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POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE LAND USE RIGHT OF THE LAND IN NANJING, THE PRC

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The Board wishes to announce that on 3 July 2020, Nanjing Jinlong, an indirect subsidiary of the Company, through the Tender, has successfully acquired the land use right of the Land in Xuanwu District, Nanjing, the PRC at a consideration of RMB4,080,000,000 (equivalent to approximately HK\$4,483,516,483.5). The Online Notice was issued by Nanjing Municipal Planning and Natural Resources Bureau to Nanjing Jinlong on 3 July 2020.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under the Listing Rules.

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DETAILS OF THE TENDER

Date of the Online Notice

3 July 2020

Parties involved in the Tender

- (1) Nanjing Municipal Planning and Natural Resources Bureau as the vendor; and
- (2) Nanjing Jinlong, an indirect subsidiary of the Company as the purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Nanjing Municipal Planning and Natural Resources Bureau and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Pursuant to the Online Notice, Nanjing Jinlong, through the Tender, has successfully tendered for the Land. Pursuant to the Online Notice, Nanjing Jinlong shall go through the approval procedures with the Nanjing Municipal Planning and Natural Resources Bureau within 3 business days upon the issue of the Online Notice. Upon completion of which, the Tender Confirmation in relation to the Acquisition will be issued by Nanjing Municipal Planning and Natural Resources Bureau to Nanjing Jinlong, and the Land Use Right Transfer Contract shall be entered into between Nanjing Municipal Planning and Natural Resources Bureau and Nanjing Jinlong in accordance with the terms of the Tender Confirmation. Pursuant to the Group's expected development plan and based on the estimated total GFA of the Land, it is indicated that approximately 147,454 square metres out of the total GFA of 401,131 square metres, representing approximately 36.8% of total GFA of the Land with the estimated land cost of approximately RMB1,501,440,000 will be held for investment and the balance of the Land will be developed for sale. For the total GFA of the Land which will be held for investment, 41.0% will be developed into office buildings and 59.0% will be developed as commercial facilities.

Consideration

The consideration for the Acquisition is RMB4,080,000,000 (equivalent to approximately HK\$4,483,516,483.5), representing the minimum bid price, and is determined through the Tender conducted in accordance with the relevant PRC laws and regulations. Taking into consideration of the location and development potential of the Land, the Company considers that the consideration for the Acquisition is fair and reasonable.

The consideration for the Acquisition will be satisfied by internal resources of the Group, and payable by Nanjing Jinlong as follows:

- (i) RMB2,040,000,000 (equivalent to approximately HK\$2,241,758,241.8), representing 50% of the total consideration for the Acquisition, will be payable by 3 August 2020;
- (ii) RMB1,224,000,000 (equivalent to approximately HK\$1,345,054,945.1), representing 30% of the total consideration for the Acquisition, will be payable by 9 October 2020; and
- (iii) RMB816,000,000 (equivalent to approximately HK\$896,703,296.7, representing the remaining portion of the consideration of the Acquisition shall be payable by 4 January 2021.

The Land

The Land consists of one parcel of land located in southern part of No. 100 Heimoying, Hongshan Street, eastern side of Beiyuandong Road, southern side of planned Hongxia Road, western side of Heimoying Road and northern side of planned Danxia Road, Xuanwu District, Nanjing, the PRC. The Land has a total site area of 123,483 square metres and an estimated total GFA of approximately 401,131 square metres. The Land is currently owned by the People's Government of Nanjing City. The usage of the Land has been approved for residential, commercial and business purposes. The term of the grant is 70 years for residential purpose, 40 years for commercial purpose and 40 years for serviced apartment purpose commencing from the completion of the Acquisition. It is expected that the Land will be delivered to Nanjing Jinlong before 13 January 2021 and the Land will be developed into residential properties, commercial facilities and office buildings.

REASON FOR AND BENEFITS OF THE TRANSACTIONS

The Company is an investment holding company and together with its subsidiaries is a leading real estate developer in the PRC specializing in the development and operation of high-quality, large-scale, integrated commercial and residential complexes.

With the continuous steady development of the real estate market in the PRC, the Directors believe that the Acquisition will increase the land bank of the Group and enhance the Group's position in the PRC real estate market. The Land is located in Nanjing, Jiangsu, which is one of the important strategic cities to "focus on Shanghai and intensive development in Yangtze River Delta". It is also the Group's seventh project in Nanjing, being in the core region with comprehensive industrial support and on the superstructure of planned metro lines, with established transportation network and growth potential. Accordingly, taking into consideration the prevailing market conditions, the Directors consider that the Acquisition is on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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GENERAL

Nanjing Jinlong, an indirect subsidiary of the Company, is a company established in the PRC principally engaged in real estate development.

Nanjing Municipal Planning and Natural Resources Bureau is a PRC government department responsible for land administration of Nanjing, the PRC.

DEFINITIONS

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

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| “Acquisition” | the acquisition of the land use right of the Land by Nanjing Jinlong pursuant to the Online Notice |
| “Board” | the board of Directors |
| “Company” | Powerlong Real Estate Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “connected persons” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “GFA” | gross floor area |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |

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|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Land” | southern part of No. 100 Heimoying, Hongshan Street, eastern side of Beiyuandong Road, southern side of planned Hongxia Road, western side of Heimoying Road and northern side of planned Danxia Road, Xuanwu District, Nanjing, the PRC, with a total site area of 123,483 square metres and an estimated total GFA of approximately 401,131 square metres, the land use right of which is acquired by Nanjing Jinlong pursuant to the Acquisition |
| “Land Use Right Transfer Contract” | the land use right transfer contract to be entered into by and between Nanjing Jinlong and Nanjing Municipal Planning and Natural Resources Bureau on 17 July 2020 in respect of the Acquisition |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Nanjing Jinlong” | 南京晉龍實業發展有限公司 (Nanjing Jinlong Industrial Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect subsidiary of the Company |
| “Nanjing Municipal Planning and Natural Resources Bureau” | Nanjing Municipal Planning and Natural Resources Bureau (南京市規劃和自然資源局), a PRC government department responsible for land administration of Nanjing, the PRC |
| “Online Notice” | an online notice (網上交易競得通知書) dated 3 July 2020 issued by Nanjing Municipal Planning and Natural Resources Bureau to Nanjing Jinlong confirming that Nanjing Jinlong has successfully tendered the Land, subject to approval and the signing of the Tender Confirmation |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Tender” | the tender for the land use right of the Land arranged by Nanjing Municipal Planning and Natural Resources Bureau as the vendor of the Land on 3 July 2020 |

“Tender Confirmation” the tender confirmation (成交確認書) to be issued by Nanjing Municipal Planning and Natural Resources Bureau to Nanjing Jinlong within 3 business days upon the issue of the Online Notice confirming Nanjing Jinlong as a successful awardee of the Tender and the Acquisition as a result of the Tender

“%” per cent

* *The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.91.

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

Hong Kong, 3 July 2020

As at the date of this announcement, the executive Directors are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni and Mr. Zhang Hong Feng; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Dr. Ngai Wai Fung, Dr. Mei Jian Ping and Dr. Ding Zu Yu.