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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF XIAMEN POWERLONG

THE DISPOSAL

On 29 April 2025, Shanghai Powerlong, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Xiamen Erlai, pursuant to which Shanghai Powerlong agreed to sell and Xiamen Erlai agreed to purchase 60% equity interest in Xiamen Powerlong at the consideration of RMB6,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Equity Transfer Agreement are set out as follows:

Date of Agreement	:	29 April 2025
Parties	:	(i) Shanghai Powerlong (as seller); (ii) Xiamen Erlai (as purchaser); and (iii) Xiamen Powerlong (the target company)
Subject Matter	:	Pursuant to the Equity Transfer Agreement, Shanghai Powerlong had agreed to sell and Xiamen Erlai had agreed to purchase 60% equity interest in Xiamen Powerlong
Consideration	:	RMB6,000,000 in cash to be paid by 30 May 2025
Completion	:	Completion took place in July 2025

BASIS OF THE CONSIDERATION

The consideration was determined after arm's length negotiations between Shanghai Powerlong and Xiamen Erlai on normal commercial terms, after taking into account primarily the total registered capital of Xiamen Powerlong of RMB10,000,000, on the basis of the corresponding 60% equity interest being transferred under the Equity Transfer Agreement. The Board has also considered the nature of the right-of-use assets held by Xiamen Powerlong, the performance risk associated with long-term lease liabilities, and the absence of any material impact of the relevant business of Xiamen Powerlong on the Group's overall results before proceed with the Disposal.

INFORMATION OF XIAMEN POWERLONG

Xiamen Powerlong is a company established under the laws of the PRC with limited liability in August 2021. As at the date of the Equity Transfer Agreement and prior to the completion, Xiamen Powerlong is held as to 60% by Shanghai Powerlong, and 40% beneficially owned by He Zheng, an Independent Third Party and is a subsidiary of the Company. Xiamen Powerlong is principally engaged in the commercial operations. Prior to the Disposal, Xiamen Powerlong mainly had four master lease agreements which it leased the relevant properties in their entirety for the purpose of operational management and sub-leasing to commercial tenants.

Set out below is the audited financial information of Xiamen Powerlong for the financial years ended 31 December 2024 and 31 December 2023 as extracted from the audited consolidated financial statements of Xiamen Powerlong prepared in accordance with HKFRS Accounting Standards:

	For the year ended	
	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Net loss before and after tax	19,247	5,982

As at 31 December 2024, based on the audited financial statements, the net liabilities of Xiamen Powerlong were approximately RMB38,700,000.

FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL

Upon the Disposal, Xiamen Powerlong will cease to be a subsidiary of the Company. Accordingly, the financial results, assets and liabilities of Xiamen Powerlong will no longer be consolidated into the consolidated financial statements of the Group. As a result of the Disposal, the Group is expected to recognise an aggregate gain of approximately RMB47,700,000, which is estimated with reference to the difference between the consideration of RMB6,000,000 receivable by the Group and the carrying amount of net liabilities of the Xiamen Powerlong attributable to the Company of approximately RMB41,700,000 as at 30 June 2025.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group would focus its development in its core Yangtze River Delta region and give priority to strengthening the Powerlong Plaza product line as its core brand strategy. After careful consideration of the Group's overall strategic positioning and resource allocation, the Board has resolved to dispose of the Group's equity interest in Xiamen Powerlong and the four Powerlong Land retail commercial properties in Xiamen under its management.

The Directors note that Xiamen Powerlong is located outside the Group's core regions and mainly comprise community-based commercial projects with limited strategic relevance to the Group's future development. Continuing to retain and operate Xiamen Powerlong would result in ongoing cross-regional management complexity and operating costs without delivering commensurate strategic or financial returns. The Disposal will therefore enable the Group to streamline its business structure, improve operational efficiency and more effectively redeploy capital and management resources to its core regions and core brand businesses.

Having considered that the reasons of the Disposal, the basis of determining the consideration under the Disposal and that the Company can use the proceeds as its working capital in order to support the Group's operation, the Directors considered that the terms of the Equity Transfer Agreement and the Disposal are on normal commercial terms and fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is a leading service provider engaging in the provision of commercial operational services and residential property management services in the PRC.

INFORMATION OF XIAMEN ERLAI

Based on the information available to the Board, Xiamen Erlai Cultural Development Co., Ltd. (廈門二來文化發展有限公司) is a company established under the laws of the PRC with limited liability and principally engaged in property management, marketing and promotion planning, and car park services.

Xiamen Erlai is owned as to 99% by Liao Zhang Sheng and 1% by Hong Liang Yuan.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Xiamen Erlai and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

REMEDIAL ACTIONS

There was a delay in publishing this announcement regarding the Disposal. The current breach of the Listing Rules arose from the assessment of the transaction at subsidiary level, where its materiality was evaluated primarily by reference to the cash consideration of approximately RMB6,000,000 and the transaction was therefore regarded as small in scale at the material time. As such, the Disposal was conducted at subsidiary level without involvement of the head office of the Group and the Company was unable to timely comply with the Listing Rules in relation to the Disposal. Upon becoming aware of the delay in complying with the disclosure requirements under Chapter 14 of the Listing Rules, the Company has promptly taken remedial measures to address the underlying causes of the breach and to prevent recurrence.

In order to prevent future non-compliance, the Company has revised its internal approval procedures to require subsidiaries with any disposal involving assets with value more than RMB5,000,000 to obtain prior clearance from the Company's finance, legal and company secretarial functions before entering into any transaction that may have Listing Rules implications, including acquisitions and disposals of assets or equity interests. Further, all transactions are now required to undergo mandatory testing of the applicable percentage ratios under Chapter 14 of the Listing Rules, including assets, revenue, profits, consideration and equity capital ratios, and such assessments are embedded into the Group's transaction approval system as a precondition to execution. Where appropriate, the Company will consult external professional advisers, including its legal advisers and financial advisers, in assessing the Listing Rules implications of transactions prior to execution to ensure full compliance with applicable requirements. The Company will continue to review and refine its internal controls and compliance framework to ensure ongoing compliance with the Listing Rules.

The Board is of the view that the above remedial measures are appropriate and sufficient to address the non-compliance and to prevent similar incidents from occurring in the future.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	Powerlong Commercial Management Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Disposal"	The disposal of Xiamen Powerlong
"Equity Transfer Agreement"	the equity transfer agreement dated 29 April 2025 entered into among Shanghai Powerlong, Xiamen Erlai and Xiamen Powerlong in relation to the Disposal
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
'Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) which is/are independent of the Company and its connected persons (as defined in the Listing Rules)

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Shanghai Powerlong"	Shanghai Powerlong Commercial Property Management Limited (上海寶龍商業地產管理有限公司)
"Share(s)"	the ordinary share(s) with nominal value of HK$0.1 each in the capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Xiamen Erlai"	Xiamen Erlai Cultural Development Co., Ltd. (廈門二來文化發展有限公司)
"Xiamen Powerlong"	Xiamen Powerlong Shangsheng Commercial Management Company Limited (廈門寶龍商盛商業管理有限公司)

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

Hong Kong, 3 June 2026

As at the date of this announcement, the Board comprises of one executive Director, namely, Mr. Hoi Wa Fong, two non-executive Directors, namely, 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.