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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)

CONTINUING CONNECTED TRANSACTIONS

CAR PARKING LOTS SALES AGENCY SERVICES FRAMEWORK AGREEMENT

On 11 May 2022 (after trading hours), Shanghai Shangsheng (a wholly-owned subsidiary of the Company) entered into the Car Parking Lots Sales Agency Services Framework Agreement with Shanghai Powerlong (a wholly-owned subsidiary of Powerlong Holdings) to provide a framework for the provision of sales agency services in respect of certain car parking lots owned by the Powerlong Group. The Company believes that, by cooperating with the Powerlong Group in the sales agency business for car parking lots owned by the Powerlong Group, the Group can further expand and diversify the Group's business and broaden the Group's revenue base, thereby enhancing the Group's profitability and bringing better returns to the Shareholders.

Based on the proposed annual caps for the three years ending 31 December 2024 in respect of the Agency Fee receivable by the Group under the Car Parking Lots Sales Agency Services Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions in respect of the Agency Fee contemplated under the Car Parking Lots Sales Agency Services Framework Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the proposed annual caps for the three years ending 31 December 2024 in respect of the Deposit payable by the Group under the Car Parking Lots Sales Agency Services Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions in respect of the Deposit contemplated under the Car Parking Lots Sales Agency Services Framework Agreement do not constitute a notifiable transaction under Chapter 14 of the Listing Rules but are subject to the reporting and announcement requirements and exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NEW CAR PARKING LOTS MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the Existing Car Parking Lots Management Services Framework Agreement, the term of which has expired on 31 December 2021 and further details of which are set out in the section headed “Connected Transactions” in the Prospectus.

As the Existing Car Parking Lots Management Services Framework Agreement has expired on 31 December 2021 and it is expected that the Group will continue to lease and manage the car parking lots owned by the Powerlong Group and/or its associates for subleasing to Independent Third Parties from time to time in the ordinary course of business of the Group, on 11 May 2022 (after trading hours), the Company entered into the New Car Parking Lots Management Services Framework Agreement with Powerlong Holdings so that the Group may continue to manage the relevant car parking lots and sublease them to Independent Third Parties to expand the revenue base of the Group.

Based on the proposed annual caps for the two years ending 31 December 2023 under the New Car Parking Lots Management Services Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the New Car Parking Lots Management Services Framework Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

REVISION OF ANNUAL CAP FOR THE DIGITALIZATION SERVICES AGREEMENT

Reference is also made to the Digitalization Services Agreement, the details of which are set out in the Company’s announcement dated 20 November 2020.

As it is anticipated that the existing annual cap for the year ending 31 December 2022 for the procurement of Digitalization Services under the Digitalization Services Agreement will be insufficient to meet the business needs of the Group, the Board has resolved to revise the relevant annual cap for the year ending 31 December 2022 from RMB5.0 million to RMB15.0 million.

Based on the revised annual cap for the year ending 31 December 2022 for the procurement of Digitalization Services under the Digitalization Services Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Digitalization Services Agreement (including the revised annual cap) are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

1. CAR PARKING LOTS SALES AGENCY SERVICES FRAMEWORK AGREEMENT

Date

11 May 2022

Parties

- (i) Shanghai Shangsheng (a wholly-owned subsidiary of the Company); and
- (ii) Shanghai Powerlong (a wholly-owned subsidiary of Powerlong Holdings).

Term

From 11 May 2022 to 31 December 2024 (both days inclusive).

Subject

Pursuant to the Car Parking Lots Sales Agency Services Framework Agreement, the Powerlong Group shall engage the Group to provide sales agency services in respect of certain car parking lots owned by the Powerlong Group (the “**Exclusive Car Parking Lots**”) on an exclusive basis. During the term of the Car Parking Lots Sales Agency Services Framework Agreement, the Group shall be the exclusive service provider of the sales agency services and the Powerlong Group shall not engage other third parties for such services in respect of the Exclusive Car Parking Lots, nor to sell, transfer or dispose of in any other manner any of the Exclusive Car Parking Lots to third parties, unless otherwise agreed between the parties (the “**Exclusive Sales Agency Rights**”).

The Car Parking Lots Sales Agency Services Framework Agreement is a framework agreement which provides the mechanism for the Group’s provision of sales agency services for the Exclusive Car Parking Lots on a project-by-project basis. It is envisaged that from time to time and as required, individual transaction agreements will be required to be entered into between the Group and the Powerlong Group. Each individual transaction agreement may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Car Parking Lots Sales Agency Services Framework Agreement. As the individual transaction agreements are simply further elaborations on the Car Parking Lots Sales Agency Services Framework Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

Pricing policy and other terms

The agency service fee to be paid by the Powerlong Group to the Group as contemplated under the Car Parking Lots Sales Agency Services Framework Agreement (the “**Agency Fee**”) shall be calculated as follows:

The Group and the Powerlong Group will agree on a market value for the sales of the Exclusive Car Parking Lots (the “**Agreed Value**”) which will be assessed based on the available transaction price of comparable car parking lots in the surrounding markets of the Exclusive Car Parking Lots, while taking into account factors such as the project’s occupancy rate, number of available car parking lots, sales stage, and quality of the car parking lots. The Company has engaged an independent valuer to determine the rationality of the pricing logic and considerations of the Agreed Value and considered it reasonable. The Group and the Powerlong Group will then agree on a base price for the sales and leasing of the Exclusive Car Parking Lots (the “**Base Price**”) which will be 65% of the Agreed Value. The discount rate of the Base Price is determined with reference to the discount rate of the industry’s Base Price and is better than that of the industry. The Powerlong Group will transfer the Exclusive Car Parking Lots to third party customers designated by the Group at the request of the Group at a price (the “**Sales Price**”) which shall not be lower than the Base Price.

The Agency Fee for the Group will be the sum of (i) the multiple of the Base Price and an agreed rate and (ii) the multiple of the difference between the Sales Price and the Base Price (if any) and another agreed rate. The Powerlong Group shall settle the payment of the Agency Fee to the Group on a monthly basis after receiving the sales payment from third party customers.

Deposit for the Exclusive Sales Agency Rights

In consideration of the granting of the Exclusive Sales Agency Rights, the Group shall pay a deposit to the Powerlong Group, which shall be 30% of the Agreed Value (the “**Deposit**”). The initial Deposit is expected to amount to approximately RMB200.0 million, which represents approximately 3.9% of the total assets and 5.0% of the cash and bank balances of the Group as at 31 December 2021.

By paying the Deposit to acquire the Exclusive Sales Agency Rights, the Group will be entitled to a two-layer commission structure which is more favourable than a fixed commission agency model while the Group needs not to share the risk of holding unsold and vacant car parking lots. The terms in respect of the Deposit offered under the Car Parking Lots Sales Agency Services Framework Agreement are no less favourable than those available to the Independent Third Parties. The Group believes that the provision of exclusive sales agency services in respect of the Exclusive Car Parking Lots can broaden the Group's revenue base, enhance profitability and bring valuable returns to the Shareholders. Accordingly, the Board considers the Deposit and the rate of the Deposit to be normal business practices.

Pursuant to the Car Parking Lots Sales Agency Services Framework Agreement, the Deposit paid shall be refunded in full to the Group in the following manner:

- (i) the Deposit shall be adjusted on a monthly basis with reference to the total Agreed Value of the Exclusive Car Parking Lots the sales of which have been confirmed at the end of each monthly cycle. The Powerlong Group shall refund the corresponding excess portion of the Deposit to the Group without interest upon the end of each monthly cycle; and
- (ii) the remaining balance of the Deposit (if any) shall be repayable to the Group without interest within 30 days after the early termination or expiration of the Car Parking Lots Sales Agency Services Framework Agreement.

Although the Deposit is interest-free, considering that the deposit interest rates are generally low in the PRC and the Group has been generating a net cash inflow from operating activities in the past three years to finance its operation, the Board is of the view that (i) the potential return from the provision of sales agency services under the Car Parking Lots Sales Agency Services Framework Agreement will outweigh the potential interest income that may arise from depositing the Deposit at banks or other financial institutions, and (ii) the payment of the Deposit will not have any significant adverse impact on the working capital position and liquidity of the Group.

In the event that the Powerlong Group fails to return the Deposit pursuant to the terms of the Car Parking Lots Sales Agency Services Framework Agreement, the Powerlong Group is liable to a default penalty fee.

In addition, the shares of Powerlong Holdings have been listed on the Main Board of the Stock Exchange (stock code: 1238) since October 2009. As disclosed in the audited annual results announcement of Powerlong Group for the year ended 31 December 2021, the net current asset and net asset of the Powerlong Group amounted to approximately RMB27,743 million and approximately RMB62,407 million as at 31 December 2021, respectively.

In view of the above, the Board considers that the major risks in payment of the Deposit under the Car Parking Lots Sales Agency Services Framework Agreement is low.

The Deposit is expected to be funded by the internal resources of the Group.

Proposed annual caps for the Agency Fee and their basis

The proposed annual caps for the Agency Fee receivable by the Group under the Car Parking Lots Sales Agency Services Framework Agreement for the three years ending 31 December 2024 are as follows:

| For the year ending 31 December | Proposed annual cap (RMB million) |
|--|--|
| 2022 (<i>Note</i>) | 40.0 |
| 2023 | 40.0 |
| 2024 | 40.0 |

Note: For the period from 11 May 2022 up to 31 December 2022 (both days inclusive). From 1 January 2022 up to the date of this announcement, the Group has not recorded any car parking lots sales agency fee income from the Powerlong Group.

The above annual caps have been determined primarily by reference to:

- (i) the estimated value of car parking lots of the Powerlong Group available for sales by the Group as an agent for the three years ending 31 December 2024 pursuant to the Car Parking Lots Sales Agency Services Framework Agreement;
- (ii) the agreed rate at which a portion of the Agency Fee will be calculated based on the Base Price and other agreed rates for calculating part of the Agency Fee based on the difference between the Sales Price and the Base Price;
- (iii) the expected number of car parking lots which will be sold by the Group pursuant to the Car Parking Lots Sales Agency Services Framework Agreement;
- (iv) the expected Sales Price; and
- (v) prevailing market prices for similar services and arrangements.

Proposed annual caps for the Deposit and their basis

With reference to the applicable requirements under Chapter 14A of the Listing Rules, the proposed annual caps for the Deposit are set out below:

| For the year ending 31 December | Proposed annual cap <i>(RMB million)</i> |
|--|--|
| 2022 (<i>Note</i>) | 200.0 |
| 2023 | 200.0 |
| 2024 | 200.0 |

Note: For the period from 11 May 2022 up to 31 December 2022 (both days inclusive). From 1 January 2022 up to the date of this announcement, the Group has not paid any deposit to the Powerlong Group for obtaining any exclusive sales agency rights for any car parking lots.

The above annual caps have been determined primarily by reference to:

- (i) the estimated Agreed Value of car parking lots of the Powerlong Group available for sales by the Group as an agent for the three years ending 31 December 2024 pursuant to the Car Parking Lots Sales Agency Services Framework Agreement, taking into account factors including, but not limited to, the number of car parking lots agency projects under negotiation currently known to the Group, historical sales of car parking lots of relevant projects and the surrounding comparable average price range, resources that the Group may allocate to the business, and the ability to meet the service demand; and
- (ii) the Car Parking Lots Sales Agency Services Framework Agreement stipulates that (1) the aggregate Agreed Value of the initial list of Exclusive Car Parking Lots is RMB660.0 million; and (2) the Deposit shall be 30% of the aggregate Agreed Value of the Exclusive Car Parking Lots, i.e. approximately RMB200.0 million in aggregate.

