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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)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE PROPOSED DISPOSAL OF
100% EQUITY INTEREST IN THE TARGET COMPANY
HOLDING THE TARGET PROJECT**

On 23 December 2025 (after trading hours), the Group entered into the Cooperation Agreement with Lianshang No.1, Lishui Lianjia and Tianjin Yuanjian, pursuant to which Shanghai Ruilong (an indirect wholly-owned subsidiary of the Company) has conditionally agreed to sell, and Lianshang No.1 (an entity wholly-owned by Lishui Lianjia and Tianjin Yuanjian which are Independent Third Parties) has conditionally agreed to purchase, 100% equity interest in the Target Company (which owns 100% of the Target Project), on and subject to the terms and conditions set out in the Cooperation Agreement. Upon completion of the Equity Transfer, the Target Company will cease to be a subsidiary of the Company.

As the highest of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Equity Transfer is more than 75%, the Equity Transfer constitutes a very substantial disposal for the Company which is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the EGM to seek the Shareholders' approval for the transactions contemplated under the Cooperation Agreement.

As additional time is required to prepare the information to be included in the Circular, it is currently expected that the Circular will be published on or before 23 February 2026, which is more than 15 business days after publication of this announcement.

1. INTRODUCTION

The Board announces that on 23 December 2025 (after trading hours), the Group entered into the Cooperation Agreement with Lianshang No.1, Lishui Lianjia and Tianjin Yuanjian, pursuant to which Shanghai Ruilong (an indirect wholly-owned subsidiary of the Company) has conditionally agreed to sell, and Lianshang No.1 (an entity wholly-owned by Lishui Lianjia and Tianjin Yuanjian which are Independent Third Parties) has conditionally agreed to purchase, 100% equity interest in the Target Company (which owns 100% of the Target Project), on and subject to the terms and conditions set out in the Cooperation Agreement. Upon completion of the Equity Transfer, the Target Company will cease to be a subsidiary of the Company.

2. THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are as follows.

2.1 Date

23 December 2025

2.2 Parties

- (1) the Company;
- (2) Powerlong Enterprise;
- (3) Shanghai Ruilong;
- (4) the Target Company;
- (5) Lianshang No.1;
- (6) Lishui Lianjia; and
- (7) Tianjin Yuanjian.

2.3 The Equity Transfer

Pursuant to the Cooperation Agreement, Shanghai Ruilong (an indirect wholly-owned subsidiary of the Company) has conditionally agreed to sell, and Lianshang No.1 (an entity owned as to 99.97% by Lishui Lianjia and 0.03% by Tianjin Yuanjian, which are Independent Third Parties) has conditionally agreed to purchase, 100% equity interest in the Target Company which owns 100% of the Target Project. Shanghai Ruilong (as transferor), Lianshang No.1 (as transferee) and the Target Company shall execute the Equity Transfer Agreement to effect the Equity Transfer. The Equity Transfer Agreement is required for the purpose of the industry and commerce registration procedures for the Equity Transfer, and it shall not contain provisions that are inconsistent with the Cooperation Agreement.

Further details on the Target Company and the Target Project are set out under the paragraphs headed “3. INFORMATION ON THE TARGET COMPANY” and “4. INFORMATION ON THE TARGET PROJECT” in this announcement, respectively.

2.4 Conditions of the Equity Transfer

Completion of the industry and commerce registration procedures for the Equity Transfer is conditional upon the fulfilment (or waiver, where applicable) of the following conditions (the “**Equity Transfer Conditions**”):

- (1) the Cooperation Agreement and the Equity Transfer Agreement having been validly executed and become effective;
- (2) completion of the approval process of the relevant bank for the grant of the New Facility to replace the Existing Facility, and the receipt by Lianshang No.1 of a valid loan approval letter issued by the relevant bank for the New Facility;
- (3) settlement of specific borrowing of the Target Company and release of pledge of relevant assets;
- (4) release of the guarantee obligations of the Target Company in respect of certain borrowings;
- (5) the outstanding tax obligations of the Target Company having been ascertained by the relevant tax authorities;
- (6) the existing lease arrangement over the car parking spaces of the Target Project having been terminated and the right-of-use of such car parking spaces having been transferred back to the Target Company;
- (7) 5% equity interest in the Target Company currently held by an indirect wholly-owned subsidiary of the Company (and a direct wholly-owned subsidiary of Shanghai Ruilong) having been transferred back to Shanghai Ruilong;
- (8) the Powerlong Parties having procured the Target Company to hand over to Lianshang No.1 an executed original of each of the leasing agreement, various operating agreements and property management services agreements in respect of the Target Project;
- (9) the Company having complied with the applicable announcement, circular and shareholders’ approval requirements under the Listing Rules and having obtained the necessary approval from the Shareholders with respect to the transactions contemplated under the Cooperation Agreement;
- (10) the company chops, licenses and permits, and bank tokens and accounts of the Target Company having been placed under the joint custody of Shanghai Ruilong and Lishui Lianjia; and

(11) Lishui Lianjia having completed its fund filing procedures and having transferred an amount equivalent to the First Payment (defined below) into the designated account of Lianshang No.1.

Lianshang No.1 has the right to waive any one or more of the conditions precedent other than item (2), item (11), and the matters required to be completed by Lianshang No.1 or Lishui Lianjia under item (8) and item (10).

The Group has the right to waive the conditions precedent under item (2), item (11), as well as the matters required to be completed by Lianshang No.1 or Lishui Lianjia under item (8) and item (10).

No Parties shall be entitled to waive item (9) of the Equity Transfer Conditions.

As at the date of this announcement, none of the Equity Transfer Conditions has been fulfilled or waived (where applicable).

