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If you have sold or transferred all your shares in Powerlong Real Estate Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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POWERLONG

宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

**POSSIBLE TRANSACTION IN CONNECTION WITH THE
HOLISTIC SOLUTION INVOLVING, AMONG OTHERS,
ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE
AND
NOTICE OF EGM**

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

A letter from the Board is set out on pages 9 to 31 of this circular. A notice convening the EGM to be held at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC on Wednesday, 27 November 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.powerlong.com).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Monday, 25 November 2024 (Hong Kong Time)) or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form shall not preclude Shareholders from attending, speaking and voting in person at the EGM or at any adjournment thereof if they so wish, and in such event the proxy form shall be deemed to be revoked.

5 November 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	9
Notice of the Extraordinary General Meeting	EGM-1

DEFINITIONS

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

“Additional Participating Creditor(s)”	a person holding a beneficial and/or legal interest (as applicable) as principal in the In-Scope Debt who has agreed to be bound by the terms of the Amended and Restated RSA as a Participating Creditor in accordance with the Amended and Restated RSA
“AHG”	an ad hoc group of holders of the In-Scope Debt as constituted from time to time and notified to the Company who are advised by the AHG advisors
“Amended and Restated RSA”	the RSA, as amended and restated by the Amendment Agreement
“Amended and Restated RSA Term Sheet”	the amended and restated restructuring term sheet as set out in Annex I to the Amended and Restated RSA, a copy of which was appended to the announcement of the Company dated 30 September 2024 (with sensitive annexes and schedules removed, and sensitive information redacted)
“Amendment Agreement”	the amendment agreement to the RSA entered into by the Company and members of the AHG on 4 October 2024
“Announcement”	the announcement of the Company dated 18 July 2024 in relation to the possible transactions in connection with the Holistic Solution involving, among others, the Issue of Mandatory Convertible Bonds under the Specific Mandate and the Transfer
“Board”	the board of Directors of the Company
“Business Day”	any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the City of New York, London, the PRC, Hong Kong and/or Macau (or in any other place in which payments on the New Notes are to be made) are authorized by law or governmental regulation to close
“Cash Sweep”	the cash sweep relating to certain disposal of assets, the details of each of which are set out in the Amended and Restated RSA Term Sheet

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of the Hong Kong) as amended from time to time
“Company”	Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a company incorporated with limited liability under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1238)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consent Fee”	with respect to each Participating Creditor, subject to and in accordance with the Amended and Restated RSA, an amount in cash equal to 0.2% of the aggregate principal amount of the Eligible Participating Debt held by such Participating Creditor as of the Record Time (subject to all valid procedures being followed by such Participating Creditor in accordance with the terms of the Amended and Restated RSA)
“Consent Fee Deadline”	5:00 p.m. Hong Kong time on 26 April 2024, as extended, if applicable, in accordance with the terms of the Amended and Restated RSA
“Conversion Price”	the conversion price per Share (subject to adjustments) in respect of the Mandatory Convertible Bonds
“Conversion Shares”	the Shares to be issued upon conversion of the Mandatory Convertible Bonds
“Court”	the High Court of Hong Kong
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC on Wednesday, 27 November 2024 at 10:00 a.m., or any adjournment thereof, for the Shareholders to consider and, if thought fit, to approve by way of poll, the Issue of Mandatory Convertible Bonds and the transactions contemplated thereunder (including the grant of the Specific Mandate for the Issue of the Conversion Shares)

DEFINITIONS

“Eligible Participating Debt”	a Participating Debt which was made subject to the RSA by a Participating Creditor on or prior to the Consent Fee Deadline
“Event of Default”	an event of default as defined in the terms and conditions of the Mandatory Convertible Bonds as set out in the Trust Deed
“Existing Loans”	certain loan facilities to which the Company is an obligor
“Existing Notes”	the senior notes issued or guaranteed by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holistic Solution”	holistic management solution for the Company’s offshore indebtedness involving the Scheme
“Hong Kong Scheme”	the scheme of arrangement proposed by the Company to be effected pursuant to sections 670, 673 and 674 of the Companies Ordinance, for the purpose of implementing the Restructuring as contemplated under the Amended and Restated RSA and the Amended and Restated RSA Term Sheet
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“In-Scope Debt”	the Existing Notes and the Existing Loan under the Scheme, the details of which are set out in Schedule II of the Amended and Restated RSA Term Sheet
“Independent Third Party(ies)”	a person or entity who (and in respect of an entity, whose ultimate beneficial owner(s)) is independent of and not connected with the Company and its connected persons
“Initial Participating Creditors”	the Scheme Creditors parties signing the Amendment Agreement as at the date of the Amendment Agreement, which include the members of the AHG and certain other lenders of the Existing Loans

DEFINITIONS

“Issue of Mandatory Convertible Bonds”	the issue of the Mandatory Convertible Bonds subject to the occurrence of and on the Restructuring Effective Date
“Issue of New Loan”	the issue of the New Loan subject to the occurrence of and on the Restructuring Effective Date
“Issue of New Notes”	the issue of the New Notes subject to the occurrence of and on the Restructuring Effective Date
“Latest Practicable Date”	1 November 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Majority AHG”	the member(s) of the AHG holding more than 50% of the aggregate outstanding principal amount of the In-Scope Debt held by all members of the AHG at the relevant time
“Major Restructuring Document”	the Scheme Documents (including the scheme of arrangement, account holder letter form(s), creditor proxy forms, and any solicitation packet), the indentures, facility agreement, intercreditor agreement, account control agreements, custodian agreements, security documents and monitoring agent engagement terms in relation to the New Notes, the Mandatory Convertible Bonds, the New Loan, and any definitive document for the Transfer
“Mandatory Convertible Bonds”	mandatory convertible bonds convertible into the shares of the Company
“New Loan”	new loan in an aggregate principal amount of up to US\$588,000,000 allocated to the relevant Scheme Creditors at the Scheme Creditors’ election, the details of which are set out in the Amended and Restated RSA Term Sheet

