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POWERLONG

宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

INSIDE INFORMATION

This announcement is made by Powerlong Real Estate Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.19 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

BACKGROUND

Since the second half of 2021, China’s real estate industry has undergone a stage of intense adjustments, and the Group has encountered unprecedented liquidity pressure. In order to alleviate the liquidity pressure, the Group has proactively taken steps to strengthen its financial risk management and implemented various measures including accelerating the pre-sales and sales of its properties under development and completed properties, expediting collection of sales proceeds and other receivables, extending debt maturity of certain borrowings, securing new sources of financing, progressing on potential disposals of assets and controlling expenses. As such, the Group has continued to meet its repayment obligations for its offshore debt. From 1 January 2022 to the date of this announcement, the Group has repaid total principal and interest of approximately RMB6.12 billion of its offshore debt.

HOLISTIC DEBT MANAGEMENT

Due to the complex business environment, the Group's sales has been recovering at a slow pace, and the Group's liquidity position has continued to deteriorate. The Company expects that its cash on hand and bank deposits would not be sufficient to cover its existing and future debt, despite all the efforts it has made.

As disclosed in the announcements of the Company dated 22 October 2020, 3 December 2020, 18 December 2020, 29 December 2020, 4 January 2021, 12 January 2021, 20 December 2021 and 28 December 2021, the Company issued the 5.95% senior notes due April 2025 (ISIN: XS2250030090) (the "**April 2025 Notes**") which are listed on the Singapore Exchange Securities Trading Limited. Interest in the amount of US\$15,916,250 under the April 2025 Notes became due and payable on 30 October 2023, and the Company has a grace period of 30 days to make the interest payment. As at the date of this announcement, the Company has not made the relevant interest payment (the "**Non-payment**").

The Non-payment will result in an event of default under the terms of certain offshore long term interest-bearing bank and other borrowings of the Company. As at the date of this announcement, the Group has not received any acceleration notice with respect to its debt. In light of the pressure currently faced by the Group, the Company is of the view that a holistic solution to all of its existing debt should be explored immediately to secure the sustainable operations of the Group for the benefit of all of its stakeholders.

ENSURING TIMELY DELIVERY OF PROPERTY AND STABILIZING OPERATIONS

Faced with the current complex economic environment and multiple challenges presented by the intense adjustments of the real estate industry in China, the Group is working relentlessly to ensure the timely delivery of its property development projects so as to protect the interests of home buyers and to secure cash resources for sustainable development. As disclosed in the Company's announcement dated 8 November 2023, based on the unaudited internal information and sales data of the Group, the total contracted sales value (including contracted sales value by joint ventures and associated companies) and total contracted sales area of the Group for the ten months ended 31 October 2023 amounted to approximately RMB25,283 million and 1,681,382 square meters, respectively. The Company will always adhere to stabilizing operations, staunchly upholding the bottom line of "guaranteed delivery", making "quality delivery" as its goal with integrity and honor, and fulfilling its commitments to ensure the full delivery of projects in different regions.

As at the date of this announcement, the Group continues to maintain normal business operations.

ENGAGEMENT OF EXTERNAL ADVISORS

The Company has engaged Haitong International Securities Company Limited as its financial advisor and Sidley Austin as its legal advisor to facilitate a transparent dialogue between the Company and its creditors. The Company and its advisors will work with the Company's creditors to explore all feasible options to pursue a holistic solution to the current liquidity issues with a view to securing the sustainable operations of the Group for the benefit of all of its stakeholders.

Offshore creditors of the Company may contact representatives of the financial advisor of the Company (whose contact details are as follows):

Haitong International Securities Company Limited

Address: 28/F One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong

Telephone: +852 2848 4333

Email: project.powerlong@htisec.com

The Company will maintain active communications with creditors and uphold the principles of equitability and fairness in seeking a holistic solution. The Company looks forward to engaging and working with the creditors and calls for their patience, understanding and support in its quest for a holistic solution for all of its debt.

GENERAL

The Company will make further announcement(s) as and when appropriate in accordance with the requirements of the Listing Rules, the SFO and/or other applicable laws and regulations.

The implementation of a successful holistic solution is subject to uncertainties and factors beyond the control of the Company. There is no assurance that a holistic solution will be timely implemented, or at all. Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company. If in doubt, shareholders and investors should seek professional advice from a professional or financial advisor.

By order of the Board
Powerlong Real Estate Holdings Limited
Hoi Kin Hong
Chairman

Hong Kong, 29 November 2023

As at the date of this announcement, the executive directors of the Company are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia and Mr. Zhang Hong Feng; the non-executive director of the Company is Ms. Hoi Wa Fan; and the independent non-executive directors of the Company are Dr. Ngai Wai Fung, Dr. Mei Jian Ping and Dr. Ding Zu Yu.