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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.

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POWERLONG

宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED DISPOSAL OF SHARES IN POWERLONG CM
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

FRONTPAGE 富比

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 Wednesday, 18 March 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.

25 February 2026

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DEFINITIONS

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

“Agreement”	the share purchase agreement dated 27 January 2026 between the Seller and the Purchaser relating to the Disposal
“AHG”	an ad hoc group of holders of the Scheme Debt as constituted from time to time and notified to the Company who are advised by the AHG advisors
“Board”	the board of directors of the Company
“Company”	Powerlong Real Estate Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1238)
“Completion Date”	31 August 2026, or such other date as the Seller and the Purchaser may agree in writing in accordance with the terms of the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Shares
“EGM”	an extraordinary general meeting of the Company to be held by the Company on Wednesday, 18 March 2026 at 10:00 a.m. at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan, all of whom are independent non-executive Directors, will be formed to advise the Independent Shareholders as to the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Frontpage Capital”	Frontpage Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	with respect to the Agreement and the transactions contemplated thereunder, the Shareholders excluding Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan and their respective associates
“Last Trading Date”	27 January 2026
“Latest Practicable Date”	24 February 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Powerlong CM”	Powerlong Commercial Management Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 9909)
“PRC”	the People’s Republic of China
“Purchaser”	Prime Capital Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Restructuring”	the restructuring of the Scheme Debt, to be conducted materially in the manner envisaged by, and materially on the terms set out in, the RSA Term Sheet
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“RSA”	the restructuring support agreement dated 10 October 2025 entered into by, among others, the Company and members of the AHG, as amended from time to time
“RSA Term Sheet”	the restructuring term sheet as set out in Schedule 6 to the RSA, a copy of which is appended to the Company’s announcement dated 10 October 2025 (with sensitive information being removed or redacted)
“Scheme”	the (i) the scheme of arrangement proposed by the Company to be effected pursuant to sections 670, 673 and 674 of the Companies Ordinance, for the purpose of implementing the Restructuring as contemplated under the RSA and the RSA Term Sheet; and/or (ii) a scheme of arrangement, or similar process in such other jurisdiction as may be needed to implement the Restructuring, as determined at the Company’s discretion to be necessary, after having consulted with the AHG and/or the AHG’s advisor in good faith
“Scheme Creditors”	creditors of the Company with respect to the Scheme Debt
“Scheme Debt”	various existing notes issued or guaranteed by the Company and the existing loans entered into or guaranteed by the Group
“Seller”	Powerlong Real Estate (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	160,725,000 shares in the issued share capital of Powerlong CM

DEFINITIONS

“Upfront Payment Date” 27 April 2026, or such other date as the Seller and the Purchaser may agree in writing in accordance with the terms of the Agreement

“%” per cent.

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.

LETTER FROM THE BOARD



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)

Executive Directors:

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

Registered Office:

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

Non-executive Director:

Ms. Hoi Wa Fan

Principal Place of Business in Hong Kong:

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

Independent non-executive Directors:

Mr. Au Yeung Po Fung
Dr. Mei Jian Ping
Dr. Ding Zu Yu
Ms. Liu Xiao Lan

25 February 2026

To the Shareholders

Dear Sirs and Madams,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 27 January 2026 in relation to, among others, the Agreement and the transactions contemplated thereunder.

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

The purpose of this circular is to provide you with, among other things, (i) details on the Agreement and the transactions contemplated thereunder, (ii) the letter of recommendation from the Independent Board Committee in respect of the Disposal; (iii)

LETTER FROM THE BOARD

the letter of advice from Frontpage Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM.

2. THE AGREEMENT

The principal terms of the Agreement are set out below.

Parties to the Agreement

The Seller : Powerlong Real Estate (BVI) Holdings Limited

The Purchaser : Prime Capital Investment Limited

The Purchaser is a connected person, as referred to in the section headed "Listing Rules Implications" in this circular.

Subject matter

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

Consideration

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

Basis of determination of the Consideration

The consideration for the Disposal was determined after arm's length negotiations between the Purchaser and the Seller, with reference to the average closing price of the Target Shares for the 15 trading days immediately prior to the date of the Agreement, being approximately HK\$2.495 per share (the "**Reference Price**"). A 10% blockage discount is applied to the Reference Price to arrive at a consideration price of HK\$2.245 per Target Share (the "**Consideration Price**"). The Consideration Price of HK\$2.245 represent:

- (i) a discount of approximately 7.99% to the closing price of HK\$2.440 per Powerlong CM share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 7.92% to the average closing price of approximately HK\$2.438 per Powerlong CM share for the last five (5) consecutive trading days immediately prior to the Last Trading Date;
- (iii) a discount of approximately 8.81% to the average closing price of approximately HK\$2.462 per Powerlong CM share for the last 30 consecutive trading days immediately prior to the Last Trading Date;

LETTER FROM THE BOARD

- (iv) a discount of approximately 8.92% to the average closing price of approximately HK\$2.465 per Powerlong CM share for the last 90 consecutive trading days immediately prior to the Last Trading Date;
- (v) a discount of approximately 5.19% to the average closing price of approximately HK\$2.368 per Powerlong CM share for the last 180 consecutive trading days immediately prior to the Last Trading Date;
- (vi) a discount of approximately 5.27% to the average closing price of approximately HK\$2.370 per Powerlong CM share for the last one (1) year immediately prior to the Last Trading Date; and
- (vii) a discount of approximately 61.29% to the net asset value attributable to the shareholders per Powerlong CM share as at 30 June 2025 of approximately RMB5.29 (or approximately HK\$5.80).

The Directors are of the view that: (i) the Consideration Price which ranges between 5.19% and 8.92% discount amongst the various historical average is a good indicator that the Consideration Price is fair as most market placings are discounted within the range of 10% as discussed below; and (ii) although the Consideration Price is at a discount of approximately 61.29% to the net asset value per share of Powerlong CM as at 30 June 2025, it is a fair market valuation as this discount level has persisted for more than a year and determined by market participants who are willing buyer and seller of Powerlong CM shares.

In terms of the 10% blockage discount, the Directors considered that the blockage discount is necessary as (i) the historical trading volume of Powerlong CM shares is not sufficient to handle the Disposal; (ii) it would be impossible to dispose off such quantity of Powerlong CM shares in the open market without putting significant pricing pressure on Powerlong CM shares; and (iii) the discount of 10% is in line with most market transactions that involves large blocks of shares in the past 6 months on the Stock Exchange (i.e. placings and subscriptions of shares of 10% or more of the issued share capital of Hong Kong Main Board listed companies with a total value of not less than HK\$100 million announced on the Stock Exchange, excluding those placing and subscription transactions which would, upon completion, give rise to a mandatory general offer obligation on the part of the acquirer(s) under the Code on Takeovers and Mergers). Therefore, by utilising a Reference Price that is at a premium over the current market price and a blockage discount of 10% that is in line with the market practice to arrive at the current Consideration Price of approximately HK\$2.245 per Target Share, the Directors are of the view that the Consideration is fair and reasonable.

LETTER FROM THE BOARD

Conditions Precedent

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

- (i) no notice, order, judgment, action or proceeding of any person having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Agreement or which is likely to materially and adversely affect the right of the Purchaser to own the legal and beneficial title to the Target Shares, free from encumbrances;
- (ii) the transaction contemplated by the Agreement having been approved by the Shareholders by passing the necessary resolutions at the Company's general meeting in accordance with the requirements of the Listing Rules and applicable laws;
- (iii) all consents, registration, filings, confirmations, clearances, rulings and decisions by authorities or any other third party that are necessary or appropriate for or in connection with the transactions contemplated under the Agreement having been obtained; and
- (iv) the representations and warranties remaining true and accurate in all material respects.

Completion

The completion of the Agreement shall take place on the Completion Date after the fulfillment of the conditions precedent under the Agreement. Upon Completion, Company's holding of Powerlong CM will decrease from approximately 63.0% to approximately 38.0%; Powerlong CM will remain a non-wholly owned subsidiary of the Company as the Company will remain the largest shareholder of Powerlong CM and retain the control of the board of Powerlong CM. As such, Powerlong CM's financial results, assets and liabilities will continue to be consolidated with the results of the Company.

3. INFORMATION ABOUT POWERLONG CM

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

LETTER FROM THE BOARD

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

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

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

4. FINANCIAL EFFECTS OF THE DISPOSAL

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

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

5. REASONS FOR AND BENEFIT OF THE DISPOSAL

Since the second half of 2021, the PRC real estate industry has undergone a stage of intense adjustments, and the Group has encountered unprecedented liquidity pressure. In order to alleviate the liquidity pressure, the Group has proactively taken steps to strengthen its financial risk management and implemented various measures including accelerating the pre-sales and sales of its properties under development and completed properties, expediting collection of sales proceeds and other receivables, extending debt maturity of certain borrowings, securing new sources of financing, progressing on potential disposals of assets and controlling expenses. However, due to the complex business environment, the Group's sales have been recovering at a slow pace, and the Group's liquidity position has continued to deteriorate.

Over the past years, the Company has been working diligently with its professional advisors to progress on a holistic management solution for the Company's offshore indebtedness that respects the rights of all stakeholders and hopes to unlock the intrinsic

LETTER FROM THE BOARD

value of the Group's businesses and assets as the domestic operating environment gradually improves. The Group and members of the AHG, together with their respective advisers, have been engaged in constructive dialogue towards a consensual restructuring of the Company's indebtedness. As a result, the Restructuring and the Scheme were formulated with an aim to (i) respect creditors' existing rights and treat all creditors fairly, (ii) secure a long-term sustainable capital structure and to further stabilize operations of the Group, and (iii) protect the rights and interest for the benefit of all of its stakeholders.

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

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

The convening hearing in respect of the Scheme, at which an order will be sought from the High Court of the Hong Kong Special Administrative Region of the People's Republic of China (the "**Court**") to convene the scheme meeting for the purpose of Scheme Creditors considering and, if thought fit, approving (with or without modification) the Scheme, originally scheduled to be heard before the Court at 10:00 a.m. (Hong Kong time) on 19 March 2026, has been re-fixed by the Court to be held at 10:00 a.m. (Hong Kong time) on 17 March 2026. If a convening order is granted by the Court, the Company expects to convene the scheme meeting within eight weeks of the date such order (i.e. on or before 9 June 2026), or at such other date and time in accordance with the Court's requirements. At the scheme meeting, the Scheme Creditors will be able to consider whether to approve the Scheme and make their selection of the various restructuring consideration options. If the Scheme is approved by the Scheme Creditors, a sanction hearing will be conducted before the Court, usually three to six weeks after the scheme meeting (i.e. expected to be in or around July 2026), subject to the Court's availability. The Company expects that an extraordinary general meeting of the shareholders of the Company to approve the various restructuring consideration options under the Scheme (to the extent such approval is required) will be held before the sanction hearing (i.e. in or before July 2026) in accordance with the requirements of the Listing Rules and applicable laws. Meanwhile, in addition to the Disposal, the Company has been actively exploring other methods to raise fund for the Restructuring, including, among others, the disposal of certain assets referred in the circular of the Company dated 12 January 2026. Nevertheless, the Directors are aware that there are certain practical difficulties involved with such other methods, such as uncertainties in transaction timetables and the remittance of funds offshore (for example, the aforementioned asset disposal involves payments in stages), and the RSA restricts Powerlong CM from declaring dividend to its shareholders. As such, the Directors are of the view that the Disposal is a more viable approach to obtain offshore funding. Further announcement(s) will be made by the Company to inform Shareholders and other investors of any material developments relating to the offshore debt restructuring of the Company as and when appropriate.

LETTER FROM THE BOARD

By transferring the ownership interest of the Target Shares to the Purchaser, the Group will receive cash proceeds within a relatively short timeframe. The cash proceeds could improve the liquidity position of the Group and will be used to fund the Restructuring, the Scheme and support the Group's daily operations. With respect to the cash proceeds, the Company expects to use up to the equivalent of US\$40 million for the payment of restructuring consideration as a result of the Scheme, and any remaining cash proceeds for the payment of other Restructuring related expenses and/or the Group's daily operations. Although a substantive portion of the Disposal proceeds is expected to be used to fund the Restructuring (including such cash consideration referred to as "Option 1" in the RSA), the Disposal and the Scheme are not inter-conditional — the RSA permits, rather than requires, the Company to sell Powerlong CM shares to fund Option 1, and the RSA does not specify a quantum for such sale. Given that Option 1 is only one of the many consideration options in the Scheme, the Company will not know the actual amount of cash required to fund Option 1 until the Scheme Creditors have made their selections in accordance with the terms of the Scheme, and the RSA only suggests that the Company may use proceeds from the Disposal to "fully or partially" fund such US\$40 million, without mandating any minimum amount that will need to be raised from such disposal.

As (i) the completion of the Restructuring is subject to many factors beyond the Company's control (such as the approval of Scheme Creditors, the granting of sanction order by the Court, and the receipt of all relevant regulatory approvals, among others) and it is uncertain whether and when the Restructuring will close after the Disposal is completed, (ii) the RSA is only an agreement for the Company's creditors to support the Restructuring, but the results of the Restructuring as well as the final amount and allocation of the various restructuring consideration (including, among others, the proposed transfer of Powerlong CM shares to creditors in exchange for the settlement of Scheme Debt) remain uncertain, and (iii) the Disposal is not conditioned upon the success of the Restructuring, the Directors are of the view that the Disposal and the Restructuring should be regarded as separate transactions and therefore, for the purpose of the Disposal, Powerlong CM shall still be regarded as a non-wholly owned subsidiary of the Company upon Completion. The Company has discussed such accounting treatment with its auditors and, based on preliminary review, the auditors concur with the Company. To the extent that the Restructuring lapses or otherwise cannot be completed, the Company intends to use at least 80% of the proceeds from the Disposal for further liability management exercises (including, among others, cash consideration to settle outstanding indebtedness) and the remaining amount for general working capital (including, among others, expenses to maintain the Company's offshore operation and fees to professional parties). The Disposal therefore demonstrates the continuing support of the controlling shareholders of the Group and at the same time ensures the management continuity of both the Group and Powerlong CM, as the ultimate controlling shareholders of both entities will remain the same after the Disposal.

6. INFORMATION ON THE PARTIES INVOLVED

The Seller is an investment holding company and a wholly-owned subsidiary of the Company. 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.

LETTER FROM THE BOARD

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Mr. Hoi Chin Ho Kalson ultimately holds 51% and Ms. Hoi Wa Lam ultimately holds 49% of the issued shares of the Purchaser.

7. LISTING RULES IMPLICATIONS

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

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

As each of Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan has a material interest in the Disposal, each of them has abstained from voting on the relevant resolutions of the Board. Saved for Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, no other Director has a material interest in the transaction contemplated under the Disposal and is required to abstain from voting on the relevant resolutions of the Board.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Disposal.

Frontpage Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

9. THE EGM

The EGM will be held to consider and, if thought fit, pass the ordinary resolution to approve the 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 at 10:00 a.m. on Wednesday, 18 March 2026 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.

LETTER FROM THE BOARD

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 Friday, 13 March 2026 to Wednesday, 18 March 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 Thursday, 12 March 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.

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Ms. Hoi Wa Fan and their respective associates (including Skylong Holdings Limited, Sky Infinity Holdings Limited and Walong Holdings Limited), who in aggregate hold 2,714,035,400 shares of the Company, representing approximately 65.55% of the issued share capital of the Company, as at the Latest Practicable Date, will abstain from voting at the EGM. Save for the foregoing, to the best of the knowledge, information and belief of the Directors, as at the Latest Practicable Date, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the EGM.

10. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and that although the Disposal is not entered into in the ordinary and usual course of business of the Group, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent 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 Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

WARNING: Completion of the transactions contemplated under the Agreement is subject to fulfillment and/or waiver, as applicable, of the conditions precedent contained in the Agreement. Accordingly, the transactions contemplated under the 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



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)

25 February 2026

To the Independent Shareholders

Dear Sirs and Madams,

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

We refer to the circular of the Company dated 25 February 2026 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Agreement are fair and reasonable and that the Disposal is entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Agreement and the advice of Frontpage Capital in relation to the Agreement as set out from pages 16 to 36 of this Circular, we are of the opinion that the terms of the Agreement are fair and reasonable and that although the Disposal is not entered into in the ordinary and usual course of business of the Group, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully
Independent Board Committee

Mr. Au Yeung Po Fung
*Independent non-executive
Director*

Dr. Mei Jian Ping
*Independent non-executive
Director*

Dr. Ding Zu Yu
*Independent non-executive
Director*

Ms. Liu Xiao Lan
*Independent non-executive
Director*

LETTER FROM FRONTPAGE CAPITAL

Set out below is the text of a letter received from Frontpage Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



25 February 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

We refer to our appointment as the independent financial advisers to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 25 February 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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

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

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu, and Ms. Liu Xiao Lan, has been established to advise the Independent Shareholders in respect of the Disposal. Our role as the Independent Financial Advisor is to advise the Independent Board Committee and the Independent Shareholders in this regard.

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BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the Agreement; (ii) the 2023 and 2024 annual reports and the 2025 interim report of the Company; (iii) the 2023 and 2024 annual reports and the 2025 interim report of Powerlong CM; (iv) the announcements published by the Company in relation to the Restructuring and the RSA; and (v) other information contained or referred to in the Circular.

We have also relied on all relevant information, opinions and facts supplied and represented by the Company, the Directors and the management of the Company. We have assumed that all such information, opinions, facts and representations provided to us or contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Group, Powerlong CM and any of their respective subsidiaries and associates.

OUR INDEPENDENCE

We are not connected with the Directors, chief executive and substantial shareholders of the Company, the Group, Powerlong CM or any of their respective subsidiaries or associates and do not have any shareholding, direct or indirect, in any member of the Group, Powerlong CM or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group or Powerlong CM as at the Latest Practicable Date. There is no arrangement exists whereby we will receive any benefits from the Group or the Directors, chief executive and substantial shareholders of the Company, the Group, Powerlong CM or any of their respective subsidiaries or associates for our services to the Company in connection with this appointment aside from our professional fees. Aside from the aforesaid engagement, we have never acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company. Therefore, we consider ourselves independent and to act as the Independent Financial Adviser to the Company pursuant to Rule 13.84 of the Listing Rules.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions in respect of the Agreement and the recommendations to the Independent Board Committee and Independent Shareholders, we have considered the following principal factors and reasons:

1. Information about the Group

1.1. Background information of the Group

The Group is principally engaged in property development, property investment, commercial operation, residential property management and other property development-related businesses in the PRC, with its other property development-related businesses mainly comprising hotel operations.

1.2. Financial performance of the Group

A summary of the financial information of the Group for the financial years ended 31 December 2023 (“FY2023”) and 2024 (“FY2024”) as extracted from the 2024 annual report is set out below:

	For the year ended	
	31 December	
	2023	2024
	RMB'000	RMB'000
	(audited)	(audited)
Revenue	22,903,847	25,757,351
Gross profit	2,453,364	2,347,246
Profit/(losses) attributable to owners of the Company	(2,653,089)	(5,765,033)

The revenue of the Group increased from approximately RMB22,903.8 million for FY2023 to approximately RMB25,757.4 million for FY2024, representing an increase of approximately 12.5%. According to the 2024 annual report, such increase was mainly attributable to the increase in property sales. The gross profit of the Group decreased from approximately RMB2,453.4 million for FY2023 to approximately RMB2,347.2 million for FY2024, representing a decrease of approximately 4.3%. The Group's fair value losses on investment properties increased from approximately RMB1,709.4 million for FY2023 to approximately RMB3,326.6 million for FY2024. The fair value losses increased by approximately RMB1,617.1 million for FY2024 as compared with FY2023. This was mainly due to the continued downward trend of the real estate industry and insufficient socio-economic domestic demand, which led to the decrease in demand for shopping malls leasing. The Group recorded a loss attributable to owners of the Company of approximately RMB2,653.1 million and approximately RMB5,765.0 million for FY2023 and FY2024, respectively.

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1.3. *Financial position of the Group*

Set out below is a summary of the financial position of the Group as at 31 December 2023 and 2024 as extracted from the 2024 annual report:

	As at 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Non-current assets	98,327,616	94,602,007
Current assets	116,478,203	97,414,867
Total assets	214,805,819	192,016,874
Non-current liabilities	39,505,581	39,525,502
Current liabilities	119,981,398	103,092,693
Total liabilities	159,486,979	142,618,195
Net assets	55,318,840	49,398,679

As at 31 December 2024, the Group recorded a total assets of approximately RMB192,016.9 million, representing a decrease of approximately 10.6% as compared to that of approximately RMB214,805.8 million as at 31 December 2023. Such decrease was mainly attributable to the decrease in current assets as a result of the decrease in properties under development during FY2024. The Group recorded a total liabilities of approximately RMB142,618.2 million as at 31 December 2024, representing a decrease of approximately 10.6% as compared to that of approximately RMB159,487.0 million as at 31 December 2023. Such decrease was mainly attributable to the decrease in current liabilities, which in turn was mainly attributable to the decrease in contract liabilities.

Accordingly, the Group recorded a net assets of approximately RMB49,398.7 million as at 31 December 2024, representing a decrease of approximately 10.7% as compared to that of approximately RMB55,318.8 million as at 31 December 2023.

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1.4. Cash flows of the Group

Set out below is a summary of the cash flow of the Group for FY2023 and FY2024 as extracted from the 2024 annual report:

	For the year ended	
	31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Cash generated from operating activities	5,558,040	1,713,799
Cash generated from/(used in) investing activities	3,906,905	(274,887)
Cash used in financing activities	<u>(11,321,148)</u>	<u>(3,071,211)</u>
Decrease in cash and cash equivalents	(1,856,203)	(1,632,299)
Cash and cash equivalents at end of the year	7,734,844	6,103,770

The cash generated from operating activities decreased from approximately RMB5,558.0 million for FY2023 to approximately RMB1,713.8 million for FY2024. The cash generated from investing activities for FY2023 decreased by approximately RMB4,181.8 million, from an inflow of approximately RMB3,906.9 million for FY2023 to an outflow of approximately RMB274.9 million for FY2024. The cash used in financing activities reduced from approximately RMB11,321.1 million to approximately RMB3,071.2 million as repayments of borrowings reduced from approximately RMB9,017.1 million to approximately RMB2,212.2 million. The decrease in cash and cash equivalents narrowed from approximately RMB1,856.2 million for FY2023 to approximately RMB1,632.3 million for FY2024. Accordingly, the cash and cash equivalents decreased from approximately RMB7,734.8 million for FY2023 to approximately RMB6,103.8 million for FY2024.

2. Information about the Purchaser

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

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3. Information about Powerlong CM

3.1. Background information of Powerlong CM

Powerlong CM is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange (Stock code: 9909). Its principal business comprises commercial management operational services and property management services for residential properties, office buildings and serviced apartments. As at the Latest Practicable Date, the Company holds 63.0% of the total issued shares of Powerlong CM.

3.2. Financial performance of Powerlong CM

Set out below is a summary of the consolidated financial information of Powerlong CM for FY2023 and FY2024 as extracted from the 2024 annual report of Powerlong CM:

	For the year ended	
	31 December	
	2023	2024
	RMB'000	RMB'000
	(audited)	(audited)
Revenue	2,635,746	2,617,305
Gross profit	887,021	833,952
Profit attributable to shareholder	452,952	216,016

Powerlong CM recorded revenue of approximately RMB2,617.3 million for FY2024, representing a decrease of approximately 0.7% as compared with approximately RMB2,635.7 million for FY2023. According to the 2024 annual report of Powerlong CM, the decrease in revenue was mainly due to reduced value-added services revenue in residential property management services. The gross profit for FY2024 amounted to approximately RMB834.0 million, representing a year-on-year decrease of 6.0% from approximately RMB887.0 million for FY2023. The profit attributable to shareholders was approximately RMB216.0 million for FY2024, representing a decrease of 52.3% as compared with approximately RMB453.0 million for FY2023, and such decrease was mainly due to the increase in impairment loss on financial assets and finance costs for FY2024.

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4. Principal terms of the Agreement

The principal terms of the Agreement are summarized below:

Date

27 January 2026

Parties to the Agreement

The Seller : Powerlong Real Estate (BVI) Holdings Limited

The Purchaser : Prime Capital Investment Limited

Subject matter

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

Consideration

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

Basis of determination of the Consideration

The consideration for the Disposal was determined after arm's length negotiations between the Purchaser and the Seller, with reference to the average closing price of the Target Shares for the 15 trading days immediately prior to the date of the Agreement, being approximately HK\$2.495 per share. A 10% blockage discount is applied to the Reference Price to arrive at a Consideration Price of HK\$2.245 per Target Share.

The Directors are of the view that: (i) the Consideration Price which ranges between 5.19% and 8.92% discount amongst the various historical average is a good indicator that the Consideration Price is fair as most market placing are discounted within the range of 10% as discussed below; and (ii) although the Consideration Price is at a discount of approximately 61.29% to the net asset value per share of Powerlong CM as at 30 June 2025, it is a fair market valuation as this discount level has persisted for more than a year and determined by market participants who are willing buyer and seller of Powerlong CM shares.

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In terms of the 10% blockage discount, the Directors considered that the blockage discount is necessary as (i) the historical trading volume of Powerlong CM shares is not sufficient to handle the Disposal; (ii) it would be impossible to dispose off such quantity of Powerlong CM shares in the open market without putting significant pricing pressure on Powerlong CM shares; and (iii) the discount of 10% is in line with most market transactions that involves large blocks of shares in the past 6 months on the Stock Exchange (i.e. placings and subscriptions of shares of 10% or more of the issued share capital of Hong Kong Main Board listed companies with a total value of not less than HK\$100 million announced on the Stock Exchange, excluding those placing and subscription transactions which would, upon completion, give rise to a mandatory general offer obligation on the part of the acquirer(s) under the Code on Takeovers and Mergers). Therefore, by utilising a Reference Price that is at a premium over the current market price and a blockage discount of 10% that is in line with the market practice to arrive at the current Consideration Price of approximately HK\$2.245 per Target Share, the Directors are of the view that the Consideration is fair and reasonable.

Conditions Precedent

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

- (i) no notice, order, judgment, action or proceeding of any person having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Agreement or which is likely to materially and adversely affect the right of the Purchaser to own the legal and beneficial title to the Target Shares, free from encumbrances;
- (ii) the transaction contemplated by the Agreement having been approved by the Shareholders by passing the necessary resolutions at the Company's general meeting in accordance with the requirements of the Listing Rules and applicable laws;
- (iii) all consents, registration, filings, confirmations, clearances, rulings and decisions by authorities or any other third party that are necessary or appropriate for or in connection with the transactions contemplated under the Agreement having been obtained; and
- (iv) the representations and warranties remaining true and accurate in all material respects.

Completion

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

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5. Assessment of the consideration for the Disposal

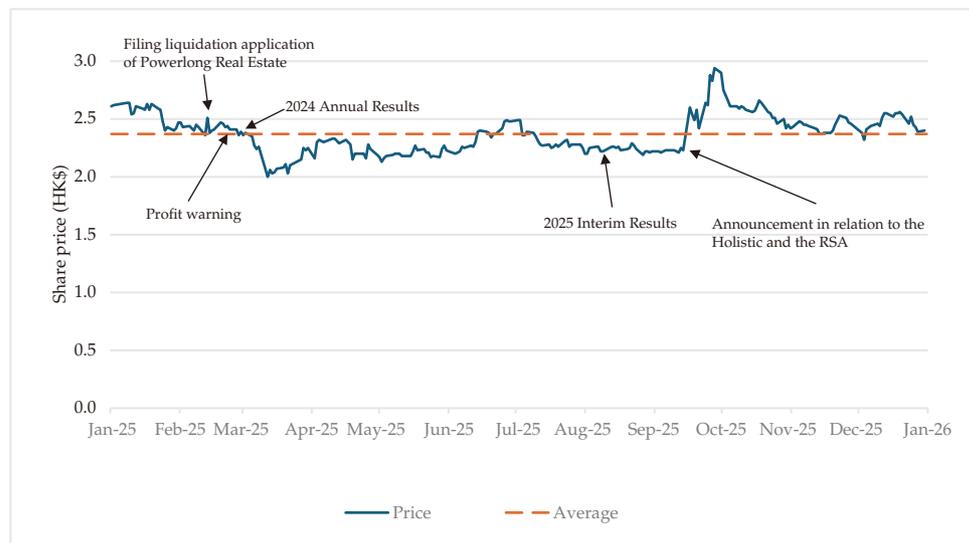
As disclosed in the Letter from the Board, the consideration for the Disposal (being HK\$360,827,625) was determined after arm's length negotiations between the Purchaser and the Seller, with reference to the average closing price of the Powerlong CM shares for the 15 trading days immediately prior to the date of the Agreement.

In assessing the fairness and the reasonableness of the Consideration, we have conducted the following analysis:

5.1. Historical price performance of the Powerlong CM shares

We have conducted an analysis on the share price movement of the Powerlong CM shares. Set out below is the chart illustrating the historical closing prices of the Powerlong CM shares in the 12-month period preceding the date of the Agreement (the "Review Period"). We consider that a period of 12 months, which reflects the prevailing market sentiment, is adequate to illustrate the recent price movement of the Powerlong CM shares for the purpose of conducting our analysis.

Powerlong CM share price movement



Source: website of the Stock Exchange

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During the Review Period, the closing prices of the Powerlong CM shares ranged from HK\$2.00 to HK\$2.94 with an average share price of approximately HK\$2.370. Since March 2025, the closing price of the Powerlong CM shares has trended downwards and fell further following the issuance of a profit warning and the announcement of the 2024 annual result, and bottomed at HK\$2.00 in late-March 2025. The closing prices of the Powerlong CM shares then recovered slightly in April 2025 to a level of approximately HK\$2.20. Since the publication of the Company's announcement on 10 October 2025 in relation to the Restructuring and the RSA, the closing prices of the Powerlong CM shares rebounded and subsequently peaked at HK\$2.94 on 24 October 2025. Thereafter, the closing prices of the Powerlong CM shares trended downward, closing at HK\$2.44 on 27 January 2026, being the date of the Agreement (the "**Last Trading Date**").

We note that the Company has negotiated to use the average closing price of the Powerlong CM shares for the fifteen (15) trading days immediately prior to the Last Trading Date as the Reference Price. A 10% blockage discount is applied to the Reference Price to arrive at a Consideration Price of HK\$2.245 per Target Share. The Consideration Price of approximately HK\$2.245 per Target Share represents:

- (i) a discount of approximately 7.99% to the closing price of HK\$2.440 per Powerlong CM share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 7.92% to the average closing price of approximately HK\$2.438 per Powerlong CM share for the last five (5) consecutive trading days immediately prior to the Last Trading Date;
- (iii) a discount approximately 8.81% to the average closing price of approximately HK\$2.462 per Powerlong CM share for the last 30 consecutive trading days immediately prior to the Last Trading Date;
- (iv) a discount of approximately 8.92% to the average closing price of approximately HK\$2.465 per Powerlong CM share for the last 90 consecutive trading days immediately prior to the Last Trading Date;
- (v) a discount of approximately 5.19% to the average closing price of approximately HK\$2.368 per Powerlong CM share for the last 180 consecutive trading days immediately prior to the Last Trading Date;
- (vi) a discount of approximately 5.27% to the average closing price of approximately HK\$2.370 per Powerlong CM share for the last one (1) year immediately prior to the Last Trading Date; and

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- (vii) a discount of approximately 61.29% to the net asset value attributable to the shareholders per Powerlong CM share as at 30 June 2025 of approximately RMB5.29 (or approximately HK\$5.80), calculated based on its unaudited consolidated net asset attributable to the shareholders of RMB3,402.4 million as at 30 June 2025 as disclosed in the 2025 interim report and 642,900,000 shares in issue.

As illustrated above, the Consideration Price per Target Share of approximately HK\$2.245 is slightly lower than the closing price of the Powerlong CM shares on the Last Trading Date and all other historical averages shown above, indicating the Consideration Price is not deviating significantly from the historical trading price. Based on the table above, the discounts of the Consideration Price per Target Share ranges from 5.19% to 8.92% and up to a maximum of 10% that the Company chose for a 15-day average closing price. In order to determine if the discount is fair and reasonable, we have performed an analysis of transactions involving large block of shares below to compare their discount to their market price.

In terms of net asset value attributable to the shareholders per Powerlong CM shares, the Consideration Price per Target Share is at a significant discount to the net asset value of Powerlong CM shares. In order to determine if the significant discount to the net asset value of Powerlong CM shares is fair and reasonable, we have analysed the historical discount of the Powerlong CM share price to its net asset value over the last 12 months and noted that Powerlong CM shares have been trading at a discount ranging from 49.34% to 62.98%. We are of the view that this is a result of market expectation of potential decline in asset values of Powerlong CM. In addition, with Powerlong CM as part of Powerlong Group, which is facing uncertainty in terms of repayment of their outstanding loans, the market will avoid such uncertainty until the completion of the Restructuring and the Scheme, where a more certain outcome can reflect the true value of the Powerlong CM shares. Therefore, having considered the above and the fairness and reasonableness of the discount on the Consideration Price per Target Share to the historical trading price will be determined below later after comparing to the market, and the Consideration Price per Target Share being significantly lower than the net asset value, is within the historical discount of the Powerlong CM share price to its net asset value and is justified with the reasons above, we are of the view that the Consideration Price per Target Share is on normal commercial terms, fair and reasonable, and in the interest of the Company and Shareholders as a whole.

5.2. Discounts on Comparable Transaction

Pursuant to the Agreement, the Seller conditionally agreed to sell approximately 25% of the issued share capital of Powerlong CM as at the date of the Agreement. In our view, the Disposal is analogous to the disposal of a significant block of shares in a listed company. On this basis, we have reviewed the placings and subscriptions of new shares of a significant block (i.e. 10% or more of the issued share capital) of Hong Kong Main Board listed companies with a total value of not less than HK\$100 million as announced on the website of the Stock Exchange six months prior to the Latest Practicable Date (the “**Comparable Transactions**”). For the avoidance of doubt, we have specifically excluded those placing and subscription transactions which would, upon completion, give rise to a mandatory general offer obligation on the part of the acquirer(s) under the Code on Takeovers and Mergers (the “**Takeovers Code**”). Such transactions can be viewed as more of a case with the acquirer(s) seeking to gain or consolidate control of the listed companies that would have included a control premium. However, in the context of the Disposal, no such obligation under the Takeovers Code will be triggered upon closing of the Disposal and there is no significant change in the control of Powerlong CM as the Purchaser are family members of the controlling shareholders of the Company. While the majority of the Comparable Transactions are not connected in nature, the Comparable Transactions that are non-connected transactions are more accurate as an indicator of market demand for blockage discount as these Comparable Transactions involved negotiations performed by independent third parties based on market demand and supply, unlike a connected transaction that would require the opinion of an independent financial adviser to indicate that the transaction is fair and reasonable. Therefore, having a majority of non-connected transactions would provide a more accurate indication of what market demands for blockage discount.

Taking into account that: (i) the identified Comparable Transactions involve cash consideration, which is similar in nature to the Disposal; (ii) the scale of these transactions (in terms of both the percentage of issued shares and the transaction amount) is sufficiently substantial to serve as a meaningful benchmark for the disposal of a significant block of shares in a listed company; (iii) the transactions would not give rise to a mandatory general offer obligation under the Takeovers Code hence a control premium has been excluded; (iv) the independent nature of most of the transaction as they are not connected transactions; and (v) the transactions were conducted close to the date of the Agreement and thus reflect similar and recent market conditions and sentiments, we consider the Comparable Transactions to be appropriate benchmarks for assessing the blockage discount of the Disposal.

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Based on the above criteria, we have identified 25 Comparable Transactions for the purpose of our analysis, which is exhaustive based on the selection criteria. The table set out below is a summary of the Comparable Transactions.

Announcement date	Company	Stock code	Total value of placing/ subscription shares (HK\$ million)	Percentage of shares placed/ subscribed to the total existing issued share capital	Premium/(Discount) of the placing/ subscription price of the shares over/(to) the average closing price of the shares			Involved connected transaction
					on the last trading date	last five consecutive trading days prior to/ up to the last trading date	last 15 consecutive trading days prior to/ up to the last trading date	
26-Aug-25	Renze Harvest International Limited	1282	297.0	86.60%	(15.80)%	(19.50)%	(21.47)%	No
29-Aug-25	International Business Settlement Holdings Limited	147	500.8	13.69%	(17.43)%	(18.55)%	(24.20)%	No
2-Sep-25	Shandong Gold Mining Co., Ltd.*	1787	3,901.2	15.89%	(8.98)%	(0.85)%	3.22%	No
8-Sep-25	Dragon Mining Limited	1712	177.4	20.00%	(19.86)%	(7.43)%	(1.33)%	No
8-Sep-25	Sirnaomics Ltd.	2257	208.2	16.50%	(19.84)%	1.56%	14.28%	No
18-Sep-25	Dongfang Electric Corporation Limited*	1072	1,082.6	20.00%	(7.98)%	(6.81)%	(6.78)%	No
21-Sep-25	Beijing UBOX Online Technology Corp.*	2429	385.9	19.96%	(16.95)%	(19.04)%	(19.16)%	No
21-Sep-25	Shenzhen Pagoda Industrial (Group) Corporation Limited*	2411	327.0	19.20%	(19.31)%	(19.31)%	(22.38)%	No
26-Sep-25	Persistence Resources Group Ltd	2489	472.0	20.00%	(19.20)%	(18.50)%	(21.02)%	No
15-Oct-25	Scholar Education Group	1769	242.0	19.47%	(13.04)%	(15.38)%	(13.48)%	No
21-Oct-25	DL Holdings Group Limited	1709	778.4	15.15%	(11.34)%	(4.98)%	(5.48)%	No
30-Oct-25	Wealthink AI-Innovation Capital Limited	1140	261.5	10.81%	(2.95)%	(2.13)%	(0.43)%	No
11-Nov-25	Huanxi Media Group Limited	1003	164.5	15.00%	(22.08)%	(1.32)%	(12.88)%	No
28-Nov-25	E&P Global Holdings Limited	1142	465.1	10.83%	1.49%	(19.05)%	(28.02)%	No

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Announcement date	Company	Stock code	Total value of placing/ subscription shares (HK\$ million)	Percentage of shares placed/ subscribed to the total existing issued share capital	Premium/(Discount) of the placing/ subscription price of the shares over/(to) the average closing price of the shares			Involved connected transaction
					on the last trading date	last five consecutive trading days prior to/ up to the last trading date	last 15 consecutive trading days prior to/ up to the last trading date	
10-Dec-25	Yangtze Optical Fibre and Cable Joint Stock Limited Company*	6869	2,258.2	19.91%	(14.93)%	(9.79)%	(8.98)%	No
24-Dec-25	Energy International Investments Holdings Limited	353	253.6	95.78%	(18.33)%	(19.67)%	(21.97)%	Yes
07-Jan-26	GF Securities Co., Ltd.*	1776	3,975.0	12.87%	(8.38)%	1.28%	1.04%	No
15-Jan-26	Pharmaron Beijing Co., Ltd.*	3759	1,333.6	19.86%	(8.50)%	(1.64)%	4.96%	No
21-Jan-26	Hainan Drinda New Energy Technology Co., Ltd.*	2865	411.0	29.45%	(1.08)%	(8.16)%	2.05%	No
25-Jan-26	Ruihe Data Technology Holdings Limited	3680	123.7	19.98%	(13.96)%	(19.94)%	(36.41)%	No
29-Jan-26	OSL Group Limited	863	1,560.0	13.20%	(17.20)%	(13.70)%	(17.96)%	No
4-Feb-26	Tianqi Lithium Corporation*	9696	5,860.7	39.64%	(9.00)%	(15.60)%	(18.18)%	No
13-Feb-26	IDT International Limited	167	162.9	20.00%	(19.66)%	(12.23)%	(20.05)%	No
16-Feb-26	China Silver Group Limited	815	461.1	29.97%	(17.74)%	(19.30)%	(25.73)%	No
16-Feb-26	CANbridge Pharmaceuticals Inc.	1228	200.0	16.44%	(14.70)%	(19.81)%	(17.23)%	No
				Average	(13.47)%	(11.59)%	(11.94)%	
				Minimum	(22.08)%	(19.94)%	(36.41)%	
				Maximum	1.49%	1.56%	14.28%	
27-Jan-26	Powerlong CM	9909	360.8	25.00%	(7.99)%	(7.92)%	(10.00)%	Yes

Source: website of the Stock Exchange

Notes:

- The symbol "*" indicates the placing of H shares. Accordingly, the relevant percentage of shares under placing is the number of existing issued H shares instead of the total number of existing issued shares.
- The Comparable Transactions above do not involve any change in control as defined under the Takeovers Code of the relevant listed companies.

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As set out in the table above, we note that the consideration for the disposal of a large block of shares in listed companies usually requires certain discounts to the prevailing market price of the relevant shares. Such observation is in line with our understanding that the holder of a significant block of listed shares may not be able to sell the relevant shares in full without creating downward pressure on the market price of the relevant shares. Accordingly, in our view, it is acceptable to dispose of the Targets Shares at a discount to the prevailing market price.

Based on the Comparable Transactions detailed above, the placing or subscription prices ranged from a premium of approximately 1.49% to a discount of approximately 22.08% relative to the closing prices on the last trading day, with an average discount of approximately 13.47%. Regarding the five consecutive trading days prior to (and up to) the last trading day, the prices ranged from a premium of approximately 1.56% to a discount of approximately 19.94%, with an average discount of approximately 11.59%. For the 15-day period, the prices ranged from a premium of approximately 14.28% to a discount of approximately 36.41%, with an average discount of approximately 11.94%.

We further noted that the subscription by Energy International Investments Holdings Limited (stock code: 353) constituted a connected transaction (the “**Connected Comparable**”). The discounts of its subscription price relative to the last trading day, the five-day average, and the 15-day average were all within the market range, and were higher than the average discounts of the non-connected Comparable Transactions.

In evaluating the discounts of the Consideration per Target Share, which is approximately 7.99%, 7.92%, and 10.00% to the closing price on the Last Trading Date, the five-day average closing price, and the 15-day average closing price or the Reference Price, respectively, we observe that these discounts (i) fall within the range of the Comparable Transactions and (ii) are below the average discounts observed across the Comparable Transactions and the Connected Comparable.

Based on the above analysis, having considered that the Consideration Price per Target Share is fair and reasonable as it is priced at a discount smaller than the averages of the Comparable Transactions, we are of the view that the Consideration Price per Target Share, which is an aggregate of the Reference Price and the discount, is fair and reasonable so far as the Independent Shareholders are concerned, and that the Consideration are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole.

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5.3. Historical trading volume of the Target Shares

We have also reviewed the trading volume of the Target Shares from February 2025 to the Latest Practicable Date. The table below lists out the transacted number of shares on a monthly basis.

	Monthly total trading volume of the Target Shares	Percentage of the monthly total trading volume of the Target Shares to the total issued shares of Powerlong CM
2025		
February	11,242,890	1.75%
March	15,278,191	2.38%
April	11,327,500	1.76%
May	5,276,500	0.82%
June	10,491,000	1.63%
July	7,743,000	1.20%
August	6,051,500	0.94%
September	12,572,229	1.96%
October	21,970,052	3.42%
November	3,065,500	0.48%
December	4,809,204	0.75%
2026		
January	6,068,100	0.94%
From 1 February to the Latest Practicable Date	2,103,500	0.33%
Minimum	3,065,500	0.48%
Maximum	21,970,052	3.42%
Average	9,657,972	1.50%

Source: website of the Stock Exchange

From February 2025 to January 2026, average monthly trading volume was approximately 9,657,972 shares per month, representing 1.50% of the total issued share capital of Powerlong CM. From February 2025 to January 2026, the highest monthly trading volume was October 2025 with a total of 21,970,052 shares traded, while November 2025 recorded the lowest monthly trading volume of 3,065,500 shares traded. Considering the size of the Disposal, being 25% of the issued capital of Powerlong CM, which is 160,725,000 Powerlong CM shares, we are of the view that the historical trading liquidity does not support an open market disposal at the

scale of the Disposal without putting significant pricing pressure on the Powerlong CM shares. Having considered the liquidity of Powerlong CM shares and the blockage discounts as discussed above that is below the average of the Comparable Companies, we are of the view that the Disposal is the right approach for the Company to dispose off the Powerlong CM shares. As such we are of the view that the Disposal is on normal commercial terms, fair and reasonable as it allows the Company to liquidate a large block of Powerlong CM shares without putting significant pricing pressure on the Powerlong CM shares, which is in the interest of the Company and Shareholders as a whole.

6. Reasons for and benefits of the Disposal

As disclosed in the Letter from the Board, since the second half of 2021, the PRC real estate industry has undergone a stage of intense adjustments, and the Group has encountered unprecedented liquidity pressure. In order to alleviate the liquidity pressure, the Group has proactively taken steps to strengthen its financial risk management and implemented various measures including accelerating the pre-sales and sales of its properties under development and completed properties, expediting collection of sales proceeds and other receivables, extending debt maturity of certain borrowings, securing new sources of financing, progressing on potential disposals of assets and controlling expenses. However, due to the complex business environment, the Group's sales has been recovering at a slow pace, and the Group's liquidity position has continued to deteriorate.

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

As part of the plan of the holistic management solution, the Company intends to improve the liquidity of the Group. The Company has been actively exploring other methods to raise fund for the Restructuring, including, among others, the disposal of certain assets referred in the circular of the Company dated 12 January 2026. Nevertheless, the Directors are aware that there are certain practical difficulties involved with such other methods, such as uncertainties in transaction timetables and the remittance of funds offshore (for example, the aforementioned asset disposal involves payments in stages), and the RSA restricts Powerlong CM from declaring dividend to its shareholders. By transferring the ownership interest of the Target Shares to the Purchaser, an entity ultimately controlled by the controlling shareholders of the Company, the Group will receive cash proceeds within a relatively short transaction timeframe. The cash proceeds could

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immediately improve the liquidity position of the Group and will be used to fund the Restructuring and the Scheme and support the Group's daily operations. With respect to the cash proceeds, the Company expects to use up to the equivalent of US\$40 million for the payment of restructuring consideration as a result of the Scheme, and any remaining cash proceeds for the payment of the other Restructuring related expenses and/or the Group's daily operations. Although a substantive portion of the Disposal proceeds is expected to be used to fund the Restructuring (including such cash consideration referred to as "Option 1" in the RSA), the Disposal and the Scheme are not inter-conditional — the RSA permits, rather than requires, the Company to sell Powerlong CM shares to fund Option 1, and the RSA does not specify a quantum for such sale. Given that Option 1 is only one of the many consideration options in the Scheme, the Company will not know the actual amount of cash required to fund Option 1 until the Scheme Creditors have made their selections in accordance with the terms of the Scheme, and the RSA only suggests that the Company may use proceeds from the Disposal to "fully or partially" fund such US\$40 million, without mandating any minimum amount that will need to be raised from such disposal.

As stated in the Letter from the Board, the Directors consider that the Disposal and the Restructuring should be regarded as separate transactions. To the extent that the Restructuring lapses or otherwise cannot be completed, the Company intends to use at least 80% of the proceeds from the Disposal for further liability management exercises (including, among others, cash consideration to settle outstanding indebtedness) and the remaining amount for general working capital (including, among others, expenses to maintain the Company's offshore operation and fees to professional parties). The Disposal therefore demonstrates the continuing support of the controlling shareholders of the Group and at the same time ensures the management continuity of both the Group and Powerlong CM, as the ultimate controlling shareholders of both entities will remain the same after the Disposal.

To understand the obligations of the Company under the Scheme, we have reviewed the announcements published by the Company dated 13 October, 28 November, and 19 December 2025 and discussed with the Company. We note that the payment of cash (financed by the pledge or disposal of Powerlong CM Shares raising total proceeds of US\$40 million) is stated in the term sheet circulated to the creditors. The proceeds of which will be used to satisfy one of the cash options offer to the creditors. We have discussed with the Company and noted that the funding of the repayment on the term sheet is not limited to the disposal of Powerlong CM Shares, and the cash amount required is uncertain due to the multiple options available to the creditors to choose.

We have also discussed with the management of the Company the rationale for the disposal of the Target Shares to the Purchaser rather than conducting an open market disposal, placing to independent third parties, or pledging Powerlong CM Shares. The management advised that transaction certainty and execution speed are the primary reasons for choosing disposal to the Purchaser. The management further explained that although it had explored disposal and pledging

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opportunities with independent third parties, such alternatives would likely prolong negotiations, increase uncertainty, and result in a greater discount as compared to the Disposal arrangement.

With regards to the possibility of disposing the Target Shares in the open market, we have reviewed the historical trading volume of the Powerlong CM shares as discussed above. Considering the size of the Disposal, being 25% of the issued capital of Powerlong CM, we are of the view that the historical trading liquidity does not support an open market disposal of such scale. Furthermore, we consider that the holder of a significant block of listed shares may not be able to sell the relevant shares in full without creating downward pressure on the market price of the relevant shares. Accordingly, we concur with the management's view that an on-market disposal is not practicable, and that an off-market disposal would be more preferable as it provides higher execution certainty, a faster process and would yield a better price without having to face a downward pricing pressure.

In light of the above, we concur with the Company's view that the reasons for the Disposal, by way of a direct sale to the Purchaser to improve the liquidity of the Company, is on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

7. Conditions precedent to the Agreement

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

- (i) no notice, order, judgment, action or proceeding of any person having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Agreement or which is likely to materially and adversely affect the right of the Purchaser to own the legal and beneficial title to the Target Shares, free from encumbrances;
- (ii) the transaction contemplated by the Agreement having been approved by the Shareholders by passing the necessary resolutions at the Company's general meeting in accordance with the requirements of the Listing Rules and applicable laws;
- (iii) all consents, registration, filings, confirmations, clearances, rulings and decisions by authorities or any other third party that are necessary or appropriate for or in connection with the transactions contemplated under the Agreement having been obtained; and
- (iv) the representations and warranties remaining true and accurate in all material respects.

We have reviewed the conditions precedent and noted that the clauses are typical conditions of a standard sale and purchase agreement.

8. Financial effects of the Disposal

With reference to the Letter from the Board, upon Completion, Powerlong CM will be owned as to approximately 38.0% by the Company, and will remain as a non-wholly owned subsidiary of the Company as the Company will remain the largest shareholder of Powerlong CM and retain the control of the board of Powerlong CM. As such, Powerlong CM's financial results, assets and liabilities will continue to be consolidated into the consolidated financial statements of the Company.

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

While the Company will result in a reduction in other reserve of approximately RMB521.5 million from the Disposal, this adjustment are non-cash in nature and do not affect the cashflow. Although the reduction is quite significant, the Disposal will generate proceeds of approximately RMB329.1 million. The proceeds will not only help with the repayment of debts and liabilities, but will also relieve the financial pressure from operational needs.

Therefore, from a financial effects point of view, we are of the view that the Disposal could generate essential cashflow for the Group to sustain its operations in order to generate profits or income that could help improve the Group's current financial situation.

9. Other factors and reasons considered

According to the Company's published financial information, the Group's cash and cash equivalents amounted to approximately RMB6,018.1 million as at 30 June 2025. During the same period, total borrowings remained at a high level of approximately RMB56,111.4 million, and the net gearing ratio increased to approximately 104.1%.

We also noted that (i) the Group has made substantial repayments of borrowings over the last few years, amounting to an aggregate of approximately HK\$33,391.1 million for the period between 2022 and 30 June 2025; (ii) certain borrowings were in default or cross-default in an aggregate amount of approximately HK\$22,842.7 million as disclosed in the 2025 interim report; and (iii) based on the 2024 annual report, a significant portion of the Group's borrowings, which amounted to approximately HK\$26,179.5 million, is scheduled to mature within 1 year. Collectively, these factors indicate considerable near-term repayment and refinancing pressure.

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In light of above, we concur with the Company to adopt the Restructuring and the Scheme to alleviate the cashflow strain on the Company by disposing assets of the Company. As time is of the essence, we are of the view that the Disposal of the Target Shares to generate immediate cashflow is on normal commercial terms, fair and reasonable, and in the interest of the Company and Shareholders as a whole.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons set out in this letter, we are of the opinion that (i) the terms of the Disposal are on normal commercial terms and are fair and reasonable; and (ii) although the Disposal is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we therefore advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders vote in favour of the proposed resolution in respect of the Agreement to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Frontpage Capital Limited
Wu Man Kit
Director

Mr. Wu Man Kit is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Frontpage Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 12 years of experience in corporate finance.

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for 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=20240422163228ARlr.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 31 December 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:

Statement of Indebtedness

As at the close of business on 31 December 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 31 December 2025, the Group had outstanding borrowings of approximately RMB55,073 million, details of which are as follows:

	(unaudited) RMB'000
Secured bank and other borrowings	31,038,303
Unsecured bank and other borrowings	87,793
Senior notes	15,301,100
Corporate bonds	6,326,875
Assets-backed securities	206,762
Commercial mortgage backed securities	2,112,135

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 31 December 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 31 December 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregated carrying amount of approximately RMB22,877 million that were defaulted or cross-defaulted.

Lease liabilities

As at 31 December 2025, the Group had unaudited outstanding lease liabilities of approximately RMB665 million.

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 counter-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 31 December 2025, such unaudited guarantees amounted to approximately RMB10,429 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 31 December 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 31 December 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 Disposal, 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 CM, 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.

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

Name of Director	Number of ordinary shares				Total	Approximate percentage of holding ⁽¹⁾
	Personal interests	Interests of spouse	Interest of a controlled corporation	Other interests		
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:

- 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.
- 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				Total	Approximate percentage of holding ⁽¹⁾
		Personal interests	Beneficiary of a trust	Interest of a controlled corporation	Other interests		
Mr. Hoi Wa Fong	Powerlong CM	/	/	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 CM 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 CM 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 CM 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 interest	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 a 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 a 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:

- 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.
- 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.
- 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 EXPERT

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

Name	Qualification
Frontpage Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

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, 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 Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;
- (c) the letter from Frontpage Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out from pages 16 to 36 of this circular; and
- (d) the written consent from the expert referred to in the paragraph headed “10. QUALIFICATION AND CONSENT OF EXPERT” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 Wednesday, 18 March 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 25 February 2026 (the “**Circular**”).

1. “**THAT**

- (a) the 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 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, 25 February 2026

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:
Maples Corporate Services Limited
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 Friday, 13 March 2026 to Wednesday, 18 March 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 Thursday, 12 March 2026. The record date for determining the shareholders' entitlement to attend and vote at the EGM is Wednesday, 18 March 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.