The Cooperation Agreement shall terminate automatically if:

- (i) any of the Equity Transfer Conditions is not fulfilled or waived (where applicable) in accordance with the terms of the Cooperation Agreement; or
- (ii) the necessary resolution(s) for approving the transactions contemplated under the Cooperation Agreement has (have) been voted down by the Shareholders by way of poll at the EGM.

2.5 Consideration for the Target Equity Interest

The initial consideration for the Target Equity Interest is RMB1,000,000,000 (the **“Initial Consideration”**), which is determined among the Parties at arm’s length negotiation with reference to, among others, (i) the agreed total asset value of the Target Project of RMB2,450,000,000. Such agreed value is determined with reference to the valuation of the Target Project by an independent valuer as at 31 August 2025 as detailed in the section headed “4. INFORMATION ON THE TARGET PROJECT” below in this announcement and taking into account the overall development status and prospects of the Target Project; (ii) the cash balance of RMB10,000,000 which shall remain on the books of the Target Company upon completion of the Equity Transfer; and (iii) the liabilities of the Target Company as at the Completion Date of approximately RMB1,460,000,000 (such amount may be adjusted upon completion of the Equity Transfer). Such liabilities are determined in accordance with the estimated accounts of the Target Company as at 31 August 2025.

The Initial Consideration shall be subject to adjustment with reference to the assets and liabilities listed on the audited completion accounts of the Target Company as of the Completion Date (the **“Audited Completion Accounts”**) to be audited by a firm of auditors (the **“Completion Auditors”**) whose selection shall be agreed by the Parties. The Parties shall cooperate with the Completion Auditors with a view to completing the Audited Completion Accounts and confirming the amount of the adjusted final consideration for the Target Equity Interest (the **“Adjusted Consideration”**) within 30 days after the Completion Date.

The Adjusted Consideration shall be settled in the following manner:

- (a) after fulfilment (or waiver) of the First Payment Conditions (as defined in the paragraph headed “2.6.1 Conditions of the First Payment” in this announcement), RMB135,000,000 (the “**First Payment**”) shall be paid by Lianshang No.1 to Shanghai Ruilong;
- (b) after fulfilment (or waiver) of the Second Payment Condition (as defined in the paragraph headed “2.6.2 Condition of the Second Payment” in this announcement), RMB665,000,000 (the “**Second Payment**”) shall be paid by Lianshang No.1 to Shanghai Ruilong;
- (c) after fulfilment (or waiver) of the Third Payment Conditions (as defined in the paragraph headed “2.6.3 Conditions of the Third Payment” in this announcement), RMB100,000,000 (the “**Third Payment**”) and an amount being the difference between the Adjusted Consideration and the Initial Consideration (the “**Adjustment Amount**”) shall be paid by Lianshang No.1 to Shanghai Ruilong according to the principle of overpayment being refunded and underpayment being supplemented; and
- (d) after the first anniversary of the Completion Date (or such earlier date as Tianjin Yuanjian and the Powerlong Parties may agree), RMB100,000,000 (the “**Fourth Payment**”) shall be paid by Lianshang No.1 to Shanghai Ruilong.

2.6 Payment Conditions

2.6.1 *Conditions of the First Payment*

Payment by Lianshang No.1 of the First Payment is conditional upon the fulfilment (or waiver, where applicable) of the conditions precedent in accordance with the Cooperation Agreement (the “**First Payment Conditions**”), which include, among others, the following:

- (1) the industry and commerce registration for the Equity Transfer having been completed as evidenced by the issuance of a new business license of the Target Company;
- (2) the transfer of employment relationship with all personnels of the Target Company (including its branch company(ies)) having been completed;
- (3) the owner of relevant trademarks having provided a written license to use such trademarks in favour of the Target Company in connection with the operation of the Target Project;
- (4) no material adverse change has occurred in respect of the Target Project and/or the Target Company (excluding any changes which has been rectified); and

- (5) the signing of the Supplemental Agreements by the Target Company with not less than 75% of all the relevant tenants of the Target Project.

Lianshang No.1 may waive any or all of the First Payment Conditions at its sole discretion.

If any of the First Payment Conditions is not fulfilled or waived (where applicable) on or before the date falling on the 30th business day after the date on which the industry and commerce registration for the Equity Transfer have been completed (subject to a one-month extension as may be determined by Lianshang No.1 at its sole discretion) (the “**First Payment Deadline**”), the Cooperation Agreement shall terminate automatically. In such case, the Parties shall act promptly to unwind the transaction and restore the original status as of the signing of the Cooperation Agreement.

2.6.2 Condition of the Second Payment

Payment by Lianshang No.1 of the Second Payment is conditional upon the fulfilment (or waiver, where applicable) of the following condition (the “**Second Payment Condition**”):

the existing real estate pledges executed by the Target Company in favour of the relevant bank as security for the Existing Facility having been released, save for any real estate pledges that the bank may require as security for the New Facility.

Lianshang No.1 may waive the Second Payment Condition at its sole discretion.

If the Second Payment Condition is not fulfilled or waived (where applicable) on or before the date falling on the 20th business day after Lianshang No.1 has provided Shareholder’s Loan(s) to the Target Company and/or procured for the New Facility as set out in the paragraph headed “2.8 Arrangement for Certain Existing Liabilities” in this announcement (subject to a one-month extension as may be determined by Lianshang No.1 at its sole discretion) (the “**Second Payment Deadline**”), the Cooperation Agreement shall terminate automatically. In such case, the Parties shall act promptly to unwind the transaction and restore the original status as of the signing of the Cooperation Agreement.

2.6.3 Conditions of the Third Payment

Payment by Lianshang No.1 of the Third Payment is conditional upon the fulfilment (or waiver, where applicable) of the following conditions (the “**Third Payment Conditions**”):

- (1) the signing of the Supplemental Agreements by the Target Company with 100% of the relevant tenants of the Target Project having been completed; and

(2) the Completion Auditors having issued the Audited Completion Accounts and reviewed and confirmed by the Parties.

Lianshang No.1 may waive any or all of the Third Payment Conditions at its sole discretion.

2.7 Completion

The Parties agree that the date of payment of the First Payment shall be regarded as the completion date for the purpose of the Cooperation Agreement (the “**Completion Date**”). With effect from the Completion Date, (i) Lianshang No.1 shall enjoy the rights and benefits of the shareholder of the Target Company, (ii) Shanghai Ruilong shall cease to enjoy the rights and benefits of the shareholder of the Target Company, and (iii) the assets and liabilities and results of operation of the Target Company will cease to be consolidated into the financial statements of the Group.

2.8 Arrangement for Certain Existing Liabilities

Pursuant to the Cooperation Agreement, Lianshang No.1 shall provide shareholder’s loan(s) to the Target Company (the “**Shareholder’s Loan(s)**”) and/or procure for the New Facility to enable the Target Company to settle certain liabilities of the Target Company (including, repayment of the outstanding amount of the Existing Facility of approximately RMB1,021 million, settlement of the operating liabilities including tax liabilities of the Target Company of approximately RMB118 million, and settlement of certain other payables of the Target Company mainly comprising refundable deposits received from tenants and accounts payable to independent third parties of approximately RMB311 million, and payment of other capital expenditures of the Target Company of approximately RMB10 million) in the aggregate principal amount of RMB1,460 million after completion of the Equity Transfer, subject to the fulfilment (or waiver, where applicable) of the conditions (the “**Conditions to the Shareholder’s Loans**”) that are substantially the same as the First Payment Conditions including the completion of the industry and commerce registration for the Equity Transfer.

If any of the Conditions to the Shareholder’s Loans is not fulfilled or waived (where applicable) on or before the date falling on the 30th business day after the date on which the industry and commerce registration for the Equity Transfer has been completed (being paragraph (1) of the First Payment Conditions) (subject to a one-month extension as may be determined by Lianshang No.1 at its sole discretion), the Cooperation Agreement shall terminate automatically. In such case, the Parties shall act promptly to unwind the transaction and restore the original status as of the signing of the Cooperation Agreement.

2.9 Post-Completion Matters

With effect from the Completion Date, Lianshang No.1 shall be entitled to determine the cash distribution arrangement of the Target Company (including the repayment of principal of Shareholder's Loan(s), payment of interest accruing on Shareholder's Loan(s), payment of cash dividend, and settlement of accounts payables and receivables) (collectively, the "**Cash Distribution**"), subject to compliance with applicable laws and the restrictions as stipulated in the Cooperation Agreement.

At any time before the earlier of (i) the expiry of the Investment Period and (ii) the exercise of the Exit Right by Lianshang No.1, and provided that there has been no breach of the Cooperation Agreement on the part of the Powerlong Parties resulting in an adverse financial impact on the Target Company in excess of RMB10,000,000, the Target Company shall not undertake any material transaction (including but not limited to disposal of assets, increase or decrease of equity capital, and provision of guarantee) without the prior written consent of the Powerlong Parties.

2.10 Shortfall Undertaking

During the Investment Period, if the net operating income of the Target Project for any calendar year is less than the agreed amount as stipulated in the Cooperation Agreement, being RMB230,000,000 (the "**Agreed Amount**") (subject to a pro rata adjustment based on the actual number of days elapsed if the review period is less than a full calendar year), Lianshang No.1 may notify the Powerlong Parties in writing of the occurrence of shortfall, and the Powerlong Parties shall pay a sum equivalent to the difference between such Agreed Amount and the net operating income of the Target Project for the relevant year to Lianshang No.1 within 10 business days after receipt of such notice.

The Agreed Amount was determined based on the target net operating income to be achieved by the Target Project set with reference to the actual net operating income recorded by the Target Project for the years of 2023 and 2024 and the eight months ended 31 August 2025, which was considered by the Parties as a reasonable target barring unforeseen and adverse macro environmental circumstances.

Taking into account (i) the Target Project has been managed and operated by the Powerlong Commercial Group. As it is expected that the Powerlong Commercial Group will continue to manage and operate the Target Project and charge appropriate fees after the Completion Date; (ii) the historical financial performance of the Target Project (details of which are set out in the paragraph headed "3.2 Financial Information" in this announcement) where net operating income of not less than RMB230,000,000 has been achieved each year and it is expected that the Agreed Amount will also be achieved barring unforeseeable circumstances; and (iii) the terms of the Cooperation Agreement which stipulate that if the Powerlong Parties failed to make the shortfall payment (if any), the Group will forfeit the

Repurchase Right (defined below under the paragraph headed “2.11 Right to Repurchase by Shanghai Ruilong”) without being required to assume additional obligations or have other consequences, i.e. in the event the performance of the Target Project does not meet the Company’s expectation, it may elect not to make the shortfall payment in order to protect the interest of the Company and its shareholders, the Board considers that the shortfall undertaking is fair and reasonable to the Company and its shareholders as a whole.

In respect of factor (ii) above, under normal circumstances, a commercial property project with mature operation would not experience a situation where operating income fails to cover operating expenditures. Exceptions would only arise in the event of the following significant, adverse, and extreme situations:

- (a) sudden market disruption: for example, adjustments to urban planning; out-migration of core consumer demographics and sustained contraction in consumer demand leading to a loss of core competitiveness for the project; extremely low revenue coupled with inability to proportionally reduce operating costs; or
- (b) major operational incident: for example, a sudden major fire, resulting in suspended or restricted operations, where income is interrupted but expenditures continue to occur; or
- (c) legal policy risk: for example, exposure to significant administrative penalties or litigation, incurring substantial one-off expenses that exceed operating income.

The net operating income for the Target Project for the years of 2023 and 2024 and the eight months ended 31 August 2025 were RMB231 million, RMB232 million and RMB156 million, respectively. Leveraging a mature operational management system, the proportion of operating expenditures has remained stably controlled within the range of 22% to 25% of the operating income. Operating costs and expenditures have consistently been lower than the operating income recorded by the Target Project. Therefore, it is reasonable to expect that in the future, the operating costs and expenditures will remain lower than the operating income recorded by the Target Project.

In respect of factor (iii) above, when determining whether to make the shortfall payment or forfeit the Repurchase Right, the Company will conduct the following quantitative and qualitative analysis:

(a) Quantitative Analysis

- (i) *Shortfall amount and the Company's solvency*: If the net operating income of the Target Project during the assessment period falls below the Agreed Amount, before making any shortfall payment, the Company will consider quantitative indicators including available cash and credit limit, operating cash flow coverage, and significant debt obligations of the Group at the material time, so as to ensure that if shortfall payment is made, it will not affect the principal business of the Group or its ability to repay its debts;
- (ii) *Economic comparison between shortfall compensation and the Repurchase Price*: the Company will compare the amount of the shortfall payment required against the Repurchase Price, as well as the expected asset value of the Target Project. In the event the shortfall payment plus the Repurchase Price would be larger than the expected asset value of the Target Project, the Company will not make the shortfall payment and will forfeit the Repurchase Right;
- (iii) *Quantitative projection of magnitude of net operating income deviation and possibility of recovery*: if the net operating income of the Target Project during the assessment period falls below the Agreed Amount, the Company will consider whether it is a short-term volatility (such as temporary tenant vacancy or pandemic disruption), or a long-term trend (such as decline of the commercial district and property aging). Based on the specific reason of the net operating income deviation and the possibility of recovery, the Company will assess whether to make the shortfall payment.

(b) Qualitative Analysis

The primary qualitative basis for the Company's decision regarding the shortfall compensation payment is the strategic value of the Repurchase Right, where:

- (i) if the fundamental conditions of the commercial district where the Target Project is located has not undergone significant adverse changes (such as regional planning adjustments, population outflow, significant deterioration in commercial competition), and the assets still possess stable rental income capability and long-term appreciation potential, and the Repurchase Price is relatively certain and predictable, the Company would be more likely to make the shortfall payment; and

- (ii) if the fundamental conditions of the Target Project have undergone structural changes (such as decline in locational value, property aging, or sustained pressure on operational prospects), or if the Company's overall strategic focus shifts towards asset-light operations and it no longer plans to hold such assets, the Company may prudently elect not to make the shortfall payment and forfeit the Repurchase Right.

In summary, whether the Company would make the shortfall payment (if required) to retain the Repurchase Right is a market-oriented and professional business judgment to be made after a comprehensive evaluation of multiple factors, including financial capacity, comparison of economic gains and losses, reasons for net operating income deviation, asset locational value, corporate strategic direction, and market environment. Such decision-making mechanism aligns with industry practices and corporate governance standards and is also beneficial for safeguarding the interests of shareholders. Therefore, the Board considers that the shortfall undertaking is fair and reasonable to the Company and its shareholders as a whole.

2.11 Right to Repurchase by Shanghai Ruilong

During the period between the third anniversary of the Completion Date and the date falling on 10 business days immediately before the fourth anniversary (or during the period between the fourth anniversary of the Completion Date and the date falling on 10 business days immediately before the fifth anniversary, if the extension is agreed between Shanghai Ruilong and Lianshang No.1) of the Completion Date (the “**Repurchase Period**”), Shanghai Ruilong shall have the priority right (but not an obligation) to repurchase 100% equity interest in the Target Company (the “**Repurchase Equity**”) from Lianshang No.1 (the “**Repurchase Right**”) for a cash consideration (the “**Repurchase Price**”) that provides Lianshang No.1 with 12% internal rate of return on the total investment amount^(Note), provided that a 10.5% internal rate of return shall be applicable for the purpose of determining the Repurchase Price if Shanghai Ruilong and Lianshang No.1 have agreed to extend the Repurchase Period to the date falling on 10 business days immediately before the fifth anniversary of the Completion Date. Shanghai Ruilong may exercise the Repurchase Right by serving a written notice on Lianshang No.1 at any time during the Repurchase Period. The basis of the Repurchase Price and the internal rate of return was determined with reference to the purchaser's internal investment standards and the general market return level of similar commercial real estate transactions in the PRC. Specifically, the actual source of funding of Lianshang No.1 is from professional investors. Given the current economic environment in the PRC, a downward trend in forward interest rates is anticipated. Within its internal framework, different assessment criteria exist for projects with varying investment horizons: projects with horizons below 5 years are classified as short-term projects requiring higher investment returns, while projects with horizons of 5 years or above are long-term-held projects pursuing sustained returns with lower required investment returns.

The Repurchase Right shall lapse: (i) upon expiry of the Repurchase Period; or (ii) upon written notice by Shanghai Ruilong that it will not exercise the Repurchase Right; or (iii) upon written notice by Shanghai Ruilong that it will offer to repurchase less than 100% equity interest in the Target Company and/or for a price less than the Repurchase Price.

During the period between the Completion Date and the earlier of (i) the date of completion of the industry and commerce registration for transfer of the Repurchase Equity following an exercise of the Repurchase Right and (ii) the date on which the Repurchase Right lapses, Lianshang No.1 shall not transfer, pledge or otherwise dispose of any equity interest in the Target Company or permit any encumbrance to subsist over any equity interest in the Target Company (save for pledges of the equity interest in the Target Company for the purpose of obtaining the New Facility).

Note: Total investment amount is calculated by using (i) the sum of the actual amount of consideration paid by Lianshang No.1 for the Target Equity Interest and the actual outstanding principal amount of Shareholder's Loan(s) advanced by Lianshang No.1 to the Target Company as deducted by (ii) the total amount of New Facility obtained. The amount of the New Facility shall be deducted as the basis of investment return should be determined based on the purchaser's actual invested self-owned funds. The amounts obtained through new financing by the purchaser do not constitute self-owned funds of the purchaser and therefore shall be deducted.

2.12 Right to Exit by Lianshang No.1

If (a) the net operating income of the Target Project for a calendar year is less than the Agreed Amount (subject to a pro rata adjustment based on the actual number of days elapsed if the review period is less than a full calendar year), and the Powerlong Parties do not pay the shortfall amount to Lianshang No.1 within the required time, or (b) Shanghai Ruilong has not exercised the Repurchase Right in respect of 100% equity interest in the Target Company during the Repurchase Period or has not paid the Repurchase Price in full within the required time, Lianshang No.1 may dispose of any or all of the equity and debt interests in the Target Company and interests in the Target Project to any third parties (the "**Exit Right**"). Prior to exercise of the Exit Right, the Target Company shall waive all subsisting indebtedness then owed by the Powerlong Parties and their relevant parties to the Target Company, and shall enable the Powerlong Parties and their relevant parties to novate and/or set-off such indebtedness prior to the waiver becoming effective.

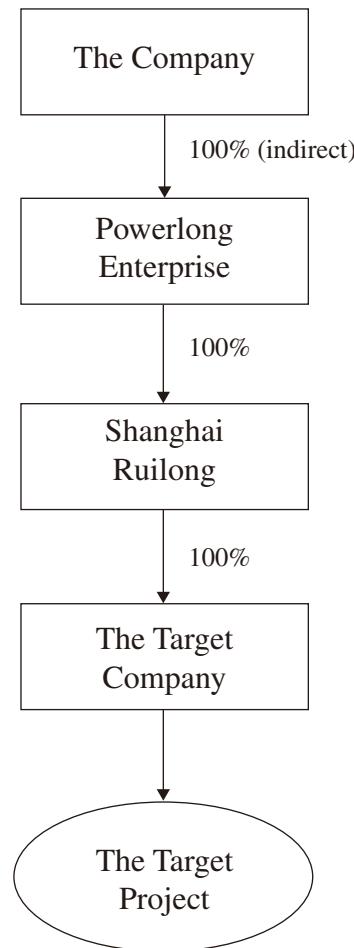
3. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the Target Company is principally engaged in holding the Target Project.

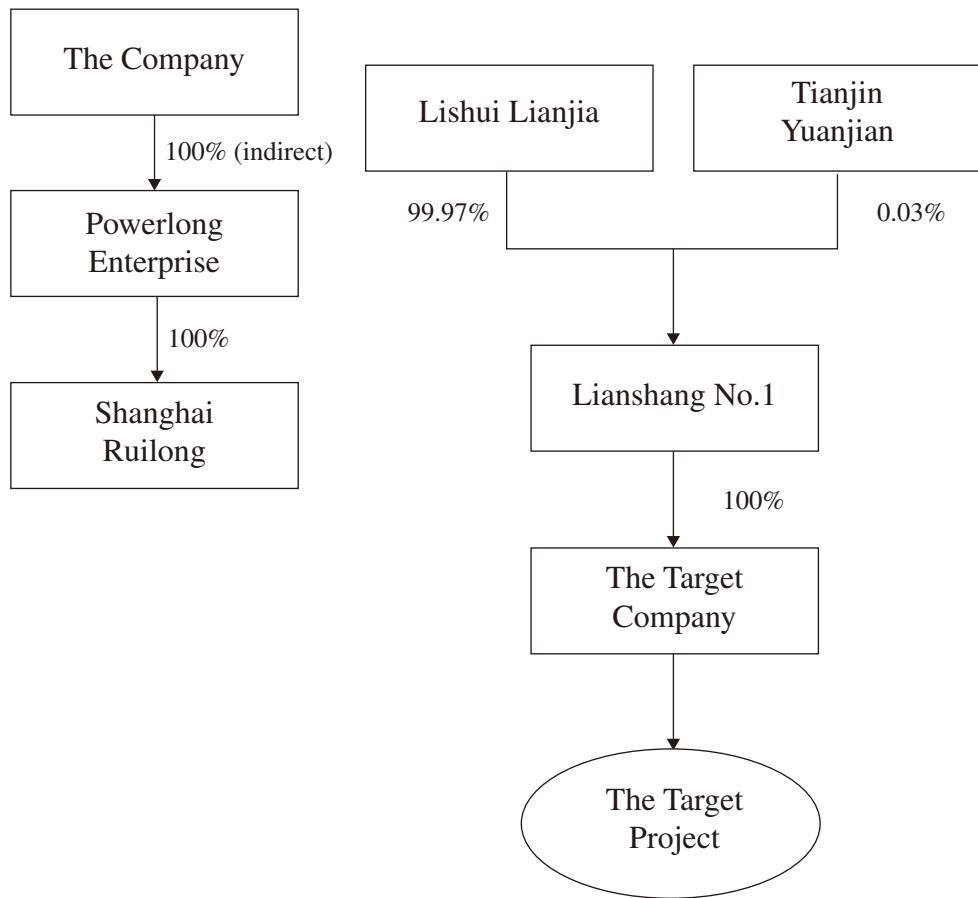
3.1 Shareholding Structure

The simplified shareholding structure of the Target Company immediately before and after completion of the Equity Transfer is set out below.

Before the Equity Transfer (as at the date of this announcement)



Immediately upon completion of the Equity Transfer



3.2 Financial Information

Set out below is the financial information of the Target Company for the years of 2023 and 2024 and the eight months ended 31 August 2025:

	For the year ended 31 December 2023 (unaudited) RMB'000		For the eight months ended 31 August 2025 (unaudited) RMB'000	
Revenue	1,138,689		222,948	142,912
Net profit/(loss) before taxation	(81,220)		(11,052)	(1,589,752)
Net profit/(loss) after taxation	(1,224)		(3,692)	(1,191,992)^(Note)

**As at
31 August
2025
RMB'000**

Net assets value	1,801,627
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Note:

The loss of approximately RMB1,192 million for the eight months ended 31 August 2025 was primarily due to loss in fair value of investment properties recorded during the period amounting to approximately RMB1,678 million. Such amount was not included when calculating the net operating income of the Target Project. The net operating income of the Target Project does not take into account profit or loss on fair value changes of investment properties because such profit or loss are primarily influenced by the macroeconomic conditions and has little correlation with the daily operational activities of the Target Project.

The net operating income of the Target Project for the years of 2023 and 2024 and the eight months ended 31 August 2025 were approximately RMB231 million, RMB232 million and RMB156 million, respectively.

For illustration purpose, the difference between the net operating income of the Target Project and net loss of the Target Company for the years of 2023 and 2024 and the eight months ended 31 August 2025 was primarily due to:

- (i) the Target Project's net operating income refers to the net amount derived from full-scope income of the Target Project's ordinary operating activities after deducting cost and expenditures related to such activities. Such full-scope income includes not only rental income and hotel income reflected in the Target Company's financial statements, but also other income which is not attributable to the Target Company. For example, regarding parking fee revenue, as the Target Company has sold the right-of-use of the parking lots to a subsidiary of the Group, the parking fee revenue did not belong to the Target Company. As for multiple-operation revenue, it is partially attributable to the relevant operators pursuant to the respective operation agreements and partially attributable to the Target Company. Whereas for certain commercial business revenue, it is attributable to other operators and not attributable to the Target Company. However, after completion of the Equity Transfer, all revenue of the Target Project shall be attributable to the Target Company because (a) the Target Company will repurchase the relevant parking lots from the Group; and (b) the Company understands that the operation mode of the Target Company and the Target Project will be changed such that all multiple-operation revenue will be directly receivable by the Target Company instead of the operators. On the other hand, the income sources of the Target Company includes property sales which were not taken into account when calculating the net operating income of the Target Project; and
- (ii) costs and expenditures related to the Target Project's ordinary operations, when compared to the Target Company's financial statements, exclude items including incidental revenue or expenses, real estate sales costs, losses on fair value change, and loan interests.

4. INFORMATION ON THE TARGET PROJECT

The Target Project is a commercial complex developed by the Group and 100% owned by the Target Company. It is located at No. 3867 Binsheng Road, Puyan Jiedao, Hangzhou, Zhejiang Province, the PRC. It comprises a shopping mall complex known as Hangzhou Binjiang Powerlong City (杭州濱江寶龍城) and a hotel known as JUNTELS Binjiang Hangzhou (杭州濱江寶龍藝珺酒店).

Hangzhou Binjiang Powerlong City has a total of 5 floors above ground and 2 floors underground, which includes stores, outdoor and rooftop spaces and exterior façade advertisement spaces with a total gross floor area of approximately 137,473.34 square meters (excluding the car parking spaces), and 1,390 underground car parking spaces. Hangzhou Binjiang Powerlong City commenced operation in December 2016.

JUNTELS Binjiang Hangzhou has 175 hotel rooms and commenced operation in December 2017.

The preliminary valuation of the market value for the shopping mall, hotel, and non-civil air defense parking spaces of the Target Project as at 31 August 2025 was RMB2,406 million, while the investment value of the civil air defense parking spaces was RMB38 million as appraised by an independent valuer, Savills Valuation and Professional Services (China) Limited, using the income approach method. Details of the valuation approach, methodology and assumptions for the valuation of the Target Project will be set out in the relevant valuation report to be included in the Circular. For the avoidance of doubt, the use of income approach to value the Target Project does not constitute profit forecast under Rule 14.61 of the Listing Rules.

5. FINANCIAL EFFECTS OF THE TRANSACTION

Subject to final audit, the Group currently expects to record a loss of approximately RMB52 million from the Equity Transfer, which is calculated based on the Initial Consideration of approximately RMB1,000 million (subject to post-completion adjustment) plus approximately RMB750 million arising from the proposed set off of the related party receivables of approximately RMB1,027 million against the related party payables of approximately RMB277 million of the Target Company (such amount of RMB750 million will no longer be repayable by the Group if the Group does not exercise the Repurchase Right), and deducted by the unaudited net asset value of the Target Company as at 31 August 2025 of approximately RMB1,802 million, before any related expenses.

Related party receivables of approximately RMB1,027 million primarily comprise current account balances between the Target Company and the Group's subsidiaries of approximately RMB927 million; receivable equity transfer proceeds from historical transactions between the Target Company and the Group's subsidiaries of approximately RMB78 million; principal and interest disbursed on behalf of others arising from the Target Company providing guarantees for internal related parties of approximately RMB10 million; and current account balances and other miscellaneous transactions based on ordinary business operations between the Target Company and historical subsidiaries of RMB12 million.

Related party payables of approximately RMB277 million primarily comprise payables arising from the Target Company's repurchasing of parking rights from the Group of approximately RMB174 million; payables arising from the Group's subsidiaries repaying debts for the Target Company of approximately RMB36 million; and payables arising from the Group's subsidiaries providing construction funds to the Target Company during its construction and development period of approximately RMB67 million.

The Group's actual gain or loss arising from the Equity Transfer may be different from the above and shall be subject to the review by the Company's auditors and determined based on the Adjusted Consideration, the latest available valuation of the Target Project and the amount of incurred expenses incidental to the transactions contemplated under the Cooperation Agreement.

Upon completion of the Equity Transfer, the Target Company will cease to be a subsidiary of the Company, and the assets and liabilities and results of operation of the Target Company will cease to be consolidated in the financial statements of the Group.

6. REASONS FOR AND BENEFITS OF THE TRANSACTION

By transferring the ownership interest of the Target Company and the Target Project to Lianshang No.1, the Group will receive cash proceeds within a relatively short transaction timeframe. The cash proceeds could improve the liquidity position of the Group and support its daily operations and property development projects. The Group also has the right to repurchase the Target Company and the Target Project from Lianshang No.1 in the future with a pre-agreed consideration basis, which gives the Group the option to re-take ownership and control of the Target Company and the Target Project with reference to the strategic layout, liquidity and business needs of the Group at the relevant time in the future.

It is estimated that the net proceeds from the Equity Transfer (after deduction of tax expenses, legal fees and ancillary expenses) would be approximately RMB997 million. Among such net proceeds from the Equity Transfer, the Company intends to use 45% for its properties development to ensure on-time delivery, 20% for its general operating expenses, 15% for tax expenses, 10% for expenses relating to the Group's offshore restructuring and 10% for expenses relating to the Group's onshore restructuring.

In light of the foregoing, the Board considers the terms of the Cooperation Agreement to be normal commercial terms and the Equity Transfer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. INFORMATION ON THE PARTIES INVOLVED

The Company is an investment holding company and the 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.

Each of Powerlong Enterprise and Shanghai Ruilong is a company established in the PRC with limited liability and is principally engaged in investment holding. Each of them is an indirect wholly-owned subsidiary of the Company.

Lianshang No.1 is a company established in the PRC with limited liability for the purpose of holding the Target Company for the purpose of the transactions contemplated under the Cooperation Agreement. It is owned by Lishui Lianjia as to 99.97% and Tianjin Yuanjian as to 0.03%.

Lishui Lianjia is a limited partnership established in the PRC and is principally engaged in equity investment activities. The general partner of Lishui Lianjia is 蘇州新聯管理諮詢有限公司 (Suzhou Xinlian Management Consulting Co., Ltd.* ("Suzhou Xinlian")) and the limited partner of Lishui Lianjia is 海口遠見共創一號基金(有限合夥) (Haikou Yuanjian Co Creation No.1 Fund (Limited Partnership)* ("Haikou Yuanjian")). Suzhou Xinlian is a company with limited liability established in the PRC, and is owned by 中聯前源不動產基金管理有限公司 (GSUM Fund Management Co. Ltd.*). Haikou Yuanjian is a limited partnership established in the PRC and is principally engaged in investment businesses. As at the date of this announcement, both the limited partner and the general partner of this limited partnership are indirectly owned by an insurance company ultimately owned by the Ministry of Finance of the PRC.

Tianjin Yuanjian is a company established in the PRC with limited liability and is principally engaged in investment management. As at the date of this announcement, Tianjin Yuanjian is indirectly owned by an insurance company ultimately owned by the Ministry of Finance of the PRC.

To the best knowledge, information and belief of the Company, each of Lianshang No.1, Lishui Lianjia and Tianjin Yuanjian and their respective ultimate beneficial owners is an Independent Third Party.

8. LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Equity Transfer is more than 75%, the Equity Transfer constitutes a very substantial disposal for the Company which is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Repurchase Right is an option the exercise of which is at the Company's discretion. As no premium is payable by the Company for obtaining the Repurchase Right, the obtaining of the Repurchase Right by the Company does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Upon exercise of the Repurchase Right by the Company (where applicable) which may constitute a notifiable transaction for the Company with reference to Rule 14.75 of the Listing Rules, the Company shall determine the applicable percentage ratios pursuant to Rules 14.07 and 14.75(2) of the Listing Rules, and comply with the announcement, circular and/or shareholders' approval requirements under Chapter 14 of the Listing Rules as applicable under the then prevailing circumstances.

As at the date of this announcement, the Target Project is managed and operated by the Powerlong Commercial Group pursuant to the 2023 Commercial Operational Services Framework Agreement, which constitute continuing connected transactions for Powerlong Commercial for the purpose of Chapter 14A of the Listing Rules. Upon completion of the Equity Transfer, given that the Target Company will cease to be accounted for as a subsidiary of the Company, the provision of commercial operational services by the Powerlong Commercial Group to the Target Company in connection with the Target Project will cease to constitute continuing connected transactions for Powerlong Commercial for the purpose of Chapter 14A of the Listing Rules.

9. GENERAL

The Company will convene and hold the EGM to seek the Shareholders' approval for the transactions contemplated under the Cooperation Agreement.

The Circular containing, amongst other things, (i) details on the Cooperation Agreement and the transactions contemplated thereunder, (ii) the financial information of the Target Company and the remaining Group as required by Chapters 4 and 14 of the Listing Rules; (iii) the property valuation report on the Target Project as required by Chapter 5 of the Listing Rules; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, together with the related proxy form, will be made available by the Company on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.powerlong.com) and despatched to the Shareholders (if necessary) as soon as practicable.

As additional time is required to prepare the information to be included in the Circular, it is currently expected that the Circular will be published on or before 23 February 2026, which is more than 15 business days after publication of this announcement.

WARNING: Completion of the transactions contemplated under the Cooperation Agreement is subject to fulfillment and/or waiver, as applicable, of the conditions precedent contained in the Cooperation Agreement. Accordingly, the transactions contemplated under the Cooperation Agreement may or may not materialize. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company, and should consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.

10. DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Adjusted Consideration”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Target Equity Interest” of this announcement
“Adjustment Amount”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Target Equity Interest” of this announcement
“Audited Completion Accounts”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Target Equity Interest” of this announcement
“Board”	the board of Directors
“Cash Distribution”	has the meaning as ascribed to it under the paragraph headed “2.9 Post-Completion Cash Distribution” of this announcement
“Circular”	the circular to be published by the Company in relation to, among others, the transactions contemplated under the Cooperation Agreement pursuant to the applicable requirements of Chapter 14 of the Listing Rules
“Company”	Powerlong Real Estate Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1238)
“Completion Auditors”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Target Equity Interest” of this announcement
“Completion Date”	has the meaning as ascribed to it under the paragraph headed “2.7 Completion” of this announcement

“Conditions to the Shareholder’s Loans”	has the meaning as ascribed to it under the paragraph headed “2.8 Arrangement for Certain Existing Liabilities” of this announcement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 23 December 2025 entered into among the Parties in relation to, among others, the Equity Transfer
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened by the Company for the purpose of, among others, approving the transactions contemplated under the Cooperation Agreement
“Equity Transfer”	the transfer of the Target Equity Interest by Shanghai Ruilong to Lianshang No.1 pursuant to the Cooperation Agreement
“Equity Transfer Agreement”	the equity transfer agreement to be entered into among Shanghai Ruilong as transferor, Lianshang No.1 as transferee, and the Target Company for the Equity Transfer, the form of which is set out in an appendix to the Cooperation Agreement
“Equity Transfer Conditions”	has the meaning as ascribed to it under the paragraph headed “2.4 Conditions of the Equity Transfer” of this announcement
“Existing Facility”	the existing loan facility granted to the Target Company
“Exit Right”	has the meaning as ascribed to it under the paragraph headed “2.12 Right to Exit by Lianshang No.1” of this announcement
“First Payment”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Equity Transfer Interest” of this announcement
“First Payment Conditions”	has the meaning as ascribed to it under the paragraph headed “2.6.1 Conditions of the First Payment” of this announcement
“First Payment Deadline”	has the meaning as ascribed to it under the paragraph headed “2.6.1 Conditions of the First Payment” of this announcement

“Fourth Payment”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Equity Transfer Interest” of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company
“Initial Consideration”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Target Equity Interest” of this announcement
“Investment Period”	the period commencing from the Completion Date up to (i) the fourth anniversary of the Completion Date, or (ii) if extended by mutual agreement between Shanghai Rui long and Lianshang No.1, up to the fifth anniversary of the Completion Date
“Lianshang No.1”	上海聯商壹號商業管理有限公司 (Shanghai Lianshang No.1 Commercial Management Co., Ltd.*), a company established in the PRC with limited liability and an Independent Third Party as at the date of this announcement
“Lishui Lianjia”	麗水聯家貳號股權投資合夥企業(有限合夥) (Lishui Lianjia No.2 Equity Investment Partnership Enterprise (Limited Partnership)*), a limited partnership established in the PRC and an Independent Third Party as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“New Facility”	the new loan facility to be granted to Lianshang No.1 to replace the Existing Facility
“Parties”	the parties to the Cooperation Agreement, namely the Powerlong Parties, the Target Company, Lianshang No.1, Lishui Lianjia and Tianjin Yuanjian

“Powerlong Commercial”	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)
“Powerlong Commercial Group”	Powerlong Commercial and its subsidiaries
“Powerlong Enterprise”	上海寶龍實業發展(集團)有限公司 (Shanghai Powerlong Enterprise Development (Group) Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Powerlong Parties”	the Company, Powerlong Enterprise and Shanghai Ruilong
“PRC”	the People's Republic of China
“Repurchase Equity”	has the meaning as ascribed to it under the paragraph headed “2.11 Right to Repurchase by Shanghai Ruilong” of this announcement
“Repurchase Period”	has the meaning as ascribed to it under the paragraph headed “2.11 Right to Repurchase by Shanghai Ruilong” of this announcement
“Repurchase Price”	has the meaning as ascribed to it under the paragraph headed “2.11 Right to Repurchase by Shanghai Ruilong” of this announcement
“Repurchase Right”	has the meaning as ascribed to it under the paragraph headed “2.11 Right to Repurchase by Shanghai Ruilong” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Payment”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Equity Transfer Interest” of this announcement
“Second Payment Condition”	has the meaning as ascribed to it under the paragraph headed “2.6.2 Condition of the Second Payment” of this announcement
“Second Payment Deadline”	has the meaning as ascribed to it under the paragraph headed “2.6.2 Condition of the Second Payment” of this announcement

“Shanghai Ruilong”	上海瑞龍投資管理有限公司 (Shanghai Ruilong Investment Management Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Share(s)”	ordinary share(s) having a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan(s)”	has the meaning as ascribed to it under the paragraph headed “2.8 Arrangement for Certain Existing Liabilities” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement(s)”	the supplemental agreement(s) to be entered into in respect of the change of entity to the Target Company for receipt of the property management fees payable by the relevant tenants of the Target Project and multiple operation fees
“Target Company”	杭州華展房地產開發有限公司 (Hangzhou Huazhan Real Estate Development Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Target Equity Interest”	100% equity interest in the Target Company
“Target Project”	a commercial complex developed by the Group located at No. 3867 Binsheng Road, Puyan Jiedao, Hangzhou, Zhejiang Province, the PRC, comprising a shopping mall complex known as Hangzhou Binjiang Powerlong City (杭州濱江寶龍城) and a hotel known as JUNTELS Binjiang Hangzhou (杭州濱江寶龍藝珺酒店)
“Third Payment”	has the meaning as ascribed to it under the paragraph headed “2.5 Consideration for the Equity Transfer Interest” of this announcement
“Third Payment Conditions”	has the meaning as ascribed to it under the paragraph headed “2.6.3 Conditions of the Third Payment” of this announcement

“Tianjin Yuanjian”

天津遠見創新投資管理有限公司 (Tianjin Yuanjian Chuangxin Investment Management Co. Ltd.*), a company established in the PRC with limited liability and an Independent Third Party as at the date of this announcement

“%”

per cent.

* For identification purposes only

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

Hong Kong, 23 December 2025

As at the date of this announcement, the executive Directors are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping and Mr. Zhang Hong Feng; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan.