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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)

MAJOR AND CONNECTED TRANSACTION THE PROPOSED DISPOSAL OF SHARES IN POWERLONG CM

THE PROPOSED DISPOSAL

On 27 January 2026, the Seller entered into the Agreement with the Purchaser for the disposal by the Seller of the Target Shares, on and subject to the terms and conditions set out in the Agreement, at an aggregate consideration of HK\$360,827,625.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the Shareholders' approval, reporting, announcement and circular requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Mr. Hoi Chin Ho Kalson (son of Mr. Hoi Wa Fong and grandson of Mr. Hoi Kin Hong, both of whom are executive Directors of the Company) holds 51% of the issued shares of the Purchaser, and (ii) Ms. Hoi Wa Lam (cousin of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, a non-executive Director of the Company) holds 49% of the issued shares of the Purchaser. Accordingly, the Purchaser is a connected person of the Company. Hence the Disposal constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened and held to consider and, if thought fit, approve by the Independent Shareholders the relevant ordinary resolution(s) in respect of the Agreement and the transactions contemplated thereunder.

An Independent Board Committee will be formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan and their respective associates, no Shareholder has any material interest in the Agreement and the transactions contemplated thereunder. Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan and their respective associates (including Skylong Holdings Limited, Sky Infinity Holdings Limited and Walong Holdings Limited), who in aggregate hold 2,714,035,400 shares of the Company, representing approximately 65.55% of the issued share capital of the Company, as at the date of this announcement, will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable but not later than 20 February 2026.

Completion of the Disposal is conditional upon satisfaction of the conditions precedent as set out in the Agreement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

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THE AGREEMENT

The principal terms of the Agreement are set out below.

Parties to the Agreement

The Seller : Powerlong Real Estate (BVI) Holdings Limited

The Purchaser : Prime Capital Investment Limited

The Purchaser is a connected person, as referred to in the section headed “Listing Rules Implications” in this announcement.

Subject matter

The Seller agreed to dispose the Target Shares representing 25% of the issued capital of Powerlong CM to the Purchaser.

Consideration

The aggregate consideration for the Disposal is HK\$360,827,625, of which 20% shall be payable in cash on the Upfront Payment Date and the remaining amount shall be payable in cash to the Seller on the date of completion of the Disposal.

Basis of determination of the Consideration

The consideration for the Disposal was determined after arm’s length negotiations between the Purchaser and the Seller, with reference to the average closing price of the Target Shares for the 15 trading days immediately prior to the date of the Agreement.

Conditions Precedent

Completion of the Disposal is conditional upon the fulfilment (or waiver, where applicable, other than those required by the Listing Rules and/or the applicable laws) of, among others, the following conditions:

- (i) no notice, order, judgment, action or proceeding of any person having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Agreement or which is likely to materially and adversely affect the right of the Purchaser to own the legal and beneficial title to the Target Shares, free from encumbrances;
- (ii) the transaction contemplated by the Agreement having been approved by the Shareholders by passing the necessary resolutions at the Company’s general meeting in accordance with the requirements of the Listing Rules and applicable laws;

- (iii) all consents, registration, filings, confirmations, clearances, rulings and decisions by authorities or any other third party that are necessary or appropriate for or in connection with the transactions contemplated under the Agreement having been obtained; and
- (iv) the representations and warranties remaining true and accurate in all material respects.

Completion

The completion of the Agreement shall take place on the Completion Date after the fulfillment of the conditions precedent under the Agreement.

INFORMATION ABOUT POWERLONG CM

Powerlong CM is an investment holding company incorporated in the Cayman Islands with limited liability and is listed on the Stock Exchange. Through its subsidiaries, it provides commercial management operational service in the PRC and focuses on the Yangtze River Delta region, especially city clusters with vast potentials for economic development. It also provides property management services for residential properties, office buildings and serviced apartments.

According to the published financial statements of Powerlong CM, the financial results of Powerlong CM for the two years ended 31 December 2024 and for the six months ended 30 June 2025 are as follows:

	For the year ended 31 December		For six months ended 30 June
	2023	2024	2025
	(audited)	(audited)	(unaudited)
	RMB'000	RMB'000	RMB'000
Net profit before tax	611,688	330,940	242,529
Net profit after tax	452,391	224,385	176,064

The consolidated unaudited net asset value of Powerlong CM as at 30 June 2025 was approximately RMB3,394.6 million.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, Powerlong CM will remain a non-wholly owned subsidiary of the Company and its financial results, assets and liabilities will continue to be consolidated with the results of the Company.

Subject to final audit, the Group currently expects to record a reduction in other reserves of approximately RMB521.5 million from the Disposal, which is calculated based on the consideration of approximately RMB329.1 million deducted by the unaudited net asset value of the Target Shares attributable to the Company as at 30 June 2025 of approximately RMB850.6 million, before any related expenses.

REASONS FOR AND BENEFIT OF THE DISPOSAL

Since the second half of 2021, the PRC 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. However, due to the complex business environment, the Group's sales have been recovering at a slow pace, and the Group's liquidity position has continued to deteriorate.

Over the past years, the Company has been working diligently with its professional advisors to progress on a holistic management solution for the Company's offshore indebtedness that respects the rights of all stakeholders and hopes to unlock the intrinsic value of the Group's businesses and assets as the domestic operating environment gradually improves. The Group and members of the AHG, together with their respective advisers, have been engaged in constructive dialogue towards a consensual restructuring of the Company's indebtedness. As a result, the Restructuring and the Scheme were formulated with an aim to (i) respect creditors' existing rights and treat all creditors fairly, (ii) secure a long-term sustainable capital structure and to further stabilize operations of the Group, and (iii) protect the rights and interest for the benefit of all of its stakeholders.

On 10 October 2025, the Company entered into the RSA in relation to the Restructuring. The Restructuring and the Scheme have received broad support from the creditors. As announced by the Company on 19 December 2025, creditors holding over 85.48% of the Scheme Debt had submitted letters to accede to the RSA as of such date.

Under the terms and conditions in connection with the Restructuring, the restructuring consideration will consist of one or a combination of various options in accordance with the Scheme Creditor's selection, which involves, amongst other things, the disposal or pledge of Powerlong CM shares by the Company to fund, fully or partially, a total cash amount of US\$40 million.

By transferring the ownership interest of the Target Shares to the Purchaser, the Group will receive cash proceeds within a relatively short timeframe. The cash proceeds could improve the liquidity position of the Group and will be used to fund the Restructuring, the Scheme and support the Group's daily operations. The Disposal therefore demonstrates the continuing support of the controlling shareholders of the Group and at the same time ensures the management continuity of both the Group and Powerlong CM, as the ultimate controlling shareholders of both entities will remain the same after the Disposal.

INFORMATION ON THE PARTIES INVOLVED

The Seller 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.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

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As at the date of this announcement, (i) Mr. Hoi Chin Ho Kalson (son of Mr. Hoi Wa Fong and grandson of Mr. Hoi Kin Hong, both of whom are executive Directors of the Company) holds 51% of the issued shares of the Purchaser, and (ii) Ms. Hoi Wa Lam (cousin of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, a non-executive Director of the Company) holds 49% of the issued shares of the Purchaser. Accordingly, the Purchaser is a connected person of the Company. Hence the Disposal constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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DEFINITIONS

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

“AHG”	an ad hoc group of holders of the Scheme Debt as constituted from time to time and notified to the Company who are advised by the AHG advisors
“Agreement”	the share purchase agreement dated 27 January 2026 between the Seller and the Purchaser relating to the Disposal
“Board”	the board of directors of the Company
“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 Date”	31 August 2026, or such other date as the Seller and the Purchaser may agree in writing in accordance with the terms of the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Shares
“EGM”	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan, all of whom are independent non-executive Directors, will be formed to advise the Independent Shareholders as to the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	with respect to the Agreement and the transactions contemplated thereunder, the Shareholders excluding Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Powerlong CM”	Powerlong Commercial Management Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 9909)
“PRC”	the People’s Republic of China
“Purchaser”	Prime Capital Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Restructuring”	the restructuring of the Scheme Debt, to be conducted materially in the manner envisaged by, and materially on the terms set out in, the RSA Term Sheet
“RMB”	Renminbi, the lawful currency of the PRC
“RSA”	the restructuring support agreement dated 10 October 2025 entered into by, among others, the Company and members of the AHG, as amended from time to time
“RSA Term Sheet”	the restructuring term sheet as set out in Schedule 6 to the RSA, a copy of which is appended to the Company’s announcement dated 10 October 2025 (with sensitive information being removed or redacted)

“Scheme”	the (i) the scheme of arrangement proposed by the Company to be effected pursuant to sections 670, 673 and 674 of the Companies Ordinance, for the purpose of implementing the Restructuring as contemplated under the RSA and the RSA Term Sheet; and/or (ii) a scheme of arrangement, or similar process in such other jurisdiction as may be needed to implement the Restructuring, as determined at the Company’s discretion to be necessary, after having consulted with the AHG and/or the AHG’s advisor in good faith
“Scheme Creditors”	creditors of the Company with respect to the Scheme Debt
“Scheme Debt”	various existing notes issued or guaranteed by the Company and the existing loans entered into or guaranteed by the Group
“Seller”	Powerlong Real Estate (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	160,725,000 shares in the issued share capital of Powerlong CM
“Upfront Payment Date”	27 April 2026, or such other date as the Seller and the Purchaser may agree in writing in accordance with the terms of the Agreement
“%”	per cent.

By order of the board
Powerlong Real Estate Holdings Limited
HOI Kin Hong
Chairman

Hong Kong, 27 January 2026

As of the date of this announcement, the executive directors of the Company are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping 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 Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan.