THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Powerlong Real Estate Holdings Limited, you should at once hand this circular 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 transferee.

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)

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

Unless the context otherwise requires, capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM of the Company to be held on Thursday, 29 January 2026 at 10:00 a.m. at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC is set out on pages EGM-1 to EGM-2 of this circular and a form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete, sign and return 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 before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish, and in such case, the instrument appointing the proxy shall be deemed to be revoked.

12 January 2026

CONTENTS

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

"Account Reference Date"	has the meaning as ascribed to it under the paragraph headed "2.5 Consideration for the Target Equity Interest" of "Letter from the Board" of this circular
"Adjusted Consideration"	has the meaning as ascribed to it under the paragraph headed "2.5 Consideration for the Target Equity Interest" of "Letter from the Board" of this circular
"Adjustment Amount"	has the meaning as ascribed to it under the paragraph headed "2.5 Consideration for the Target Equity Interest" of "Letter from the Board" of this circular
"associate(s)"	has the meaning given to it under the Listing Rules
"Audited Completion Accounts"	has the meaning as ascribed to it under the paragraph headed "2.5 Consideration for the Target Equity Interest" of "Letter from the Board" of this circular
"Bank"	a commercial bank in the PRC which is an Independent Third Party
"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 "Letter from the Board" of this circular
"close associate(s)"	has the meaning given to it under 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 "Letter from the Board" of this circular
"Completion Date"	has the meaning as ascribed to it under the paragraph headed "2.7 Completion" of "Letter from the Board" of this circular

"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 "Letter from the Board" of this circular
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"controlling shareholder(s)"	has the meaning as ascribed to it under 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 on Thursday, 29 January 2026 at 10:00 a.m. at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC for the purpose of, among others, seeking the Shareholders' approval for the Cooperation Agreement and the transactions contemplated thereunder
"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 "Letter from the Board" of this circular
"Existing Facility"	the existing loan facility in the principal amount of RMB1.021 billion granted by the Bank 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 "Letter from the Board" of this circular

"First Payment"	has the meaning as ascribed to it under the paragraph headed "2.5 Consideration for the Equity Transfer Interest" of "Letter from the Board" of this circular
"First Payment Conditions"	has the meaning as ascribed to it under the paragraph headed "2.6.1 Conditions of the First Payment" of "Letter from the Board" of this circular
"First Payment Deadline"	has the meaning as ascribed to it under the paragraph headed "2.6.1 Conditions of the First Payment" of "Letter from the Board" of this circular
"Fourth Payment"	has the meaning as ascribed to it under the paragraph headed "2.5 Consideration for the Equity Transfer Interest" of "Letter from the Board" of this circular
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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 "Letter from the Board" of this circular
"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 Ruilong and Lianshang No.1, up to the fifth anniversary of the Completion Date
"Latest Practicable Date"	12 January 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"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 Latest Practicable Date

"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 Latest Practicable Date
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"New Facility"	the new loan facility in the principal amount of approximately RMB1.46 billion 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, 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: 9909), and an indirect non wholly-owned subsidiary of the Company as at the Latest Practicable Date
"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 Latest Practicable Date
"Powerlong Parties"	the Company, Powerlong Enterprise and Shanghai Ruilong
"PRC"	the People's Republic of China
"Remaining Group"	the Group upon completion of the Equity Transfer

"Repurchase Equity"	has the meaning as ascribed to it under the paragraph headed "2.11 Right to Repurchase by Shanghai Ruilong" of "Letter from the Board" of this circular
"Repurchase Period"	has the meaning as ascribed to it under the paragraph headed "2.11 Right to Repurchase by Shanghai Ruilong" of "Letter from the Board" of this circular
"Repurchase Price"	has the meaning as ascribed to it under the paragraph headed "2.11 Right to Repurchase by Shanghai Ruilong" of "Letter from the Board" of this circular
"Repurchase Right"	has the meaning as ascribed to it under the paragraph headed "2.11 Right to Repurchase by Shanghai Ruilong" of "Letter from the Board" of this circular
"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 "Letter from the Board" of this circular
"Second Payment Condition"	has the meaning as ascribed to it under the paragraph headed "2.6.2 Condition of the Second Payment" of "Letter from the Board" of this circular
"Second Payment Deadline"	has the meaning as ascribed to it under the paragraph headed "2.6.2 Condition of the Second Payment" of "Letter from the Board" of this circular
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"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 Latest Practicable Date
"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 "Letter from the Board" of this circular
"Shareholder's Loan Agreement"	the shareholder's loan agreement to be entered into between Lianshang No.1 as lender and the Target Company as borrower, the form of which is set out in an appendix to the Cooperation Agreement
"Shopping Mall"	the shopping mall complex known as Hangzhou Binjiang Powerlong City (杭州濱江寶龍城), being part of the Target Project
"sqm"	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"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 Latest Practicable Date
"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 "Letter from the Board" of this circular

"Third Payment Conditions"	has the meaning as ascribed to it under the paragraph headed "2.6.3 Conditions of the Third Payment" of "Letter from the Board" of this circular
"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 Latest Practicable Date
"Valuation Date"	the date of the valuation of the Target Project performed by the Valuer, being 30 November 2025
"Valuer"	Savills Valuation and Professional Services (China) Limited, an independent valuer
"%"	per cent.

All references in this circular to times and dates are references to Hong Kong times and dates unless otherwise specified.

All percentages stated in this circular are approximations and certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

POWERLONG
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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)

Executive Directors:
Mr. Hoi Kin Hong *(Chairman)*
Mr. Hoi Wa Fong *(Chief Executive Officer)*
Mr. Xiao Qing Ping
Mr. Zhang Hong Feng

Non-executive Director:
Ms. Hoi Wa Fan

Independent non-executive Directors:
Mr. Au Yeung Po Fung
Dr. Mei Jian Ping
Dr. Ding Zu Yu
Ms. Liu Xiao Lan

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:
Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

12 January 2026

To the Shareholders

Dear Sirs and Madams,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 23 December 2025 in relation to, among others, the Cooperation Agreement and the transactions contemplated thereunder.

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.

The purpose of this circular is to provide you with, among 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.

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 circular, 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 Latest Practicable Date, 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 in the amount of RMB2,406 million in respect of the shopping mall, hotel, and non-civil air defense parking spaces and RMB38 million in respect of the investment value of the civil air defense parking spaces (a more updated valuation as at 30 November 2025 in the equivalent amounts has been set out in Appendix V to this circular) 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 circular), 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 circular), 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 circular), 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 circular (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 the Target Company 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 circular) 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.

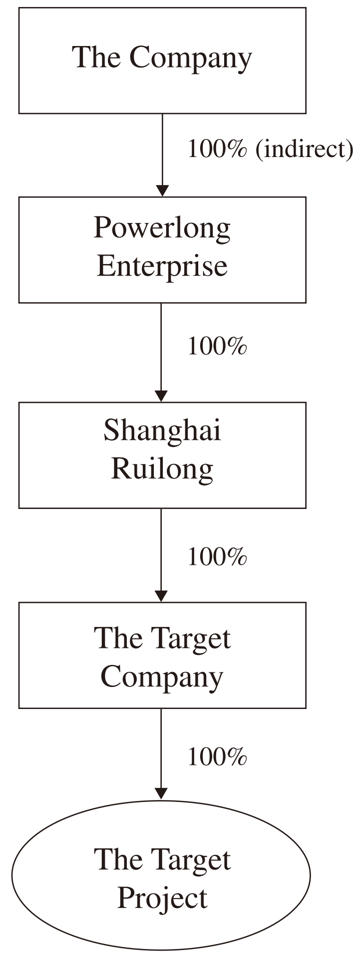
3. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. As at the Latest Practicable Date, the Target Company is principally engaged in holding the Target Project.

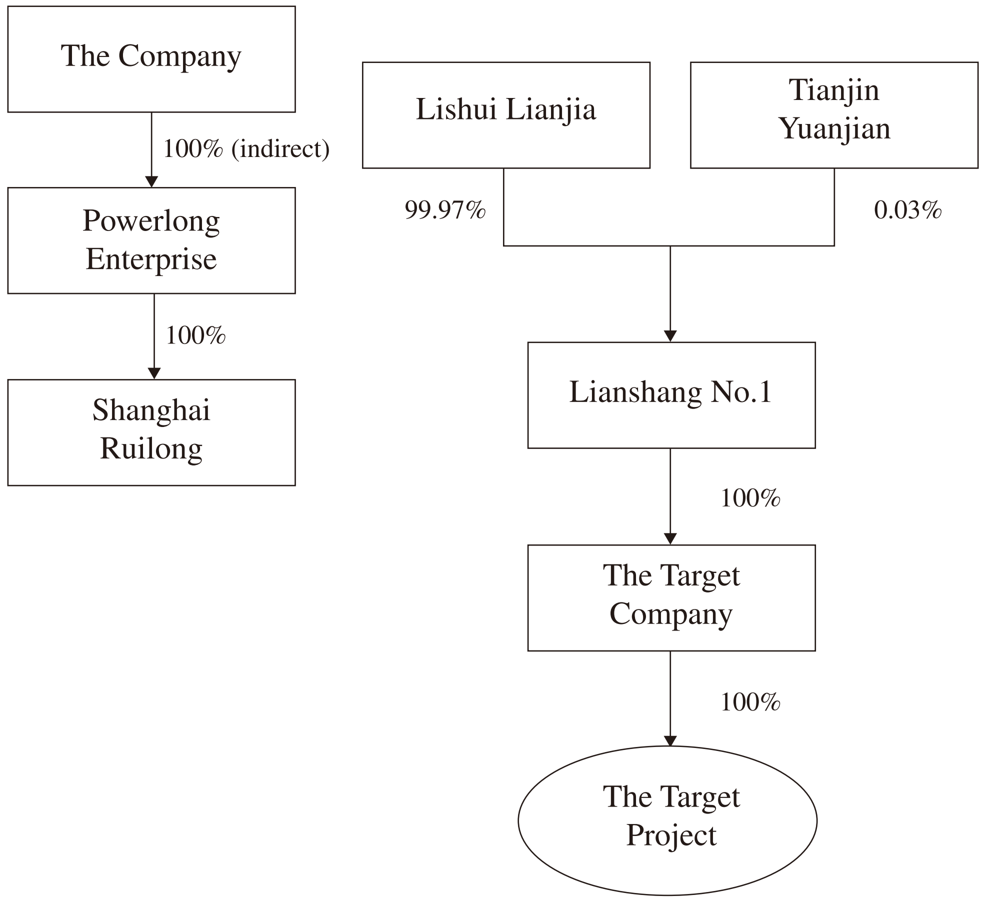
3.1 Shareholding Structure

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 Latest Practicable Date)



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		For the eight months ended 31 August
	2023	**2024**	**2025**
	(unaudited)	**(unaudited)**	**(unaudited)**
	RMB'000	*RMB'000*	*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

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 30 November 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.

In valuing the Shopping Mall, the Valuer has made reference to comparable market cases and, where appropriate, capitalised the income as listed in the lease schedule provided. The Valuer further considered the market rent of the Target Project after the expiration of the lease contracts and capitalised such rent accordingly. At the same time, in valuing the Hotel, the Valuer has adopted the discounted cash flow ("**DCF**") method for analysis. The DCF method applies a discount rate to a series of cash flows (including the terminal value) over the investment period to discount them to their present value. The Valuer is of the opinion that this method provides a reliable market value estimate for investors seeking a series of capital returns, as it seeks to reflect the investment philosophy of real estate investors.

The income capitalisation method refers to the capitalisation of the cash income from all leasable units within the Properties over the remaining terms of each lease. The DCF method refers to the discounting of the future net cash flows of the subject property to its present value over its holding period by applying an appropriate discount rate.

For further details, please refer to Appendix V to this circular.

5. FINANCIAL EFFECTS OF THE TRANSACTION

Earnings

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.

Assets and liabilities

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.

It is estimated that following completion of the Equity Transfer, the total assets of the Group will, by reference only to the Disposal, decrease by approximately RMB3,226 million and the total liabilities of the Group will decrease by approximately RMB1,167 million as if the Disposal had been completed on 30 June 2025. Separately, on a pro forma basis assuming the Disposal had been consummated on 31 August 2025, the Group's total assets would have decreased by approximately RMB1,710 million and total liabilities by approximately RMB1,658 million. The amount of change in net assets decreased from RMB2,059 million as at 30 June 2025 to RMB52 million as at 31 August 2025. The decline stemmed primarily from two factors: (i) the after-tax impact of the RMB1,259 million fair value loss on investment properties; and (ii) the RMB750 million that will become non-repayable to the Group if it waives its Repurchase Right.

Save as disclosed above, the Disposal will not have any material adverse impact on the earnings, and assets and liabilities 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 Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, 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. THE EGM

The EGM will be held to consider and, if thought fit, pass the ordinary resolution to approve the Cooperation Agreement and the transactions contemplated thereunder. A notice convening the EGM of the Company to be held at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC on Thursday, 29 January 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed.

For determining the identity of the shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 26 January 2026 to Thursday, 29 January 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares should ensure that all duly completed transfer forms 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 Friday, 23 January 2026.

Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same 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 but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the instrument appointing the proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution set out in the notice of the EGM will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, as at the Latest Practicable Date, no Shareholder has a material interest in the Cooperation Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting on the resolution(s) approving the Cooperation Agreement and the transactions contemplated thereunder at the EGM.

10. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider the terms of the Cooperation Agreement to be normal commercial terms and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM and as set out in the notice of the EGM to approve the Cooperation Agreement and the transactions contemplated thereunder.

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.

11. GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

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

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the each of the three years ended 31 December 2022, 2023 and 2024 (the "**Audited Financial Statements**") and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025 (the "**Interim Financial Statements**") are disclosed in the following documents which have been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.powerlong.com), and are accessible via the following hyperlinks:

- the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**") published on 24 April 2023 (pages 71 to 184):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401879.pdf

  https://www.powerlong.com/download.action?moudelKey=reportNote&fileName=202304241951546ExV.pdf

- the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**") published on 22 April 2024 (pages 69 to 176):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0422/2024042200869.pdf

  https://www.powerlong.com/download.action?moudelKey=reportNote&fileName=20240422163228ARIr.pdf

- the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") published on 28 April 2025 (pages 71 to 174):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042801257.pdf

  https://www.powerlong.com/download.action?moudelKey=reportNote&fileName=20250428164533Jrih.pdf

- the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**") published on 30 September 2025 (pages 22 to 60):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0930/2025093001150.pdf

  https://www.powerlong.com/download.action?moudelKey=reportNote&fileName=20250929111332XFVc.pdf

The Audited Financial Statements and the Interim Financial Statements (but not any other part of the 2022 Annual Report, the 2023 Annual Report, the 2024 Annual Report and the 2025 Interim Report) are incorporated by reference into this circular and form part of this circular.

INDEBTEDNESS

As at the close of business on 30 November 2025, being the latest practicable date for the purpose of this indebtedness statement for inclusion in this circular, the indebtedness of the Group was as follows:

1 STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, details of the Group's indebtedness and contingent liabilities (unaudited) were as follows:

Borrowings

As at 30 November 2025, the Group had outstanding borrowings of approximately RMB55,406 million, details of which are as follows:

	(unaudited) *RMB'000*
Secured bank and other borrowings	31,284,014
Unsecured bank and other borrowings	98,442
Senior notes	15,402,492
Corporate bonds	6,298,472
Assets-backed securities	206,807
Commercial mortgage-backed securities	2,115,367

The above secured bank and other borrowings were secured by the property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash of the Group and shares of certain subsidiaries of the Group as at 30 November 2025. Assets-backed securities were secured by trade receivables of the Group. The senior notes issued by the Company were guaranteed and secured by the pledge of shares in certain non-Chinese subsidiaries and non-Chinese joint ventures of the Group.

As at 30 November 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregated carrying amount of approximately RMB23,581 million that were defaulted or cross-defaulted.

Lease liabilities

As at 30 November 2025, the unaudited outstanding lease liabilities of the Group amounted to approximately RMB558 million. Of the lease liabilities, (i) approximately RMB558 million was secured by leased assets and was unguaranteed and (ii) the remaining RMB0 was unsecured and unguaranteed.

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 November 2025, such unaudited guarantees amounted to approximately RMB11,694 million.

Save for the aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group had no outstanding debt securities (issued and outstanding, and authorised or otherwise created but unissued), term loans, bank overdrafts and loans, other borrowings or similar indebtedness, acceptance liabilities or acceptance credits, receivables, mortgages, charges, hire purchase commitments, guarantees, or other material contingent liabilities as at the close of business on 30 November 2025.

To the best of the Directors' knowledge, there has been no material adverse change in the Group's indebtedness position and contingent liabilities since 30 November 2025.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

WORKING CAPITAL

The Directors are satisfied, after due and careful enquiry and based on the information currently available to the Directors, that after taking into account the effects of the Cooperation Agreement and the transactions contemplated thereunder, the financial resources available to the Group, cash generated from future operations, the existing cash and bank balances of the Group, and available credit facilities, the Group will have sufficient working capital to meet its present requirements for at least 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

It is envisaged that in the second half of 2025, the real estate sector will adopt forceful measures surrounding "stabilizing expectations, activating demand, optimizing supply, and resolving risks" to consolidate the momentum of reversing the downturn and stabilizing the real estate market. Restrictive measures will be adjusted in the future based on city-specific policies, efforts will be stepped up to implement urban renewal action, and the transformation of urban villages and dilapidated houses will be steadily promoted, so as to fully release the potential of rigid and upgraders' housing needs by transforming inventories to activate incremental needs. Adhering to the principle of integration of optimizing incremental housing and revitalizing inventory housing, it is expected that there will be intensified efforts to increase the supply of high-quality housing, improvement and implementation of special bonds to support the acquisition of inventory housing, which will solidify the defensive lines against market risks. By establishing relevant fundamental systems in an orderly manner, it will firmly and vigorously promote the construction of safe, comfortable, green and intelligent "good houses" and optimize and improve the housing supply system, so as to formulate a new model of real estate development. In a new stage where the real estate industry is gradually establishing stable, healthy and high-quality development, the real estate enterprises will continue to adhere to "ensuring timely delivery of products and stabilizing operation", continue to strengthen refined management and control, and make efforts to uplift product strengths and service capability, actively explore new models of development that match their own strengths, and strive to achieve ongoing sound operations and high-quality development.

Faced with the challenges and opportunities presented by intense adjustments in the real estate industry in China, the Group will gather devotions, strengths and perseverance under the development theme of "revitalize to enhance efficiency and stabilize to explore and innovate" (盤活增效，穩進拓新) proposed in mid-2025, with a focus on the key tasks of "revitalize, enhance efficiency, and explore and innovate" (盤活、增效、拓新) for the second half of 2025. In other words, the Group will continue to promote project revitalization and breakthroughs and actively respond to the market to achieve sales targets, and strive for debt alleviation to create space for corporate development; focus on building an elite team and continue to cultivate core assets to activate inefficient areas and focus on quality; actively introduce resources to promote spatial value enhancement, explore brand collaboration and joint development strategies, and explore new development opportunities with the guidance of innovating with ambition and establishing roots overseas. In the adversity of a difficult macroenvironment, the Group will always adhere to stable operations, stick to the bottom-line of "ensuring delivery", remain committed to being a responsible enterprise, uphold the principles of quality and accountability, continue to enhance its refined management, reduce costs and enhance efficiency in a scientific manner, so as to win the market with better products and services. The confidence of all staff members, and their cohesion, endurance, and unwavering efforts to tackling difficulties with a strong sense of responsibility and a spirit of perseverance, will continuously drive the sound development of the enterprise and the virtuous cycle of the industry.

The Group will continue to adhere to prudent expansion of its premium land bank and adhere to the "1+N" development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities, so as to lay solid foundation for its sustainable and healthy operation and high-quality sustainable development. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

The Group will continue to integrate and consolidate its advantageous resources and strive to implement its plan of high-quality opening within the year. Powerlong Commercial Management Holdings Limited, a subsidiary of the Group, will take the "Three Major Projects" as its strategic direction for in-depth operations, with the objective of "Quality Enhancement and Delicate Service". With "operational capability-tenant sourcing capability-product capability" as the core, the three capabilities will support each other and work in synergy to jointly build the core competitiveness in the commercial operation field.

Surrounding precise positioning, it will comprehensively enhance the brand attractiveness and market influence of the projects and fully exploit the projects and revenue value of each business end. It will construct a tenant sourcing management system, categorize projects for occupancy rate control, improve teamwork and synergy mechanisms, and strategically build a diversified and complex brand matrix, so as to enhance the value of commercial entities and strengthen the effectiveness of tenant sourcing management in an all-round way. Taking talents as the core resources, it will construct the core value of "cultural identity" and focus on building a "highly competent, strong reserve, youthful and sustainable" top-ranking team, so as to develop a strong talent base for the enterprise and create a commercial space that can breathe, with warmth and provide emotional value.

In active response to liquidity pressure, the Group will continue to adopt a series of liquidity management measures, expedite collection of sales proceeds and other receivables, extend the debt maturity of certain borrowings, continually optimize financing structure, lower financing costs, seek to revitalize stock assets, strengthen asset management, uplift occupancy rate and rental rate, streamline organizational structure to enhance efficiency, control operating expenses and administrative costs, continue to stabilize its operations, ensure the timely delivery of property development projects, and secure cash resources for the sustainable development of the Group. The Company, its financial advisor China International Capital Corporation Hong Kong Securities Limited and its legal advisor Sidley Austin will work with the Company's creditors and their advisers to proactively explore all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate, in a more responsible way, a holistic debt solution that is possible to execute and implement, resolve debt risks and promote the steady operation of the Company.

The Group will proactively promote the parallel development of both its talents and the enterprise, and advocate employees' pragmatism and revamped rediscovering of themselves. The Group will assist employees for the betterment of their self-worth by mobilizing individuals' potentials; enhance overall working efficiency by optimization and re-engineering process; and build an elite team by implementing multi-dimensional incentive mechanisms. The Group will continue to uphold a human resources strategy of "unlocking potential and pooling of talent" and establish a broad platform and create opportunities for the career growth of its staff, with a view to realizing mutual growth and benefits among the enterprise and its talents.

Adhering to the initial intention of being a corporate citizen with social responsibilities, the Group will remain committed to being a responsible enterprise and following a path of high-quality sustainable development. It will adhere to the corporate mission of "creating space full of love", follow the corporate values of "simple, truthful, prosper together, forward forever", and continue to live up to the corporate philosophy of "honest, modest, innovative and devoted". It will firmly gather the wisdom and power of all fellow folks of Powerlong, with the same goals and paths and embracing difficulties, to contribute to fostering the steady and healthy development and virtuous cycle of the industry, with a view to continually creating further values for the corporation, the society and the country.

The following is the text of a report received from the Company's reporting accountants, KTC Partners CPA Limited, for the purpose of incorporation in this circular.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

REPORT ON REVIEW OF UNAUDITED HISTORICAL FINANCIAL INFORMATION OF HANGZHOU HUAZHAN REAL ESTATE DEVELOPMENT CO., LTD.
(established in the People's Republic of China with limited liability)

To the Board of Directors of Powerlong Real Estate Holdings Limited

Introduction

We have reviewed the unaudited historical financial information of Hangzhou Huazhan Real Estate Development Co., Ltd. (the "**Target Company**") set out on pages II-4 to II-22 which comprise the unaudited condensed statement of financial position as at 31 December 2022, 2023 and 2024 and 31 August 2025, and the related unaudited condensed statement of profit or loss and other comprehensive income, unaudited condensed statement of changes in equity and unaudited condensed statement of cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 (the "**Relevant Periods**") and certain explanatory notes (the "**Unaudited Historical Financial Information**"). The Unaudited Historical Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Powerlong Real Estate Holdings Limited (the "**Company**") in connection with the disposal of 100% equity interest in the Target Company (the "**Disposal**") in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "**Directors**") are responsible for the preparation and presentation of the Unaudited Historical Financial Information of the Target Company in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The Directors are also responsible for such internal control as management determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Unaudited Historical Financial Information. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" ("**HKSRE 2400 (Revised)**") and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Target Company for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong, 12 January 2026

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Eight months ended 31 August	
		2022	2023	2024	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*4*	205,364	1,138,689	222,948	149,868	142,912
Cost of sales and services	*5*	(45,454)	(1,214,636)	(43,776)	(31,271)	(27,696)
Gross profit		159,910	(75,947)	179,172	118,597	115,216
Fair value gains/(losses) on investment properties – net	*11*	180,000	19,000	(99,000)	–	(1,678,100)
Selling and marketing costs	*5*	(19,354)	(5,790)	(22,063)	(15,906)	(11,802)
Administrative expenses	*5*	(12,539)	(10,869)	(12,386)	(7,797)	(13,921)
Net impairment losses on financial assets	*7*	(899)	6	(1,461)	7	(645)
Other income and gains – net	*6*	5,017	66,995	2,826	1,912	24,239
Finance costs – net	*8*	(108,385)	(74,615)	(58,140)	(30,908)	(24,739)
Profit/(loss) before income tax		203,750	(81,220)	(11,052)	65,905	(1,589,752)
Income tax (expenses)/benefit	*9*	(50,488)	79,996	7,360	(16,479)	397,760
Total comprehensive income/(loss) for the year/period		153,262	(1,224)	(3,692)	49,426	(1,191,992)
Total comprehensive income/(loss) attributable to:						
Owners of the Company		153,262	(1,224)	(3,692)	49,426	(1,191,992)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2022 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Unaudited)	As at 31 August 2025 RMB'000 (Unaudited)
ASSETS					
Non-current assets					
Property and equipment	10	167,466	158,834	150,349	144,838
Investment properties	11	4,112,100	4,131,100	4,032,100	2,354,000
		4,279,566	4,289,934	4,182,449	2,498,838
Current assets					
Completed properties held for sale	12	1,197,588	–	–	–
Inventories		614	563	584	701
Trade receivables	13	97,202	107,088	122,340	137,206
Other receivables	14	2,642,301	3,293,116	3,465,044	1,042,172
Prepayments		1,071	138	103	32
Restricted cash	15	10,485	12,280	513	770
Cash and cash equivalents	16	7,120	3,231	3,788	7,055
		3,956,381	3,416,416	3,592,372	1,187,936
Total assets		8,235,947	7,706,350	7,774,821	3,686,774
EQUITY					
Equity attributable to owners of the Company:					
Paid-in capital	17	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings		1,998,535	1,997,311	1,993,619	801,627
Total equity		2,998,535	2,997,311	2,993,619	1,801,627

		As at 31 December			As at 31 August
		2022	2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
LIABILITIES					
Non-current liabilities					
Borrowings	*18*	1,229,000	1,107,000	967,000	881,000
Deferred income tax liabilities	*21*	545,370	550,121	525,006	105,320
		1,774,370	1,657,121	1,492,006	986,320
Current liabilities					
Borrowings	*18*	213,250	122,000	140,000	140,000
Trade and other payables	*19*	2,707,838	2,792,863	2,995,211	576,730
Contract liabilities	*20*	326,310	15,430	16,022	22,208
Current income tax liabilities	*22*	215,644	121,625	137,963	159,889
		3,463,042	3,051,918	3,289,196	898,827
Total liabilities		5,237,412	4,709,039	4,781,202	1,885,147
Total equity and liabilities		8,235,947	7,706,350	7,774,821	3,686,774

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

	Paid-in capital	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2022	1,000,000	1,845,273	2,845,273
Profit for the year	–	153,262	153,262
Balance at 31 December 2022 and 1 January 2023	1,000,000	1,998,535	2,998,535
Loss for the year	–	(1,224)	(1,224)
Balance at 31 December 2023 and 1 January 2024	1,000,000	1,997,311	2,997,311
Loss for the year	–	(3,692)	(3,692)
Balance at 31 December 2024 and 1 January 2025	1,000,000	1,993,619	2,993,619
Loss for the period	–	(1,191,992)	(1,191,992)
Balance at 31 August 2025	1,000,000	801,627	1,801,627

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows of operating activities					
Cash generated from operations	514,271	832,430	152,525	93,215	45,368
PRC land appreciation tax paid	–	(9,272)	(1,416)	(1,416)	–
Interest paid	(108,425)	(74,648)	(58,148)	(30,912)	(24,742)
Cash generated from operating activities	405,846	748,510	92,961	60,887	20,626
Purchases of property and equipment	(603)	(517)	(49)	(9)	(166)
Payments of construction fee and land use right of investment properties	(5,874)	(5,014)	–	–	–
Interest received	40	33	8	4	3
Cash used in investing activities	(6,437)	(5,498)	(41)	(5)	(163)
Cash flows of financing activities					
Proceeds from borrowings	93,250	–	–	–	–
Repayments of borrowings	(402,000)	(213,250)	(122,000)	(76,000)	(86,000)
Restricted cash released from/(pledged for) borrowings	7,816	(1,796)	11,852	11,106	(169)
Cash advances from parties controlled by ultimate controlling shareholders	–	–	17,785	5,085	68,973
Repayment of cash advances to parties controlled by ultimate controlling shareholders	(93,532)	(531,855)	–	–	–
Cash used in financing activities	(394,466)	(746,901)	(92,363)	(59,809)	(17,196)

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Decrease)/increase in cash and cash equivalents	4,943	(3,889)	557	1,073	3,267
Cash and cash equivalents at beginning of year/period	2,177	7,120	3,231	3,231	3,788
Cash and cash equivalents at end of year/period	7,120	3,231	3,788	4,304	7,055

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Hangzhou Huazhan Real Estate Development Co., Ltd. (the "**Target Company**") is a limited liability company established in the People's Republic of China (the "**PRC**") and is principally engaged in property development, property investment and other property development related services in the PRC.

The Target Company is a subsidiary of Powerlong Real Estate Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which own 100% equity interests in the Target Company.

On 23 December 2025, the Group entered into a disposal agreement to which the purchaser (the "**Purchaser**") conditionally agreed to acquire and the Group conditionally agreed to dispose of entire interest in the Target Company at a consideration of approximately RMB1,000,000,000 (the "**Disposal**"). Upon the completion of the Disposal, the Group will not retain any equity interest in the Target Company.

The Unaudited Historical Financial Information are presented in Renminbi ("**RMB**"), which is also the functional currency of the Target Company.

2 BASIC OF PREPARATION

The Unaudited Historical Financial Information has been prepared by the directors of the Company solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2024 ("**2024 Annual Report**") which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), throughout the Relevant Periods. The Unaudited Historical Financial Information has been prepared under the historical cost basis, as modified by the revaluation of investment properties which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Unaudited Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" nor a complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and that it should be read in connection with the relevant published annual reports and/or interim financial statements of the Group for the Relevant Periods.

3 AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Target Company has not early applied the following amendments to HKFRSs that have been issued but are not yet effective, in these condensed financial statements:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRSs	Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

The directors of the Target Company anticipate that the application of these amendments to HKFRSs will have no material impact on the results and financial position of the Target Company.

4 REVENUE

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of properties	–	917,431	–	–	–
Rental income of investment properties	184,756	195,739	201,407	135,203	130,182
Income of other property development related businesses	20,608	25,519	21,541	14,665	12,730
	205,364	1,138,689	222,948	149,868	142,912
Revenue from contracts with customers					
– At a point in time	–	917,431	–	–	–
– Over time	20,608	25,519	21,541	14,665	12,730
Timing of revenue recognition	20,608	942,950	21,541	14,665	12,730
Revenue from other sources – rental income	184,756	195,739	201,407	135,203	130,182
	205,364	1,138,689	222,948	149,868	142,912

5 EXPENSES BY NATURE

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of properties sold	–	1,162,550	–	–	–
Staff costs	7,247	7,648	9,084	5,340	12,433
Taxes and other levies	1,174	10,083	1,316	879	842
Advertising costs	11,664	30	7,260	7,214	67
Depreciation and amortisation	9,022	8,675	8,532	5,686	5,677
– Property and equipment	6,591	6,245	6,095	4,062	4,059
– Right-of-use assets	2,431	2,430	2,437	1,624	1,618
Utilities	1,485	1,486	1,416	955	885
Office related expenses	81	88	233	207	99

6 OTHER INCOME AND GAINS – NET

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Penalty income	5,017	1,995	2,826	1,912	24,239
Others	–	65,000	–	–	–
	5,017	66,995	2,826	1,912	24,239

7 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	(856)	–	(1,480)	8	(641)
Other receivables	(43)	6	19	(1)	(4)
	(899)	6	(1,461)	7	(645)

8 FINANCE COSTS – NET

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expense:					
Borrowings	108,425	74,648	58,148	30,912	24,742
Interest income of bank deposits	40	33	8	4	3
Finance costs – net	(108,385)	(74,615)	(58,140)	(30,908)	(24,739)

9 INCOME TAX EXPENSE/(BENEFIT)

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax:					
– PRC corporate income tax	5,712	–	17,755	16,477	21,926
– PRC land appreciation tax	–	(84,747)	–	–	–
	5,712	(84,747)	17,755	16,477	21,926
Deferred income tax:					
– PRC corporate income tax	44,776	4,751	(25,115)	2	(419,686)
	44,776	4,751	(25,115)	2	(419,686)
	50,488	(79,996)	(7,360)	16,479	(397,760)

PRC corporate income tax

The income tax provision of the Target Company in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Target Company is 25% according to the Corporate Income Tax Law of the People's Republic of China effective on 1 January 2008.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

10 PROPERTY AND EQUIPMENT

	Buildings	Furniture, fitting and equipment	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Year ended 31 December 2022				
Opening net book amount	98,222	848	77,357	176,427
Additions	–	63	–	63
Disposals	–	(2)	–	(2)
Depreciation/amortisation charges	(6,001)	(590)	(2,431)	(9,022)
Closing net book amount	92,221	319	74,926	167,466
Year ended 31 December 2023				
Opening net book amount	92,221	319	74,926	167,466
Additions	–	56	–	56
Disposals	–	(13)	–	(13)
Depreciation/amortisation charges	(6,016)	(229)	(2,430)	(8,675)
Closing net book amount	86,205	133	72,496	158,834
Year ended 31 December 2024				
Opening net book amount	86,205	133	72,496	158,834
Additions	–	49	–	49
Disposals	–	(2)	–	(2)
Depreciation/amortisation charges	(6,033)	(62)	(2,437)	(8,532)
Closing net book amount	80,172	118	70,059	150,349
Eight months ended 31 August 2024				
Opening net book amount	86,205	133	72,496	158,834
Additions	–	9	–	9
Disposals	–	(2)	–	(2)
Depreciation/amortisation charges	(4,022)	(40)	(1,624)	(5,686)
Closing net book amount	82,183	100	70,872	153,155
Eight months ended 31 August 2025				
Opening net book amount	80,172	118	70,059	150,349
Additions	–	166	–	166
Disposals	–	–	–	–
Depreciation/amortisation charges	(4,005)	(54)	(1,618)	(5,677)
Closing net book amount	76,167	230	68,441	144,838

As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, land use rights comprise cost of acquiring rights to use for certain land with lease periods from 40 to 70 years, which are all located in the PRC, mainly for hotel buildings.

As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, property and equipment with a net book amount of RMB144,608,000, RMB150,231,000, RMB158,701,000 and RMB167,147,000, respectively, were pledged as collateral for the Target Company's borrowings (Note 18).

11 INVESTMENT PROPERTIES

	RMB'000 (Unaudited)
Year ended 31 December 2022	
Opening net book amount	3,932,100
Fair value gains – net	180,000
Closing net book amount	4,112,100
Year ended 31 December 2023	
Opening net book amount	4,112,100
Fair value gains – net	19,000
Closing net book amount	4,131,100
Year ended 31 December 2024	
Opening net book amount	4,131,100
Fair value losses – net	(99,000)
Closing net book amount	4,032,100
Eight months ended 31 August 2024	
Opening net book amount	4,131,100
Fair value losses – net	–
Closing net book amount	4,131,100
Eight months ended 31 August 2025	
Opening net book amount	4,032,100
Fair value losses – net	(1,678,100)
Closing net book amount	2,354,000

Investment properties consists of the following:

	As at 31 December			As at 31 August
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Shopping mall section and multiple non-civil air defense parking spaces	4,095,900	4,114,900	4,015,900	2,316,000
Civil air defense parking spaces	16,200	16,200	16,200	38,000
	4,112,100	4,131,100	4,032,100	2,354,000

Based on the valuation report issued by Savills Valuation and Professional Services (China) Limited, the market value of the properties stood at RMB2,406,000,000 as at the valuation date of November 30, 2025. This figure comprises RMB2,316,000,000 attributable to the shopping mall section and multiple non-civil air defense parking spaces, and RMB90,000,000 attributable to JUNTELS Binjiang Hangzhou — a hotel property that is classified under the Property and Equipment account and measured at historical cost. In addition, the investment value of the civil air defense parking spaces as of the same valuation date amounted to RMB38,000,000.

As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, investment properties are held in the PRC on leases between 10 to 50 years.

As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, investment properties with a net book amount of RMB2,354,000,000, RMB4,032,100,000, RMB4,131,100,000 and RMB4,112,100,000, respectively, were pledged as collateral for the Target Company's borrowings (Note 18).

(i) Valuation processes of the Target Company

The Target Company's investment properties were valued at 31 August 2025, 31 December 2024, 2023 and 2022 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

(ii) Valuation techniques

Valuations are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

(iii) Level of Fair Value Hierarchy

All investment properties are classified as Level 3 under the fair value hierarchy due to the use of unobservable inputs.

12 COMPLETED PROPERTIES HELD FOR SALE

The Target Company's properties held for sale are situated in the PRC. All the properties held for sale are stated at the lower of cost or net realisable value.

13 TRADE RECEIVABLES

	As at 31 December			As at 31 August
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	98,062	107,947	124,680	140,187
– Third parties	27,518	26,773	25,466	30,998
– Related parties *(Note 23(b))*	70,544	81,174	99,214	109,189
Less: loss allowance	(860)	(859)	(2,340)	(2,981)
	97,202	107,088	122,340	137,206

(a) The majority of the Target Company's revenue are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts.

The ageing analysis of trade receivables as at the respective balance sheet date is as follows:

	As at 31 December			As at 31 August
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within one year	85,579	29,221	31,168	44,376
One to two years	9,051	75,045	19,640	20,366
Over two years	3,432	3,681	73,872	75,445
	98,062	107,947	124,680	140,187

(b) The Target Company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, RMB2,981,000, RMB2,340,000, RMB859,000 and RMB860,000, respectively, were provided for the total amount of trade receivables, respectively.

(c) As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, the trade receivables were denominated in RMB, and the fair values approximated their carrying amounts.

14 OTHER RECEIVABLES

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other receivables from:	2,642,344	3,293,153	3,465,062	1,042,194
– Related parties *(Note 23(b))*	2,625,586	3,275,679	3,451,102	1,027,464
– Other amounts due from third parties *(Note (c))*	16,758	17,474	13,960	14,730
Less: loss allowance	(43)	(37)	(18)	(22)
	2,642,301	3,293,116	3,465,044	1,042,172

(a) The Target Company's other receivables are mainly denominated in RMB.

(b) As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, other receivables from related parties are interest-free and repayable on demand.

(c) Other receivables from third parties mainly consist of deposits for construction projects.

(d) The carrying amounts of other receivables approximate their fair values. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

15 RESTRICTED CASH

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Guarantee deposits for bank borrowings *(Note (a))*	10,348	12,144	292	461
Others	137	136	221	309
	10,485	12,280	513	770
Denominated in RMB	10,485	12,280	513	770

(a) As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, the Target Company has placed cash deposits of approximately RMB461,000, RMB292,000, RMB12,144,000 and RMB10,348,000, respectively, with designated banks as security for bank borrowings (Note 18).

16 CASH AND BANK BALANCES

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash at bank and in hand:				
– Denominated in RMB	7,120	3,231	3,788	7,055

17 PAID-IN CAPITAL

	Paid-in capital
	RMB'000
	(Unaudited)
Fully paid	
As of 1 January 2022, 31 December 2022,31 December 2023, 31 December 2024 and 31 August 2025	1,000,000

(a) There was no movement in paid-in capital during the Relevant Periods.

18 BORROWINGS

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Borrowings included in non-current liabilities:				
Bank borrowings – secured *(Note (a))*	1,349,000	1,229,000	1,107,000	1,021,000
Less: current portion of non-current borrowings	(120,000)	(122,000)	(140,000)	(140,000)
	1,229,000	1,107,000	967,000	881,000
Borrowings included in current liabilities:				
Other borrowings – secured	93,250	–	–	–
Add: Current portion of long-term borrowings	120,000	122,000	140,000	140,000
	213,250	122,000	140,000	140,000
Total borrowings	1,442,250	1,229,000	1,107,000	1,021,000

(a) As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, bank borrowings of RMB1,021,000,000, RMB1,107,000,000, RMB1,229,000,000 and RMB1,349,000,000, respectively, were secured by property and equipment (Note 10) and investment properties (Note 11) and restricted cash (Note 15).

19 TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 August
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade payables *(Note (a))*	72,608	60,011	78,986	85,716
– Related parties *(Note 23(b))*	5,880	10,305	33,765	41,526
– Third parties	65,594	49,706	45,221	44,190
– Notes payable - third parties	1,134	–	–	–
Other payables and accruals	2,558,726	2,640,140	2,832,999	418,201
– Related parties *(Note 23(b))*	2,444,603	2,497,841	2,691,049	336,384
– Third parties	114,123	142,299	141,950	81,817
Payables for retention fee	47,562	51,900	51,972	49,280
Value-added tax received in advance from customers	28,899	–	–	–
Other tax payables	43	40,812	31,254	23,533
	2,707,838	2,792,863	2,995,211	576,730

(a) The ageing analysis of trade payables based on invoice date is as follows::

	As at 31 December			As at 31 August
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within one year	11,150	38,676	25,909	15,352
Over one years	61,458	21,335	53,077	70,364
	72,608	60,011	78,986	85,716

(b) As at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022, the trade and other payables were denominated in RMB, and the fair values approximated their carrying amounts.

20 CONTRACT LIABILITIES

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contract liabilities				
– Related parties (Note 23(b))	321,678	1,046	1,442	1,823
– Third parties	4,632	14,384	14,580	20,385
	326,310	15,430	16,022	22,208

(a) Contract liabilities mainly represent the proceeds received from pre-sales of properties rent received in advance.

(b) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as at 31 August 2025, 31 December 2024, 31 December 2023 and 31 December 2022.

21 DEFERRED TAX

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Deferred income tax liabilities	545,370	550,121	525,006	105,320

22 CURRENT INCOME TAX LIABILITIES

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax liabilities				
– PRC corporate income tax payable	120,208	120,209	137,963	159,889
– PRC land appreciation tax payable	95,436	1,416	–	–
	215,644	121,625	137,963	159,889

23 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	As at 31 December			As at 31 August	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue arising from property sales	–	917,431	–	–	–
Revenue arising from provision of services	12,095	11,825	16,778	11,198	9,958
Lease management fee	9,405	9,026	10,535	7,328	5,866
Promotional service fee	11,259	–	10,903	9,621	2,346

(b) Balances with related parties

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Subsidiaries within the same Group:				
– Trade receivables	70,544	81,174	99,214	109,189
– Other receivables comprise:	2,625,586	3,275,679	3,451,102	1,027,464
– current account balances between the Target Company and the Group's subsidiaries	2,618,581	3,180,224	3,350,220	926,806
– receivable equity transfer proceeds from historical transactions between the Target Company and the Group's subsidiaries	-	78,000	77,939	77,939
– principal and interest disbursed on behalf of others arising from the Target Company providing guarantees for internal related parties	-	10,450	10,450	10,450
– current account balances and other miscellaneous transactions based on ordinary business operations between the Target Company and historical subsidiaries	7,005	7,005	12,493	12,269
– Trade payables	5,880	10,305	33,765	41,526
– Other payables comprise:	2,444,603	2,497,841	2,691,049	336,384
– payables arising from the Group's subsidiaries repaying debts for the Target Company	42,896	172,350	365,658	281,591
– payables arising from the Group's subsidiaries providing construction funds to the Target Company during its construction and development period	2,401,707	2,325,491	2,325,391	54,793
– Contract liabilities	321,678	1,046	1,442	1,823

The following is the text of a report received in relation to the Unaudited Pro Forma Financial Information of the Remaining Group received from KTC Partners CPA Limited, for the purpose of inclusion in this circular.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Board of Directors of Powerlong Real Estate Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Powerlong Real Estate Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") excluding Hangzhou Huazhan Real Estate Development Co., Ltd. (the "**Target Company**") prepared by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-4 to III-14 of the circular issued by the Company dated 12 January 2026 in connection with the proposed disposal of 100% of equity interest in the Target Company (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-4 to III-14 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed disposal of 100% equity interest in the Target Company, a subsidiary of the Group (the "**Disposal**") on the Group's financial position as at 30 June 2025 and the Group's financial performance and cash flows for the year ended 31 December 2024 as if the Disposal had taken place at 30 June 2025 and 1 January 2024, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's unaudited condensed consolidated financial information for the six months ended 30 June 2025 as appropriate, on which a review conclusion or an auditor's report have not been published, and audited consolidated financial statements for the year ended 31 December 2024, on which an independent auditor's report with a disclaimer of opinion relating to material uncertainties regarding going concern was issued.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in this investment circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 June 2025 or/and 1 January 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong, 12 January 2026

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Introduction

The following is an illustrative unaudited pro forma consolidated statement of financial position as at 30 June 2025, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024 of the Group (as defined in this circular) excluding the Target Company (as defined in this circular) (hereinafter referred as the "**Remaining Group**") (the "**Unaudited Pro Forma Financial Information**") which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposal (as defined in this circular) as if the Disposal had been completed on 30 June 2025 for the unaudited pro forma consolidated statement of financial position, and on 1 January 2024 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows and the related notes.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to AG 7 issued by the HKICPA for illustrative purposes only, based on their judgments and a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, it may not give a true picture of the financial results and cash flows for the year ended 31 December 2024 as if the Disposal had taken place at 30 June 2025 and 1 January 2024, and financial position as at 30 June 2025 of the Remaining Group had the Disposal been completed as at the specified dates or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Group for the six months ended 30 June 2025, the published annual report of the Group for the year ended 31 December 2024 and other financial information included elsewhere in this circular.

2. Unaudited Pro forma Consolidated Statement of Financial Position of the Remaining Group at 30 June 2025

	Unaudited consolidated statement of financial position of the Group as at 30 June 2025	Pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(a)	*Note 2*	*Note 6*	*Note 7*	
Assets					
Non-current assets					
Property and equipment	5,888,089	(146,283)	–	–	5,741,806
Investment properties	77,875,495	(4,032,100)	–	–	73,843,395
Intangible assets	3,033	–	–	–	3,033
Goodwill	20,640	–	–	–	20,640
Investments accounted for using the equity method	7,474,158	–	–	–	7,474,158
Other receivables	–	–	–	100,000	100,000
Deferred income tax assets	2,063,736	–	–	–	2,063,736
Financial assets at fair value through other comprehensive income	46,500	–	–	–	46,500
	93,371,651	(4,178,383)	–	100,000	89,293,268
Current assets					
Properties under development	29,240,065	–	–	–	29,240,065
Completed properties held for sale	21,759,616	(688)	–	–	21,758,928
Contract assets	122,522	–	–	–	122,522
Trade receivables	1,350,525	(131,473)	106,997	–	1,326,049
Other receivables	22,939,085	(796,598)	782,018	–	22,924,505
Prepayments	3,454,590	(65)	8	–	3,454,533
Prepaid taxes	1,513,229	–	–	–	1,513,229
Financial assets at fair value through profit or loss	7,077	–	–	–	7,077
Restricted cash	1,308,803	(273)	–	–	1,308,530
Cash and cash equivalents	6,018,122	(5,132)	–	897,200	6,910,190
	87,713,634	(934,229)	889,023	897,200	88,565,628
Total assets	181,085,285	(5,112,612)	889,023	997,200	177,858,896

	Unaudited consolidated statement of financial position of the Group as at 30 June 2025	Pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(a)	*Note 2*	*Note 6*	*Note 7(a)*	
Equity					
Equity attributable to owners of the Company					
Share capital	36,779	–	–	–	36,779
Other reserves	1,744,002	–	–	–	1,744,002
Retained earnings	28,179,557	–	–	(2,059,041)	26,120,516
	29,960,338	–	–	(2,059,041)	27,901,297
Non-controlling interests	16,880,823	–	–	–	16,880,823
Total equity	46,841,161	–	–	(2,059,041)	44,782,120
Liabilities					
Non-current liabilities					
Borrowings	28,513,554	(1,041,000)	–	–	27,472,554
Lease liabilities	939,260	–	–	–	939,260
Deferred income tax liabilities	6,538,785	(524,939)	–	–	6,013,846
	35,991,599	(1,565,939)	–	–	34,425,660
Current liabilities					
Borrowings	27,597,821	–	–	–	27,597,821
Trade and other payables	39,844,275	(327,418)	887,277	–	40,404,134
Contingent consideration payable	–	–	–	10,932	10,932
Contract liabilities	12,804,280	(18,864)	1,746	–	12,787,162
Current income tax liabilities	17,918,829	(155,082)	–	–	17,763,747
Lease liabilities	87,320	–	–	–	87,320
	98,252,525	(501,364)	889,023	10,932	98,651,116
Total liabilities	134,244,124	(2,067,303)	889,023	10,932	133,076,776
Total equity and liabilities	181,085,285	(2,067,303)	889,023	(2,048,109)	177,858,896

3. Unaudited Pro forma Consolidated Statement of Profit or Loss and other Comprehensive Income of the Remaining Group for the Year Ended 31 December 2024

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2024	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3*	*Note 4*	*Note 7(b)*	
Revenue	25,757,351	(222,948)	38,216	–	25,572,619
Cost of sales	(23,410,105)	43,776	(27,313)	–	(23,393,642)
Gross profit	2,347,246	(179,172)	10,903	–	2,178,977
Fair value losses on investment properties – net	(3,326,616)	99,000	–	–	(3,227,616)
Selling and marketing costs	(667,954)	22,063	(10,903)	–	(656,794)
Administrative expenses	(1,169,936)	12,386	–	–	(1,157,550)
Net impairment losses on financial assets	(258,264)	1,461	–	–	(256,803)
Other income and gains/(losses) – net	423,597	(2,826)	–	(2,011,043)	(1,590,272)
Operating loss	(2,651,927)	(47,088)	–	(2,011,043)	(4,710,058)
Finance costs – net	(1,994,601)	58,140	–	–	(1,936,461)
Share of losses of investments accounted for using the equity method	(13,400)	–	–	–	(13,400)
Loss before income tax	(4,659,928)	11,052	–	(2,011,043)	(6,659,919)
Income tax expenses	(838,524)	(7,360)	–	–	(845,884)
Loss for the year	(5,498,452)	3,692	–	(2,011,043)	(7,505,803)

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2024	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3*	*Note 4*	*Note 7(b)*	
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss					
Currency translation differences	5,024	–	–	–	5,024
Items that will not be reclassified to profit or loss					
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	(1,769)	–	–	–	(1,769)
Total other comprehensive income for the year, net of tax	3,255	–	–	–	3,255
Total comprehensive loss for the year	(5,495,197)	3,692	–	(2,011,043)	(7,502,548)
(Loss)/profit attributable to:					
Owners of the Company	(5,765,033)	3,692	–	(2,011,043)	(7,772,384)
Non-controlling interests	266,581	–	–	–	266,581
	(5,498,452)	3,692	–	(2,011,043)	(7,505,803)
Total comprehensive (loss)/income attributable to:					
Owners of the Company	(5,761,778)	3,692	–	(2,011,043)	(7,769,129)
Non-controlling interests	266,581	–	–	–	266,581
	(5,495,197)	3,692	–	(2,011,043)	(7,502,548)

4. The Unaudited Pro forma Consolidated Statement of Cash Flows of the Remaining Group for the Year Ended 31 December 2024

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2024	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3*	*Note 5*	*Note 8*	
Cash flows of operating activities					
Cash generated from operations	4,750,517	(152,525)	–	–	4,597,992
PRC corporate income tax paid	(296,796)	–	–	–	(296,796)
PRC land appreciation tax paid	(434,187)	1,416	–	–	(432,771)
Interest paid	(2,305,735)	58,148	–	–	(2,247,587)
Cash generated from operating activities	1,713,799	(92,961)	–	–	1,620,838
Cash flows of investing activities					
Net cash inflow in disposal of subsidiaries	–	–	–	893,969	893,969
Purchases of property and equipment	(176,436)	49	–	–	(176,387)
Purchases of intangible assets	(148)	–	–	–	(148)
Payments of construction fee and land use right of investment properties	(3,164,148)	–	–	–	(3,164,148)
Proceeds from disposal of property and equipment	193,205	–	–	–	193,205
Proceeds from disposal of investment properties	71,350	–	–	–	71,350
Proceeds from disposal of financial assets at fair value through profit or loss	119,239	–	–	–	119,239
Dividend received from joint ventures and associates	254,787	–	–	–	254,787
Investments in joint ventures and associates	(351,802)	–	–	–	(351,802)
Cash advances made to joint ventures, associates and non-controlling interests	(1,569,177)	–	–	–	(1,569,177)
Collection of cash advances from joint ventures, associates and non-controlling interests	4,268,704	–	–	–	4,268,704
Interest received	79,430	(8)	–	–	79,422
Decreased in bank deposit	109	–	–	–	109
Cash generated from/(used in) investing activities	(274,887)	41	–	893,969	619,123

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2024	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3*	*Note 5*	*Note 8*	
Cash flows of financing activities					
Proceeds from borrowings	235,552	–	–	–	235,552
Repayments of borrowings	(2,212,168)	122,000	–	–	(2,090,168)
Restricted cash released from borrowings	1,494	(11,852)	–	–	(10,358)
Cash advances from parties controlled by ultimate controlling shareholders	1,201,634	(17,785)	17,785	–	1,201,634
Cash advances from joint ventures, associates and non-controlling interests	1,359,611	–	–	–	1,359,611
Repayment of cash advances to parties controlled by ultimate controlling interests	(840,174)	–	–	–	(840,174)
Repayments of cash advances to joint ventures, associates and non-controlling interests	(2,553,238)	–	(17,785)	–	(2,571,023)
Changes in ownership interests in subsidiaries without change of control	(5,039)	–	–	–	(5,039)
Dividends paid	(128,793)	–	–	–	(128,793)
Principal elements and interest expenses of lease payments	(130,090)	–	–	–	(130,090)
Cash used in financing activities	(3,071,211)	92,363	–	–	(2,978,848)
Increase in cash and cash equivalents	(1,632,299)	(557)	–	893,969	(738,887)
Cash and cash equivalents at beginning of year	7,734,844	(3,231)	–	–	7,731,613
Exchange gains on cash and cash equivalents	1,225	–	–	–	1,225
Cash and cash equivalents at end of the year	6,103,770	(3,788)	–	893,969	6,993,951

5. Notes to the Unaudited Pro Forma Financial Information of the Remaining Group

1. (a) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as set out in the published interim report of the Group for the six months ended 30 June 2025.

   (b) The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024 as set out in the published annual report of the Group for the year ended 31 December 2024.

2. The adjustment represents the exclusion of assets and liabilities attributable to the Target Company as at 30 June 2025 as set out in Appendix II to this circular as if the Disposal had been completed on 30 June 2025 for the financial position of the Remaining Group.

3. The adjustment represents the exclusion of financial performance and cash flows of the Target Company for the year ended 31 December 2024 as set out in Appendix II to this circular as if the Disposal had been completed on 1 January 2024 for the financial performance and cash flows of the Remaining Group. The amounts are extracted from the unaudited statement of profit or loss and other comprehensive income and unaudited statement of cash flows of the Target Company for the year ended 31 December 2024 as set out in Appendix II to this circular.

4. The adjustment represents related party transactions between the Target Company and the Remaining Group, which have been eliminated in the consolidated financial statements of the Group for the year ended 31 December 2024, and would not have been eliminated if the Disposal had been completed on 1 January 2024.

5. The adjustment represents related party cash flows between the Target Company and the Remaining Group, which have been eliminated in the consolidated statement of cash flows of the Group for the year ended 31 December 2024, and would not have been eliminated if the Disposal had been completed on 1 January 2024.

6. The adjustment represents the reinstatement of intragroup balance between the Target Company and the Remaining Group, which have been eliminated in the condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

7. Pro-forma loss on the Disposal:

(a) As if the Disposal was completed on 30 June 2025:

	Notes	*RMB'000*
Consideration	*(i)*	1,000,000
Less: Net assets of the Target Company as at 30 June 2025	*(ii)*	(3,045,309)
Less: Estimated transaction costs attributable to the Disposal	*(iii)*	(2,800)
Less: Contingent consideration payable	*(iv)*	(10,932)
Net effect on the loss for the year and loss attributable to owners of the Company		(2,059,041)

(b) As if the Disposal was completed on 1 January 2024:

	Notes	*RMB'000*
Consideration	*(i)*	1,000,000
Less: Net assets of the Target Company as at 1 January 2024	*(v)*	(2,997,311)
Less: Estimated transaction costs attributable to the Disposal	*(iii)*	(2,800)
Less: Contingent consideration payable	*(iv)*	(10,932)
Net effect on the loss for the year and loss attributable to owners of the Company		(2,011,043)

Notes:

(i) For the purpose of the Unaudited Financial Information, the consideration of RMB1,000,000,000 is based on the Initial Consideration as defined in the paragraph headed "2.5 Consideration for the Target Equity Interest" in the Equity Transfer Agreement, which 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**").

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 circular), 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 circular), 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 circular), 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.

The net total sum of First Payment, Second Payment and Third Payment after deducting the estimated transaction costs of approximately RMB2,800,000 (see (iii) below) amounted to RMB897,200,000 which shall be settled by cash on completion and therefore, included in cash and cash equivalents in the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2025.

The Fourth Payment RMB100,000,000 is included in other receivables (non-current), and effect of discounting is immaterial due to expected settlement date is very soon after one year. Hence, the amortised interest cost is not considered as the amount is insignificant.

(ii) The amount represents the net assets of the Target Company calculated with reference to the net asset value of the Target Company as at 30 June 2025.

(iii) The amount represents estimated transaction costs related to taxes and professional expenses totalling approximately of RMB2,800,000 directly attributable to the Disposal which would be recognised in the Remaining Group's consolidated statement of profit or loss and other comprehensive income upon completion of the Disposal.

(iv) The amount represents the fair value of the contingent consideration payable by the Powerlong Parties to Lianshang No.1 in respect of the estimated performance compensation payment arising from the net operating income guarantee provided by Shanghai Ruilong to Lianshang No.1, in which the terms are as defined in the paragraph headed "2.10 Shortfall Undertaking" in this circular. As agreed by the Parties, during the 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 Ruilong and Lianshang No.1, up to the fifth anniversary of the Completion Date), 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 fair value of the contingent consideration payable arising from the net operating income guarantee is determined by reference to a valuation report issued by an independent qualified valuer, Savills Valuation and Professional Services (China) Limited, using the Black-Scholes option pricing model.

Upon completion, the fair value of contingent consideration payable will be re-assessed and may be different from the estimated amount as presented above.

Pursuant to the principle of prudence, the contingent consideration payable has been recognized in the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2025 to reflect the potential financial impact of the Disposal. Whether the Company shall make good the payment shortfall (if necessary) for the purpose of retaining its repurchase right constitutes a market-driven, comprehensive decision that demands professional judgment. Such a decision shall be reached only after a holistic assessment of multiple factors; nevertheless, given that it embodies a potential payment obligation, it is classified as a financial liability.

(v) The amount represents the net assets of the Target Company with reference to the net asset value of the Target Company as at 31 December 2023/1 January 2024 as set out in Appendix II to this circular.

8. Pro-forma net cash inflows:

As if the Disposal was completed on 1 January 2024:

	Note	*RMB'000*
Consideration for the Disposal	*7(a)(i)*	1,000,000
Less: the Fourth Payment included in other receivables (non-current)	*7(a)(i)*	(100,000)
Cash consideration for the Disposal	*7(a)(i)*	900,000
Less: Estimated transaction costs	*7(a)(iii)*	(2,800)
		897,200
Less: Cash and cash equivalents held by the Target Company as at 1 January 2024		(3,231)
Net cash inflows for the Disposal		893,969

9. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group and the unaudited pro forma consolidated statement of cash flow of the Remaining Group.

10. No adjustment has been made to reflect any trading or other transactions of the Group entered into subsequent to 1 January 2025 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows and those entered into subsequent to 30 June 2025 for the unaudited pro forma consolidated statement of financial position.

Following disposal of the Target Company as contemplated under the Cooperation Agreement, the Remaining Group will continue to carry on its existing businesses. Set out below is the management discussion and analysis of the Remaining Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 prepared on the basis that the Target Company is not consolidated, and the Company has no ownership in the Target Company. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for each of the years ended 31 December 2022, 2023 and 2024, and for the six months ended 30 June 2025, respectively.

BUSINESS REVIEW

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Remaining Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operational and residential property management; and (iv) other property development related businesses. During these periods, property development remained as the main revenue stream of the Group.

Property Development

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, (i) the contracted sales of the Remaining Group together with its associates and joint ventures amounted to approximately RMB39,050 million, RMB27,524 million, RMB12,787 million and RMB3,723 million, respectively; and (ii) the contracted sales area of the Remaining Group together with its associates and joint ventures amounted to 2,646,022 sqm, 1,979,982 sqm, 1,152,192 sqm and 316,718 sqm, respectively.

Set forth below is the distribution of the Remaining Group's contracted sales during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025:

	Commercial	Residential	Total
For the year ended 31 December 2022			
Sales area *(sqm)*	1,842,527	803,495	2,646,022
Sales amount *(RMB'000)*	26,297,275	12,752,408	39,049,682
Average selling price *(RMB/sqm)*	14,272	15,871	14,758
For the year ended 31 December 2023			
Sales area *(sqm)*	1,251,806	728,176	1,979,982
Sales amount *(RMB'000)*	19,957,433	7,566,297	27,523,729
Average selling price *(RMB/sqm)*	15,943	10,391	13,901
For the year ended 31 December 2024			
Sales area *(sqm)*	751,008	401,183	1,152,192
Sales amount *(RMB'000)*	9,639,675	3,147,349	12,787,024
Average selling price *(RMB/sqm)*	12,836	7,845	11,098
For the six months ended 30 June 2025			
Sales area *(sqm)*	265,769	50,949	316,718
Sales amount *(RMB'000)*	3,089,672	633,028	3,722,700
Average selling price *(RMB/sqm)*	11,625	12,425	11,754

Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Remaining Group retained and operated certain commercial properties for leasing. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Remaining Group had an aggregate GFA of approximately 7,606,363 sqm, 8,078,036 sqm, 8,174,708 sqm and 8,435,241 sqm, respectively, held as investment properties (including properties completed and under construction).

The number of shopping malls held and managed by the Remaining Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 is set forth below:

	Shopping malls	Asset-light shopping malls	Total
As at 31 December 2022	59	9	68
As at 31 December 2023	61	8	69
As at 31 December 2024	61	9	70
As at 30 June 2025	62	9	71

Hotel Business

The Remaining Group developed its hotel business as a source of its long-term recurring income with core businesses in operating international brand hotels and self-operated brand chain hotels.

The number of hotels owned and operated by the Remaining Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 is set forth below:

	International brand hotels	Self-owned brand chain hotels	Total
As at 31 December 2022	12	8	20
As at 31 December 2023	8	11	19
As at 31 December 2024	7	11	18
As at 30 June 2025	7	10	17

Land Bank

The Remaining Group adhered to the "1+N" development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities. In key regional hubs, the Remaining Group strengthened market tracking and research, adhered to more precise and fine-tuned product positioning, and strictly complied with the principle of value investment in acquiring land bank.

The land bank of the Remaining Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 is set forth below:

	Properties under development	Properties held for future development	Total GFA of land bank
	million sqm	*million sqm*	*million sqm*
As at 31 December 2022	23.04	4.36	27.40
As at 31 December 2023	18.85	3.09	21.94
As at 31 December 2024	11.07	3.65	14.71
As at 30 June 2025	11.63	2.24	13.87

The land bank under development would be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 67.1%, 64.3%, 56.0% and 57.0%, respectively, of the land bank of the Remaining Group was located in the Yangtze River Delta region.

FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2022

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operational and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Remaining Group *RMB'000*
Gross segment revenue	26,480,586	1,748,659	2,549,258	1,032,263	31,810,766
Inter-segment revenue	–	(180,463)	(418,941)	(6,110)	(605,514)
Revenue from external customers	26,480,586	1,568,196	2,130,317	1,026,153	31,205,252
Share of post-tax losses of joint ventures	(134,992)	–	(680)	–	(135,672)
Share of post-tax profits/(losses) of associates	756,928	–	–	(5,169)	751,759
Segment results	5,976,478	1,481,568	299,771	(388,059)	7,369,758
Fair value losses on financial assets at fair value through profit or loss					(38,415)
Losses on disposal of financial assets at fair value through profit or loss					(3,305)
Unallocated operating costs					(1,060,444)
Finance cost – net					(2,300,229)
Profit before income tax					3,967,365
Income tax expense					(2,507,060)
Profit for the year					1,460,305
Depreciation and amortisation recognised as expenses	81,150	–	7,912	215,015	304,077
Fair value losses on investment properties – net	–	(216,283)	(51,477)	–	(267,760)
Impairment losses on properties under development and completed properties held for sale – net	1,571,205	–	–	–	1,571,205

Revenue

Revenue of the Remaining Group mainly comprised income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2022, the Remaining Group recorded a total revenue of approximately RMB31,205 million (2021: approximately RMB39,708 million), representing a decrease of approximately 21.4% as compared with the corresponding period in 2021. This was attributable to the decrease in revenue from property sales.

Cost of sales

Cost of sales mainly represented the direct cost related to the property development of the Remaining Group. It comprised cost of land use rights, construction costs, decoration costs and other costs. Cost of sales for the year ended 31 December 2022 amounted to approximately RMB21,476 million (2021: approximately RMB27,343 million), representing a decrease of approximately 21.5% as compared with the corresponding period in 2021, which was mainly due to the decrease in the total properties sold and delivered, leading to a decrease in the total costs.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2022, gross profit amounted to approximately RMB9,729 million (2021: approximately RMB12,366 million), representing a decrease of approximately 21.3% as compared with the corresponding period in 2021. Gross profit margin amounted to 31.2%, representing an increase of approximately 0.1 percentage point from 31.1% for the corresponding period in 2021.

Fair Value (Losses)/Gains on Investment Properties

For the year ended 31 December 2022, the Remaining Group recorded revaluation losses on investment properties of approximately RMB268 million as compared with revaluation gains of approximately RMB1,539 million for the corresponding period in 2021. The turnaround from fair value gains to fair value losses was mainly due to the slow growth in market rents of shopping malls as a result of the decrease in leasing demand under the continuous impact of the COVID-19 pandemic.

Selling and Marketing Costs and Administrative Expenses

The Remaining Group's selling and marketing costs and administrative expenses for the year ended 31 December 2022 amounted to approximately RMB2,663 million (2021: approximately RMB3,279 million), representing a decrease of approximately 18.8% over the corresponding period in 2021, which was mainly attributable to the decrease in the scale of property sales and property management projects.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2022, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB616 million (2021: approximately RMB508 million), representing an increase of approximately 21.3% as compared with the corresponding period in 2021, which was mainly due to the increase in net profit from associates.

Income Tax Expenses

The Remaining Group's income tax expenses for the year ended 31 December 2022 amounted to approximately RMB2,507 million (2021: approximately RMB4,668 million), representing a decrease of approximately 46.3% as compared with the corresponding period in 2021, primarily due to the decrease in PRC corporate income tax and PRC land appreciation tax expenses.

Profit Attributable to Owners of the Company

For the year ended 31 December 2022, the Remaining Group recorded profit attributable to owners of the Company of approximately RMB254 million (2021: approximately RMB5,375 million), representing a decrease of approximately 95.3% as compared with the corresponding period in 2021.

FOR THE YEAR ENDED 31 DECEMBER 2023

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operational and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Remaining Group *RMB'000*
Gross segment revenue	17,737,075	1,819,814	2,635,746	1,065,468	23,258,103
Inter-segment revenue	–	(189,758)	(359,287)	(5,618)	(554,663)
Revenue from external customers	17,737,075	1,630,056	2,276,459	1,059,850	22,703,440
Share of post-tax losses of joint ventures	50,509	–	945	–	51,454
Share of post-tax profits/(losses) of associates	1,184,783	–	–	300	1,185,083
Segment results	773,946	(186,253)	214,041	(338,194)	463,540
Fair value losses on financial assets at fair value through profit or loss					(16,150)
Unallocated operating costs					(1,050,071)
Finance cost – net					(1,276,459)
Profit before income tax					(1,879,140)
Income tax expense					(696,916)
Profit for the year					(2,576,056)
Depreciation and amortisation recognised as expenses	107,381	–	12,628	219,457	339,466
Fair value losses on investment properties – net	–	(1,642,329)	(86,098)	–	(1,728,427)
Impairment losses on properties under development and completed properties held for sale – net	4,007,038	–	–	–	4,007,038

Revenue

Revenue of the Remaining Group mainly comprised income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2023, the Remaining Group recorded a total revenue of approximately RMB22,703 million (2022: approximately RMB31,205 million), representing a decrease of approximately 27.2% as compared with the corresponding period in 2022. This was attributable to the decrease in revenue from property sales.

Cost of Sales

Cost of sales mainly represented the direct cost related to the property development of the Remaining Group. It comprised cost of land use rights, construction costs, decoration costs and other costs. Cost of sales for the year ended 31 December 2023 amounted to approximately RMB20,174 million (2022: approximately RMB21,476 million), representing a decrease of approximately 6.1% as compared with the corresponding period in 2022, which was mainly due to the decrease in the total properties sold and delivered, leading to a decrease in the total costs.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2023, gross profit amounted to approximately RMB2,529 million (2022: approximately RMB9,729 million), representing a decrease of approximately 74.0% as compared with the corresponding period in 2022, which was mainly due to the decrease in revenue from property sales and the provision for impairment of the relevant property projects based on the principle of prudence as a result of the severe operating environment in the real estate industry. Gross profit margin amounted to 11.1%, representing a decrease of approximately 20.1 percentage points from 31.2% for the corresponding period in 2022, which was mainly attributable to the provision of impairment for the relevant property projects based on the principle of prudence as a result of the severe operating environment in the real estate industry.

Fair Value Losses on Investment Properties

For the year ended 31 December 2023, the Remaining Group recorded revaluation losses on investment properties of approximately RMB1,728 million as compared with revaluation losses of approximately RMB268 million for the corresponding period in 2022. The fair value losses increased by approximately RMB1,460 million as compared with the corresponding period in 2022, mainly due to the continued downward trend of the real estate industry after the end of the COVID-19 pandemic and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

Selling and Marketing Costs and Administrative Expenses

The Remaining Group's selling and marketing costs and administrative expenses for the year ended 31 December 2023 amounted to approximately RMB2,096 million (2022:

approximately RMB2,663 million), representing a decrease of approximately 21.3% as compared with the corresponding period in 2022, which was mainly attributable to the decrease in the scale of property sales and property management projects.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2023, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB1,237 million (2022: approximately RMB616 million), representing an increase of approximately 100.8% as compared with the corresponding period in 2022, which was mainly due to the increase in net profit from joint ventures and associates.

Income Tax Expenses

The Remaining Group's income tax expenses for the year ended 31 December 2023 amounted to approximately RMB697 million (2022: approximately RMB2,507 million), representing a decrease of approximately 72.2% as compared with the corresponding period in 2022, primarily due to the decrease in PRC corporate income tax and PRC land appreciation tax expenses.

Profit/(Losses) Attributable to Owners of the Company

For the year ended 31 December 2023, the Remaining Group recorded loss attributable to owners of the Company of approximately RMB2,652 million (2022: profit attributable to owners of the Company of approximately RMB254 million), representing a turnaround as compared with the corresponding period in 2022.

FOR THE YEAR ENDED 31 DECEMBER 2024

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operational and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Remaining Group *RMB'000*
Gross segment revenue	20,543,711	1,965,896	2,617,305	901,097	26,028,009
Inter-segment revenue	–	(242,781)	(209,173)	(3,436)	(455,390)
Revenue from external customers	20,543,711	1,723,115	2,408,132	897,661	25,572,619
Segment results	(209,194)	(2,051,842)	253,415	(303,441)	(2,311,062)
Fair value losses on financial assets at fair value through profit or loss					(621)
Unallocated operating costs					(400,732)
Finance cost – net					(1,936,461)
Loss before income tax					(4,648,876)
Income tax expense					(845,884)
Loss for the year					(5,494,760)
Depreciation and amortisation recognised as expenses	107,836	–	11,813	234,271	353,920
Fair value losses on investment properties – net	–	(3,125,888)	(101,728)	–	(3,227,616)
Impairment losses on properties under development and completed properties held for sale – net	5,333,846	–	–	–	5,333,846
Share of post-tax (losses)/profit of joint ventures	(65,232)	–	36	–	(65,196)
Share of post-tax profits of associates	51,302	–	–	494	51,796

Revenue

Revenue of the Remaining Group mainly comprised income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2024, the Remaining Group recorded a total revenue of approximately RMB25,573 million (2023: approximately RMB22,703 million), representing an increase of approximately 12.6% as compared with the corresponding period in 2023. This was attributable to the increase in revenue from property sales.

Cost of Sales

Cost of sales mainly represented the direct cost related to the property development of the Remaining Group. It comprised cost of land use rights, construction costs, decoration costs and other costs. Cost of sales for the year ended 31 December 2024 amounted to approximately RMB23,394 million (2023: approximately RMB20,174 million), representing an increase of approximately 16.0% as compared with the corresponding period in 2023, which was mainly due to the increase in the total properties sold and delivered, leading to an increase in the total costs.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2024, gross profit amounted to approximately RMB2,179 million (2023: approximately RMB2,529 million), representing a decrease of approximately 13.8% as compared with the corresponding period in 2023. Gross profit margin decreased by 2.6 percentage points from 11.1% for the year ended 31 December 2023 to 8.5% for the year ended 31 December 2024. These changes were mainly attributable to the increase in the impairment provisions for the relevant property projects based on the principle of prudence as a result of the severe operating environment in the real estate industry.

Fair Value Losses on Investment Properties

For the year ended 31 December 2024, the Remaining Group recorded revaluation losses on investment properties of approximately RMB3,228 million as compared with revaluation losses of approximately RMB1,728 million for the corresponding period in 2023. The fair value losses increased by approximately RMB1,500 million as compared with the corresponding period in 2023, mainly due to the continued downward trend of the real estate industry and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

Selling and Marketing Costs and Administrative Expenses

The Remaining Group's selling and marketing costs and administrative expenses for the year ended 31 December 2024 amounted to approximately RMB1,814 million (2023: approximately RMB2,096 million), representing a decrease of approximately 13.5% as compared with the corresponding period in 2023, which was mainly attributable to the decrease in the scale of projects sales and property management.

Share of (Losses)/Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2024, share of post-tax loss of investments accounted for using the equity method amounted to approximately RMB13 million, representing a turnaround as compared with the share of profit of investments accounted for using the equity method of approximately RMB1,237 million for the corresponding period in 2023, which was mainly due to the decrease in net profit from joint ventures and associates.

Income Tax Expenses

The Remaining Group's income tax expenses for the year ended 31 December 2024 amounted to approximately RMB846 million (2023: approximately RMB697 million), representing an increase of approximately 21.4% as compared with the corresponding period in 2023, primarily due to the impact of decrease in corporate income tax was outweighed by the effect of the decrease in deferred income tax.

Losses Attributable to Owners of the Company

For the year ended 31 December 2024, the Remaining Group recorded loss attributable to owners of the Company of approximately RMB5,761 million (2023: loss attributable to owners of the Company of approximately RMB2,652 million).

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Property development	Property investment	Commercial operational and residential property management	Other property development related businesses	Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross segment revenue	10,692,784	976,686	1,300,938	406,580	13,376,988
Inter-segment revenue	–	(114,403)	(104,911)	(1,211)	(220,525)
Revenue from external customers	10,692,784	862,283	1,196,027	405,369	13,156,463
Segment results	(26,349)	(932,411)	313,733	(52,789)	(697,816)
Fair value gains on financial assets at fair value through profit or loss					4
Unallocated operating costs					(280,972)
Finance cost – net					(612,924)
Loss before income tax					(1,591,708)
Income tax expense					(1,196,213)
Loss for the period					(2,787,921)
Depreciation and amortisation recognised as expenses	18,713	–	5,011	129,641	153,365
Fair value losses on investment properties – net	–	(1,669,762)	(50,821)	–	(1,720,583)
Impairment losses on properties under development and completed properties held for sale – net	2,510,217	–	–	–	2,510,217
Share of post-tax (losses)/profit of joint ventures	3,055	–	(172)	–	2,883
Share of post-tax profits of associates	(21,206)	–	–	373	(20,833)

Revenue

Revenue of the Remaining Group mainly comprised income from property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the six months ended 30 June 2025, the Remaining Group recorded a total revenue of approximately RMB13,156 million (for the six months ended 30 June 2024: approximately RMB15,561 million), representing a decrease of approximately 15.5% as compared with the corresponding period in 2024. This was mainly attributable to the decrease in revenue from property sales.

Cost of Sales

Cost of sales mainly represented the direct cost related to the property development of the Remaining Group. It comprised cost of land use rights, construction costs, decoration costs and other costs. For the six months ended 30 June 2025, cost of sales amounted to approximately RMB11,218 million (for the six months ended 30 June 2024: approximately RMB13,622 million), representing a decrease of approximately 17.6% as compared with the corresponding period in 2024, which was mainly due to the decrease in the GFA of properties sold and delivered.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2025, gross profit amounted to approximately RMB1,939 million (for the six months ended 30 June 2024: approximately RMB1,939 million). Gross profit margin increased by 2.2 percentage points from 12.5% for the six months ended 30 June 2024 to 14.7% for the six months ended 30 June 2025. These changes were mainly attributable to the increase in the proportion of revenue from high-margin residential properties and commercial properties.

Fair Value Losses on Investment Properties

For the six months ended 30 June 2025, the Remaining Group recorded fair value losses of approximately RMB1,721 million (for the six months ended 30 June 2024: fair value losses of approximately RMB729 million). The fair value losses increased by approximately RMB992 million as compared with the corresponding period in 2024, mainly due to the continued downward trend of the real estate market and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2025, the Remaining Group's selling and marketing costs and administrative expenses amounted to approximately RMB797 million (for the six months ended 30 June 2024: approximately RMB890 million), representing a decrease of approximately 10.4% as compared with the corresponding period in 2024, which was mainly attributable to the decrease in the scale of projects sales and management.

Share of Losses of Investments Accounted for Using the Equity Method

For the six months ended 30 June 2025, the Remaining Group recorded share of post-tax losses of investments accounted for using the equity method of approximately RMB18 million (for the six months ended 30 June 2024: approximately RMB553 million). The share of losses of investments accounted for using the equity method decreased by approximately RMB535 million as compared with the corresponding period in 2024, mainly due to the decrease in net losses from joint ventures and associates.

Income Tax Expense

Income tax expense of the Remaining Group amounted to approximately RMB1,196 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: approximately RMB1,066 million), representing an increase of approximately 12.2% as compared with the corresponding period in 2024, primarily due to the write-down of deferred income tax assets based on the principle of prudence as a result of the severe operating environment in the real estate industry.

Loss Attributable to Owners of the Company

For the six months ended 30 June 2025, the Remaining Group recorded loss attributable to owners of the Company of approximately RMB2,704 million (for the six months ended 30 June 2024: loss attributable to owners of the Company of approximately RMB2,638 million).

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Remaining Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and for investment in property development projects.

The Remaining Group's cash and cash equivalents and restricted cash amounted to approximately RMB11,790 million, RMB9,231 million, RMB7,531 million and RMB7,322 million in total as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

Borrowings

Total borrowings of the Remaining Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 were approximately RMB61,650 million, RMB57,591 million, RMB56,614 million and RMB55,070 million, respectively.

	31 December			30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings included in non-current liabilities:				
Senior notes	13,258,162	15,415,215	15,638,997	15,575,905
Corporate bonds	6,293,177	5,825,332	6,298,743	6,304,552
Commercial mortgage back securities	2,263,300	2,177,484	2,123,840	2,115,367
Assets-backed securities	260,557	203,362	206,749	206,807
Bank borrowings	35,008,253	31,268,480	29,898,152	28,608,780
– secured	34,919,819	31,180,395	29,808,141	28,520,138
– unsecured	88,434	88,085	90,011	88,642
Other borrowings – secured	1,929,565	2,464,687	2,392,417	2,244,664
Less: current portion of non-current borrowings	(16,835,333)	(29,024,806)	(25,984,348)	(27,583,521)
	42,177,681	28,329,754	30,574,550	27,472,554
Borrowings included in current liabilities:				
Senior notes	1,351,857	–	–	–
Bank borrowings	875,802	85,000	–	–
– secured	778,290	85,000	–	–
– unsecured	97,512	–	–	–
Other borrowings	409,310	151,500	55,160	14,300
– secured	401,230	151,500	55,160	14,300
– unsecured	8,080	–	–	–
Add: Current portion of long-term borrowings	16,835,333	29,024,806	25,984,348	27,583,521
	19,472,302	29,261,306	26,039,508	27,597,821
Total borrowings	61,649,983	57,591,060	56,614,058	55,070,375

Net Gearing Ratio

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Remaining Group had a net gearing ratio (which is calculated on the basis of total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 103.4%, 110.1%, 122.0% and 125.7%, respectively.

Borrowing Cost

The total interest expenses of the Remaining Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 and the effective interest rate as at 31 December 2022, 2023 and 2024 and 30 June 2025 were as follows:

	For the year ended 31 December			For the six months ended 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest expenses	4,679	4,443	3,681	1,726
Effective interest rate	6.36%	6.48%	5.46%	5.30%

Pledge of Assets

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Remaining Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB85,262 million, RMB74,541 million, RMB56,483 million and RMB55,864 million respectively to secure borrowings of the Remaining Group. The total secured bank and other borrowings and commercial mortgage backed securities as at 31 December 2022, 2023 and 2024 and 30 June 2025 amounted to approximately RMB40,292 million, RMB36,059 million, RMB34,380 million and RMB32,894 million respectively. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the asset-backed securities of RMB261 million, RMB203 million, RMB207 million and RMB207 million, respectively, were secured by the trade receivables of the Remaining Group. The senior notes issued by the Company were guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Remaining Group.

Contingent Liabilities

As at 31 December 2022, 2023 and 2024 and 30 June 2025, save as disclosed in this appendix, the Remaining Group had no significant contingent liabilities.

Financial Guarantees

The face value of the financial guarantees provided by the Remaining Group is analysed below:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Remaining Group's properties	22,935,267	18,800,618	16,166,946	13,409,131
Guarantees for borrowings of joint ventures and associates	866,466	1,373,057	764,050	717,760

Commitments

(1) Commitments for property development expenditures

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for				
– Property development activities	10,316,531	8,428,038	7,046,342	6,873,819
– Acquisition of land use rights	3,298,879	1,476,172	–	–

(2) Leases commitments

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Remaining Group did not have any material short-term lease commitments.

FOREIGN CURRENCY RISK

The Remaining Group primarily operates its business in the PRC. The currency in which the Remaining Group denominates and settles substantially all of its transactions is RMB. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Remaining Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollar or Hong Kong dollar, in the total amount of approximately RMB22,243 million, RMB23,492 million, RMB24,189 million and RMB25,017 million, respectively. Any depreciation of RMB would adversely affect the value of any dividends the Remaining Group pays to the Shareholders outside of the PRC. The Remaining Group did not engage in any hedging activities designed or intended to manage foreign exchange rate risk.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this appendix, the Remaining Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this appendix, the Remaining Group had not authorised any plans for other material investments or additions of capital assets as at 31 December 2022, 2023 and 2024 and 30 June 2025.

EMPLOYEES AND EMOLUMENT POLICY

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Remaining Group employed a total of 9,999, 9,187, 8,105 and 7,805 full-time employees, respectively. The total staff costs of the Remaining Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 amounted to approximately RMB2,371 million, RMB1,979 million, RMB1,578 million and RMB906 million, respectively. The Remaining Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Remaining Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the remuneration level in the industry. In relation to staff training, the Remaining Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

The following is the full text of the valuation report prepared by Savills Valuation and Professional Services (China) Limited, an independent valuer, in connection with its opinion on the market value of the Target Project as of 30 November 2025 for the purpose of incorporation in this circular.

Savills Valuation and
Professional Services (China) Limited
1208, 12/F
1111 King's Road, Taikoo Shing
Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

savills.com

The Directors
Powerlong Real Estate Holdings Limited
Powerlong Tower
1399 Xinzhen Road
Minhang District
Shanghai
PRC

12 January 2026

Dear Sir or Madam,

Re: Powerlong City Shopping Mall and JUNTELS Binjiang Hangzhou (the "Properties") located at Room 101, Block 3, Powerlong City, No. 3867 Binsheng Road, Puyan Sub-district, Binjiang District, Hangzhou, Zhejiang Province, People's Republic of China

INSTRUCTIONS

We, in accordance with the instructions of Shanghai Ruilong Investment Management Co. Ltd., have conducted a valuation in respect of the sale by Powerlong Real Estate Holdings Limited (the "**Company**") of the Properties owned by Hangzhou Huazhan Real Estate Development Co. Ltd. ("**Hangzhou Huazhan**") situated in the People's Republic of China (the "**PRC**"). We confirm that we have inspected the Properties, made relevant inquiries and investigations, and obtained such further information as we consider necessary for the purpose of providing our opinion on the market value of the Properties as of 30 November 2025 (the "**Valuation Date**") to the Company for the purpose of inclusion in the circular.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the Properties concerned which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Moreover, market value is understood as the value of an asset or liability estimated without regard to the costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the latest edition of Royal Institution of Chartered Surveyors ("**RICS**") Valuation – Global Standards, which incorporate the International Valuation Standards ("**IVS**") and supplementary provisions of RICS (where applicable). We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IDENTITY AND STATUS OF THE VALUERS

The subject valuation exercise is handled by our Mr. Jim Wong and Ms. Apple, Zhang Ping. Mr. Jim Wong is the Head and Senior Director of Savills Valuation and Professional Services (China) Limited ("**SVPSCL**"), a registered valuer of RICS and a certified real estate appraiser of China ("**CIREA**") with over 25 years of experience in the valuation of various property types in the PRC. Ms. Apple, Zhang Ping is a member of RICS and the CIREA with over 22 years of experience in the valuation of various property types in the PRC. Mr. Jim Wong and Ms. Apple, Zhang Ping have sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to our acceptance of the Company's engagement to provide this valuation services in respect of the property, we had been engaged in the valuation of Binjiang Powerlong City Shopping Mall of the property for audit purposes within the past 12 months.

We are independent of the Company and Hangzhou Huazhan. We are not aware of any instance which would give rise to potential conflicts of interest from SVPSCL, Mr. Jim Wong and Ms. Apple, Zhang Ping in the subject exercise. We confirm that we are in the position to provide objective and unbiased valuation for the Properties.

VALUATION METHODOLOGY

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and/or offerings of comparable properties. In valuing Binjiang Powerlong City Shopping Mall, which is held by Hangzhou Huazhan for investment in the PRC, we have principally adopted income capitalization method. The income capitalization method is an method of valuation whereby the existing rental incomes of all lettable units of each property are capitalized for the respective unexpired terms of contractual tenancies. We have also taken into account the reversionary market rents after the expiry of tenancies in capitalization whilst vacant units are assumed to be let at their respective market rents as at the Valuation Date. The summation of the capitalized value of the term income for the leased portion, the capitalized value of the reversion income (i.e. market rental income) as appropriately deferred for the leased portion and the capitalized value of the vacant portion provides the market value of each property. In valuing JUNTELS Binjiang Hangzhou, we have principally adopted the Discounted Cash Flow Analysis ("**DCF Analysis**"). DCF Analysis is an method of valuation where a discount rate is applied to a series of cash flows over an investment horizon including a terminal value to discount them to a present value. We have adopted a 5-year projection time frame in our DCF Analysis depending on the type of property. In preparing the DCF Analysis, the income and expenses over the coming 5 years from the Valuation Date are itemized and projected annually taking into account either the historical operating accounts or the contractual tenancies, and the expected growth of income and expenses. The net cash flows from the 6th year onward are capitalized at appropriate rates for the properties. The terminal values are then discounted at our adopted discount rates that reflect the rates of return that adequately compensate the investors for the risks taken.

TITLE INVESTIGATION

In respect of the Properties in the PRC, we have been provided with copies of the title documents relating to the Properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Group and the legal opinion issued by Global Law Office (the "**Company's PRC legal advisor**") regarding the title to the Properties. We shall not be liable for the interpretation of the said title documents, as such responsibility falls within the scope of authority of the Company's PRC legal advisor. Further, we have not examined the original title documents to verify the title or ascertain the existence of any amendments which do not appear on the copies handed to us. Unless otherwise stated, we have assumed in the valuation that the Properties are freely transferable on the open market without requiring payment of additional land premium or other significant fees to relevant government authorities, except for certain restrictions on partial transfers.

SOURCE OF INFORMATION

In the course of valuation, we have relied to a considerable extent on information given by Hangzhou Huazhan and also accepted advice given to us by Hangzhou Huazhan on such matters as planning approvals or statutory notices, easements, tenure, occupancy, particulars of leases, development plans, construction costs, completion dates, site and floor areas, environmental, social and governance (where applicable) and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information provided by Hangzhou Huazhan and are therefore only approximations. No on-site measurements have been taken by us. We have no reason to doubt the truth and accuracy of the information provided to us by Hangzhou Huazhan, which is material to the valuation. We also received confirmation from Hangzhou Huazhan that no material facts have been omitted from the information provided.

VALUATION ASSUMPTIONS

In the course of valuation, unless otherwise stated, in accordance with the Company's instruction, we prepared our valuation on the basis that transferable land use rights in respect of the Properties for their respective specific terms at nominal annual land use fees have been granted and that any land premium payable has already been fully paid. Therefore, unless otherwise stated, we have also prepared our valuation on the basis that the owner of the Properties has good legal title and has free and uninterrupted right to occupy, use transfer, lease or assign the Properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SUSTAINABLE AND ESG CONSIDERATIONS

ESG criteria are a set of standards which can be used to measure the performance of a business or investment in terms of sustainability. These criteria are increasingly being integrated into real estate valuation. At a property level, this includes environmental and climate impacts, the impact of buildings on the health and wellbeing of tenants/occupiers and local communities, and how a building is managed to encourage sustainable practices.

Nevertheless, quantifying the impact of ESG on value requires specialized expertise and would take time to become evident. A data-driven analysis is essential to understand how ESG performance translates into value.

In these regards, we are unable to quantify the potential impact of ESG matters, if any, on value, as we are not in the position of an expert on the assessment of sustainability and ESG matters. You are recommended to make further enquires and/or obtain further specialist or expert advice regarding ESG matters if necessary.

SITE INSPECTION

We have inspected the exterior, and where possible, the interior of the Properties. Site inspection of the Properties was conducted by our Ms. Alice Yin (Senior Manager) on 24 September 2025. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the Properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

LIMITING CONDITIONS

Neither the whole or any part of this valuation report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which they will respectively appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed for the stated purpose and no responsibility is accepted to any third party for the whole or any part of its contents.

MARKET CONDITIONS COMMENT

Ongoing political and economic developments continue to create a complex and evolving landscape. Following the introduction of tariffs by the US Administration, there has been significant disruption to the global economy and international stock markets, and whilst the US trade war with China and other countries continues, the situation will remain volatile and the tariff regime may undergo further revisions with continued volatility, adding to global uncertainty. It is therefore important to recognise that our valuations have been prepared against the fluid backdrop outlined above and the local economic environment. Moreover, investor behaviour can change quickly during such periods of volatility. As such, the conclusions set out in this report are only valid at the Valuation Date and we would recommend that the values of the Properties are kept under regular review.

DECLARATION

We hereby confirm that:

1. We have no present or prospective interest in Powerlong Real Estate Holdings Limited;

2. We are authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties;

3. Our opinion has been given on a fair and unbiased basis; and

4. We are acting as independent valuers as defined in the RICS Valuation – Global Standards issued by the RICS, which incorporated the IVS.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi ("**RMB**").

We enclose herewith our summary of values and valuation report.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services (China) Limited

Jim Wong	**Apple, Zhang Ping**
MRICS CIREA	*MRICS CIREA*
Head & Senior Director	*Director*

Note: Mr. Jim Wong is a professional surveyor, a registered valuer of RICS and a certified real estate appraiser of China who has over 25 years' experience in valuation of properties in the PRC.

Ms. Apple, Zhang Ping is a professional surveyor who has over 22 years' experience in valuation of properties in the PRC.

VALUATION REPORT

No.	Property	Market value in existing state as at 30 November 2025
1.	Shopping mall section and multiple non-civil air defense parking spaces of Hangzhou Binjiang Powerlong City Room 101, Block 3 No. 3867 Binsheng Road, Puyan Sub-district, Binjiang District, Hangzhou Zhejiang Province, China	RMB2,316,000,000
2.	JUNTELS Binjiang Hangzhou Room 101, Block 3, Powerlong City No. 3867 Binsheng Road, Puyan Sub-district, Binjiang District, Hangzhou Zhejiang Province, China	RMB90,000,000
	Total:	RMB2,406,000,000

VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2025
1.	Shopping mall section and multiple non-civil air defense parking spaces of Hangzhou Binjiang Powerlong City Room 101, Block 3 No. 3867 Binsheng Road, Puyan Sub-district, Binjiang District, Hangzhou Zhejiang Province, China	Binjiang Powerlong City (the "**Development Project**") is a commercial project completed in 2016. The property is situated at No. 3867 Binsheng Road, Binjiang District, Hangzhou, Zhejiang Province. It enjoys excellent public transportation connectivity, with approximate travel times of 20 minutes to Hangzhou Railway Station, 30 minutes to Hangzhou South Railway Station, and 35 minutes to Hangzhou Xiaoshan International Airport. The property is located in a well-developed residential and commercial district with comprehensive public amenities and convenient transportation access. The property comprises the shopping mall section of the development project and multiple non-civil and civil air defense parking spaces with a gross floor area (excluding parking spaces) of approximately 137,473.34 sq.m. and a total leasable area of approximately 89,141.62 sq.m. There are 1,390 underground parking spaces in total, comprising 852 non-civil air defense parking spaces and 538 civil air defense parking spaces. Please refer to the notes for the investment value of the civil air defense parking spaces of the property. The land use rights for the Development Project have been granted for commercial use, with the land use term expiring on 23 July 2054.	As of the Valuation Date, multiple leases have been executed for the commercial portion of the property, with the latest expiry occurring in December 2036, generating a monthly gross rental (excluding value-added tax) of approximately RMB14,600,000. The remaining portion of the property was vacant.	RMB2,316,000,000 (RENMINBI TWO BILLION THREE HUNDRED AND SIXTEEN MILLION)

Notes:

1. Pursuant to two Real Estate Title Certificates (Zhe (2017) Hang Zhou Shi Bu Dong Chan Quan Di 0382586 and Zhe (2022) Hang Zhou Shi Bu Dong Chan Quan Di 0137920), the ownership of buildings with a total gross floor area of approximately 151,156.34 sq.m. and the land use rights for a site area of approximately 39,309.10 sq.m. have been granted to Hangzhou Huazhan Real Estate Development Co., Ltd. ("**Hangzhou Huazhan**") for commercial use, with the land use term expiring on 23 July 2054.

   As advised by Hangzhou Huazhan, the property comprises only the portion of the building designated for commercial use as described in the aforementioned Real Estate Title Certificates, with a gross floor area of 137,473.34 sq.m., while the remaining portion is designated for hotel use.

2. According to the legal opinion provided by the Company regarding the property, "1,497 parking spaces on the first and second basement levels of Binjiang Powerlong City Plaza (with 1,390 practically usable spaces after deducting areas for fire protection facilities, etc.) have completed the completion acceptance process. Pursuant to Article 25 of the Administrative Regulation on the Development and Utilisation of Urban Underground Space, "underground works shall be performed based on the principle of 'whoever invests or owns or benefits from them, is responsible for maintaining them', and the development entity has the right to self-operate, transfer, and lease the underground space they have invested in and developed in accordance with the PRC laws". Accordingly, the project company, as the development entity, is legally entitled to benefits arising from these parking spaces."

   According to the survey report provided by Hangzhou Huazhan, the aggregate gross floor area of the underground parking spaces is 113,158.45 sq.m., of which the civil air defense parking spaces occupy 43,762.54 sq.m., and the non-civil air defense parking spaces occupy 69,395.91 sq.m.

   In our valuation process, we have attributed an investment value to the civil air defense parking spaces of the property, as they are not transferable in the open market. This value reflects the income (such as rental income) derived from entity's ownership of the assets. Consequently, the investment value of the civil air defense parking spaces as of the valuation reference date is RMB38,000,000 (RENMINBI THIRTY-EIGHT MILLION).

3. According to the Hangzhou Real Estate Registration Inquiry Record (No.: 2025-BJFJ007-033851), the above-ground commercial portion of the property is mortgaged to China CITIC Bank Co., Ltd. Hangzhou Branch, under the mortgage registration certificate number: Zhe (2017) Hang Zhou Shi Bu Dong Chan Zheng Ming Di 0205638.

4. According to the Hangzhou Real Estate Registration Inquiry Record (No.: 2025-BJFJ007-033852), the commercial portion on the first basement level of the property is mortgaged to Mr. Wang Xingyu, under the mortgage registration certificate number: Zhe (2017) Hang Zhou Shi Bu Dong Chan Zheng Ming Di 0255782.

5. When valuing the property, we have referenced market comparable properties from several developments with similar characteristics. The monthly unit rents for retail units (on the 1st floor) of these market comparable properties range from RMB260 to 320 per sq.m. (saleable area), while the monthly unit rents for parking spaces of these market comparable properties range from RMB450 to 650 per space. In deriving the key assumptions, we have made appropriate adjustments to the unit rents of these comparable properties to reflect factors including but not limited to timing, location, size, floor level, building age, and construction quality.

We consider that the relevant comparable have met our selection criteria are included and they are set out in the following tables with adopted adjustments which are exhaustive, fair and representative.

List of Commercial Rental Comparable			
Development	A Retail Shop located at Zhejiang Business Development Building	A Retail Shop located at Binhe Road	A Retail Shop located at Hanjiang Road
Location	No. 299, Resonance Lane, Changhe Street, Binjiang District	Binhe Road	Hanjiang Road
City	Hangzhou	Hangzhou	Hangzhou
Usage	Commercial	Commercial	Commercial
GFA (sq m)	85	65	60
Unit Rent (RMB/sq m/month)	312	323	263

Adjustments:

Asking:	-3.0%-0.0%
Location:	0.0%-2.0%
Management:	1.0%-3.0%
Quality:	0.0%-6.0%

Adjustment factors:

Asking Price: Downward adjustment is applied to reflect the difference between the asking price and the transaction price.

Location: Upward adjustment is applied for comparables with inferior location relative to the subject property, and vice versa. As all comparables are located in inferior locations, an upward adjustment is applied.

Property Management: Upward adjustment is applied because the comparable properties have inferior property management compared to the subject property.

Building Quality: Upward adjustment has been applied as all comparable properties are of inferior building quality relative to the subject property.

List of Car Parking Spaces Rental Comparable			
Development	Hangzhou Yin-A Building	Binyao Academy	219 Binkang Road
Location	2030 Jianghui Road	518 Binwen Road	219 Binkang Road
City	Hangzhou	Hangzhou	Hangzhou
Usage	Car Parking Space	Car Parking Space	Car Parking Space
Monthly Rent (RMB/lot/month)	650	500	450

Adjustments:	
Asking:	-3.0%-0.0%
Location:	-2.0%-0.0%
Size:	0.0%-3.0%
Floor Level:	-8%-0.0%

Adjustment factors:

Asking: Adjustment between asking price and transaction price, downward adjustment is applied.

Location: Downward adjustment is applied for comparable with inferior location, and vice versa.

A downward adjustment is applied to the comparable with inferior location.

Size: Upward adjustment is applied for comparable with larger size, and vice versa.

An upward adjustment is applied to the comparable to account for its smaller size relative to the subject property.

Floor Level: A downward adjustment is applied to the comparable to account for its single-level basement (B1 only), compared to the subject property's two-level basement (B1 and B2).

In our valuation, we have adopted an average monthly unit rent of approximately RMB321 per sq.m. (saleable area) for retail units (on the 1st floor) and an average monthly unit rent of approximately RMB480 per space for parking spaces.

6. Based on our market research, as of the Valuation Date, the market yield rates for comparable retail developments range between 5.8% and 7.1%. In deriving the key assumptions, we have made appropriate adjustments to the market yield rates of these comparable market projects to reflect factors including but not limited to location, scale, and quality.

7. In our valuation, we have applied a 6.0% term yield and 6.5% reversionary yield for the retail units, consistent with the relevant comparable projects.

8. We have been provided with a legal opinion on the title to the Property issued by "Company's PRC legal advisor", which contains, inter alia, the following information:

   (i) Unless otherwise stated, Hangzhou Huazhan holds valid legal title to the property and can freely transfer, lease, or mortgage the non-civil air defense parking spaces of the property on the open market during the remaining land use term, and has obtained relevant government approvals to lease its civil air defense parking spaces, free from any obligation to pay additional land premium or other related fees to the relevant government authorities;

   (ii) All land premium payments and public utility fees have been fully settled; and

   (iii) The design and construction of the Development Project comply with planning requirements and have obtained all necessary permits from the relevant government authorities.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2025
2.	JUNTELS Binjiang Hangzhou Room 101, Block 3, Powerlong City No. 3867 Binsheng Road, Puyan Sub-district, Binjiang District, Hangzhou, Zhejiang Province, China	JUNTELS Binjiang Hangzhou (the "**Development Project**") is a commercial project completed in 2016. The property is situated at No. 3867 Binsheng Road, Binjiang District, Hangzhou, Zhejiang Province. It enjoys excellent public transportation connectivity, with approximate travel times of 20 minutes to Hangzhou Railway Station, 30 minutes to Hangzhou South Railway Station, and 35 minutes to Hangzhou Xiaoshan International Airport. The property is located in a well-developed residential and commercial district with comprehensive public amenities and convenient transportation access. The property includes the hotel of the Development Project, with a total gross floor area of approximately 13,683 sq.m., comprising 175 hotel rooms available for operation. The land use rights for the Development Project have been granted for commercial purposes, with the land use term expiring on 23 July 2054.	As of the Valuation Date, the property has been operated as a hotel.	RMB90,000,000 (RENMINBI NINETY MILLION)

Notes:

1. Pursuant to the Real Estate Title Certificate – Zhe (2017) Hang Zhou Shi Bu Dong Chan Quan Di 0382586, the ownership of buildings with a total gross floor area of approximately 142,744.94 sq.m. and the land use rights for a site area of approximately 30,897.7 sq.m. have been granted to Hangzhou Huazhan Real Estate Development Co., Ltd. ("**Hangzhou Huazhan**") for commercial use, with the land use term expiring on 23 July 2054.

   As advised by Hangzhou Huazhan, the property comprises only the portion of the building designated for hotel use as described in the aforementioned Real Estate Title Certificates, with a gross floor area of 13,683 sq.m., while the remaining portion is designated for shopping mall use.

2. According to the Hangzhou Real Estate Registration Inquiry Record (No.: 2025-BJFJ007-033851), the above-ground commercial portion of the property is mortgaged to China CITIC Bank Co., Ltd. Hangzhou Branch, under the mortgage registration certificate number: Zhe (2017) Hang Zhou Shi Bu Dong Chan Zheng Ming Di 0205638.

3. As of the Valuation Date, Hangzhou Huazhan operates the JUNTELS Binjiang Hangzhou in Binjiang, Hangzhou. According to information provided by the Company and Hangzhou Huazhan, the room configuration details of the property are as follows:

Room Type	**Room Area** *(sq.m/room)*	**Room Quantity**
Art • Taste Twin Bed	39	29
Standard Double Room	39	5
Trendy Twin Room	39	2
Trendy Queen Room	39	3
Queen Room With View	35	4
Deluxe King	39	16
Art Comfort King Room	39	31
Deluxe 2-bed Room	39	20
Deluxe Queen Room	39	33
Business Suite	57	21
Trendy Suite	57	1
Parent Child Family Set	57	2
Executive Suite	88	7
JUNTELS Suite	128	1
Total:		**175**

4. In valuing the property, we principally adopted the DCF Analysis. We prepared a five-year cash flow projection with reference to current and expected market conditions. Our assumptions are primarily based on actual operational data of the property and market statistics.

During our valuation process, we adopted the following key assumptions:

Average Daily Room Rate (RMB)	:	381
Annual Growth Rate	:	1.0%-2.0%
Occupancy Rate	:	70-73%
Discount Rate	:	6.0%-6.5%

5. To arrive at our opinion of the market value, we have prepared a five-year income projection for the Property. This projection encompasses revenue generated from room sales as well as food & beverage services. The revenue from room sales is calculated by considering the Average Daily Rate (ADR), occupancy rate, and growth rate, as outlined in Note 6. For the food & beverage revenue, we have referenced the historical operating accounts provided by the Group. In addition to the revenue projections, we have also analyzed the historical expenses associated with the Property in order to calculate the net income of the Property. Consequently, the net income from the first to fifth years is derived from revenue minus expenses.

The terminal value is calculated based on the sixth year's net income, which is capitalized at the capitalization rate specified in Note 6 for the remainder of the land use term. The net incomes for the first through fifth years, along with the terminal value, are then discounted back to the Valuation Date using the discount rate indicated in Note 4.

The sum of the discounted values from the first to fifth years, together with the terminal value, represents our opinion of the Market Value of the Property as of the Valuation Date.

6. Based on our market research, the room rates in the similar location to the Property are in the range between RMB370 to RMB400 per day.

7. We have been provided with a legal opinion on the Property issued by "Company's PRC legal advisor", which contains, inter alia, the following information:

(i) Hangzhou Huazhan is the legal owner of the land use rights and the building ownership of JUNTELS Binjiang Hangzhou in Binjiang, Hangzhou Huazhan holds valid legal title and can freely occupy, use, transfer and lease of the Property; and

(ii) All land premium payments and public utility fees have been fully settled; and

(iii) The design and construction of the Development Project comply with planning requirements and have obtained all necessary permits from the relevant government authorities.

1. 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 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.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

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 C3 to the Listing Rules, were as follows:

(i) Long position in shares and underlying shares of the Company

	Number of ordinary shares					
Name of Director	Personal interests	Interests of spouse	Interest of a controlled corporation	Other interests	Total	Approximate percentage of holding[1]
Mr. Hoi Kin Hong	/	2,800,000	/	1,825,071,000[2]	1,827,871,000	44.15%
Mr. Hoi Wa Fong	/	503,400	/	597,568,000[3]	598,071,400	14.44%
Mr. Xiao Qing Ping	911,700				911,700	0.02%
Mr. Zhang Hong Feng	184,300				184,300	0.004%
Ms. Hoi Wa Fan	61,470,000		226,623,000[4]		288,093,000	6.96%

Notes:

1. The calculation of the percentages is based on the total number of 4,140,403,000 shares in issue as at the Latest Practicable Date.

2. These shares are held by Skylong Holdings Limited, which is wholly-owned by Skylong Family Limited, which is in turn wholly-owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor. By virtue of the SFO, Mr. Hoi Kin Hong is deemed to be interested in the Shares held under the Skylong Trust.

3. These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn wholly-owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the Shares held under 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.

(ii) Long position in shares of associated corporations

Name of Director	Name of associated corporation	Number of ordinary shares					Approximate percentage of holding[1]
		Personal interests	Beneficiary of a trust	Interest of a controlled corporation	Other interests	Total	
Mr. Hoi Wa Fong	Powerlong Commercial	/	/	17,442,000[2]	1,500,000[3]	18,942,000	2.95%

Notes:

1. The calculation of the percentages is based on the total number of 642,900,000 shares in issue of Powerlong Commercial 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. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong Commercial 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 wholly-owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong Commercial held under 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 as contained in Appendix C3 to the Listing Rules.

3. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, other than the interests and short positions of certain directors and chief executives as disclosed under "2. DISCLOSURE OF INTERESTS OF DIRECTORS" 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 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:

(i) Long position in shares of the Company

Name of Shareholder	Capacity/Nature of interests	Number of ordinary shares	Approximate percentage of holding[1]
TMF (Cayman) Ltd.[2][3]	Trustee	2,422,639,000	58.51%
Skylong Family Limited[2]	Interest in controlled corporation	1,825,071,000	44.08%
Skylong Holdings Limited[2]	Beneficial owner	1,825,071,000	44.08%
Sky Infinity Family Limited[3]	Interest in controlled corporation	597,568,000	14.43%
Sky Infinity Holdings Limited[3]	Beneficial owner	597,568,000	14.43%
Wason Holdings Limited	Beneficial owner	249,523,000	6.03%
Walong Holdings Limited	Beneficial owner	209,444,000	5.06%

Notes:

1. The calculation is based on the total number of issued shares of the Company (i.e. 4,140,403,000 Shares) as at the Latest Practicable Date.

2. Skylong Holdings Limited is wholly-owned by Skylong Family Limited, which in turn is wholly-owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor.

3. Sky Infinity Holdings Limited is wholly-owned by Sky Infinity Family Limited, which in turn is wholly-owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor.

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 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.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, 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.

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group.

7. COMPETING INTEREST

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.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, insofar as the Directors were aware, no litigation or claims of material importance was pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

As at the Latest Practicable date, no material contracts (not being contracts entered in the ordinary course of the business) has been entered into by members of the Group within the two years before the date of this circular and up to and including the Latest Practicable Date.

10. QUALIFICATION AND CONSENT OF EXPERTS

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

Name	Qualification
Savills Valuation and Professional Services Ltd.	an independent valuer
KTC Partners CPA Limited	Certified public accountants

Each of the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letters, opinions, reports and/or advices (as the case may be) and/or references to its name, opinions, reports and/or letters (as the case may be) in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the expert named above:

(a) had no 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

(b) had no direct or indirect interest in any assets which had, since 31 December 2024 (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.

11. MISCELLANEOUS

(i) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(ii) The principal place of business of the Company in Hong Kong is situated at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

(iii) The joint company secretaries of the Company are Ms. Hai Di and Ms. Leung Wai Yan. Ms. Leung Wai Yan has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom since 2009.

(iv) The Company's share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(v) This circular and the accompanying form of proxy is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

12. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.powerlong.com) for a period of 14 days from the date of this circular:

(a) the Cooperation Agreement;

(b) the report on the unaudited pro forma financial information of the Remaining Group issued by the Auditor, the text of which is set out in Appendix III to this circular;

(c) the valuation report of the Target Project issued by the Valuer, the text of which is set out in Appendix V to this circular; and

(d) the letter of consent referred to the paragraph headed "10. QUALIFICATION AND CONSENT OF EXPERTS" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of Powerlong Real Estate Holdings Limited (the "**Company**") will be held at 10:00 a.m. on Thursday, 29 January 2026 at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalized terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 12 January 2026 (the "**Circular**").

1. "**THAT**

   (a) the Cooperation Agreement (as defined in the Circular) and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connection therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;

   (b) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby generally and unconditionally 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 Cooperation 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
Powerlong Real Estate Holdings Limited
Hoi Kin Hong
Chairman

Hong Kong, 12 January 2026

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:
Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more Shares may appoint more than one proxy to attend and vote on the same occasion.

2. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the EGM, either in person or by proxy in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM or any adjournment thereof (as the case may be), the more senior shall alone be entitled to vote, whether in person or by proxy. 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.

3. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority must 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, Hong Kong, not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

4. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof (as the case may be) should they so wish and in such event, the form of proxy shall be deemed to be revoked.

5. The register of members of the Company will be closed from Monday, 26 January 2026 to Thursday, 29 January 2026, 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 duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor., Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 23 January 2026. The record date for determining the shareholders' entitlement to attend and vote at the EGM is Thursday, 29 January 2026.

6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, 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.