DEFINITIONS

“New Long Term Notes”	new long term notes in an aggregate principal amount of up to US\$238,558,389 allocated to the relevant Scheme Creditors at the Scheme Creditors’ election, the details of which are set out in the Amended and Restated RSA Term Sheet
“New Medium Term Notes”	new medium term notes allocated to the relevant Scheme Creditors at the Scheme Creditors’ election, in an aggregate principal amount equal to the Scheme Creditors’ claims, minus (i) the aggregate Option 1 Cash and Securities, (ii) the New Long Term notes, and (iii) the New Loan, the details of which are set out in the Amended and Restated RSA Term Sheet
“New Notes”	the New Medium Term Notes and the New Long Term Notes
“Option 1 Cash and Securities”	Option 1 of the Scheme Consideration as set out in the Amended and Restated RSA and Amended and Restated RSA Term Sheet, being a fixed combination of cash, Powerlong CM Shares and Mandatory Convertible Bonds
“Option 1 Maximum Amount”	the maximum aggregate principal amount of Option 1 Cash and Securities allocated to all Scheme Creditors of not more than US\$715,675,166
“Participating Creditor”	the Initial Participating Creditors to the Amendment Agreement as at the date of the Amendment Agreement or Additional Participating Creditors, but excludes any Participating Creditors that have exercised its right to terminate the Amended and Restated RSA in accordance with its terms
“Participating Debt”	at any time, with respect to a Participating Creditor, the aggregate principal amount of the In-Scope Debt set out in the relevant Participating Debt Notice then most recently delivered by that Participating Creditor, as modified from time to time by any transfer notices (as applicable) delivered by the Participating Creditors to the information agent in accordance with the terms of the Amended and Restated RSA

DEFINITIONS

“Participating Debt Notice”	a notice setting out the details of the Participating Debt substantially in the form set out in the Amended and Restated RSA
“Powerlong CM”	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)
“Powerlong CM Shares”	the ordinary shares in the issued share capital of Powerlong CM
“PRC”	the People’s Republic of China
“Record Time”	the time designated by the Company for the determination of claims of Scheme Creditors for the purposes of voting at the Scheme Meeting(s)
“Regulation S”	Regulation S under the Securities Act
“Restructuring”	the restructuring of the In-Scope Debt, to be conducted materially in the manner envisaged by, and materially on the terms set out in, the Amended and Restated RSA Term Sheet and to be implemented by way of the Restructuring Documents
“Restructuring Documents”	all documents, agreements and instruments necessary to implement the Restructuring in accordance with the Amended and Restated RSA and the Amended and Restated RSA Term Sheet
“Restructuring Effective Date”	the day on which all outstanding In-Scope Debt will be cancelled and all guarantees and securities granted in connection with the In-Scope Debt will be released and the applicable Scheme Consideration will be distributed to the Scheme Creditors, with all conditions precedent as set out in the Amended and Restated RSA Term Sheet having been either satisfied or waived (as applicable)
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“RSA”	the restructuring support agreement dated 23 February 2024 entered into by, among others, the Company and members of the AHG, as amended from time to time
“RSA Longstop Date”	28 February 2025 or such later date as may be agreed between the Company and the Majority AHG in writing
“RSA Term Sheet”	the restructuring term sheet as set out in Schedule 6 to the RSA, a copy of which was appended to the announcement of the Company dated 23 February 2024 (with sensitive annexes and schedules removed, and sensitive information redacted)
“Scheme”	the (i) the Hong Kong Scheme; and/or (ii) a scheme of arrangement, or similar process in such other jurisdiction as may be needed to implement the Restructuring, as determined at the Company’s discretion to be necessary, after having consulted with the AHG and/or the AHG’s advisor in good faith
“Scheme Consideration”	the Scheme Consideration to be distributed to the Scheme Creditors on the Restructuring Effective Date, which consists of one or a combination of following options at the Scheme Creditor’s selection as set out in the Amended and Restated RSA Term Sheet, including (i) Option 1 Cash and Securities; (ii) the New Medium Term Notes; (iii) the New Long Term Notes; and (iv) the New Loan, in exchange for the discharge and release of the relevant In-Scope Debt claims of the Scheme Creditors against the Company
“Scheme Creditor(s)”	creditor(s) of the Company whose claim(s) is (or will be) the subject of the Scheme
“Scheme Documents”	the composite documents to be circulated by the Company to the Scheme Creditors in relation to the Scheme
“Scheme Meeting(s)”	in respect of a Scheme, a meeting or meetings of each class of the Scheme Creditors convened pursuant to a convening order to vote on any Scheme (and any adjournment of such meeting(s))

DEFINITIONS

“Securities Act”	the U.S. Securities Act of 1933, as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the issued share capital of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to issue the Mandatory Convertible Bonds and the Conversion Shares upon conversion of the Mandatory Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	the same subsidiary guarantors of the In-Scope Debt and certain subsidiaries of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transfer”	the transfer of Powerlong CM Shares by the Company to the Scheme Creditors in the aggregate maximum amount of 81,551,235 Powerlong CM Shares held by Powerlong BVI Holding which forms part of the Scheme Consideration pursuant to the Amended and Restated RSA and is subject to the occurrence of and on the Restructuring Effective Date
“Trust Deed”	the trust deed governing the Mandatory Convertible Bonds
“United States”	The United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.



POWERLONG

宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

Executive Directors:

Mr. Hoi Kin Hong (Chairman)
Mr. Hoi Wa Fong (Chief Executive Officer)
Mr. Xiao Qing Ping
Ms. Shih Sze Ni Cecilia
Mr. Zhang Hong Feng

Registered Office:

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Ugland House
Grand Cayman
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Non-executive Director:

Ms. Hoi Wa Fan

Principal Place of Business in Hong Kong:

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Causeway Bay
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Independent non-executive Directors:

Mr. Ngai Wai Fung
Mr. Mei Jian Ping
Mr. Ding Zu Yu
Ms. Liu Xiao Lan

5 November 2024

To the Shareholders

Dear Sir or Madam,

**POSSIBLE TRANSACTION IN CONNECTION WITH THE
HOLISTIC SOLUTION INVOLVING, AMONG OTHERS,
ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among others, details of the Issue of Mandatory Convertible Bonds and the transactions contemplated thereunder, including the issue of the Conversion Shares under the Specific Mandate and notice of the EGM.

LETTER FROM THE BOARD

2. BACKGROUND

References are made to the announcements of the Company dated 29 November 2023, 21 December 2023, 23 February 2024, 22 March 2024, 26 March 2024, 28 April 2024, 18 July 2024, 21 August 2024 and 30 September 2024 in relation to, among others, the Holistic Solution, the Scheme and the Amended and Restated RSA.

As set out in those announcements of the Company, the Company proposed to implement the Holistic Solution through the Scheme which would be effected pursuant to the laws of Hong Kong to compromise the In-Scope Debt. The Scheme involves, as part of the Scheme Consideration and in exchange for the discharge and release of the relevant In-Scope Debt claims by the Scheme Creditors against the Company, the Transfer, the Issue of Mandatory Convertible Bonds, the Issue of New Notes and the Issue of New Loan to the Scheme Creditors on the Restructuring Effective Date, subject to the Scheme Creditors' election.

On 4 October 2024, the Company and the AHG, entered into the Amended and Restated RSA and Amended and Restated RSA Term Sheet to amend the RSA. As at the Latest Practicable Date, the Participating Creditors holding approximately 89% of the aggregate outstanding principal amount of the In-scope Debt have acceded to the Amended and Restated RSA. By such accession, the Participating Creditors have undertaken to take all such actions as are necessary to, among other things, vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all the In-Scope Debt held by them at the Record Time at the Scheme Meeting(s).

The Scheme Meetings are currently planned to be held in November 2024. A formal notice of the Scheme Meetings containing further details will be issued by the Company at least 21 days before the Scheme Meetings.

Pursuant to the Amended and Restated RSA and Amended and Restated RSA Term Sheet, the Scheme Consideration consists of one or a combination of different options at the Scheme Creditor's selection, and includes Option 1 Cash and Securities, being a fixed combination of cash, Powerlong CM Shares and Mandatory Convertible Bonds in an aggregate amount equal to any portion or all of such Scheme Creditor's claims. The maximum aggregate principal amount of Option 1 Cash and Securities shall not exceed US\$715,675,166.

The Issue of Mandatory Convertible Bonds is subject to Shareholders' approval under the Listing Rules. This circular sets out further details on the key terms of the Mandatory Convertible Bonds in connection with the Restructuring.

LETTER FROM THE BOARD

The Restructuring is conditional upon, *inter alia*, the following conditions being satisfied, or waived in accordance with the Amended and Restated RSA, prior to or on the Restructuring Effective Date:

- (a) the obtaining of all relevant regulatory approvals or other consents as are necessary for the Restructuring to take effect;
- (b) the obtaining of the relevant court sanction order(s) in respect of the Scheme and the Scheme becoming effective in accordance with its terms;
- (c) the settlement in full of such portion of the Consent Fee on or prior to the Restructuring Effective Date;
- (d) the settlement in full of such portion of professional fees associated with the Restructuring that the Company is obligated to pay on or prior to the Restructuring Effective Date (including such portion of legal fees and expenses of the legal advisers to the AHG);
- (e) each Major Restructuring Document being in an agreed form;
- (f) compliance by the Company with the terms of the Amended and Restated RSA Term Sheet in all material aspects;
- (g) the establishment of the designated account for the purposes of the Cash Sweep;
- (h) the maintenance of listing of the Powerlong CM Shares and the Shares on the Stock Exchange;
- (i) the Company announcing the expected Restructuring Effective Date; and
- (j) the satisfaction of each of the other conditions precedent contained in the Scheme Documents.

The Restructuring Effective Date shall occur on the date on which all outstanding In-Scope Debt will be cancelled and all guarantees and securities granted in connection with the In-Scope Debt will be released and the Scheme Consideration will be distributed to the Scheme Creditors, with all conditions precedent having been either satisfied or waived (as applicable). The Restructuring Effective Date shall occur as soon as reasonably practicable and within ten Business Days of the conditions precedent being satisfied or waived.

LETTER FROM THE BOARD

Pursuant to the Amended and Restated RSA, the RSA Longstop Date is 28 February 2025.

As at the Latest Practicable Date, save for the conditions precedent as set out in above paragraphs (f) and (h) which had been satisfied (but subject to ongoing satisfaction prior to or on the Restructuring Effective Date), none of the other conditions had been satisfied or waived (as applicable).

3. ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Subject to the occurrence of and on the Restructuring Effective Date, the Company will issue the Mandatory Convertible Bonds in the aggregate principal amount of up to US\$558,166,990, being 95.5% of 49/60 of the Option 1 Maximum Amount, to the relevant Scheme Creditors. Assuming the maximum principal amount of the Mandatory Convertible Bonds will be converted in full at the Conversion Price of HK\$3.35 per Share, an aggregate of up to 1,301,278,863 Conversion Shares will be issued based on the fixed exchange rate of US\$1 = HK\$7.81.

The principal terms of the Mandatory Convertible Bonds are set out below:

Issuer:	The Company
Original Issue Date:	The Restructuring Effective Date
Original Principal Amount:	Up to US\$558,166,990
Interest:	Nil

LETTER FROM THE BOARD

Mandatory Conversion: The Mandatory Convertible Bonds shall be mandatorily converted into Shares by instalments in accordance with the following schedule on a pro rata basis with respect to each holder of the Mandatory Convertible Bonds, provided that, if any holder of the Mandatory Convertible Bonds has directed the exercise of any Trigger Conversion (as defined below) during the year immediately preceding the relevant Mandatory Conversion Date (as set out in the table below), the mandatory conversion amount with respect to that holder shall be reduced by an amount equal to the Trigger Conversion Amount (as defined below) of such Trigger Conversion attributable to that holder and such amount shall be reallocated to the other holders of the Mandatory Convertible Bonds on a pro rata basis. To the extent there are any events occurring between the date of the RSA and the date of the Restructuring Effective Date which would have triggered adjustments to the Conversion Price had they occurred after the Restructuring Effective Date, the Company shall consult with and agree with the Majority AHG on the appropriate adjustments to the Conversion Price specified below:

Mandatory Conversion Date (each, a "Mandatory Conversion Date")	Principal Amount to be Converted	Conversion Price
The date falling 3 months after the Restructuring Effective Date	6.25% of the principal amount issued on the Restructuring Effective Date	HK\$3.35
The date falling 6 months after the Restructuring Effective Date	6.25% of the principal amount issued on the Restructuring Effective Date	HK\$3.35
The date falling 9 months after the Restructuring Effective Date	6.25% of the principal amount issued on the Restructuring Effective Date	HK\$3.35
The date falling 1 year after the Restructuring Effective Date	6.25% of the principal amount issued on the Restructuring Effective Date	HK\$3.35

LETTER FROM THE BOARD

Mandatory Conversion Date (each, a “Mandatory Conversion Date”)	Principal Amount to be Converted	Conversion Price
The date falling 2 years after the Restructuring Effective Date	25% of the principal amount issued on the Restructuring Effective Date	HK\$3.35
The date falling 3 years after the Restructuring Effective Date	25% of the principal amount issued on the Restructuring Effective Date	HK\$3.35
The date falling 4 years after the Restructuring Effective Date	The remainder of the Mandatory Convertible Bonds	HK\$3.35

If any Event of Default has occurred and is continuing, all mandatory conversions shall be suspended, and the mandatory conversion of the Mandatory Convertible Bonds into Shares shall be deferred until the date on which the trustee gives notice to the Company that such Event of Default ceases to be continuing in accordance with the terms and conditions of the Trust Deed.

Trigger Conversion:

If any Trigger Event (as defined below) occurs, any holder of the Mandatory Conversion Bonds may deliver a notice in respect of up to 25% of the principal amount of the Mandatory Conversion Bonds it holds at the time of such notice (the “**Trigger Conversion Amount**”) for conversion into Shares in accordance with the terms of the Mandatory Convertible Bonds (the “**Trigger Conversion**”).

Subject to the terms of the Mandatory Convertible Bonds, trigger events (each a “**Trigger Event**”) include a Cash Dividend Event or an Equity Issue Event. In this connection:

- (i) “**Cash Dividend Event**” means the declaration or recommendation of cash dividend (whether interim or final) by the Company (regardless of whether such dividend is approved by the Shareholders); and

LETTER FROM THE BOARD

- (ii) **“Equity Issue Event”** means the issue of Shares or any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares by the Company or any of its subsidiaries to any person, except the issue of Shares pursuant to (a) a qualifying employee share scheme issue; (b) any mandatory conversion of or the exercise of conversion rights by any holder of the Mandatory Convertible Bonds; (c) any options, warrants, or other right to subscribe for or purchase or otherwise acquire any Shares which either exist on the issue date of the Mandatory Convertible Bonds or forms the subject of a prior Equity Issue Event; or (d) any shares credited as fully paid to the holders of the Shares by way of capitalisation of profits or reserves or any scrip dividend.

Conversion price:

Subject to the terms and conditions of the Mandatory Convertible Bonds, the Conversion Price will be HK\$3.35 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed “Adjustment events” below.

The Conversion Price of HK\$3.35 per Share represents:

- (a) a premium of approximately 378.57% over the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on 22 February 2024, being the last trading day prior to the signing of the RSA on 23 February 2024;
- (b) a premium of approximately 520.37% over the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 27 September 2024, being the last trading day prior to the signing of the Amendment Agreement on 30 September 2024;
- (c) a premium of approximately 467.80% over the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (d) a premium of approximately 458.33% over the average closing price of HK\$0.60 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date.

The Conversion Price was determined after arms' length negotiations between the Company and the AHG after taking into account, among other things, the Share price performance and the assessment of acceptability of the Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. The Conversion Price is at a premium to the closing price of HK\$0.70 and HK\$0.54 per Share as quoted on the Stock Exchange on 22 February 2024 and 27 September 2024, being the last trading day prior to the signing of the RSA on 23 February 2024 and the last trading day prior to the signing of the Amendment Agreement on 30 September 2024, respectively, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment events:

Subject to the terms of the Mandatory Convertible Bonds, the Conversion Price shall be subject to adjustment upon the occurrence of adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, sub-division, redesignation or reclassification;
- (b) in relation to any capitalization of profits or reserves:
 - (i) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves (including any share premium account);
 - (ii) an issue of Shares by way of a scrip dividend where the aggregate value of such issue exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution;

LETTER FROM THE BOARD

- (c) a capital distribution to the Shareholders;
- (d) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 85% of the current market price per Share on the date of the first public announcement of the terms of the issue or grant;
- (e) an issue of other securities to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any other securities;
- (f) an issue (otherwise than as mentioned in paragraph (d) above) of any Shares (other than Shares issued on the exercise of conversion rights attaching to the Mandatory Convertible Bonds) or issue or grant (otherwise than as mentioned in paragraph (d) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 85% of the current market price on the date of the first public announcement of the terms of such issue;
- (g) other issues of securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 85% of the current market price on the date of the first public announcement of the terms of issue of such securities;

LETTER FROM THE BOARD

- (h) modification of the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (g) above (other than in accordance with the terms of such securities), so that the consideration per Share is reduced and is less than 85% of the current market price on the date of announcement of the proposal for such modification; and
- (i) issues, sale or distribution by the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under the abovementioned events should be made, the Company will consult an independent financial advisor to opine on adjustments to the Conversion Price.

**Maximum number of
Conversion Shares to
be issued:**

Assuming the maximum principal amount of the Mandatory Convertible Bonds is converted in full at the Conversion Price of HK\$3.35 per Share, an aggregate of up to 1,301,278,863 Conversion Shares will be issued based on the fixed exchange rate of US\$1 = HK\$7.81, which represent:

- (a) approximately 31.43% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 23.91% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares.

The Conversion Shares, upon full conversion and based on the par value of HK\$0.01 per Share, have an aggregate nominal value of up to HK\$13,012,788.63.

LETTER FROM THE BOARD

Guarantee: The Mandatory Convertible Bonds shall be guaranteed by the Subsidiary Guarantors which are wholly owned subsidiaries of the Company.

Collaterals: The Mandatory Convertible Bonds shall be secured by the following collaterals (the “**Collaterals**”) on a *pari passu* basis:

- (a) first ranking security over all Powerlong CM Shares (but excluding any Powerlong CM Shares which constitute and form part of the Scheme Consideration exchanged for entitlement under Option 1 Cash and Securities) held by or attributable to the Company as of the Restructuring Effective Date;
- (b) first ranking security over the designated account (the “**Designated Account**”), being an offshore account, which shall be subject to an offshore account control agreement, with conditions and other details to be agreed between the Company and the Majority AHG;
- (c) first ranking security over 100% of the shares in Starlong (HK) 2 Limited; and
- (d) first ranking security over 100% of the shares in Starlong (HK) 5 Limited.

At any time after the Mandatory Convertible Bonds have become due and payable in accordance with the Trust Deed, the trustee shall, upon request in writing by the holders of not less than 25% in principal amount of the Mandatory Convertible Bonds then outstanding or upon the direction by an extraordinary resolution of the holders of the Mandatory Convertible Bonds, instruct the collateral agent to enforce the Collaterals in accordance with the terms of the relevant security documents and the intercreditor agreement but, in each case, it will not be bound to do so unless the trustee shall have been indemnified, prefunded and/or secured to its satisfaction.

The Designated Account will be set up for the cash sweep of certain assets disposal of the Group.

LETTER FROM THE BOARD

Starlong (HK) 2 Limited is a company incorporated in Hong Kong and is principally engaged in investment holdings. Starlong (HK) 2 Limited holds 100% of a PRC project company which is principally engaged in the development of a commercial complex in Luoyang city, Henan, the PRC. Based on the unaudited management accounts of Starlong (HK) 2 Limited, the equity value of Starlong (HK) 2 Limited was approximately RMB329,780,309.80 as at 31 December 2023.

Starlong (HK) 5 Limited is a company incorporated in Hong Kong and is principally engaged in investment holdings. Starlong (HK) 5 Limited holds 100% of a PRC project company which is principally engaged in the development of a commercial complex in Yancheng city, Jiangsu, the PRC. Based on the unaudited management accounts of Starlong (HK) 5 Limited, the equity value of Starlong (HK) 5 Limited was approximately RMB1,092,917,771.73 as at 31 December 2023.

In the event of any enforcement of the Collaterals, the Company's balance sheet and operational income from such properties will be affected. It is expected that in such event, the Company will recognize a reduction in liabilities, and the differences between the Collaterals' book value and actual value while enforcing such Collaterals will be recognized as the profit or loss arising from the Restructuring, subject to the annual audit by the Company's auditors. The financial impact is also subject to the market situation and variable factors.

LETTER FROM THE BOARD

The Collaterals will be provided by the Company for the benefit of the holders of the Mandatory Convertible Bonds, who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, were Independent Third Parties. In the event of enforcement of the Collaterals, since the Group would be bound to comply and would have no discretion to act in an opposite manner, any disposal or transfer of assets due to enforcement of the Collaterals shall not be regarded as a "transaction" for the Company under Chapter 14 of the Listing Rules. However, if the enforcement constitutes inside information of the Company, the Company will be required to comply with the applicable disclosure requirements under the Listing Rules.

Redemption events:

(a) Mandatory conversion

Subject to the terms of the Mandatory Convertible Bonds, unless previously redeemed, converted or purchased and cancelled and unless an Event of Default has occurred and is continuing as of the relevant conversion dates, each Mandatory Convertible Bond will be automatically and mandatorily converted into Shares at the Conversion Price based on the mandatory conversion schedule as set out in the paragraph headed "Mandatory Conversion" above.

(b) Optional Redemption

The Company may at its option redeem the Mandatory Convertible Bonds at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Mandatory Convertible Bonds.

LETTER FROM THE BOARD

(c) Redemption for taxation reason

Subject to the terms of the Mandatory Convertible Bonds at any time the Company may, having given not less than 15 business days' notice to the holders of the Mandatory Convertible Bonds, the trustee and the principal agent (which notice shall be irrevocable) redeem all but not some only of the Mandatory Convertible Bonds at their principal amount as at such date if (i) the Company (or if the guarantees were called, any Subsidiary Guarantor) has or will become obliged to pay additional taxation amounts as a result of any change in, or amendment to, the laws or regulations of the relevant jurisdictions, and (ii) such obligation cannot be avoided by the Company (or the relevant Subsidiary Guarantor, as the case may be) taking reasonable measures available to it.

Ranking:

The Conversion Shares, when allotted and issued to a holder, shall rank *pari passu* in all respects with the Shares in issue on the date on which such holder is registered as such in the Company's register of members.

Voting rights:

The holder(s) of the Mandatory Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company.

Transfer restrictions:

The Mandatory Convertible Bonds will be freely transferable subject to the conditions under the Trust Deed. However, the Mandatory Convertible Bonds will not be registered under the Securities Act or any securities law of any state or other jurisdiction of the United States, and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Mandatory Convertible Bonds will be offered and sold only (i) in offshore transactions outside the U.S. in reliance on Regulation S or (ii) pursuant to another exemption.

LETTER FROM THE BOARD

Listing:

Application will be made for the listing and quotation of the Mandatory Convertible Bonds on the SGX-ST or another internationally recognized stock exchange. Application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Conversion Shares.

Specific Mandate

The Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM. In the event that the Issue of Mandatory Convertible Bonds is not completed within 12 months after the date of approval of the resolution for the grant of the Specific Mandate at the EGM, the Company will take necessary actions to comply with the applicable Listing Rules, including but not limited to seeking for a new specific mandate from the Shareholders where appropriate.

The Issue of Mandatory Convertible Bonds and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM.

4. TRANSFER OF POWERLONG CM SHARES

Subject to the occurrence of the Restructuring Effective Date, Scheme Creditors who selected Option 1 Cash and Securities will receive Powerlong CM Shares held by the Company at an exchange price of HK\$12 per Powerlong CM Share as set out in the Amended and Restated RSA. Such Powerlong CM Shares so exchanged shall be restricted from sales and be initially deposited into an escrow account, which sales restriction shall be removed on 25% of such Powerlong CM Shares per year over four years. Upon removal of sales restriction, relevant Powerlong CM Shares shall be released from such escrow account and be transferred to the relevant Scheme Creditors.

The maximum number of Powerlong CM Shares to be transferred to the Scheme Creditors is 81,551,235 existing Powerlong CM Shares, representing approximately 12.7% of the total issued Powerlong CM Shares as at the Latest Practicable Date. If the number of Powerlong CM Shares elected for exchange by the Scheme Creditors exceeds such maximum number of Powerlong CM Shares, such maximum number of Powerlong CM Shares will be allocated to the electing Scheme Creditors pro rata to the Scheme Creditors' claims elected for exchange.

The exchange price of HK\$12 per Powerlong CM Share was determined after arms' length negotiations between the Company and the AHG after taking into account, among other things, the share price performance of Powerlong CM and the assessment of acceptability of the Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Powerlong BVI Holding, a company wholly-owned by the Company, held 405,000,000 Powerlong CM Shares, representing approximately 63.0% of the existing issued share capital of Powerlong CM. Assuming that the maximum number of Powerlong CM Shares under Option 1 Cash and Securities will be transferred to the Scheme Creditors, there is no other change in the Company's interest in Powerlong CM Shares and there is no change in the issued share capital of Powerlong CM, following completion of the Transfer, the Company's interest in Powerlong CM Shares will be reduced to approximately 50.3% and Powerlong CM will remain a subsidiary of the Company.

The following financial information is extracted from the 2023 annual report of Powerlong CM:

	Year Ended 31 December	
	2023	2022
	<i>in RMB'000</i>	
Revenue	2,635,746	2,549,258
(Loss)/profit before tax	611,688	613,397
(Loss)/profit after tax	452,391	439,113

The unaudited net assets of Powerlong CM as at 30 June 2024 was approximately RMB3,269.2 million.

Financial effects of the Transfer

Assuming that 81,551,235 existing Powerlong CM Shares will be transferred to the Scheme Creditors by the Company under the Transfer at the exchange price of HK\$12 per Powerlong CM Share, with reference to the net assets of Powerlong CM as at 30 June 2024, it is expected that the Group will recognise an increase in equity of approximately RMB207 million and a reduction in liabilities of approximately RMB890 million, with the difference between the two of approximately RMB683 million being recognized as a gain from the profit or loss arising from the Restructuring, subject to the annual audit by the Company's auditors.

5. INFORMATION ON THE PARTIES

Information on Powerlong CM

Powerlong CM is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 9909). Powerlong CM and its subsidiaries are a leading service provider principally engaged in commercial operational services and residential property management services in the PRC.

LETTER FROM THE BOARD

Information on Powerlong BVI Holding

Powerlong BVI Holding is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, it is wholly-owned by the Company.

Information on the Company

The Company is a real estate enterprise listed on the main board of the Stock Exchange, specializing in the development and operation of high-quality, large-scale, multi-functional commercial and residential complexes. The Group's commercial projects cover the series of "Powerlong One Mall", "Powerlong City", "Powerlong Plaza" and "Powerlong Land", while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings, hotel and apartment projects with comprehensive service support. With its diversified and multi-dimensional business scope, the Group has been improving the retail supporting facilities and thereby enhancing the quality of local cities. The Group is also engaged in the hotel operation business in the PRC.

6. REASONS FOR AND BENEFITS OF THE POSSIBLE ISSUE OF MANDATORY CONVERTIBLE BONDS IN CONNECTION WITH THE HOLISTIC SOLUTION

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

Based on the Company's interim report for the six months ended 30 June 2024 which contains the unaudited interim results of the Group for the six months ended 30 June 2024, the Group's total borrowings were approximately RMB58,441 million as at 30 June 2024. The Group's borrowings comprised bank and other borrowings of approximately RMB33,717 million, corporate bonds of approximately RMB6,410 million, commercial mortgage backed securities of approximately RMB2,139 million, assets-backed securities of approximately RMB207 million and senior notes of approximately RMB15,968 million. Out of the total borrowings, approximately RMB29,597 million was repayable within one year, while approximately RMB28,844 million was repayable after one year. Further details of the indebtedness situation of the Group as at 30 June 2024, are set out in the interim report of the Company for the six months ended 30 June 2024 and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.powerlong.com) on 26 September 2024.

As at the Latest Practicable Date, the aggregate amount of the In-Scope Debt (which includes the Existing Notes and the Existing Loan) was approximately US\$2.79 billion.

LETTER FROM THE BOARD

The selection criteria for the In-Scope Debt were to include all offshore debt of the Company which had no onshore guarantee or collateral and for which the Company was either the principal obligor or the guarantor.

The Restructuring aims to, among others, extend the maturity profile, lower the interest rates and decrease the cash portion of the interest payment expenses in short term, thus provide the Company with more time to recover from the current liquidity pressure.

With regards to debts which are not In-Scope Debt, the Company is currently in active negotiation with creditors of the out-of-scope debt. Such out-of-scope debts have been or will be amended, maturity profile extended, or are project loans fully secured by onshore assets.

Indebtedness and the Holistic Solution

Over the past year, the Company has been working diligently with its professional advisors to progress on the Holistic Solution in order to formulate a solution that respects the rights of all stakeholders and hopes to unlock the intrinsic value of the Group's businesses and assets as the domestic operating environment gradually improves. The Group and members of the AHG, together with their respective advisers, have been engaged in constructive dialogue towards a consensual restructuring of the Company's indebtedness. As a result, the Holistic Solution and the Scheme were formulated with an aim to (i) respect creditors' existing rights and treat all creditors fairly, (ii) secure a long-term sustainable capital structure and to further stabilize operations of the Group, and (iii) protect the rights and interest for the benefit of all of its stakeholders. The Holistic Solution and the Scheme have received support by the Participating Creditors. As at the Latest Practicable Date, the Participating Creditors holding approximately 89% of the aggregate outstanding principal amount of the In-Scope Debt have acceded to the Amended and Restated RSA.

The Holistic Solution will be implemented through the Scheme, the effect of which is that once the Scheme becomes effective, all the In-Scope Debt claims of the Scheme Creditors will be discharged and extinguished and the Scheme Creditors will not be allowed to make any claim against the Company in respect of their In-Scope Debt.

The purpose of the Issue of Mandatory Convertible Bonds is for the implementation of the Scheme, which offers Scheme Creditors incentives in the form of Scheme Consideration in exchange for extending the maturity profiles of the Group's debts, thereby reducing the overall debt pressure of the Group and enabling the Group to better manage its business operations. The Issue of Mandatory Convertible Bonds will also increase the capital base through the issue of new Shares and help the Company achieve a sustainable capital structure when the Mandatory Convertible Bonds are converted into the Conversion Shares pursuant to the conversion schedule. No proceeds will be received by the Group from the Issue of the Mandatory Convertible Bonds. The Scheme will alleviate the current debt pressure of the Group, provide the Group with additional time to meet its repayment obligations and improve liquidity of the Group.

LETTER FROM THE BOARD

In light of the above, the Directors consider that the terms and conditions of the Issue of Mandatory Convertible Bonds are fair and reasonable based on the current market conditions and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

7. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

8. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company:

- (a) as at the Latest Practicable Date; and
- (b) immediately upon full conversion of the Mandatory Convertible Bonds for a total principal amount of up to US\$558,166,990 at the Conversion Price of HK\$3.35 per Share, assuming that there is no other change in the issued share capital of the Company and no adjustment to the Conversion Price from the Latest Practicable Date up to the date of the full conversion of the Mandatory Convertible Bonds and based on the fixed exchange rate of US\$1 = HK\$7.81.

	(a) As at the Latest Practicable Date		(b) Immediately upon full conversion of the Mandatory Convertible Bonds at the Conversion Price of HK\$3.35 per Share based on the assumptions stated above	
	Number of Shares	Approx. %	Number of Shares	Approx. %
<i>Directors/Shareholders</i>				
Mr. Hoi Kin Hong (Note 2)	1,827,871,000	44.15	1,827,871,000	33.59
Mr. Hoi Wa Fong (Note 3)	607,059,400	14.66	607,059,400	11.16
Ms. Hoi Wa Fan (Note 4)	288,093,000	6.96	288,093,000	5.29
Wason Holdings Limited	249,523,000	6.03	249,523,000	4.59
<i>Public Shareholders (Note 5)</i>				
Holders of Mandatory Convertible Bonds	–	–	1,301,278,863	23.91
Other Shareholders	1,167,856,600	28.21	1,167,856,600	21.46
Total:	<u>4,140,403,000</u>	<u>100</u>	<u>5,441,681,863</u>	<u>100</u>

LETTER FROM THE BOARD

Notes:

1. The shareholding percentages are rounded to two decimal places. As at the Latest Practicable Date, the Company has no treasury shares.
2. Mr. Hoi Kin Hong, being a Director, has interests in 1,827,871,000 Shares within the meaning of Part XV of the SFO, of which (i) 28,465,000 Shares are beneficially held by Mr. Hoi Kin Hong, (ii) 2,800,000 Shares are beneficially held by Ms. Wong Lai Chan, the spouse of Mr. Hoi Kin Hong, and (iii) 1,796,606,000 Shares are beneficially held by Skylong Holdings Limited, which is wholly and beneficially owned by Skylong Family Limited for the purpose of a discretionary trust with TMF (Cayman) Ltd as the trustee and Mr. Hoi Kin Hong as the settlor.
3. Mr. Hoi Wa Fong, being a Director, has interests in 607,059,400 Shares within the meaning of Part XV of the SFO, of which (i) 8,988,000 Shares are beneficially held by Mr. Hoi Wa Fong, (ii) 503,400 Shares are beneficially held by Ms. Shih Sze Ni Cecilia, the spouse of Mr. Hoi Wa Fong, and (iii) 597,568,000 Shares are beneficially held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of a discretionary trust of which Mr. Hoi Wa Fong is the settlor.
4. Ms. Hoi Wa Fan, being a Director, has interests in 288,093,000 Shares within the meaning of Part XV of the SFO, of which (i) 61,470,000 Shares are beneficially held by Ms. Hoi Wa Fan, (ii) 209,444,000 Shares are beneficially held by Walong Holdings Limited and (iii) 17,179,000 Share are beneficially held Mantong (HK) Trading Co., Ltd. Walong Holdings Limited and Mantong (HK) Trading Co., Ltd are wholly and beneficially owned by Ms. Hoi Wa Fan.
5. To the best of the knowledge of the Directors having made all reasonable enquiries, these public shareholders are members of the public as defined under Rule 8.24 of the Listing Rules as at the Latest Practicable Date.

As at the Latest Practicable Date, based on the disclosure of interests filings on the Company that were publicly available on the Disclosure of Interests Online (DION) System, no Scheme Creditor had reported any notifiable interest in 5% or more of the shares of the Company under Part XV of the SFO. Based on currently available information and barring unforeseen circumstances, the Company is of the view that conversion of the Mandatory Convertible Bonds is unlikely to affect the public float of the Company and is unlikely to result in any Scheme Creditor who is a holder of the Mandatory Convertible Bonds becoming obliged to make a mandatory general offer for all the issued shares of the Company under the Takeovers Code.

9. INFORMATION ON THE IN-SCOPE DEBT UNDER THE SCHEME

The Scheme Creditors comprise the persons who hold beneficial interests as principal in, or who are the lenders under, the following In-Scope Debt as at the Record Time for the Scheme:

- (a) the New York law-governed 4.0% senior notes due July 2022 (ISIN: XS2368100033, Common Code: 236810003) (the “**July 2022 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the July 2022 Notes outstanding is US\$4,105,000;
- (b) the New York law-governed 7.125% senior notes due November 2022 (ISIN: XS2078556342, Common Code: 207855634) (the “**November 2022 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the November 2022 Notes outstanding is US\$20,652,000;

LETTER FROM THE BOARD

- (c) the New York law-governed 6.95% senior notes due July 2023 (ISIN: XS2030333384, Common Code: 203033338) (the “**July 2023 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the July 2023 Notes outstanding is US\$18,515,000;
- (d) the New York law-governed 4.0% senior notes due July 2024 (ISIN: XS2500700633, Common Code: 250070063) (the “**July 2024 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the July 2024 Notes outstanding is US\$183,220,506;
- (e) the New York law-governed 7.125% senior notes due January 2026 (ISIN: XS2500700716, Common Code: 250070071) (the “**January 2026 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the January 2026 Notes outstanding is US\$266,210,950;
- (f) the New York law-governed 6.95% senior notes due December 2025 (ISIN: XS2647488878, Common Code: 264748887) (the “**December 2025 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the December 2025 Notes outstanding is US\$389,440,450;
- (g) the New York law-governed 6.25% senior notes due August 2024 (ISIN: XS2213954766, Common Code: 221395476) (the “**August 2024 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the August 2024 Notes outstanding is US\$500,000,000;
- (h) the New York law-governed 5.95% senior notes due April 2025 (ISIN: XS2250030090, Common Code: 225003009) (the “**April 2025 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the April 2025 Notes outstanding is US\$535,000,000;
- (i) the New York law-governed 4.9% senior notes due May 2026 (ISIN: XS2341882913, Common Code: 234188291) (the “**May 2026 Notes**”) issued by the Company. As at the Latest Practicable Date, the aggregate principal amount of the May 2026 Notes outstanding is US\$200,000,000;
- (j) the New York law-governed 6.5% senior notes due August 2024; and
- (k) certain Hong Kong law-governed facilities of the Company,

provided that the Company may, at its election, include any additional debt in the Scheme, provided that it obtains the prior written consent of the Majority AHG (such consent not to be unreasonably withheld) and, to the extent that the excluded debt is held by a member of the AHG, consent shall also be required from that member of the AHG. Given the convening hearing order has been granted by the Court, as at the Latest Practicable Date, the Company currently had no intention to include any additional debt as In-Scope Debt in the Scheme.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, each of the Scheme Creditors was independent of the Company and not connected persons of the Company. No Shareholder was required to abstain from voting. The Company does not expect that any additional creditors to be included in the Scheme (if any) would be a connected person of the Company.

10. LISTING RULES IMPLICATIONS

Issue of Mandatory Convertible Bonds under Specific Mandate

The Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. The Issue of Mandatory Convertible Bonds and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the Conversion Shares upon conversion of the Mandatory Convertible Bonds is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Conversion Shares.

The Transfer

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

11. EGM

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use in connection with the EGM is enclosed herewith. Shareholders who intend to appoint a proxy to attend the EGM shall complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on Monday, 25 November 2024 (Hong Kong Time)) or any adjournment thereof (as the case may be). Completion and delivery of the proxy form will not preclude you from attending, speaking and voting at the EGM or at any adjournment thereof should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked. Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the EGM will be taken by poll.

For determining shareholders' eligibility to attend, speak and vote at the EGM, the register of members of the Company will be closed from Friday, 22 November 2024 to Wednesday, 27 November 2024, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend, speak and vote at the EGM,

LETTER FROM THE BOARD

unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 November 2024.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder was required to abstain from voting for the resolution to approve the Issue of Mandatory Convertible Bonds (including the grant of the Specific Mandate for the issue of the Conversion Shares upon conversion of the Mandatory Convertible Bonds) and the transactions contemplated thereunder at the EGM.

12. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

13. RECOMMENDATIONS

The Board is of the view that the terms of the Issue of Mandatory Convertible Bonds (including the grant of the Specific Mandate for the issue of the Conversion Shares upon conversion of the Mandatory Convertible Bonds) and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions for approving the Issue of Mandatory Convertible Bonds (including the grant of the Specific Mandate for the issue of the Conversion Shares upon conversion of the Mandatory Convertible Bonds) and the transactions contemplated thereunder to be proposed at the EGM.

Completion of the transactions set out in this circular is subject to the fulfilment or waiver of the conditions precedent as set out in this circular. The transactions set out in this circular may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

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

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



POWERLONG

宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Powerlong Real Estate Holdings Limited (the “**Company**”) will be held at Meeting Room 716, Powerlong Tower, No. 1399 Xinzhen Road, Minhang District, Shanghai, the PRC on Wednesday, 27 November 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as ordinary resolution of the Company.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 5 November 2024 (the “**Circular**”).

ORDINARY RESOLUTION

1. “**THAT**
 - (a) the Issue of Mandatory Convertible Bonds and the transactions contemplated thereunder including but not limited to the issue of mandatory convertible bonds of the Company for a term of 4 years which are convertible into ordinary shares of the Company pursuant to the terms of the Mandatory Convertible Bonds, details of which are set out in the Circular, be and are hereby generally and unconditionally approved, confirmed and ratified;
 - (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Issue of Mandatory Convertible Bonds and any of the transactions contemplated thereunder including but not limited to the Issue of Mandatory Convertible Bonds; and

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the Conversion Shares.”

By order of the Board
Powerlong Real Estate Holdings Limited
HOI Kin Hong
Chairman

Hong Kong, 5 November 2024

Notes:

1. All resolution(s) at the meeting will be taken by poll (except where the chairman in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.powerlong.com>) in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Monday, 25 November 2024 (Hong Kong Time)) or the adjourned meeting (as the case may be). Completion and delivery of the proxy form will not preclude you from attending, speaking and voting at the EGM or at any adjournment thereof should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.
4. For determining shareholders' eligibility to attend, speak and vote at the EGM, the register of members of the Company will be closed from Friday, 22 November 2024 to Wednesday, 27 November 2024, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend, speak and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 November 2024.
5. Please refer to the Circular for further details concerning the resolution set out in the above notice.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. As at the date of this notice, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia and Mr. Zhang Hong Feng are the executive Directors, Ms. Hoi Wa Fan is the non-executive Director, and Dr. Ngai Wai Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan are the independent non-executive Directors.