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) (including the proposed annual caps for the three years ending 31 December 2026 (the “**Proposed Annual Caps**”), details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 31 October 2023 (the “**Circular**”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

References are made to the 2021 Announcement, 2022 Announcement and 2021 Circular in relation to the Existing Framework Agreements, namely the (i) 2022 Car Parking Lots Management Services Framework Agreement; (ii) 2021 Residential Property Management Services Framework Agreement; (iii) 2021 Commercial Operational Services Framework Agreement; and (iv) 2021 Common Area and Advertising Space Management Services Framework Agreement.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 15 September 2023 (after trading hours), the Company entered into the 2023 Car Parking Lots Management Services Framework Agreement, 2023 Residential Property Management Services Framework Agreement, 2023 Commercial Operational Services Framework Agreement, and 2023 Common Area and Advertising Space Management Services Framework Agreement with Powerlong Holdings.

As at the Latest Practicable Date, Powerlong Real Estate (BVI) Holdings Limited, a company wholly-owned by Powerlong Holdings, holds 405,000,000 Shares, representing approximately 63.00% of the issued shares capital of the Company. Accordingly, Powerlong Holdings is a controlling shareholder and a connected person of the Company and the entering into each of the 2023 Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps under each of the 2023 Framework Agreements is more than 5%, each of the 2023 Framework Agreements is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As set out in the Letter from the Board, each of Mr. Hoi Wa Fong, Ms. Hoi Wa Fan, Ms. Hoi Wa Lam and Mr. Chen Deli is considered to have a material interest in the transactions contemplated under the 2023 Framework Agreements, and has abstained from voting on the Board resolutions to approve the entering into the 2023 Framework Agreements.

The EGM will be convened and held to seek the approval of the Independent Shareholders on the entering into the 2023 Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps). As set out in the Letter from the Board, Powerlong Holdings, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan, Ms. Hoi Wa Lam and Mr. Chen Deli and their respective associates (including Powerlong Real Estate (BVI) Holdings Limited, Huihong Management (PTC) Limited, Sky Infinity Holdings Limited, Mr. Chen Deli, Soar Eagle Enterprises Limited and Tricor Trust (Hong Kong) Limited, who in aggregate hold 461,719,500 Shares, representing approximately 71.82% of the issued share capital of the Company, as at the Latest Practicable Date) shall abstain from voting at the EGM for the resolutions to approve such matters.

## II. THE INDEPENDENT BOARD COMMITTEE

The Board comprises of 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, Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald has been established to advise the Independent Shareholders in relation to the 2023 Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps). Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company or any relevant parties in connection with the 2023 Framework Agreements. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the 2023 Framework Agreements.

In the previous two years, save for this appointment and our appointment as the independent financial adviser for (i) the continuing connected transactions in relation to the framework agreements entered into between the Company and Powerlong Holdings, details of which are set out in the circular of the Company dated 18 October 2021; and (ii) a discloseable and connected transactions in relation to acquisition of an office building in Shanghai between a wholly-owned subsidiary of the Company and its connected person, which was terminated subsequently, details of which are set out in the announcements of the Company dated 11 May 2022 and 6 June 2022, respectively, Red Sun Capital Limited has not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

### IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, the Powerlong Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group and the Powerlong Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Company has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Company, the Powerlong Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2023 Framework Agreements and the transactions contemplated thereunder, 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.

### **V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS**

In formulating our opinion on the Continuing Connected Transactions (including the Proposed Annual Caps), we have taken into consideration the following principal factors and reasons:

#### **1. Information of the Group**

As set out in the Letter from the Board, the Company is an investment holding company and the Group is a leading service provider engaging in commercial operational services and residential property management services in the PRC.

Set out below is a summary of the Group's operating results by activities, as extracted from the published annual report of the Company for the year ended 31 December 2022 (the "2022 Annual Report") and the published interim report of the Company for the six months ended 30 June 2023 (the "2023 Interim Report").



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Summary of the Group's consolidated financial performance:*

	For the year ended		For the six months ended	
	31 December		30 June	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b>	<b>2,463,996</b>	<b>2,549,258</b>	<b>1,266,383</b>	<b>1,274,830</b>
– Commercial operational services	2,017,118	2,058,280	1,024,538	1,047,889
– Residential property management services	446,878	490,978	241,845	226,941
Gross profit	821,830	834,422	430,434	438,211
<b>Profit for the year/period</b>				
<b>attributable to:</b>	<b>438,712</b>	<b>439,113</b>	<b>239,809</b>	<b>256,259</b>
– shareholders of the Company	438,144	443,075	240,344	256,978
– non-controlling interest	568	(3,962)	(535)	(719)

#### *For the year ended 31 December 2021 and 2022*

The revenue of the Group increased by approximately RMB85.3 million or 3.5% from approximately RMB2,464.0 million for the year ended 31 December 2021 to approximately RMB2,549.3 million for the year ended 31 December 2022.

As set out in the 2022 Annual Report, the commercial operational services segment revenue increased by approximately RMB41.2 million or 2.0% from approximately RMB2,017.1 million for the year ended 31 December 2021 to approximately RMB2,058.3 million for the year ended 31 December 2022. Such increase was mainly attributable to the revenue from the commercial operation and management services increased by approximately RMB206.9 million or 13.5%, which was primarily driven by the increase in the aggregate GFA in operation and the increase in per-unit-GFA revenue as the existing retail commercial properties entered a maturity stage of operation. As at 31 December 2022, the Group's commercial properties GFA in operation was approximately 10.6 million sq.m., representing a year-on-year increase of approximately 0.7 million sq.m. from approximately 9.9 million sq.m. as at 31 December 2021.

For the residential property management services segment, the revenue also increased by approximately RMB44.1 million or 9.9% from approximately RMB446.9 million for the year ended 31 December 2021 to approximately RMB491.0 million for the year ended 31 December 2022. Such increase was mainly attributable to (i) the increase in the residential properties GFA delivered to approximately 19.4 million sq.m. for the year ended 31 December 2022, representing a year-on-year increase of approximately 9.6%; and (ii) the improvement of service quality and the increase in the number of projects under management services.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross profit of the Group increased by approximately RMB12.6 million or 1.5% from approximately RMB821.8 million for the year ended 31 December 2021 to approximately RMB834.4 million for the year ended 31 December 2022. Such increase in gross profit was primarily attributable to the increase in revenue as set out above.

As a result of the foregoing and relevant factors as set out in the 2022 Annual Report, the profit for the year attributable to shareholders of the Company increased by approximately RMB5.0 million or 1.1% from approximately RMB438.1 million for the year ended 31 December 2021 to approximately RMB443.1 million for the year ended 31 December 2022.

### *Financial performance for the six months ended 30 June 2022 and 2023*

The revenue of the Group increased by approximately RMB8.4 million or 0.7 % from approximately RMB1,266.4 million for the six months ended 30 June 2022 to approximately RMB1,274.8 million for the six months ended 30 June 2023.

As set out in the 2023 Interim Report, the commercial operational services segment revenue increased by approximately RMB23.4 million or 2.3% from approximately RMB1,024.5 million for the six months ended 30 June 2022 to approximately RMB1,047.9 million for the six months ended 30 June 2023. Such increase was mainly attributable to the revenue from the commercial operation and management services increased by approximately RMB58.4 million or 6.8%, which was primarily driven by the increase in the aggregate GFA in operation and the improvement in operational capability. As at 30 June 2023, the Group's commercial properties GFA in operation was approximately 10.7 million sq.m., representing a period-on-period increase of approximately 0.5 million sq.m. from approximately 10.2 million square metre ("sq.m.") as at 30 June 2022.

For the residential property management services segment, the revenue decreased by approximately RMB14.9 million or 6.2% from approximately RMB241.8 million for the six months ended 30 June 2022 to approximately RMB226.9 million for the six months ended 30 June 2023. Such decrease was mainly attributable to (i) the pace of increase in contracted area of residential properties slowed down, and the revenue from pre-sale management services decreased, as a result of continued downturn of the real estate market in the PRC; and (ii) for the six months ended 30 June 2023, the contracted area of residential properties was approximately 29.8 million sq.m., representing a decrease of approximately 0.8 million sq.m. from the corresponding period in 2022. It was primarily because the Group took the initiative to negotiate with the owners of a project and completed the rescission of contracts with the operation quality and performance of the project falling short of expectation. In the future, the Group will focus more resources on the development and improvement of quality projects.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross profit of the Group increased by approximately RMB7.8 million or 1.8% from approximately RMB430.4 million for the six months ended 30 June 2022 to approximately RMB438.2 million for the six months ended 30 June 2023. Such increase in gross profit was primarily attributable to the increase in the gross profit of commercial operational services of approximately 2.8% for the six months ended 30 June 2023, partially offset by the decrease in the gross profit of residential property management services of approximately 4.1% for the six months ended 30 June 2023.

As a result of the foregoing and relevant factors as set out in the 2023 Interim Report, the profit for the period attributable to shareholders of the Company increased by approximately RMB16.7 million or 6.9% from approximately RMB240.3 million for the six months ended 30 June 2022 to approximately RMB257.0 million for the six months ended 30 June 2023.

### *Summary of the Group's consolidated financial position:*

	<b>As at 31 December</b>		<b>As at 30 June</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	5,072,406	5,213,267	5,379,964
Total liabilities	2,601,670	2,477,138	2,447,656
Total equity attributable to:	2,470,736	2,736,129	2,932,308
– shareholders of the Company	2,455,603	2,728,102	2,928,198
– non-controlling interests	15,133	8,027	4,110

### *As at 31 December 2021 and 2022*

The Group's total assets increased from approximately RMB5,072.4 million as at 31 December 2021 to approximately RMB5,213.3 million as at 31 December 2022, which was mainly attributable to the increase in prepayments and other receivables of approximately RMB496.4 million and the increase in investment properties of approximately RMB119.4 million, partially offset by the decrease in cash and bank balances of approximately RMB538.9 million. It was also noted that the Group's total liabilities decreased from approximately RMB2,601.7 million as at 31 December 2021 to approximately RMB2,477.1 million as at 31 December 2022, which was mainly attributable to the net effect of (i) the decrease in contract liabilities of approximately RMB228.8 million; (ii) the decrease in trade and other payables of approximately RMB115.0 million; and (iii) the increase in lease liabilities of approximately RMB178.2 million. As a result of the above, the total equity attributable to shareholders of the Company increased from approximately RMB2,455.6 million as at 31 December 2021 to approximately RMB2,728.1 million as at 31 December 2022.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*As at 31 December 2022 and 30 June 2023*

The Group's total assets increased from approximately RMB5,213.3 million as at 31 December 2022 to approximately RMB5,380.0 million as at 30 June 2023, which was mainly attributable to (i) the increase in operating lease and trade receivables of approximately RMB104.9 million; and (ii) increase in cash and bank balances of approximately RMB75.8 million, partially offset by the decrease in investment properties of approximately RMB37.6 million. It was also noted that the Group's total liabilities slightly decrease from approximately RMB2,477.1 million as at 31 December 2022 to approximately RMB2,447.7 million as at 30 June 2023, which was mainly attributable to the net effect of (i) the decrease in trade and other payable of approximately RMB55.4 million; (ii) the decrease in current income tax liabilities of approximately RMB24.6 million; and (iii) the increase in contract liabilities of approximately RMB61.6 million. As a result of the above, the total equity attributable to shareholders of the Company increased from approximately RMB2,728.1 million as at 31 December 2022 to approximately RMB2,928.2 million as at 30 June 2023.

### **2. Information of the Powerlong Group**

Powerlong Holdings is an investment holding company and the Powerlong Group is a leading real estate developer in the PRC specialising in the development and operation of high quality, large-scale and integrated commercial and residential complexes.

### **3. Overview of the PRC industry landscape**

Based on preliminary gross domestic product data<sup>1</sup> published by the National Bureau of Statistics of China in July 2023, for the six months ended 30 June 2023, the gross domestic product ("GDP") of the PRC recorded a period-on-period growth compared to the corresponding period in the prior year (比上年同期增長) of approximately 5.5%.

Pursuant to the 14th Five Year Plan (the "14th FYP")\* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population\* (常住人口城鎮化率) for the next five years from 2021 is approximately 65.0%. Based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation\* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries\* (發展戰略性新興產業); (iii) the acceleration of modern service industries development\* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement\* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation\* (加快數位化發展).

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<sup>1</sup> Data published by National Bureau of Statistics, the PRC (source: [www.stats.gov.cn/sj/zxfb/202307/t20230717\\_1941310.html](http://www.stats.gov.cn/sj/zxfb/202307/t20230717_1941310.html))

We also noted the strict implementation of the three red lines\* (三條紅線) from around the second half of 2020 by the PRC government on the PRC real estate development industry<sup>2</sup>, which was one of the core policy directives for the property development industry issued by the PRC government at the relevant time. More recently, The People's Bank of China\* (中國人民銀行) and China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) jointly issued the announcement titled "Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market\*" (關於做好當前金融支持房地產市場平穩健康發展工作的通知)<sup>3</sup> dated 23 November 2022 in relation to (i) ensure stable and orderly real estate financing\* (保持房地產融資平穩有序); (ii) proactively carry out "guarantee delivery of vacant possession" related financial services\* (積極做好“保交樓”金融服務); (iii) proactively cooperate on risk management of real estate development enterprises in difficulties\* (積極配合做好受困房地產企業風險處置); (iv) protect the legal rights and interests of residential property financial consumers\* (依法保障住房金融消費者合法權益); (v) adjust part of the financial management policies in stages\* (階段性調整部分金融管理政策); and (vi) provide greater financial support on leasing of residential properties\* (加大住房租賃金融支持力度).

It is expected that the development of the PRC property market may continue to be influenced by changes in PRC government policies at a national and regional level, which is intended to promote sustainable and healthy long-term development of the property development industry, the then prevailing market environment as well as the overall economic development of the PRC. In view of the above, it is expected that the increase in urbanisation rate in the PRC and continuous development of the PRC economy shall continue to drive the long-term growth of the PRC property management industry as a whole.

## **VI. PRINCIPAL FACTORS AND REASONS CONSIDERED**

### **1. Reasons for and benefits of entering into the 2023 Framework Agreements**

We have summarised the following reasons for and benefits of entering into the 2023 Framework Agreements from the Letter from the Board.

The Company has entered into each of the 2023 Car Parking Lots Management Services Framework Agreement, the 2023 Residential Property Management Services Framework Agreement, the 2023 Commercial Operational Services Framework Agreement, the 2023 Common Area and Advertising Space Management Services Framework Agreement with Powerlong Holdings, as each of

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<sup>2</sup> PRC government published article in relation to finance and land related policies dated 1 March 2021 (source: [www.gov.cn/xinwen/2021-03/01/content\\_5589400.htm](http://www.gov.cn/xinwen/2021-03/01/content_5589400.htm))

<sup>3</sup> Announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market\* 《關於做好當前金融支持房地產市場平穩健康發展工作的通知》 jointly published by The People's Bank of China\* (中國人民銀行) and China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) dated 23 November 2022 (source: [www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913&generalType=0](http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913&generalType=0))

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the corresponding framework agreements currently in force is due to expire on 31 December 2023 and that it is expected that the Group will continue to provide the subject services and/or conduct similar transactions with Powerlong Holdings and its associates from time to time in the ordinary course of business of the Group. The Continuing Connected Transactions shall broaden the revenue base of the Group.

The Directors consider that the transactions contemplated under the 2023 Framework Agreements are entered into in the usual and ordinary course of business of the Group are conducted on normal commercial terms between the Group and Powerlong Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

In view of that, (i) the Group has well-established and ongoing business relationship with the Powerlong Group, and has provided various services to the Powerlong Group, including residential property management services since 1993 and commercial operational services since 2007, with reference to the prospectus of the Company dated 16 December 2019; (ii) the Group is principally engaged in the provision of commercial operational services and residential property management services in the PRC, and the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (iii) the Proposed Annual Caps, if approved, should facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis, which will also generate additional revenue to the Group; and (iv) the Group has the right but not the obligation to provide the relevant services to and/or transact with the Powerlong Group and/or its associates at terms determined in accordance with the respective pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

### **2. Principal terms of the 2023 Framework Agreements**

The following principal terms of the 2023 Framework Agreements have been extracted from the Letter from the Board, a summary of which is set out below.

#### ***2.1 2023 Car Parking Lots Management Services Framework Agreement***

The following principal terms of the 2023 Car Parking Lots Management Services Framework Agreement has been extracted from the Letter from the Board:

- Date: 15 September 2023
- Parties: (i) the Company; and  
(ii) Powerlong Holdings.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Subject:** Pursuant to the 2023 Car Parking Lots Management Services Framework Agreement, the Group shall lease and manage certain car parking lots owned by the Powerlong Group and/or its associates, which will be subleased to customers in the properties managed by the Group (the “**Car Parking Lots Management Services**”). The Group will pay an annual rent to the Powerlong Group and/or its associates, while the income generated from the car parking lots and received from Independent Third Party customers will not constitute continuing connected transactions for the Group.

The 2023 Car Parking Lots Management Services Framework Agreement is a framework agreement which provides the mechanism for the Group’s leasing and management of certain car parking lots owned by the Powerlong Group and/or its associates on a project-by-project basis. It is envisaged that from time to time and as required, individual transaction agreements will be required to be entered into between the Group and the Powerlong Group and/or its associates. Each individual transaction agreement may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Car Parking Lots Management Services Framework Agreement. As the individual transaction agreements are simply further elaborations on the 2023 Car Parking Lots Management Services Framework Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

**Term:** From 1 January 2024 to 31 December 2026 (both days inclusive).

**Conditions precedent:** The 2023 Car Parking Lots Management Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the 2023 Car Parking Lots Management Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the Company having obtained all necessary approvals for the entering into the 2023 Car Parking Lots Management Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

**Payment:** Payment for the rental fees by the Group to the Powerlong Group and its associates under the 2023 Car Parking Lots Management Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group will enter into separate rental agreements with the Powerlong Group and/or its associates containing specific information relating to the car parking lots, such as lot number and site of the car parking lots. Payments are usually settled between the Group and Powerlong Group and/or its associates on a quarterly basis, and the Group shall make payment within 15 business days from the end of the respective quarter.

**Proposed annual caps:** The proposed annual caps for the rental fees payable by the Group under the 2023 Car Parking Lots Management Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap</b> <i>(RMB million)</i>
2024	149.9
2025	189.1
2026	222.4

### *Pricing policy*

The rent to be paid by the Group under the 2023 Car Parking Lots Management Services Framework Agreement shall be determined on arm's length basis with reference to, among others, (i) the market rental fees of car parking lots in similar locations and similar properties; and (ii) the occupancy rate of car parking lots leased by the Group from the Powerlong Group and its associates.

In summary, as set out in the Letter from the Board, the Group shall lease and manage certain car parking lots owned by the Powerlong Group and/or its associates, and charge a fixed fee for the car parking lots upon entry. The Group makes a profit from the income generated



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from the car parking lots and received from Independent Third Party customers after deducting the annual rent payable to the Powerlong Group and/or its associates. As the Group leases car parking lots from the Powerlong Group and/or its associates in bulk on a wholesale basis, the average annual rent per car parking lot charged by Powerlong Group and/or its associates is lower than the average annual rent per car parking lot charged by the Group to Independent Third Party customers who lease the car parking lots one by one.

### *2.2 2023 Residential Property Management Services Framework Agreement*

The following principal terms of the 2023 Residential Property Management Services Framework Agreement has been extracted from the Letter from the Board:

Date: 15 September 2023

Parties: (i) the Company; and  
(ii) Powerlong Holdings.

Subject: Pursuant to the 2023 Residential Property Management Services Framework Agreement, the Company agreed to provide to the Powerlong Group and/or its associates residential property management services, including but not limited to (i) residential property management services for unsold units and sales offices owned by the Powerlong Group and/or its associates; and (ii) early stage initiation services, including but not limited to providing staff training before the delivery of the properties and initial residential property management services before the completion of property projects, and housing inspection services on properties developed by the Powerlong Group and/or its associates upon completion of construction and before delivery of the same to homeowners (the “**Residential Property Management Services**”).

Term: From 1 January 2024 to 31 December 2026 (both days inclusive).

Conditions precedent: The 2023 Residential Property Management Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

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- (i) the Company having issued the relevant circular in relation to the 2023 Residential Property Management Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the entering into the 2023 Residential Property Management Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

**Payment:** Payment for the Residential Property Management Services by Powerlong Group and/or its associates to the Group under the 2023 Residential Property Management Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group shall submit the last month's service settlement sheet and relevant evidential documents to Powerlong Group and/or its associates on a quarterly basis, and Powerlong Group and/or its associates shall make payment within 15 business days from the end of the respective quarter.

**Proposed annual caps:** The proposed annual caps for the provision of Residential Property Management Services under the 2023 Residential Property Management Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap (RMB million)</b>
2024	151.0
2025	169.0
2026	182.0

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Pricing policies*

The service fees that the Group will charge for the Residential Property Management Services shall be determined after arm's length negotiations and taking into account (i) the nature of the properties; (ii) the location of the properties; (iii) the rate generally offered by the Group to Independent Third Parties in respect of comparable services; (iv) the anticipated operational costs (including labor costs and material costs); and (v) comparable market prices quoted from at least two independent service providers. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

### **2.3 2023 Commercial Operational Services Framework Agreement**

The following principal terms of the 2023 Commercial Operational Services Framework Agreement has been extracted from the Letter from the Board:

Date:	15 September 2023
Parties:	(i) the Company; and (ii) Powerlong Holdings.
Subject:	Pursuant to the 2023 Commercial Operational Services Framework Agreement, the Company agreed to provide to the Powerlong Group and/or its associates commercial operational services on the commercial buildings owned or operated by the Powerlong Group and/or its associates, including but not limited to, (i) market research and positioning; (ii) tenant sourcing and opening preparation; and (iii) tenant management and rent collection (the " <b>Commercial Operational Services</b> ").
Term:	From 1 January 2024 to 31 December 2026 (both days inclusive).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conditions precedent: The 2023 Commercial Operational Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the 2023 Commercial Operational Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the entering into the 2023 Commercial Operational Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

Payment: Payment for the Commercial Operational Services by Powerlong Group and/or its associates to the Group under the 2023 Commercial Operational Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group shall submit the last month's service settlement sheet and relevant evidential documents to Powerlong Group and/or its associates on a quarterly basis, and Powerlong Group and/or its associates shall make payment within 15 business days from the end of the respective quarter.

Proposed annual caps: The proposed annual caps for the provision of Commercial Operational Services under the 2023 Commercial Operational Services Framework Agreement for the three years ending 31 December 2026 are as follows:

<b>For the year ending 31 December</b>	<b>Proposed annual cap (RMB million)</b>
2024	471.0
2025	573.2
2026	653.9

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Pricing policies*

The service fees that the Group will charge for the Commercial Operational Services shall be determined after arm's length negotiations with reference to (i) the location and size of the properties; (ii) the anticipated operational cost (including labor costs) for providing such services; and (iii) the price offered by the Group to independent property developers for similar services.

### **2.4 2023 Common Area and Advertising Space Management Services Framework Agreement**

The following principal terms of the 2023 Common Area and Advertising Space Management Services Framework Agreement has been extracted from the Letter from the Board:

Date: 15 September 2023

Parties: (i) the Company; and  
(ii) Powerlong Holdings.

Subject: Pursuant to the 2023 Common Area and Advertising Space Management Services Framework Agreement, the Company agreed to manage the common area and advertising space in the properties owned by the Powerlong Group and/or its associates and sublease to the Independent Third Parties (the "**Common Area and Advertising Space Management Services**"). The Group will pay rents to Powerlong Group and/or its associates. Revenue to be generated from common area and advertising space management and revenue to be received from Independent Third-Party customers shall not constitute continuing connected transactions of the Group.

Term: From 1 January 2024 to 31 December 2026 (both days inclusive).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conditions precedent: The 2023 Common Area and Advertising Space Management Services Framework Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the 2023 Common Area and Advertising Space Management Services Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the entering into the 2023 Common Area and Advertising Space Management Services Framework Agreement, including but not limited to the approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

Payment: Payment for the lease of the common area and advertising space by the Group to the Powerlong Group and/or its associates under the 2023 Common Area and Advertising Space Management Services Framework Agreement will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Group will enter into separate lease agreements with the Powerlong Group and/or its associates containing specific information relating to the common area and the advertising space, such as address and site. Payments are usually settled between the Group and Powerlong Group and/or its associates on a quarterly basis, and the Group shall make payment within 15 business days from the end of the respective quarter.

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Proposed annual caps: The proposed annual caps for the provision of Common Area and Advertising Space Management Services under the 2023 Common Area and Advertising Space Management Services Framework Agreement for the three years ending 31 December 2026 are as follows:

	<b>Proposed annual cap</b> <i>(RMB million)</i>
<b>For the year ending 31 December</b>	
2024	221.3
2025	255.1
2026	307.4

### *Pricing policies*

The fees to be paid by the Group under the 2023 Common Area and Advertising Space Management Services Framework Agreement shall be determined on arm's length basis with reference to, among others, (i) the market rent of the common area and advertising space in similar locations and similar properties; and (ii) the occupancy rate of the common area and advertising space leased by the Group from the Powerlong Group and its associates.

### **3. Analysis on the principal terms of the 2023 Framework Agreements and work performed on the internal control procedures**

#### ***3.1 2023 Car Parking Lots Management Services Framework Agreement***

As advised by the Management, the rent under the 2023 Car Parking Lots Management Services Framework Agreement for the Car Parking Lots Management Services to be paid by the Group to the Powerlong Group and/or its associates, is for the leasing the car parking lots from the Powerlong Group and its associates, which the Group shall manage and sublease such car parking lots.

We have obtained and reviewed a sample of not less than six historical transactions in this regard, including the Car Parking Lots Management Services provided by the Group to members of the Powerlong Group. We noted from the sampled transactions that the level of rent were based on, among others, the location and nature of the subject car parking space.

Based on our work performed, in particular, review of the rental under the transactions contemplated under the Car Parking Lots Management Services, terms of the sampled transactions (including the payment terms and the relevant credit period) with members of the Powerlong Group and compared against the market rent of the car parking lots in similar locations and/or properties, our findings demonstrated that, the Car Parking Lots

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Management Services were conducted on normal commercial terms and considered to be fair and reasonable, and the payment terms were in line with the payment terms in relation to the transactions with the Independent Third Parties.

In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2023 Car Parking Lots Management Services Framework Agreement which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the relevant personnel, segregation of duties and approval by the relevant personnel from accounting department of the Group. With a view to ensure that the transactions pursuant to the 2023 Car Parking Lots Management Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and assess whether the transactions contemplated under the 2023 Car Parking Lots Management Services Framework Agreement are conducted in accordance with the terms of the 2023 Car Parking Lots Management Services Framework Agreement.

### *3.2 2023 Residential Property Management Services Framework Agreement*

As advised by the Management, the service fees under the 2023 Residential Property Management Services Framework Agreement for the Residential Property Management Services to be provided by the Group to the Powerlong Group and/or its associates, include, among others, (i) residential property management services for unsold units and sales offices owned by the Powerlong Group and/or its associates; and (ii) early stage initiation services, including but not limited to providing staff training before the delivery of the properties and initial residential property management service before the completion of property projects, and housing inspection services on properties developed by the Powerlong Group and/or its associates upon completion of construction and before delivery of the same to homeowners.

We have obtained and reviewed a sample of not less than six historical transactions in this regard, including both transactions between the Group and (i) Independent Third Parties; and (ii) members of the Powerlong Group, in relation to the Residential Property Management Services. We noted that the rates of service fee of the samples were based on, among others, (i) the nature of the properties; (ii) the location of the properties; (iii) the rate generally offered by the Group to Independent Third Parties in respect of comparable services; (iv) the anticipated operational costs (including labor costs and material costs); and (v) comparable market prices quoted from at least two independent service providers. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our work performed as detailed above, in particular, review of profit margin of transactions contemplated under the Residential Property Management Services, terms of the sampled transactions with members of the Powerlong Group were no less favourable to the Group than similar transactions (including the payment terms and the relevant credit period) with Independent Third Parties, our findings demonstrated that the Residential Property Management Services were conducted on normal commercial terms and considered to be fair and reasonable, and the payment terms were in line with the payment terms in relation to the transactions with the Independent Third Parties.

In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2023 Residential Property Management Services Framework Agreement which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the relevant personnel, segregation of duties and approval by the relevant personnel from accounting department of the Group. With a view to ensure that the transactions pursuant to the 2023 Residential Property Management Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and assess whether the transactions contemplated under the 2023 Residential Property Management Services Framework Agreement are conducted in accordance with the terms of the 2023 Residential Property Management Services Framework Agreement.

### *3.3 2023 Commercial Operational Services Framework Agreement*

As advised by the Management, the service fees under the 2023 Commercial Operational Services Framework Agreement for the Commercial Operational Services to be provided by the Group on the commercial buildings owned or operated by the Powerlong Group and/or its associates, include, among others, (i) market research and positioning; (ii) tenant sourcing and opening preparation; and (iii) tenant management and rent collection.

We have obtained and reviewed a sample of not less than six historical transactions in this regard, including both transactions between the Group and (i) Independent Third Parties; and (ii) members of the Powerlong Group, in relation to the Commercial Operational Services. We noted that the rates of service fee of the samples were charged based on, among others, (i) the location and size of the properties; (ii) the anticipated operational cost (including labor costs) for providing such services; and (iii) the price offered by the Group to independent property developers for similar services.

Based on our work performed as detailed above, including review of profit margin of transactions contemplated under the Commercial Operational Services, which was within range, and that terms of the sampled transactions (including the payment terms and the relevant credit period) with members of the Powerlong Group were no less favourable to the Group

than similar transactions with Independent Third Parties. On this basis, the Commercial Operational Services were conducted on normal commercial terms and considered to be fair and reasonable, and the payment terms were in line with the payment terms in relation to the transactions with the Independent Third Parties.

In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2023 Commercial Operational Services Framework Agreement which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the relevant personnel, segregation of duties and approval by the relevant personnel from accounting department of the Group. With a view to ensure that the transactions pursuant to the 2023 Commercial Operational Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and assess whether the transactions contemplated under the 2023 Commercial Operational Services Framework Agreement are conducted in accordance with the terms of the 2023 Commercial Operational Services Framework Agreement.

#### ***3.4 2023 Common Area and Advertising Space Management Services Framework Agreement***

As advised by the Management, the rent under the 2023 Common Area and Advertising Space Management Services Framework Agreement for the Common Area and Advertising Space Management Services to be paid by the Group to the Powerlong Group and/or its associates, is for the leasing the common area and advertising space from the Powerlong Group and its associates, which the Group shall manage and sublease such common area and advertising space.

We have obtained and reviewed a sample of not less than six historical transactions in this regard, including transactions between the Group and members of the Powerlong Group for the Common Area and Advertising Space Management Services. We noted from the sampled transactions that the rent payables were based on, among others, rental of similar common area and advertising space in terms of location and nature.

Based on our work performed, in particular, review of the rental under the transactions contemplated under the Common Area and Advertising Space Management Services, terms of the sampled transactions (including the payment terms and the relevant credit period) with members of the Powerlong Group were no more favourable to the market rent of the common area and advertising space in similar locations and similar properties as well as the Powerlong Group, our findings demonstrated that, the Common Area and Advertising Space Management Services were conducted on normal commercial terms and considered to be fair and reasonable, and the payment terms were in line with the payment terms in relation to the transactions with the Independent Third Parties.

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In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2023 Common Area and Advertising Space Management Services Framework Agreement which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the relevant personnel, segregation of duties and approval by the relevant personnel from accounting department of the Group. With a view to ensure that the transactions pursuant to the 2023 Common Area and Advertising Space Management Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and assess whether the transactions contemplated under the 2023 Common Area and Advertising Space Management Services Framework Agreement are conducted in accordance with the terms of the 2023 Common Area and Advertising Space Management Services Framework Agreement.

### *3.5 General controls over Continuing Connected Transactions*

We noted from the Management that individual services agreements will be monitored after they are in force. The finance department of the Group is responsible for monitoring the fees for the respective services contemplated under the 2023 Framework Agreements to ensure that they are in accordance with the subject framework agreement and that the relevant proposed annual caps are not exceeded. If and when the finance department becomes aware of any potential non-compliance with the pricing policies and/or that the proposed annual caps will be reached, the finance department will report such matters to the senior management of the Company who will co-ordinate at the Group level to take remedial actions and ensure that the aggregate transaction amount is maintained within the proposed annual caps limit or new annual caps should be proposed, where appropriate. Please refer to the section headed "INTERNAL CONTROL MEASURES" as set out in the Letter from the Board for further details on the internal control measures of the Group on the Continuing Connected Transactions.

Furthermore, we understand from the Management that the transactions contemplated under the 2023 Framework Agreements would be subject to the review of the independent non-executive Directors and the auditor of the Company would also conduct an annual review on the pricing terms and the proposed annual caps under the 2023 Framework Agreements.

### *3.6 Our findings*

Having considered the work performed by us as set out above, in particular, (i) the sampled transactions together with the relevant documents reviewed by us; (ii) our analysis and work performed on the pricing policies and internal control procedures in connection with the Continuing Connected Transactions as set out in the Letter from the Board, including the pricing basis of the Car Parking Lots Management Services and the Common Area and Advertising Space Management Services, as well as the service fees charged for the Residential Property Management Services and the Commercial

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Operational Services, which were not less favourable to the Group than transactions with Independent Third Parties or comparable market rate, where applicable; and (iii) the Group has the right but not the obligation to provide the relevant services to the Powerlong Group at terms determined in accordance with the respective pricing policies, we considered that there is an effective implementation of the subject internal control policies, which would ensure the transactions under the 2023 Framework Agreements to be conducted on terms which are fair and reasonable.

#### 4. Basis and rationale for determining the Proposed Annual Caps in connection with the 2023 Framework Agreements

##### 4.1 Proposed annual caps for the 2023 Car Parking Lots Management Services Framework Agreement (the “CPLM Services Annual Caps”)

The annual cap amounts and historical transaction amount for the fees charged by Powerlong Group and/or its associates under the 2022 Car Parking Lots Management Services Framework Agreement for the year ended 31 December 2022 and the year ending 31 December 2023, and the CPLM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the 2023 Car Parking Lots Management Services Framework Agreement are set out below:

	For the year ended/ending 31 December				
	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap under the 2022 Car Parking Lots Management Services Framework Agreement	59.5 (the “2022 Existing CPLM Services Annual Cap”)	91.5 (the “2023 Existing CPLM Services Annual Cap”)	N/A	N/A	N/A
Historical transaction amounts under the 2022 Car Parking Lots Management Services Framework Agreement	45.0	39.2 (up to 30 June 2023) (Annualised amount: 78.4) <i>(Note)</i>	N/A	N/A	N/A
Utilisation rate (%)	75.6%	42.8% (up to 30 June 2023) (Utilisation based on annualised amount: 85.7%) <i>(Note)</i>	N/A	N/A	N/A

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	For the year ended/ending 31 December				
	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
CPLM Services Annual Caps	N/A	N/A	149.9 (the “2024 CPLM Services Annual Cap”)	189.1 (the “2025 CPLM Services Annual Cap”)	222.4 (the “2026 CPLM Services Annual Cap”)

*Note:* Utilisation based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the CPLM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined with reference to (i) the actual fees paid by the Group to the Powerlong Group and its associates under the 2022 Car Parking Lots Management Services Framework Agreement for the year ended 31 December 2022 and the period from 1 January 2023 to 30 June 2023; (ii) the number of existing car parking lots under management by the Group as at the Latest Practicable Date; (iii) the projected fees payable by the Group based on the existing contracts and the expected increase in the number of car parking lots under the Group’s management based on the development plan of the Powerlong Group and its associates for the years ending 31 December 2024, 2025 and 2026; and (iv) the estimated increment of rental fees based on the commercial negotiation between the Group and the Powerlong Group and its associates.

In this connection, we had reviewed a schedule prepared by the Management in relation to Car Parking Lots Management Services for the three years ending 31 December 2026 (the “**CPLM Services Schedule**”) and noted that the CPLM Services Annual Caps were primarily based on, among others, (i) the estimated number of car parking lots of the Powerlong Group and its associates for which the Group may be engaged to provide car parking lots management services involves approximately 90, 102, and 118 projects for each of the year ending 31 December 2024, 2025 and 2026, respectively, representing a year-on-year growth of approximately 13.3% and 15.7%, respectively, as compared to approximately 68 projects as at 30 June 2023 and an estimate of approximately 77 projects by the end of 31 December 2023; (ii) the estimated fee payable per car parking lots project of the Powerlong Group and its associates (the “**Estimate Fee per Project**”) for which are expected to be leased by the Group amounted to approximately RMB1.7 million, RMB1.9 million, and RMB1.9 million under the 2024, 2025 and 2026 CPLM Services Annual Cap, respectively, representing a year-on-year growth of approximately 11.3% and 1.7%, respectively. We have obtained a sample of contracts for car parking lots project from the Management and noted that the contract sum for these projects ranged from less than RMB1.0 million to RMB18.4 million, of which the Estimate Fee per Project is within the range of. We understand from the Management that the estimated contract sum of these

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projects were determined after taking account into various factors including, among others, (i) the scale, nature and scope of works; (ii) the complexity of the relevant requirements and specifications; and (iii) level of labour required.

In assessing the fair and reasonableness of the CPLM Services Annual Caps, we have carried out the following work and analysis, including, among others:

- (i) the information as set out in the CPLM Services Schedule as detailed above. In this connection, we have performed the following work with a view to assess the reasonableness of the key underlying assumptions to the CPLM Services Annual Caps as set out in the CPLM Services Schedule, such as (a) for the number of car parking lots under the 2024 CPLM Services Annual Cap, we noted that the new major car parking lots management services projects locates in Nanjing and Suzhou in Jiangsu province, and Bozhou in Anhui province; and (b) for the basis of the related fee to be payable for the car parking lots for the Car Parking Lots Management Services under (a) above, was estimated after taking into account, where relevant, the historical fee payable for the Car Parking Lots Management Services for car park lots of a similar nature and location, of which we have reviewed samples of historical transactions to assess the reasonableness of the estimated fee payable applied;
- (ii) we noted that the PRC real estate development and related industries faced challenges, in particular, during the two years ending 31 December 2023 attributable to the market reactions to the introduction of various PRC government policies, including those as detailed under the section headed “3. Overview of the PRC industry landscape” in this letter above. Such market development together with the containment measures of COVID-19 pandemic has temporarily affected the level of utilisation of the existing annual caps for the two years ended/ending 31 December 2022 and 2023. Despite the above factors, the utilisation of the 2022 Existing CPLM Services Annual Cap and 2023 Existing CPLM Services Annual Cap was still in excess of 75% and 85% (on an annualised basis), respectively.

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Nevertheless, it is expected that the PRC real estate development and related industries may subject to short term fluctuations and that the future development of the PRC real estate market will continue to be influenced by changes in PRC government policies at a national and regional level, which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC;

- (iii) based on our calculation using the historical transaction amounts as set out in the Letter from the Board, we noted that the year-on-year increase in historical transaction amount between the year ended/ending 31 December 2022 and 2023 (on an annualised basis) was approximately 74.2% (the “**Historical CPLM Growth Rate**”). If we apply the Historical CPLM Growth Rate to the annualised transaction amount of the Car Parking Lots Management Services based on the six months ended 30 June 2023, the calculated amount would be approximately RMB136.6 million, which is over 90% of the 2024 CPLM Services Annual Cap.

Given the demand for the Car Parking Lots Management Services is market driven and unpredictable in nature as the market continues to recover from the impact caused by COVID-19 pandemic and that the consumers’ sentiment is expected to improve over time as well as the significant growth in the historical transaction amount as set out under point (ii) above, we consider that it is necessary for the Management to take into account the aforesaid potential fluctuations by allowing sufficient flexibilities when determining the annual caps.

As part of our analysis, we also considered that the aforesaid historical fluctuations as well as potential growth in demand has to be factored in with a view to avoid a situation whereby insufficient annual cap may lead to the possibility of a cessation of all relevant services in a short period of time and cause undue disruption to the ongoing and/or potential projects at the material time. Such possible temporary cessation may be unduly burdensome and/or lengthy as it may subject to further administrative and/or approval procedures of two separate listed companies, such would not be in the interests of the Company’s operations as a whole. On this basis, we consider the 2024 CPLM Services Annual Cap to be reasonable.

As for the assessment of the 2025 CPLM Services Annual Cap and the 2026 CPLM Services Annual Cap, we have considered their respective year-on-year growth rate of approximately 26.2% and 17.6% (the “**CPLM Services Growth Rates**”), both of which are



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lower than the Historical CPLM Growth Rate, and we are of the view that the basis of the 2025 and 2026 CPLM Services Annual Cap to be reasonable;

- (iv) the transactions under the 2023 Car Parking Lots Management Services Framework Agreement will facilitate the Group's business of subleasing car parking lots to customers in the properties managed by the Group, which in turn shall further broaden the revenue base of the Group; and
- (v) it should also be noted that the Group has the rights but not the obligations to provide the Car Parking Lots Management Services to the Powerlong Group and/or its associates, and any such transactions shall subject to the relevant pricing policies. The CPLM Services Annual Caps, if approved, should facilitate the subject transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis.

Based on the above factors, we considered the basis for determining the CPLM Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

#### **4.2 Proposed annual caps for the 2023 Residential Property Management Services Framework Agreement (the "Residential PM Services Annual Caps")**

The annual cap amounts and historical transaction amount under the provision of the Residential Property Management Services under the 2021 Residential Property Management Services Framework Agreement for the years ended 31 December 2021 and 2022, and the year ending 31 December 2023, and the Residential PM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the 2023 Residential Property Management Services Framework Agreement are set out below:

	For the year ended/ending 31 December					
	2021	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap under the 2021 Residential Property Management Services Framework Agreement	146.6	238.2	335.9	N/A	N/A	N/A
	(the "2021 Existing Residential PM Services Annual Cap")	(the "2022 Existing Residential PM Services Annual Cap")	(the "2023 Existing Residential PM Services Annual Cap")			



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	For the year ended/ending 31 December					
	2021	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical transaction amounts under the 2021 Residential Property Management Services Framework Agreement	143.2	90.2	29.4 (up till 30 June 2023) (Annualised amount: 58.8) <i>(Note)</i>	N/A	N/A	N/A
Utilisation rate (%)	97.7%	37.9%	8.8% (up till 30 June 2023) (Utilisation based on annualised amount: 17.5%) <i>(Note)</i>	N/A	N/A	N/A
Residential PM Services Annual Caps	N/A	N/A	N/A	151.0 (the “2024 Residential PM Services Annual Cap”)	169.0 (the “2025 Residential PM Services Annual Cap”)	182.0 (the “2026 Residential PM Services Annual Cap”)

*Note:* Utilisation based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the RPM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined primarily by reference to (i) the actual transaction amount for the provision of Residential Property Management Services for the years ended 31 December 2021 and 2022 and the period from 1 January 2023 to 30 June 2023; and (ii) the projected demand for the Residential Property Management Services from the Powerlong Group and its associates, having regard to the expanded scope of services to cover front-end intermediary, household inspection, repair services and end-of-sale sales services, as well as the increase in gross area of residential properties developed by the Powerlong Group and/or its associates and managed by the Group.

In this connection, we had reviewed a schedule prepared by the Management in relation to residential property management services for the three years ending 31 December 2026 (the “**RPM Services Schedule**”) and noted that the RPM Services Annual Caps were primarily based on (i) the expected number of residential property projects under development and held for future development of the Powerlong Group, which the Group may

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be engaged to provide, among others, property management services to unsold units and sales offices, and housing inspection services on properties developed or to be developed by the Powerlong Group and/or its associates upon completion of construction and before delivery to homeowners as one of the early stage initiation services, the expected number of residential property projects in this connection has been estimated to be approximately 35, 36 and 39 for each of the years ending 31 December 2024, 2025 and 2026, respectively; (ii) the estimated total GFA of the residential property projects under development or to be developed by the Powerlong Group, which may require staff training services to be provided by the Group, amounted to approximately 4.1 million sq.m., 4.5 million sq.m., and 5.0 million sq.m. for the years ending 31 December 2024, 2025 and 2026 respectively, representing a year-on-year growth of approximately 10.3% and 11.0%, respectively. The Management estimated individual contract sum of the aforesaid projects to range from less than RMB1.0 million to approximately RMB6.1 million and the relevant management fees chargeable for the aforesaid property development projects will be broadly in line with comparable management fees charged to property projects developed by independent third parties. We understand from the Management that the estimated contract sum of these projects were determined after taking account into various factors including, among others, (i) the scale, nature and scope of works; (ii) the complexity of the relevant requirements and specifications; and (iii) level of labour required.

In assessing the fair and reasonableness of the RPM Services Annual Caps, we have considered various factors including, among others,

- (i) the information as set out in the RPM Services Schedule as detailed above. In this connection, we have performed the following work with a view to assess the reasonableness of the key underlying assumptions to the RPM Services Annual Caps as set out in the RPM Services Schedule, such as:
  - (a) for the estimated cumulative GFA of the property projects of the Powerlong Group and its associates under the Residential PM Services Annual Caps, we have reviewed the information as set out in the annual report of Powerlong Group for the year ended 31 December 2022 and, including that Powerlong Group maintained a portfolio of land bank, comprised of (aa) residential use; and (bb) commercial and residential use, with a total GFA of approximately 24.3 million sq.m. as at 31 December 2022;

In turn, we have compared the aforesaid total GFA of the land bank of residential property and commercial/residential property, which totalled to approximately 24.3 million sq.m. against the estimated GFA under RPM Services Annual Caps as set out in the RPM Services

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Schedule for the years ending 31 December 2024, 2025 and 2026 being approximately 4.1 million sq.m., 4.5 million sq.m., and 5.0 million sq.m., respectively, and we considered the estimated GFA under RPM Services Annual Caps as set out in the RPM Services Schedule to be reasonable.

Furthermore, we also conducted analysis on the Powerlong Group and noted that the Powerlong Group had 142 residential and commercial/residential property projects as at 31 December 2022, under development and held for future development, across the PRC, including in the Yangtze River Delta region (including Shanghai, Ningbo and Hangzhou), Central and Western Region (including Wuhan), West Strait Economic Zone (including Quanzhou, Xiamen and Fuzhou) and Bohai Rim region (including Tianjin), located primarily in first-tier, new first-tier and second-tier cities; and

- (b) the estimated price of the Residential Property Management Services used to determine the RPM Services Annual Caps was estimated after taking into account, where relevant, (aa) the historical price for the provision of Residential Property Management Services for residential properties of a similar nature and location; and (bb) based on the discussion with the Management and our review of the 2023 Work Plan of the Group as set out in the 2022 Annual Report, we understand that quality enhancement is one of the stated targets for the Group's residential property management services segment, together with the expansion to the scope of Residential Property Management Services to cover front-end intermediary, household inspection, repair services and end-of-sale sales services as set out in the Letter from the Board, of which the Management factored in when determining the estimated price of the Residential Property Management Services and the aforesaid improved services is also expected to contribute positively towards the financial performance of the Group over time. In this connection, we have reviewed a sample of not less than six samples of historical residential property management transactions to assess the reasonableness of the estimated price applied. Based on our review of the pricing of the sampled transactions, we considered the basis of the estimated price of the Residential Property Management Services used to determine the RPM Services Annual Caps to be reasonable;

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- (ii) in connection with the relatively low utilisation of the existing annual caps for each of the years ended 31 December 2022 and 2023 (on an annualised basis), we noted that the PRC real estate market may have been influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC.

The PRC property development industry has faced challenges in the recent years attributable to the market reactions to the introduction of various PRC government policies, including those as detailed under the section headed “3. Overview of the PRC industry landscape” in this letter above. Such policy and market development together with the containment measures of COVID-19 pandemic (together the “**Historical Uncontrollable Factors**”), which were unpredictable in nature and beyond the Company’s control, had temporarily affected the level of utilisation of the existing annual caps for the three years ending 31 December 2021, 2022 and 2023. The utilisation of the 2021 Existing Residential PM Services Annual Cap, 2022 Existing Residential PM Services Annual Cap and 2023 Existing Residential PM Services Annual Cap (on an annualised basis) ranged from 17.5% (on an annualised basis) to approximately 97.7%.

Given the impact attributable to the Historical Uncontrollable Factors, in particular those related to policies, had a comparatively less of an impact on the transaction amounts to the year ended 31 December 2021 than the year ended/ending 31 December 2022 and 2023, we considered that it is more appropriate to assess the reasonableness of the 2024 Residential PM Services Annual Cap against the historical transaction amount under the 2021 Existing Residential PM Services Annual Cap on the assumption that the market would have progressed through the Historical Uncontrollable Factors and begin to normalise during the year ending 31 December 2024 and beyond.

We have compared the 2024 Residential PM Services Annual Cap of RMB151.0 million against the historical transaction amount for the year ended 31 December 2021, which is approximately 5.5% higher, given the moderate difference, we consider the 2024 Residential PM Services Annual Cap to be reasonable. For the assessment of the 2025 Residential PM Services Annual Cap and the 2026 Residential PM Services Annual Cap, we have considered the year-on-year growth rate of approximately 11.9% and 7.7% (the “**Residential PM Services Growth Rates**”). It is also noted that the Residential PM Services Growth Rates are broadly in line with the historical year-on-year (from 2021 to 2022) and

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period-on-period (from the first six months of 2022 to the first six months of 2023) fluctuation in revenue of the Group's residential property management services of approximately 9.9% and 6.2%. On this basis, we also consider the 2025 Residential PM Services Annual Cap and the 2026 Residential PM Services Annual Cap to be reasonable;

- (iii) in the past, attributable to unpredictable market demand, the Group recorded significant growth in the historical transaction amount of the Residential Property Management Services of approximately RMB48.1 million, RMB62.2 million and RMB143.2 million for the year ended 31 December 2019, 2020 and 2021 respectively, represented notable year-on-year increase of approximately 29.3% and 130.3%; and
- (iv) the RPM Services Annual Caps offer the Group flexibility and facilitates the provision of residential property management services to the Powerlong Group and/or its associates at a service fee to be charged in accordance with the Group's relevant pricing policies, which further broadens the revenue base of the Group.

Based on the above factors, we considered the basis for determining the RPM Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### **4.3 Proposed annual caps for the 2023 Commercial Operational Services Framework Agreement (the "CO Services Annual Caps")**

The annual cap amounts and historical transaction amount under the provision of the Commercial Operational Services under the 2021 Commercial Operational Services Framework Agreement for the years ended 31 December 2021 and 2022, and the year ending 31 December 2023, and the CO Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the 2023 Commercial Operational Services Framework Agreement are set out below:

	For the year ended/ending 31 December					
	2021	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap under the 2021 Commercial Operational Services Framework Agreement	359.8	459.4	695.2	N/A	N/A	N/A

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	For the year ended/ending 31 December					
	2021	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical transaction amounts under the 2021 Commercial Operational Services Framework Agreement	358.9	385.0	170.8 (up till 30 June 2023) (Annualised amount: 341.6) <sup>(Note)</sup>	N/A	N/A	N/A
Utilisation rate (%)	99.7%	83.8%	24.6% (up till 30 June 2023) (Utilisation based on annualised amount: 49.1%) <sup>(Note)</sup>	N/A	N/A	N/A
CO Services Annual Caps	N/A	N/A	N/A	471.0 (the "2024 CO Services Annual Cap")	573.2 (the "2025 CO Services Annual Cap")	653.9 (the "2026 CO Services Annual Cap")

*Note:* Utilisation based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the CO Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined primarily by reference to (i) the actual transaction amount for the provision of Commercial Operational Services for the years ended 31 December 2021 and 2022 and the period from 1 January 2023 to 30 June 2023; and (ii) the projected demand for the Commercial Operational Services from the Powerlong Group and its associates and the increase in the number of commercial properties delivered or to be delivered by the Powerlong Group and its associates in 2023 and beyond.

In this connection, we had reviewed a schedule prepared by the Management in relation to commercial operational services for the three years ending 31 December 2026 (the "CO Services Schedule") and noted that the CO Services Annual Caps were primarily based on (i) the expected number of retail commercial property projects under development and held for future development of the Powerlong Group and its associates, which the Group may be engaged to provide commercial operational services, including market research and positioning services, is estimated to be approximately 13, 14 and 15 in each of the years ending 31 December 2024, 2025 and 2026,

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respectively; (ii) the estimated total GFA of the commercial property projects under development or to be developed by the Powerlong Group and its associates, which may require tenant sourcing and opening preparation services to be provided by the Group, amounted to approximately 1.1 million sq.m., 1.0 million sq.m., and 1.1 million sq.m. for the years ending 31 December 2024, 2025 and 2026, respectively. The Management estimated individual contract sum of the aforesaid projects, subject to its size and scale, to range from less than RMB1.0 million to approximately RMB15.0 million and the relevant management fees chargeable for the aforesaid property development projects will be broadly in line with comparable management fees charged to property projects developed by independent third parties. We understand from the Management that the estimated contract sum of these projects were determined after taking account into various factors including, among others, (i) the scale, nature and scope of works; (ii) the complexity of the relevant requirements and specifications; and (iii) level of labour required.

In assessing the fair and reasonableness of the CO Services Annual Cap, we have considered various factors including, among others,

- (i) the information as set out in the CO Services Schedule as detailed above. In this connection, we have performed the following work with a view to assess the reasonableness of the key underlying assumptions to the CO Services Annual Caps as set out in the CO Services Schedule, such as:
  - (a) for the estimated cumulative GFA of the property projects of the Powerlong Group and its associates under the CO Services Annual Caps, we have reviewed the information as set out in the annual report of Powerlong Group for the year ended 31 December 2022, including that Powerlong Group maintained a portfolio of land bank, comprised of (aa) commercial use; and (bb) commercial and residential use, with a total GFA of approximately 23.7 million sq.m. as at 31 December 2022;

In this connection, we have compared and noted that the aforesaid total GFA of the land bank of commercial property and commercial/residential property, which totalled to approximately 23.7 million sq.m. is substantially higher than the estimated GFA under CO Services Annual Caps as set out in the CO Services Schedule for the each of the years ending 31 December 2024, 2025 and 2026, being approximately 0.9 million sq.m., 1.5 million sq.m., and 1.3 million sq.m., respectively. On this basis, we are of the view that the estimated GFA under CO Services Annual Caps as set out in the CO Services Schedule to be reasonable.



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Furthermore, we also conducted analysis on the Powerlong Group and noted that the Powerlong Group had 164 commercial and commercial/residential property projects as at 31 December 2022, under development and held for future development, across the PRC, including in the Yangtze River Delta region (including Shanghai, Ningbo and Hangzhou), Central and Western Region (including Chongqing), West Strait Economic Zone (including Quanzhou, Xiamen and Fuzhou) and Bohai Rim region (including Tianjin), located primarily in first-tier, new first-tier and second-tier cities; and

- (b) the estimated price of the Commercial Operational Services used to determine the CO Services Annual Caps was estimated after taking into account, where relevant (aa) the historical price for the provision of Commercial Operational Services for commercial properties of a similar nature and location; and (bb) based on the discussion with the Management and our review of the 2023 Work Plan of the Group as set out in the 2022 Annual Report, we understand that the stated targets for the Group's commercial operational management services segment included the enhancement of operations and project quality, and promotion of intelligent commerce such as holistic introduction of the artificial intelligence technology and restoration of operation of the entertainment and intellectual property right segments to support tenants for their operations, of which the Management factored in when determining the estimated price of the Commercial Operational Management Services and the aforesaid improved services is also expected to contribute positively towards the financial performance of the Group over time. In this connection, we have reviewed a sample of not less than six historical commercial operational management services transactions to assess the reasonableness of the estimated price applied. Based on our review of the pricing of the sampled transactions, we considered the basis of the estimated price of the Commercial Operational Management Services used to determine the CO Services Annual Caps is reasonable;
- (ii) as part our analysis and work performed, we also considered the historical transaction amounts for the provision of commercial operational management services, being in the range between not less than RMB340.0 million (2023, on an annualised basis) and RMB385.0 million (2022), the fluctuation of which was primarily market driven and beyond the Group's control. As such, with a



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view to take into consideration these market uncertainties, we have compared the aforesaid maximum historical transaction amount of RMB385.0 million against the 2024 CO Services Annual Cap of approximately RMB471.0 million, and noted that the growth rate is approximately 22.3%.

With a view to assess the reasonableness of the aforesaid growth rate of approximately 22.3%, we have reviewed the 2022 Annual Report and noted that the Group's commercial operational services segment recorded segment revenue of approximately RMB1,562.9 million, RMB2,017.1 million and RMB2,058.3 million, representing a year-on-year fluctuation of approximately 2.0% to 29.1% during the year ended 31 December 2020 to 2022 (the "**Historical CO Services Segment Growth Rates**"). Given the growth rate of approximately 22.3% is within the range of the Historical CO Services Segment Growth Rates, such further supports our view on the basis of the 2024 CO Services Annual Cap being fair and reasonable.

As for the 2025 and 2026 CO Services Annual Caps, we assessed their respective year-on-year growth rate of appropriately 21.7% and 14.1% by comparing them to the range of Historical CO Services Segment Growth Rates, being approximately 2.0% and 29.1%, recorded by the Group's commercial operational services segment during the year ended 31 December 2020 to 2022. Given the respective growth rate under 2025 and 2026 CO Services Annual Caps are within the Historical CO Services Segment Growth Rates, such further supports our view on the basis of the 2025 and 2026 CO Services Annual Cap being fair and reasonable; and

- (iii) the CO Services Annual Caps offer the Group flexibility and facilitates the provision of commercial operational services to the Powerlong Group and/or its associates at a service fee to be charged in accordance with the Group's relevant pricing policies, which would further broaden the revenue base of the Group.

Based on the above factors, we considered the basis for determining the CO Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

#### **4.4 Proposed annual caps for the 2023 Common Area and Advertising Space Management Services Framework Agreement (the "CAASM Services Annual Caps")**

The annual cap amounts and historical transaction amount for the fees charged by Powerlong Group and/or its associate under the 2021 Common Area and Advertising Space Management Services Framework Agreement for

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the years ended 31 December 2021 and 2022, and the year ending 31 December 2023, and the CAASM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the 2023 Common Area and Advertising Space Management Services Framework Agreement are set out below:

	For the year ended/ending 31 December					
	2021	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap under the 2021 Common Area and Advertising Space Management Services Framework Agreement	106.8	147.5	191.0	N/A	N/A	N/A
Historical transaction amounts under the 2021 Common Area and Advertising Space Management Services Framework Agreement	103.6	123.4	60.0 (up till 30 June 2023) (Annualised amount: 120.0) <sup>(Note)</sup>	N/A	N/A	N/A
Utilisation rate (%)	97.0%	83.7%	31.4% (up till 30 June 2023) (Utilisation based on annualised amount: 62.8%) <sup>(Note)</sup>	N/A	N/A	N/A
CAASM Services Annual Caps	N/A	N/A	N/A	221.3 (the "2024 CAASM Services Annual Cap")	255.1 (the "2025 CAASM Services Annual Cap")	307.4 (the "2026 CAASM Services Annual Cap")

*Note:* Utilisation based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the CAASM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 were determined by reference to (i) the actual rental fees paid by the Group to the Powerlong Group and its associates under the 2021 Common Area and Advertising Space Management Services Framework Agreement for the years ended 31 December 2021 and 2022 and the period from 1 January 2023 to 30 June 2023; (ii) the existing GFA of common area and advertising space under the Group's management as at the date of the 2023 Common Area and Advertising Space

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Management Services Framework Agreement; (iii) the projected fees payable by the Group based on the existing contracts and the expected increase in the total GFA of common area and advertising space under the Group's management based on the development plan of the Powerlong Group and its associates for the years ending 31 December 2024, 2025 and 2026; and (iv) the estimated increment of rental fees based on the commercial negotiation between the Group and the Powerlong Group and its associates.

In this connection, we had reviewed a schedule prepared by the Management in relation to common area and advertising space management services for the three years ending 31 December 2026 (the "CAASM Services Schedule") and noted that the CAASM Services Annual Caps were primarily based on, among others, (i) the estimated GFA of common area and advertising space of the Powerlong Group and its associates for which the Group may be engaged to provide common area and advertising space management services is approximately 7.8 million sq.m., 8.8 million sq.m., and 9.9 million sq.m. for each of the year ending 31 December 2024, 2025 and 2026, respectively, representing a year-on-year growth of approximately 12.8% and 12.5%, respectively, mainly attributable to the estimated number of project of not less than 90, 102 and 118 in 2024, 2025 and 2026, respectively; and (ii) the estimated average fee payable per GFA of common area and advertising space of the Powerlong Group and its associates for which are expected to be leased by the Group amounted to approximately RMB28.4 per sq.m., RMB29.1 per sq.m., and RMB31.0 per sq.m. for each of the years ending 31 December 2024, 2025 and 2026, respectively, representing a year-on-year growth of approximately 2.5% and 6.5%, respectively.

The Management estimated that individual contract sum of the aforesaid projects would range from less than RMB1.0 million to approximately RMB18.7 million and the relevant fee payable for the aforesaid property development projects shall be broadly in line with comparable fee payable to property projects developed by independent third parties. We understand from the Management that the estimated contract sum of these projects were determined after taking account into various factors including, among others, (i) the scale, nature and scope of works; (ii) the complexity of the relevant requirements and specifications; and (iii) level of labour required.

In assessing the fair and reasonableness of the CAASM Services Annual Caps, we have considered various factors including, among others,

- (i) the information as set out in the CAASM Services Schedule as detailed above. In this connection, we have performed the following work with a view to assess the reasonableness of the key underlying assumptions to the CAASM Services Annual Caps as set out in the CAASM Services Schedule, such as, the portfolio of land bank maintained by Powerlong Group, comprised of (a) commercial use; and (b) commercial and residential use as set out in the analysis of CO Services Annual Caps as above, which is

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expected to cover PRC provinces/cities in the Yangtze River Delta region and Pearl River Delta, such as Shanghai, Guangdong, Jiangsu and Zhejiang;

- (ii) the estimated fee charge for the Common Area and Advertising Space Management Services used to determine the CAASM Services Annual Caps was estimated after taking into account, where relevant, the assumption that consumption sentiment continues to benefit from the re-opening and recovery of the economy. In addition, we have reviewed samples of historical fee payable for the Common Area and Advertising Space Management Services for a range of projects to assess the reasonableness of the estimated average fee applied to calculate the CAASM Services Annual Caps, which is within the range of the historical fee charged per sq.m. under the sampled transactions;
- (iii) in addition, we also noted that given the Common Area and Advertising Space Management Services are market driven and the demand of which are outside the Management's control as evidenced by the need to renew the annual cap for the year ended 31 December 2021 as the then demand for Common Area and Advertising Space Management Services exceeded expectation and the original proposed annual cap for the year ended 31 December 2021 had to be revised upwards, details of which are set out in the circular of the Company dated 18 October 2021.

Given the subject continuing connected transactions involved two listed companies on the Stock Exchange, namely the Company and Powerlong Holdings, any subsequent revision of the annual cap(s) prior to the expiry of the subject framework agreement, which may require further shareholders' approval, would be time consuming and cause undue disruptions to the day-to-day operations as the provision of the relevant services may be halted temporarily;

- (iv) as per our analysis under (i) and (ii) above, the GFA currently being leased by the Group for the Common Area and Advertising Space Management Services together with the GFA of the potential projects for the Common Area and Advertising Space Management Services, and the estimated average fee payable applied to calculate the CAASM Services Annual Caps, being the key assumptions of the CAASM Services Annual Caps are determined with reference to a reasonable basis;
- (v) furthermore, we have also reviewed the utilisation of the historical annual caps and noted that the historical amount transaction of the Common Area and Advertising Space Management Services was approximately RMB103.6 million,

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB123.4 million and RMB60.0 million (annualised amount) for the year ended/ending 31 December 2021, 2022 and 2023, respectively, representing a utilisation rate of approximately 97.0%, 83.7% and 62.8% (on an annualised basis); and

- (vi) the transactions contemplated under the 2023 Common Area and Advertising Space Management Services Framework Agreement, will be recognised under short-term lease expenditure as part of cost of services for the revenue generated from commercial operational services segment of the Group, such would further broaden the revenue base of the Group.

We noted that the PRC real estate market may be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC, and the relevant demand for and supply of various services in relation to the property industry, including the Common Area and Advertising Space Management Services, is market driven and unpredictable in nature, and we therefore considered that it is necessary for the Management to take into account the potential fluctuations by allowing sufficient flexibilities when determining the CAASM Services Annual Caps.

As discussed with the Management, we also understand that the aforesaid historical fluctuations as well as potential growth in demand and supply has been factored in with a view to avoid a situation whereby insufficient annual cap may lead to the possibility of a cessation of all relevant services in a short period of time and cause undue disruption to the subject project. Such possible temporary cessation may be unduly burdensome and/or lengthy as it may subject to further administrative and/or approval procedures of two separate listed companies, such would not be in the interests of the Company's operations as a whole.

Based on the above factors, we considered the basis for determining the CAASM Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for the 2023 Framework Agreements as set out under section headed "1. Reasons for and benefits of entering into the 2023 Framework Agreements" in this letter;
- (ii) the provision of the subject services and transactions contemplated under the 2023 Framework Agreements are a furtherance and continuance of the Group's existing principal businesses;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the services contemplated under the 2023 Framework Agreements shall be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, to be governed by the internal control procedures, so that the terms of the transactions contemplated thereunder shall be no less favourable to the Group than similar transactions conducted with independent third parties to the Group under the same conditions; and
- (iv) the basis for determining the proposed annual caps under the respective 2023 Framework Agreements is reasonable, details of which are set out under the section headed “4. Basis and rationale for determining the Proposed Annual Caps in connection with the 2023 Framework Agreements” in this letter above,

we are of the view that the transactions contemplated under the 2023 Framework Agreements with Powerlong Group, are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Proposed Annual Caps are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant ordinary resolutions to approve the 2023 Framework Agreements (including the Proposed Annual Caps) at the EGM.

Yours faithfully  
For and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

*Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in the corporate finance industry.*

\* *for identification purposes only*

## 1. DISCLOSURE OF INTERESTS OF DIRECTORS

### (a) Interests and short positions of the Directors and the chief executives of the Company in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were 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 he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, were as follows:

#### *Long position in shares and underlying shares of the Company:*

Name of Director	Number of ordinary shares				Total	Approximate percentage of holding <sup>(1)</sup>
	Personal interests	Beneficiary of a trust	Interest of a controlled corporation	Other interests		
Mr. Hoi Wa Fong	/	/	32,537,000 <sup>(2)</sup>	1,500,000 <sup>(3)</sup>	34,037,000	5.29%
Mr. Chen Deli	11,250,000 <sup>(4)</sup>	5,625,000 <sup>(4)</sup>	5,807,500 <sup>(5)</sup>	/	22,682,500	3.53%
Mr. Zhang Yunfeng	100,000 <sup>(6)</sup>	/	/	/	100,000	0.02%

Notes:

- (1) The calculation of the percentages is based on the total number of issued shares of the Company (i.e. 642,900,000 shares) as at the Latest Practicable Date.
- (2) Huihong Management (PTC) Limited (“**Huihong Management**”), the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of a share award scheme (the “**Huihong Share Award Scheme**”) to be adopted at least six months after the Listing. The Huihong Share Award Scheme was adopted by Huihong Management on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.



- (4) These shares include: (i) 11,250,000 shares allotted and issued to Mr. Chen Deli by the Company pursuant to the subscription agreement dated 10 September 2020 entered into between the Company and Mr. Chen Deli, which shares are held by Mr. Chen Deli in personal capacity as at the Latest Practicable Date; (ii) 11,250,000 shares awarded to Mr. Chen Deli by the Company pursuant to the share award scheme adopted by the Company on 10 September 2020, 5,625,000 shares of which were vested in Mr. Chen Deli on 1 June 2023, while the remaining 5,625,000 shares were not yet vested as at the Latest Practicable Date and continued to be held by Tricor Trust (Hong Kong) Limited in the capacity of trustee under the shares award scheme. Details of (i) and (ii) are set out in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 6 November 2020.
- (5) These shares are held by Soar Eagle Enterprise Limited (鷹翔企業有限公司), which is wholly and beneficially held by Mr. Chen Deli.
- (6) Under the Huihong Share Award Scheme, awarded shares were granted to Mr. Zhang Yunfeng on 22 September 2022.

*Long position in shares of associated corporations:*

Name of Director	Name of associated corporation	Number of ordinary shares				Total	Approximate percentage of holding <sup>(1)</sup>
		Personal interests	Interests of spouse	Interest of a controlled corporation	Other interests		
Mr. Hoi Wa Fong	Powerlong Holdings	8,988,000	503,400 <sup>(2)</sup>	/	597,568,000 <sup>(3)</sup>	607,059,400	14.66%
Ms. Hoi Wa Fan	Powerlong Holdings	61,470,000	/	226,623,000 <sup>(4)</sup>	/	288,093,000	6.96%
Ms. Hoi Wa Lam	Powerlong Holdings	15,868,000	/	/	/	15,868,000	0.38%

*Notes:*

- (1) The calculation of the percentages is based on the total number of 4,140,403,000 shares in issue of Powerlong Holdings as at the Latest Practicable Date.
- (2) These shares are held by Ms. Shih Sze Ni Cecilia, the spouse of Mr. Hoi Wa Fong.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.
- (4) These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan.



*Interest in debentures of associated corporations:*

7.125% senior notes due 2026 (as amended) with principal amount of US\$266,210,950 issued by Powerlong Holdings<sup>(1)</sup>.

Name of Director	Name of associated corporation	Capacity in which debentures are held	Amount of debentures held
Mr. Hoi Wa Fong	Powerlong Holdings	Settlor of discretionary trust	US\$2,090,000 <sup>(2)</sup>

*Notes:*

- (1) The US\$266,210,950 7.125% senior notes due 2026 (as amended) issued by Powerlong Holdings are listed on SGX-ST, transferable and not convertible into shares of Powerlong Holdings. For details of the 7.125% senior notes due 2026 (as amended), please refer to the announcements of Powerlong Holdings dated 21 June 2023, 3 July 2023, 5 July 2023, 7 July 2023 and 10 July 2023.
- (2) Debentures in the amount of US\$2,090,000 are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or were deemed to have, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 he/she was taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Interests and short positions of substantial Shareholders and other parties in the Shares and underlying Shares**

As at the Latest Practicable Date, other than the interests and short positions of certain directors and chief executives as disclosed under the paragraph above, the interests and short positions of persons 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, who is, 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 other members of the Group, or

substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

*Long position in shares of the Company:*

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(1)</sup>
Mr. Hoi Kin Hong <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	63.00%
Powerlong Real Estate (BVI) Holdings Limited ("Powerlong BVI Holding") <sup>(2)</sup>	Beneficial owner	405,000,000	63.00%
Powerlong Holdings <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	63.00%
Skylong Holdings Limited <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	63.00%
Ms. Wong Lai Chan <sup>(3)</sup>	Interest of spouse	405,000,000	63.00%
Huihong Management <sup>(4)</sup>	Trustee	32,537,000	5.06%
Ms. Shih Sze Ni Cecilia <sup>(5)</sup>	Interest of spouse	34,037,000	5.29%

*Notes:*

- (1) The calculation of the percentages is based on the total number of issued shares of the Company (i.e. 642,900,000 shares) as at the Latest Practicable Date.
- (2) Powerlong BVI Holding is wholly-owned by Powerlong Holdings, which is in turn owned as to approximately 43.61% by Skylong Holdings Limited, a company wholly-owned by Mr. Hoi Kin Hong. By virtue of the SFO, each of Powerlong Holdings, Skylong Holdings Limited and Mr. Hoi Kin Hong is deemed to be interested in the same number of shares in which Powerlong BVI Holding is interested in. Mr. Hoi Kin Hong and Ms. Wong Lai Chan also hold approximately 0.69% and 0.07% of direct interest in Powerlong Holdings, respectively. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong and Ms. Wong Lai Chan.
- (3) Ms. Wong Lai Chan is the spouse of Mr. Hoi Kin Hong. By virtue of the SFO, Ms. Wong Lai Chan is deemed to be interested in the shares held by Mr. Hoi Kin Hong.
- (4) Huihong Management, the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of the Huihong Share Award Scheme which was adopted on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- (5) Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. By virtue of the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the shares held by Mr. Hoi Wa Fong.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or 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, who is, 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 other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

## 2. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 3. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Red Sun Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Red Sun Capital Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which had, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been 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.

Red Sun Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by Red Sun Capital Limited is given as of the date of this circular for incorporation herein.

## 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

**5. DIRECTORS' INTERESTS IN COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

**6. INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

**7. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.powerlongcm.com](http://www.powerlongcm.com)) from the date of this circular up to and including the date of the EGM:

- (a) the 2023 Car Parking Lots Management Services Framework Agreement;
- (b) the 2023 Residential Property Management Services Framework Agreement;
- (c) the 2023 Commercial Operational Services Framework Agreement;
- (d) the 2023 Common Area and Advertising Space Management Services Framework Agreement; and
- (e) the letter of consent from Red Sun Capital Limited referred to in paragraph 3 of this appendix.

**8. MISCELLANEOUS**

- (a) The Company's share registrar in Hong Kong is at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (b) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

# 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)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the an extraordinary general meeting (the “**EGM**”) of Powerlong Commercial Management Holdings Limited (the “**Company**”) will be held on Wednesday, 22 November 2023 at 2:00 p.m. at Jin Long Hall 1, 2nd Floor, Le Meridien Shanghai Minhang, No. 3199 Cao Bao Road, Minhang District, Shanghai, PRC for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

1. “**THAT**
  - (a) the 2023 Car Parking Lots Management Services Framework Agreement (as defined in the circular of the Company dated 31 October 2023 (the “**Circular**”)) dated 15 September 2023 entered into between the Company and Powerlong Real Estate Holdings Limited (“**Powerlong Holdings**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the proposed annual caps for the three years ending 31 December 2026 for the transactions contemplated under the 2023 Car Parking Lots Management Services Framework Agreement be and are hereby approved, confirmed and ratified; and
  - (c) any one director of the Company (“**Director(s)**”), or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/they in his/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Car Parking Lots Management Services Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company.”

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### 2. "THAT

- (a) the 2023 Residential Property Management Services Framework Agreement (as defined in the Circular) dated 15 September 2023 entered into between the Company and Powerlong Holdings and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2026 for the transactions contemplated under the 2023 Residential Property Management Services Framework Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/they in his/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Residential Property Management Services Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company."

### 3. "THAT

- (a) the 2023 Commercial Operational Services Framework Agreement (as defined in the Circular) dated 15 September 2023 entered into between the Company and Powerlong Holdings and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2026 for the transactions contemplated under the 2023 Commercial Operational Services Framework Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/they in his/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Commercial Operational Services Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company."

## NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT
- (a) the 2023 Common Area and Advertising Space Management Services Framework Agreement (as defined in the Circular) dated 15 September 2023 entered into between the Company and Powerlong Holdings and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the proposed annual caps for the three years ending 31 December 2026 for the transactions contemplated under the 2023 Common Area and Advertising Space Management Services Framework Agreement be and are hereby approved, confirmed and ratified; and
  - (c) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/they in his/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Common Area and Advertising Space Management Services Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company.”

By order of the board of directors  
**Powerlong Commercial Management Holdings Limited**  
**HOI Wa Fong**  
*Chairman*

Hong Kong, 31 October 2023

*Registered Office:*  
Maples Corporate Services Limited  
P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*  
19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

*Notes:*

- (1) A member entitled to attend and vote at the EGM may appoint one or, if he holds two or more shares of the Company (the “Shares”), more proxies to attend and vote instead of him. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
- (2) Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange.
- (4) The register of members of the Company will be closed from Thursday, 16 November 2023 to Wednesday, 22 November 2023 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 15 November 2023.
- (5) The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

*As at the Latest Practicable Date, the Board comprises of 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, Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald.*