Reasons and benefits

The Company believes that, by cooperating with the Powerlong Group in the sales agency business for car parking lots owned by the Powerlong Group, the Group can further expand and diversify the Group's business and broaden the Group's revenue base, enhancing the Group's profitability and bringing better returns to the Shareholders.

The Directors (including the independent non-executive Directors) consider that (i) the transactions contemplated under the Car Parking Lots Sales Agency Services Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Powerlong Group, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole, and (ii) the proposed annual caps for the three years ending 31 December 2024 for those transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

As at the date of this announcement, Shanghai Powerlong is wholly-owned by Powerlong Holdings which is a controlling shareholder of the Company. Accordingly, Shanghai Powerlong is a connected person of the Company and the entering into of the Car Parking Lots Sales Agency Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the proposed annual caps for the three years ending 31 December 2024 in respect of the Agency Fee receivable by the Group under the Car Parking Lots Sales Agency Services Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions in respect of the Agency Fee contemplated under the Car Parking Lots Sales Agency Services Framework Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the proposed annual caps for the three years ending 31 December 2024 in respect of the Deposit payable by the Group under the Car Parking Lots Sales Agency Services Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions in respect of the Deposit contemplated under the Car Parking Lots Sales Agency Services Framework Agreement do not constitute a notifiable transaction under Chapter 14 of the Listing Rules but are subject to the reporting and announcement requirements and exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. NEW CAR PARKING LOTS MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Date

11 May 2022

Parties

- (i) the Company; and
- (ii) Powerlong Holdings.

Term

From 1 January 2022 to 31 December 2023 (both days inclusive).

Subject

Pursuant to the New Car Parking Lots Management Services Framework Agreement, the Group shall lease and manage certain car parking lots owned by the Powerlong Group and/or its associates, which will be subleased to customers in the properties managed by the Group. The Group will pay an annual rent to the Powerlong Group and/or its associates, while the income generated from the car parking lots and received from Independent Third Party customers will not constitute continuing connected transactions for the Group.

The New Car Parking Lots Management Services Framework Agreement is a framework agreement which provides the mechanism for the Group's leasing and management of certain car parking lots owned by the Powerlong Group and/or its associates on a project-by-project basis. It is envisaged that from time to time and as required, individual transaction agreements will be required to be entered into between the Group and the Powerlong Group and/or its associates. Each individual transaction agreement may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the New Car Parking Lots Management Services Framework Agreement. As the individual transaction agreements are simply further elaborations on the New Car Parking Lots Management Services Framework Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

Pricing policy

The rent to be paid by the Group under the New Car Parking Lots Management Services Framework Agreement shall be determined on arm's length basis with reference to, among others, (i) the market rental fee per car parking lot in similar locations and similar properties; and (ii) the occupancy rate of car parking lots leased by the Group from the Powerlong Group and its associates.

Historical annual caps

The annual caps for the rental fees payable by the Group under the Existing Car Parking Lots Management Services Framework Agreement for the three years ended 31 December 2021 were as follows:

| For the year ended 31 December | Annual cap (RMB million) | Actual rental fees paid or payable (RMB million) |
|---------------------------------------|-------------------------------------|---|
| 2019 | 48.0 | 47.9 |
| 2020 | 48.7 | 32.5 |
| 2021 | 57.5 | 44.3 |

Proposed annual caps and their basis

The proposed annual caps for the rental fees payable by the Group under the New Car Parking Lots Management Services Framework Agreement for the two years ending 31 December 2023 are as follows:

| For the year ending 31 December | Proposed annual cap (RMB million) |
|--|--|
| 2022 (<i>Note</i>) | 59.5 |
| 2023 | 91.5 |

Note: For the period from 1 January 2022 up to 31 December 2022 (both days inclusive). The Directors confirm that the actual rental fees paid or payable for the period from 1 January 2022 up to the date of the New Car Parking Lots Management Services Framework Agreement fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules.

The above annual caps have been determined primarily by reference to:

- (i) the actual rental fees paid by the Group to the Powerlong Group and its associates under the Existing Car Parking Lots Management Services Framework Agreement for the three years ended 31 December 2021;
- (ii) the number of existing car parking lots under management by the Group as at 31 December 2021 and the date of this announcement;

- (iii) the projected fees payable by the Group based on the existing contracts and the expected increase in the number of car parking lots under the Group's management based on the development plan of the Powerlong Group and its associates for the years ending 31 December 2022 and 2023; and
- (iv) the estimated increment of rental fees based on the commercial negotiation between the Group and the Powerlong Group and its associates.

Reasons and benefits

As the Existing Car Parking Lots Management Services Framework Agreement has expired on 31 December 2021 and it is expected that the Group will continue to lease and manage the car parking lots owned by the Powerlong Group and/or its associates for subleasing to Independent Third Party customers from time to time in the ordinary course of business of the Group, the New Car Parking Lots Management Services Framework Agreement is entered into so that the Group may continue to manage the relevant car parking lots and sublease them to Independent Third Party customers to expand the revenue base of the Group.

The Directors (including the independent non-executive Directors) consider that (i) the transactions contemplated under the New Car Parking Lots Management Services Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Powerlong Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole, and (ii) the proposed annual caps for the two years ending 31 December 2023 for those transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

As at the date of this announcement, Powerlong Real Estate (BVI) Holdings Limited, a company wholly-owned by Powerlong Holdings, holds 405,000,000 Shares, representing approximately 63.00% of the issued share capital of the Company. Accordingly, Powerlong Holdings is a controlling shareholder and a connected person of the Company and the entering into of the New Car Parking Lots Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the proposed annual caps for the two years ending 31 December 2023 under the New Car Parking Lots Management Services Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the New Car Parking Lots Management Services Framework Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. REVISION OF ANNUAL CAP FOR THE DIGITALIZATION SERVICES AGREEMENT

Background

Reference is made to the Digitalization Services Agreement in relation to the procurement of the Digitalization Services by the Group from Shanghai Yueshang, the details of which are set out in the Company's announcement dated 20 November 2020.

Pursuant to the Digitalization Services Agreement, Shanghai Yueshang will provide certain digitalization technology services to the Group, including but not limited to building internet digital services, information systems and hardware deployment for the Group (the “**Digitalization Services**”) on a project-by-project basis.

The Digitalization Service Agreement is a framework agreement which provides the mechanism for the provision of the Digitalization Services by Shanghai Yueshang to the Group. It is envisaged that from time to time and as required, individual service agreements will be required to be entered into between the Group and Shanghai Yueshang. Each individual service agreement will set out the relevant Digitalization Services to be provided by Shanghai Yueshang to the Group and the service fees. The individual service agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Digitalization Services Agreement. As the individual service agreements are simply further elaborations on the Digitalization Service Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

Existing annual caps and historical transaction amounts

The existing annual caps for the service fees paid or payable by the Group under the Digitalization Services Agreement for the three years ending 31 December 2022 were as follows:

| For the year ended/ending 31 December | Annual cap (RMB million) | Actual service fees paid or payable (RMB million) |
|--|-------------------------------------|--|
| 2020 (<i>Note 1</i>) | 3.0 | 0.86 |
| 2021 | 5.0 | 4.90 |
| 2022 | 5.0 | 4.60 |

(*Note 2*)

Notes:

1. For the period from 20 November 2020 up to 31 December 2020 (both days inclusive).
2. For the period from 1 January 2022 up to 11 May 2022 (both days inclusive).

Revised annual cap for the year ending 31 December 2022 and its basis

As it is anticipated that the existing annual cap for the year ending 31 December 2022 for the procurement of Digitalization Services under the Digitalization Services Agreement will be insufficient to meet the business needs of the Group, the Board has resolved to revise the relevant annual cap for the year ending 31 December 2022 from RMB5.0 million to RMB15.0 million.

The above revised annual cap has been determined primarily by reference to:

- (i) the historical transaction amounts for the procurement of the Digitalization Services for the period ended 31 December 2020 (see note 1 above), the year ended 31 December 2021 and the period from 1 January 2022 up to 11 May 2022;
- (ii) the anticipated business volume of the Group and Shanghai Yueshang as of 31 December 2022, taking into account the projects volume and the project development plan of the Group; and
- (iii) the joint capital increase in Shanghai Yueshang by Shanghai Jiashang (a wholly-owned subsidiary of the Company) and 深圳市騰訊產業創投有限公司 (Shenzhen Tencent Industrial Venture Capital Co., Ltd.) (“**Shenzhen Tencent**”) as disclosed in the announcement of the Company dated 27 May 2021. Following the completion of the capital increase, the cooperation between the Group and Shenzhen Tencent has been accelerated. The intelligent security system newly developed by Shanghai Yueshang in 2021 has been piloted, which has effectively helped the Group to reduce its operating cost and improve the operating efficiency of the pilot project. It will be launched for application in the retail and commercial properties managed by the Group in 2022, with an estimated additional cost of up to RMB10.0 million.

Reasons and benefits

Shanghai Yueshang has strong technological innovation and product research and development capabilities, and rich experience in digitalization services for related industries of real estate companies in the PRC.

Through the Digitalization Services to be provided by Shanghai Yueshang pursuant to the Digitalization Services Agreement, problem commonly encountered by the Group in the internet information platform can be effectively resolved so as to meet the new business and operational requirements. The Digitalization Services will enable the Group to build a complete and accurate data platform which will effectively facilitate the business expansion of the Group.

As it is anticipated that the existing annual cap for the year ending 31 December 2022 for the procurement of Digitalization Services under the Digitalization Services Agreement will be insufficient to meet the business needs of the Group, the Board has resolved to revise the existing annual cap for the year ending 31 December 2022.

The Directors (including the independent non-executive Directors) consider that (i) the transactions contemplated under the Digitalization Services Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on normal commercial terms between the Group and Shanghai Yueshang, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole, and (ii) the revised annual cap for the year ending 31 December 2022 for those transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules implication

Shanghai Yueshang is owned as to 33.8% by Mr. Hoi Wa Fong, an executive Director of the Company, and as to 8.3% by Shanghai Jiashang, a wholly-owned subsidiary of the Company, with the remaining 57.9% interests being owned by other Independent Third Parties. By virtue of Mr. Hoi Wa Fong's interest in Shanghai Yueshang, Shanghai Yueshang is an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Digitalization Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the revised annual cap for the year ending 31 December 2022 under the Digitalization Services Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Digitalization Services Agreement (including the revised annual cap) is subject to the reporting and announcement requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the individual transaction or service agreements contemplated under each of the Car Parking Lots Sales Agency Services Framework Agreement, the New Car Parking Lots Management Services Framework Agreement and the Digitalization Services Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group transacts business with other independent service providers or transaction parties and shall be on terms which are no less favorable to the Group than those offered by other independent service providers or transaction parties.

The respective pricing policies for the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the Car Parking Lots Sales Agency Services Framework Agreement, the New Car Parking Lots Management Services Framework Agreement and the Digitalization Services Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under each of the Car Parking Lots Sales Agency Services Framework Agreement, the New Car Parking Lots Management Services Framework Agreement and the Digitalization Services Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

5. GENERAL

As at the date of this announcement, (i) Mr. Hoi Wa Fong (brother of Ms. Hoi Wa Fan and cousin of Ms. Hoi Wa Lam), an executive Director, holds approximately 14.66% of the issued shares of Powerlong Holdings; (ii) Ms. Hoi Wa Fan (sister of Mr. Hoi Wa Fong and cousin of Ms. Hoi Wa Lam), a non-executive Director, holds approximately 6.96% of the issued shares of Powerlong Holdings; (iii) Ms. Hoi Wa Lam (cousin of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan), a non-executive Director, holds approximately 0.38% of the issued shares of Powerlong Holdings; and (iv) Mr. Chen Deli, an executive Director and the chief executive officer of the Company, is an associate president of Powerlong Holdings. Accordingly, each of Mr. Hoi Wa Fong, Ms. Hoi Wa Fan, Ms. Hoi Wa Lam and Mr. Chen Deli is considered to have a material interest in the transactions contemplated under the Car Parking Lots Sales Agency Services Framework Agreement, the New Car Parking Lots Management Services Framework Agreement and the Digitalization Services Agreement, and has abstained from voting on the Board resolutions to approve the entering into of the Car Parking Lots Sales Agency Services Framework Agreement and the New Car Parking Lots Management Services Framework Agreement and the revision of annual cap for the year ending 31 December 2022 for the transactions contemplated under the Digitalization Services Agreement.

6. INFORMATION OF THE PARTIES INVOLVED

The Company

The Company is an investment holding company.

The Group

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

Shanghai Shangsheng

Shanghai Shangsheng is a company established in the PRC with limited liability which is wholly-owned by the Company and is principally engaged in investment management consultation, corporate management consultation and property management.

Shanghai Powerlong

Shanghai Powerlong is a company established in the PRC with limited liability which is wholly-owned by Powerlong Holdings and is principally engaged in the provision of services including marketing services, capital operation and financial management, technical support and research and development and information technology services.

Powerlong Holdings

Powerlong Holdings is an investment holding company.

The Powerlong Group

The Powerlong 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.

Shanghai Yueshang

Shanghai Yueshang is a company established in the PRC with limited liability. As at the date of this announcement, Shanghai Yueshang is owned (i) as to 33.8% by 上海任俠企業管理有限公司 (Shanghai Renxia Corporate Management Co., Ltd.*) (“**Shanghai Renxia**”), (ii) as to 22.5% by 上海商悅企業管理中心 (有限合夥) (Shanghai Shangyue Enterprise Management Center (LLP)*) (“**Shanghai Shangyue**”), (iii) as to 11.3% by Mr. Wu Bichuan (吳弼川) (an Independent Third Party), (iv) as to 8.3% by 集富亞洲一期 (上海) 股權投資合夥企業 (有限合夥) (JAFCO Asia Phase I (Shanghai) Equity Investment Partnership (Limited Partnership)*) (“**JAFCO Asia**”) (an Independent Third Party), (v) as to 7.5% by 寧波保稅區易沃德投資合夥企業 (有限合夥) (Ningbo Baoshui Yiwode Investment Partnership (L.P.)*) (“**Ningbo Yiwode**”) (an Independent Third Party), (vi) as to 8.3% by Shanghai Jiashang (a wholly-owned subsidiary of the Company), and (vii) as to 8.3% by Shenzhen Tencent (an Independent Third Party).

Shanghai Renxia is a company established in the PRC with limited liability. As at the date of this announcement, Shanghai Renxia is principally engaged in other services including, corporate management and consultation, business information consultation, property management, brand management and car park management, and is wholly-owned by Mr. Hoi Wa Fong, an executive Director.

Shanghai Shangyue is a limited partnership established in the PRC. As at the date of this announcement, Shanghai Shangyue is principally engaged in business management consulting, business information consulting, marketing planning, conference services, exhibition display services, market information consulting and survey services, and is owned as to 60%, 14%, 10%, 10%, 3% and 3% by Ms. Shi Shanya (施珊雅), Mr. Sun Qijun (孫啟君), Mr. Cui Wei (崔巍), Mr. Wu Dingting (吳定庭), Mr. Wu Bichuan (吳弼川) and Mr. Shi Lei (石磊) respectively, each of whom being an Independent Third Party.

JAFCO Asia is a limited partnership established in the PRC. As at the date of this announcement, JAFCO Asia is principally engaged in equity investment and related investment consultation, and is owned as to 99% and 1% by JAFCO Asia Technology Fund VII Pte. Ltd. (with 43.94% of interests indirectly held by JAFCO Co., Ltd., a company listed on the main board of the Tokyo Stock Exchange, Japan (Stock Code: 8595), and 56.06% of interests indirectly held by various limited partners with shareholding of less than 10%) and JAFCO Asia Technology Holdings VII (S) Pte. Ltd. respectively.

Ningbo Yiwode is a limited partnership established in the PRC. As at the date of this announcement, Ningbo Yiwode is principally engaged in industrial investment, asset management, investment management and investment consulting, and is owned as to 22.93% by E-House (China) Management Company Limited (a subsidiary of E-House (China) Enterprise Holdings Limited (Stock Code: 2048)), 9.17% by Shanghai Hecan Industry Company Limited (an indirect wholly-owned subsidiary of the Company), 9.17% by Shanghai Ronggu Chuangye Investment Company Limited and the remaining 58.73% by 21 individuals, 2 limited companies and 1 fund entity, each holding less than 10% in Ningbo Yiwode and each of them is an Independent Third Party.

7. DEFINITIONS

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

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| “associate(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Car Parking Lots Sales Agency Services Framework Agreement” | the framework agreement entered into between Shanghai Shangsheng (a wholly-owned subsidiary of the Company) and Shanghai Powerlong (a wholly-owned subsidiary of Powerlong Holdings) on 11 May 2022 in relation to the Group’s provision of sales agency services in respect of certain car parking lots owned by the Powerlong Group |

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| “Company” | Powerlong Commercial Management Holdings Limited (寶龍商業管理控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 9909) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Digitalization Services Agreement” | the framework agreement entered into between the Company and Shanghai Yueshang on 20 November 2020 in relation to the procurement of digitization services by the Group from Shanghai Yueshang |
| “Director(s)” | the director(s) of the Company |
| “Existing Car Parking Lots Management Services Framework Agreement” | the framework agreement entered into between the Company and Powerlong Holdings on 10 December 2019 in relation to the Group’s leasing and management of the car parking lots owned by the Powerlong Group and/or its associates and subleased to customers in the properties managed by the Group |
| “Group” | the Company and its subsidiaries |
| “Independent Third Party(ies)” | third party(ies) who is/are independent of, and not connected with, the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New Car Parking Lots Management Services Framework Agreement” | the framework agreement entered into between the Company and Powerlong Holdings on 11 May 2022 in relation to the Group’s leasing and management of the car parking lots owned by the Powerlong Group and/or its associates which will be subleased to customers in the properties managed by the Group |
| “Powerlong Holdings” | Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on Main Board of the Stock Exchange (stock code: 1238) |
| “Powerlong Group” | Powerlong Holdings and its subsidiaries |
| “PRC” | the People’s Republic of China |

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| “Prospectus” | the prospectus issued by the Company dated 16 December 2019 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Jiashang” | 上海嘉緇數字科技有限公司 (Shanghai Jiashang Digital Technology Company Limited*), a company established in the PRC with limited liability which is mainly engaged in technology development and is a wholly-owned subsidiary of the Company as at the date of this announcement |
| “Shanghai Powerlong” | 上海寶龍實業發展(集團)有限公司 (Shanghai Powerlong Industrial Development (Group) Co., Ltd.*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of Powerlong Holdings as at the date of this announcement |
| “Shanghai Shangsheng” | 上海商盛投資管理諮詢有限公司 (Shanghai Shangsheng Investment Management Consultancy Co., Ltd.*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of the Company as at the date of this announcement |
| “Shanghai Yueshang” | 上海悅商信息科技有限公司 (Shanghai Yueshang Information Technology Co., Ltd.*), a company established in the PRC |
| “Shares” | ordinary shares with a par value of HK\$0.01 each in the capital of the Company |
| “Shareholders” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

* for identification purposes only

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

Hong Kong, 11 May 2022

As at the date of this announcement, the Board comprises 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, Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald.