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## **Powerlong Commercial Management Holdings Limited** **寶龍商業管理控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9909)**

### **(1) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; (2) ADOPTION OF SHARE AWARD SCHEME; AND (3) PROPOSED ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER THE SCHEME PURSUANT TO SPECIFIC MANDATE**

#### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

On 10 September 2020 (after trading hours), the Company entered into the Subscription Agreement with Mr. Chen, pursuant to which, the Company has conditionally agreed to allot and issue, and Mr. Chen has conditionally agreed to subscribe for the Subscription Shares, being 11,250,000 new Shares, at the Subscription Price of HK\$24.30 per Subscription Share upon the terms and subject to the conditions set out in the Subscription Agreement.

The total number of 11,250,000 Subscription Shares to be issued and allotted under the Subscription Agreement represents (i) 1.81% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 1.78% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the allotment and issue of the Subscription Shares by the Company).

#### **ADOPTION OF SHARE AWARD SCHEME AND PROPOSED ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER THE SCHEME PURSUANT TO SPECIFIC MANDATE**

On 10 September 2020, the Board has resolved to adopt the Scheme.

On the Adoption Date, the Company has further resolved to award an aggregate of 11,250,000 Awarded Shares to Mr. Chen, an executive Director and the chief executive officer of the Company, subject to the approval by the Independent Shareholders at the EGM, by way of issue and allotment of new Shares pursuant to the Share Award Specific Mandate. Upon issue and allotment of the new Shares, the Trustee will hold the new Shares. Subject to the satisfaction of the vesting conditions, such new and vested Awarded Shares shall be transferred to Mr. Chen according to the vesting schedule as mentioned below.

The aggregate of 11,250,000 new Awarded Shares to be awarded by the Company to Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen) represent approximately 1.81% of the total number of Shares in issue as at the date of this announcement and approximately 1.75% of the total number of Shares in issue as enlarged by the issue and allotment of the Awarded Shares (assuming the completion of the Subscription and the Award, and no issue and/or buy back of Shares other than the issue of the Subscription Shares and the Awarded Shares).

## **LISTING RULES IMPLICATIONS**

Mr. Chen is an executive Director and the chief executive officer of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, (i) the entering into of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the issue and allotment of 11,250,000 Awarded Shares to Mr. Chen constitute connected transactions of the Company, and is subject to the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the Subscription, the Award and the respective Specific Mandate. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider, and if thought fit, approve the Subscription, the Award and the respective Specific Mandate.

Mr. Chen and his respective associates are required to abstain from voting on the proposed resolutions approving the Subscription, the Award and the respective Specific Mandate at the EGM. As at the date of this announcement, none of the Shareholders is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details on the Subscription, the Award and the respective Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 5 October 2020.

**(1) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

On 10 September 2020 (after trading hours), the Company entered into the Subscription Agreement with Mr. Chen, pursuant to which, the Company has conditionally agreed to allot and issue, and Mr. Chen has conditionally agreed to subscribe for the Subscription Shares, being 11,250,000 new Shares, at the Subscription Price of HK\$24.30 per Subscription Share upon the terms and subject to the conditions set out in the Subscription Agreement.

Details of the Subscription Agreement are set out below:

**THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out as follows.

**Date**

10 September 2020 (after trading hours)

**Parties**

- (i) the Company; and
- (ii) Mr. Chen

The Company, through its operating subsidiaries, is principally engaged in the provision of commercial operational services and residential property management services in the PRC.

Mr. Chen is an executive Director and the chief executive officer of the Company.

**Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Mr. Chen has conditionally agreed to subscribe, or procure any such other entities as designated and wholly-owned by Mr. Chen to subscribe, for the Subscription Shares, being 11,250,000 new Shares, at the Subscription Price of HK\$24.30 per Subscription Share upon the terms and subject to the conditions set out in the Subscription Agreement.

The total number of 11,250,000 Subscription Shares to be issued and allotted under the Subscription Agreement represents (i) 1.81% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 1.78% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the allotment and issue of the Subscription Shares by the Company).

Such 11,250,000 Subscription Shares have an aggregate nominal value of HK\$112,500 based on the par value of HK\$0.01 per Share and a market value of HK\$273,375,000 based on the closing price of HK\$24.30 per Share as quoted on the Stock Exchange on 10 September 2020, being the date of the Subscription Agreement.

### **Subscription Price**

The Subscription Price, being HK\$24.30 per Subscription Share, represents:

- (i) the closing price of HK\$24.30 per Share as quoted on the Stock Exchange on 10 September 2020, being the date of the Subscription Agreement;
- (ii) a discount of approximately 2.39% to the average closing price per Share of HK\$24.88 for the last five (5) consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (iii) a discount of approximately 2.18% to the average closing price per Share of HK\$24.83 for the last ten (10) consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price was determined with reference to the market price of the Shares immediately preceding the date of the Subscription Agreement and was negotiated on an arm's length basis between the Company and Mr. Chen. The Board (excluding Mr. Chen, who is interested in the Subscription, and the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent to the Subscription Agreement**

Completion of the Subscription is subject to the fulfillment of the following conditions:

- (i) the listing of, and permission to deal in, the Subscription Shares being granted by the Stock Exchange (and such listing and permission not subsequently revoked prior to the completion of the Subscription); and
- (ii) the passing by the Shareholders of all necessary resolutions at the EGM in compliance with applicable laws and the Listing Rules to approve, among other things, the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement and the Subscription Specific Mandate.

None of the above conditions can be waived by any of the parties to the Subscription Agreement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares. If any of the conditions above is not fulfilled on or before the Long Stop Date, the Subscription Agreement shall terminate and none of the parties shall be liable to the other or have any claim against the other party for damages, compensation or otherwise save and except any liability for antecedent breaches of any party.

### **Completion of the Subscription**

Subject to fulfillment of the conditions of the Subscription Agreement, completion of the Subscription will be occurred within five (5) business days from the date that the conditions to the Subscription Agreement are satisfied, or such other date as the parties may agree in writing, pursuant to which 11,250,000 Subscription Shares will be allotted and issued to Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen).

The Subscription Price for the Subscription shall be paid by Mr. Chen to the Company by way of cash at completion.

### **Lock-up Undertaking**

Pursuant to the Subscription Agreement, Mr. Chen undertakes that:

- (i) during the First Lock-up Period, he, or such other entities as designated and wholly-owned by Mr. Chen to subscribe the Subscription Shares, shall not directly or indirectly, (i) sell, transfer, charge, encumber, create or grant any option over or otherwise dispose of any Subscription Shares; or (ii) enter into any swap, derivative or other arrangement that passes or transfers to another, in whole or in part, any of the economic interests in or beneficial ownership of any Subscription Shares; and
- (ii) during the Second Lock-up Period, he, or such other entities as designated and wholly-owned by Mr. Chen to subscribe the Subscription Shares, shall not directly or indirectly, (i) sell, transfer, charge, encumber, create or grant any option over or otherwise dispose of 50% of the Subscription Shares; or (ii) enter into any swap, derivative or other arrangement that passes or transfers to another, in whole or in part, any of the economic interests in or beneficial ownership of such 50% of the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares shall, when issued and fully paid, rank pari passu in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares save in respect of any rights the record date therefor falls on or before the completion of the Subscription.

### **Specific mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the Subscription Specific Mandate to be sought from the Independent Shareholders at the EGM.

## **(2) ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that it has resolved to adopt the Scheme on the Adoption Date. A summary of the Scheme Rules is set out below:

### **Purposes and Objectives**

The specific objectives of the Scheme are:

1. to recognise and motivate the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;
2. to attract suitable personnel for further development of the Group; and
3. to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Participants.

### **Administration**

The Scheme shall be subject to the administration of the Board. In the event that a Selected Participant or his/her associate is a member of the Board, such person will abstain from voting on any approval by the Board of an award of Shares to such Selected Participant. The Board may, by passing resolutions, appoint any one or more senior management of the Company as authorised representative(s) to give instructions or notices to the Trustee on all matters in connection with the Scheme and other matters in the routine administration of the Trust.

The Trustee will hold the Shares and the income derived therefrom in accordance with the Scheme Rules and subject to the terms of the Trust Deed.

### **Duration**

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

### **Maximum Limit**

The Board shall not make any further grant of award of Shares under the Scheme such that the total number of Shares granted under the Scheme will exceed 5% of the total number of issued Shares as of the Adoption Date.

The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Scheme when such subscription and/or purchase will exceed 5% of the total number of issued Shares as of the Adoption Date.

## **Restrictions**

No instructions and no payments to purchase Shares shall be given to the Trustee when any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. The Board may not make an award of Shares pursuant to the Scheme to any Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

## **Operation**

Pursuant to the Scheme Rules, the Board may, from time to time, at its absolute discretion select any Eligible Participant(s) for participation in the Scheme as a Selected Participant and determine the number of Shares to be awarded. The Board shall, after having regard to all relevant circumstances and affairs of the Group including without limitation the Group's business and financial performance of the Group, determine the maximum amount of funds to be allocated by the Board out of the Company's resources for the purchase or subscription of the awarded Shares, as the Board deems appropriate, pursuant to the Scheme. The Board, through its authorised representative(s), shall cause to pay the Trustee the subscription or purchase price for the Shares and the related expenses from the Company's resources. The Trustee shall purchase from the open market or subscribe for the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the Scheme Rules.

When the Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall transfer the relevant vested Shares (awarded Shares and all related income in the form of Shares derived from such Shares held upon the Trust (including but not limited to any bonus Shares and scrip Shares received in respect of the awarded Shares)) to that Selected Participant at no cost.

On the vesting date, if the Selected Participant who is resident in a place where the award of the awarded Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme Rules is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary, the Board may determine and through its authorised representative(s) direct the Trustee to sell the relevant awarded Shares at the prevailing market price and pay the net sale proceeds and to such Selected Participant.



Subject to Scheme Rules, a Selected Participant is not entitled to any rights attaching to the unvested and awarded Shares (including but not limited to voting rights, rights to dividends or distributions). All cash income, cash dividend and sale proceeds of non-cash and non-scrip distribution in respect of an unvested awarded Share held upon the Trust will be applied in priority towards (a) the purchase of further Shares to be held upon trust referable to the relevant Selected Participants and the payment of the relevant purchase expenses and (b) the remainder, if any, to defray the fees, costs and expenses in connection with the administration and maintenance of the Trust.

### **Vesting and Lapse**

A Selected Participant shall be entitled to receive the awarded Shares held by the Trustee in accordance with the vesting schedule upon when the Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the award. Vesting of the awarded Shares will be conditional on the Selected Participant remaining a director or employee of the Group until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee.

Unless otherwise determined by the Board, an award shall automatically lapse when (i) a Selected Participant ceases to be an Eligible Participant for whatever reason, or (ii) the subsidiary employing the Selected Participant ceases to be a subsidiary, or (iii) the Board shall at its absolute discretion determine in respect of a Selected Participant (other than a Selected Participant who is an employee) that (a) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on one part and any member of the Group; or (b) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relationship with the Group or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding – up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), save that in the case when a Selected Participant dies, or retires at his/her normal retirement date or earlier by agreement with the Company or any member of the Group prior to a vesting date or unless otherwise determined by the Board, all the awarded Shares and the related income shall be deemed to be vested on the day immediately prior to his/her death or retirement at his/her normal retirement date or earlier by agreement with the Company or any member of the Group. In case there is no claim of the vested awarded Shares and the related income by the legal representative of the deceased Selected Participant within two years of the death of the Selected Participant (or such longer period as the Board shall determine from time to time) or the Trust Period (whichever is shorter), such vested awarded Shares and the related income shall be forfeited and be held as Returned Shares for the purposes of the Scheme.



In the event (i) a Selected Participant is found to be an Excluded Participant or (ii) a Selected Participant fails to return duly executed transfer documents for the relevant Shares awarded and the related income within the stipulated period, the relevant part of an award made to such Selected Participant shall automatically lapse forthwith and the relevant Shares awarded and related income shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Scheme.

If there occurs an event of change in control (as specified in The Codes on Takeovers and Mergers and Share Buy-back from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, the Trustee shall seek instructions from the Board, through its authorised representative(s), to determine whether all the awarded Shares and related income shall vest and the time at which such awarded Shares and related income shall vest.

### **Returned Shares**

The Trustee shall hold Returned Shares as part of the trust fund exclusively for the benefit of all or one or more of the Selected Participants, whether the awardee is a Selected Participant at the time of award, as the Board in its absolute discretion shall at any time determine.

### **Voting Rights**

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the awarded Shares, further Shares acquired out of the income derived therefrom, the Returned Shares, any bonus Shares and scrip Shares).

### **Share Award to Directors and/or Connected Persons**

Shares may be awarded to Eligible Participants, including the directors of the Company and/or its subsidiaries and/or connected persons of the Company. If Shares are awarded to any director of the Company and/or its subsidiaries and/or connected persons of the Company, such awards shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

### **Termination**

The Scheme shall terminate on the earlier of the 10th anniversary date of the Adoption Date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of the Selected Participants.

Upon termination, (i) all awarded Shares and the related income derived therefrom shall become vested on the Selected Participants so referable on such date of termination save in respect of those lapsed as a result of Partial Lapse or Total Lapse, subject to the receipt by the Trustee of the transfer documents duly executed by the Selected Participants within the stipulated period, (ii) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee, as soon as practicable but in any event within 21 Business Days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Scheme (or such longer period as the Board may otherwise determine) at the then prevailing market price, and (iii) net sale proceeds of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale.

### **(3) GRANT OF AWARDED SHARES**

The Board is pleased to further announce that, on the same day, i.e. 10 September 2020 (the “**Date of Award**”), it has resolved to award an aggregate of 11,250,000 Awarded Shares to Mr. Chen, an executive Director and the chief executive officer of the Company, subject to the approval by the Independent Shareholders at the EGM, by way of issue and allotment of new Shares pursuant to the Share Award Specific Mandate. Upon issue and allotment of the new Shares, the Trustee will hold the new Shares. Subject to the satisfaction of the vesting conditions, such new and vested Awarded Shares shall be transferred to Mr. Chen according to the vesting schedule as mentioned below.

The aggregate of 11,250,000 new Awarded Shares to be awarded by the Company to Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen) represent approximately 1.81% of the total number of Shares in issue as at the date of this announcement and approximately 1.75% of the total number of Shares in issue as enlarged by the issue and allotment of the Awarded Shares (assuming the completion of the Subscription and the Award, and no issue and/or buy back of Shares other than the issue of the Subscription Shares and the Awarded Shares).

Such 11,250,000 Awarded Shares have an aggregate nominal value of HK\$112,500 based on the par value of HK\$0.01 per Share and a market value of HK\$273,375,000 based on the closing price of HK\$24.30 per Share as quoted on the Stock Exchange on 10 September 2020, being the Date of Award.

The new Awarded Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 11,250,000 Awarded Shares in due course.

The grant of Awarded Shares to Mr. Chen has been approved by all the members of the Remuneration Committee.

## Conditions

The issue and allotment of 11,250,000 Awarded Shares to Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen) is subject to the following conditions:

- (i) the approval by the Independent Shareholders of all necessary resolutions at the EGM in compliance with applicable laws and the Listing Rules to approve, among other things, the allotment and issue of the Awarded Shares to Mr. Chen pursuant to the Scheme and the Share Award Specific Mandate; and
- (ii) the grant of the listing approval by the Stock Exchange in respect of the Awarded Shares.

## Details of the Award

The information in relation to the issue and allotment of 11,250,000 new Awarded Shares to Mr. Chen is set out below:

Securities to be issued:	11,250,000 Awarded Shares
Issue price:	New Shares shall be issued and allotted to the Trustee at nominal value of HK\$0.01 each. The aggregate nominal value of the Awarded Shares is HK\$112,500
Funds to be raised:	No consideration is required to be paid by Mr. Chen for the grant of the Awarded Shares. No fund will be raised by the Company as a result of the issue and allotment of the Awarded Shares
Identity of the allottee:	The Trustee, Tricor Trust (Hong Kong) Limited, who is, to the best knowledge, information and belief of the Directors, independent of the Company and connected persons of the Company, will hold the Awarded Shares in accordance with the Trust Deed
Vesting Schedule:	<p>The Awarded Shares shall be vested in two tranches as follows:</p> <ul style="list-style-type: none"><li>• 50% of the Awarded Shares shall be vested on the third anniversary of the Commencement Date, i.e. 1 June 2023; and</li><li>• 50% of the Awarded Shares shall be vested on the fifth anniversary of the Commencement Date, i.e. 1 June 2025</li></ul>

Upon issue and allotment of the new Shares, the Trustee will hold the new Shares. Subject to the satisfaction of the vesting conditions (if any), such new Awarded Shares shall be transferred to Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen) at no consideration according to the above vesting schedule

Market price of the Shares: The closing price of the Shares as at 10 September 2020 as quoted on the Stock Exchange is HK\$24.30 per Share

The average closing price of the Shares for the five consecutive trading days immediately preceding 10 September 2020 as quoted on the Stock Exchange is approximately HK\$24.88 per Share

## **REASONS AND BENEFITS OF THE SUBSCRIPTION AND THE AWARD**

The Company, through its operating subsidiaries, is principally engaged in the provision of commercial operational services and residential property management services in the PRC.

The Subscription represents a valuable opportunity for the Company to raise fund to further strengthen its capital base and financial position, thereby laying down a more solid foundation for the Company to further its business development and accelerate its growth in the financial market. The Subscription also reflected Mr. Chen's confidence and support for the development of the Company and provide an opportunity to create a further alignment between the Company and Mr. Chen. The net proceeds from the Subscription is expected to be approximately HK\$273 million and is expected to be applied by the Company as to 30% for personnel expansion, as to 30% for IT infrastructure enhancement and as to 40% for the development of the property leasing business.

The Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Awarded Shares to Mr. Chen provides incentives to Mr. Chen by aligning the interests of Mr. Chen directly to the Shareholders through ownership of Shares. Further, the Scheme will also allow the Group to retain talents for the continual operation and development of the Group with the objective to increase the value of the Company in a long run. Furthermore, there will not be any actual cash outflow by the Group under the award of the Awarded Shares to provide incentives to the Selected Participants.

Based on the foregoing, the Directors consider that the terms and conditions of the Subscription and the Award are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Shares of the Company were listed on the Stock Exchange on 30 December 2019 by way of global offering with a total number of 172,500,000 offer shares (including Shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised therefrom was approximately HKD1,588.5 million. As at the date of this announcement, there is no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

## LISTING RULES IMPLICATIONS

Mr. Chen is an executive Director and the chief executive officer of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, (i) the entering into of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the issue and allotment of 11,250,000 Awarded Shares to Mr. Chen constitute connected transactions of the Company, and is subject to the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## EFFECT ON THE SHAREHOLDING OF THE COMPANY

As at the date of this announcement, the Company has 621,500,000 Shares in issue.

Assuming that there will be no other change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription, the shareholdings in the Company (a) as at the date of this announcement; (b) immediately after the completion of the Subscription but before the Award; and (c) immediately after the completion of the Subscription and the Award are and will be as follows:

	As at the date of this announcement		Immediately after the completion of the Subscription but before the Award		Immediately after the completion of the Subscription and the Award	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Directors and Shareholders</b>						
Powerlong Real Estate (BVI) Holdings Limited <sup>(1)</sup>	405,000,000	65.16	405,000,000	64.01	405,000,000	62.89
Huihong Management (PTC) Limited <sup>(2)</sup>	45,000,000	7.24	45,000,000	7.11	45,000,000	6.99
Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen)	–	–	11,250,000	1.78	22,500,000	3.49
Public Shareholders	171,500,000	27.59	171,500,000	27.10	171,500,000	26.63
<b>Total:</b>	<b>621,500,000</b>	<b>100</b>	<b>632,750,000</b>	<b>100</b>	<b>644,000,000</b>	<b>100</b>

*Notes:*

1. Powerlong Real Estate (BVI) Holdings Limited is wholly-owned by Powerlong Real Estate Holdings Limited, which is in turn owned as to approximately 43.57% by Skylong Holdings Limited, a company wholly-owned by Mr. Hoi Kin Hong. By virtue of the SFO, each of Powerlong Real Estate Holdings Limited, Skylong Holdings Limited and Mr. Hoi Kin Hong is deemed to be interested in the same number of shares in which Powerlong Real Estate (BVI) Holdings Limited is interested in. Mr. Hoi Kin Hong and his spouse, Ms. Wong Lai Chan, also hold approximately 0.69% and 0.07% of direct interest in Powerlong Real Estate Holdings Limited, respectively. Mr. Hoi Wa Fong, an executive Director and chairman of the Board, is the son of Mr. Hoi Kin Hong and Ms. Wong Lai Chan.
2. Huihong Management (PTC) Limited, the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong and is set up for the purpose of a share incentive scheme to be adopted at least six months after the Listing. As of the date of this announcement, the detailed terms of the share incentive scheme and the relevant grantees have not yet been confirmed. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management (PTC) Limited.
3. It is assumed that there would be no other issue of new Shares and no repurchase of existing Shares before completion of the Subscription.
4. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

## **BOARD APPROVAL**

At the Board meeting held to approve the Subscription and the Award, Mr. Chen is considered as having a material interest in the respective transactions contemplated thereunder. Accordingly, Mr. Chen had abstained from voting on the Board resolutions for approving the Subscription Agreement and the Award, and the respective transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in the Subscription Agreement and the Award and is required to abstain from voting on the relevant Board resolutions.

## **GENERAL**

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the Subscription, the Award and the respective Specific Mandate. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider, and if thought fit, approve the Subscription, the Award and the respective Specific Mandate.

Mr. Chen and his respective associates are required to abstain from voting on the proposed resolutions approving the Subscription, the Award and the respective Specific Mandate at the EGM. As at the date of this announcement, none of the Shareholders is required to abstain from voting at the EGM.



A circular containing, among other things, (i) further details on the Subscription, the Award and the respective Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 5 October 2020.

## DEFINITIONS

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

“Adoption Date”	10 September 2020, being the date on which the Board adopted the Scheme
“Award”	the award of the Awarded Shares
“Awarded Shares”	11,250,000 Shares resolved by the Board to award to Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen) under the Scheme on 10 September 2020
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“Commencement Date”	1 June 2020, being the date on which Mr. Chen was appointed the chief executive officer of the Company and whom was later appointed as an executive Director on 15 June 2020
“Company”	Powerlong Commercial Management Holdings Limited (寶龍商業管理控股有限公司) (formerly known as Powerlong Commercial Holdings Limited (寶龍商業控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 25 March 2019
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve, among other matters, the Subscription, the Award and the respective Specific Mandate

“Eligible Participants”	<p>any person belonging to the following classes of participants:</p> <ul style="list-style-type: none"> <li>(a) any Employee;</li> <li>(b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest;</li> <li>(c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest; and</li> <li>(d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group</li> </ul>
“Employee”	any employee (whether full time or part time, including without limitation any executive director) of the Company and/or any member of the Group or any entity in which any member of the Group holds any equity interest
“Excluded Participant”	any Employee and non-executive director of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the Company and/or the relevant member of the Group
“First Lock-up Period”	a period of 36 months commencing from the Commencement Date (i.e. till 31 May 2023)
“Group”	the Company, its subsidiaries and such entities which are considered as subsidiaries of the Company under the applicable accounting standard and policy
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Subscription and the Award

“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Award
“Independent Shareholders”	independent Shareholders other than Mr. Chen and his associates and are not required to abstain from voting at the EGM
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2020, or such later date as the parties may agree
“Mr. Chen”	Mr. Chen Deli, an executive Director and the chief executive officer of the Company
“Partial Lapse”	shall have the meaning defined in the Scheme Rules
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 16 December 2019
“Remuneration Committee”	the remuneration committee of the Company
“Returned Share”	such awarded Shares and related income which are not vested and/or forfeited in accordance with the terms of the Scheme Rules
“Scheme”	the share award scheme adopted by the Board on 10 September 2020 whereby awards of Shares may be made to Eligible Participants (such Shares being subscribed or purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Scheme Rules”	the rules governing the Scheme adopted by the Board
“Second Lock-up Period”	a period of 24 months commencing from the expiry of the First Lock-up Period (i.e. till 31 May 2025)

“Selected Participants”	Eligible Participant(s) selected by the Board who hold(s) a subsisting award
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Award Specific Mandate”	the specific mandate for the allotment and issue of the Award Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the EGM
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Mr. Chen (or such other entities as designated and wholly-owned by Mr. Chen) pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into among the Company and Mr. Chen dated 10 September 2020 in relation to the Subscription
“Subscription Price”	HK\$24.30 per Subscription Share
“Subscription Shares”	an aggregate of 11,250,000 new Shares to be allotted and issued by the Company to Mr. Chen under the Subscription
“Subscription Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the EGM
“subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary undertaking (as defined in schedule 1 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong) of the Company, whether incorporated in Hong Kong or elsewhere
“Total Lapse”	shall have the meaning defined in the Scheme Rules
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time), which deed establishes the Scheme

“Trust Period”	shall have the meaning defined in the Trust Deed
“Trustee”	Tricor Trust (Hong Kong) Limited, a company incorporated in Hong Kong, (which is independent and not connected with the Company) and any additional or replacement trustees, being the proposed trustee or trustees for the time being of the trusts to be declared in the Trust Deed
“%”	per cent

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

Hong Kong, 10 September 2020

*As at the date of this announcement, the Board comprises of three executive Directors, namely, Mr. Hoi Wa Fong, Mr. Chen Deli and Mr. Zhang Yunfeng, two non-executive Directors, namely, Ms. Hoi Wa Fan and Ms. Hoi Wa Lam, and three independent non-executive Directors, namely, Ms. Ng Yi Kum, Estella, Mr. Chan Wai Yan, Ronald and Dr. Lu Xiongwen.*