

Company Newsletter (July 2017)

Stock (10 August, 2017):

Closing Price :	3.41	HK\$
52-week High/Low :	1.87 – 3.92	HK\$
Market Cap :	13,631 million	HK\$
No. of Issued Shares :	3,997	million

Recent IR Activities:

Date	Activities	Venue
Aug 24	Interim Results Announcement	Hong Kong
Aug 24-25	Non-deal Roadshow	Hong Kong
Aug 30	Non-deal Roadshow	Singapore

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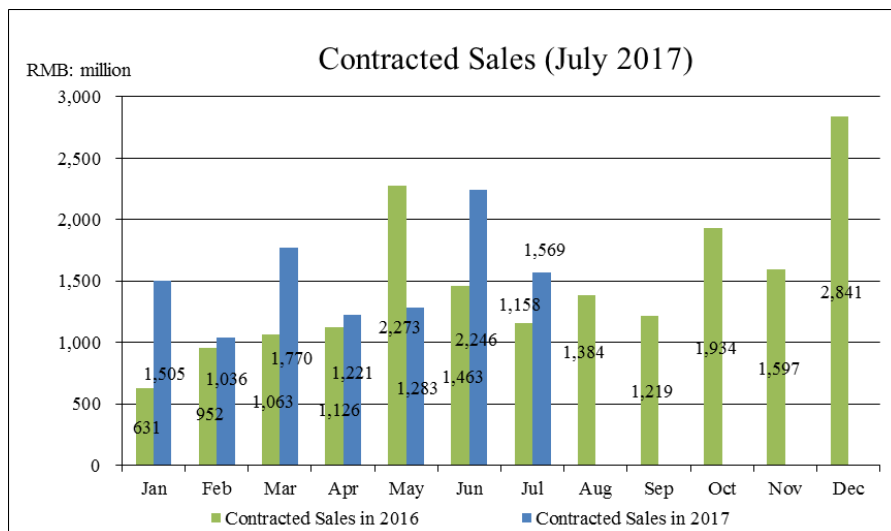
Company Website

www.powerlong.com

> Contracted Sales

In July, the Company recorded contracted sales (including contracted sales value by joint ventures and associated companies) of approximately RMB1,569 million for the GFA of approximately 113,909 sq.m. The Company achieved approximately RMB10,630 million cumulative contracted sales (including contracted sales value by joint ventures and associated companies), representing a YoY increase of 22.6%, and with the GFA of approximately 772,355 sq.m., representing a YoY increase of 0.5%.

No.	Type of Business	Contracted Sales (RMB: million)	Ratio
1	Residential	6,055	57%
2	Commercial	4,575	43%



> Company News

Grand Opening of Shanghai Wujing Powerlong Plaza

On 8 July, the Shanghai Wujing Powerlong Plaza developed by Powerlong Real Estate was opened, offering Wujing residents new and rich shopping experience.

At present, Powerlong Real Estate had opened 32 commercial complexes with a total operating area of 3.5 million square meters, an operating team of over 5,000 people, over 3,000 co-brands and over 1,000 strategic partners. Shanghai Wujing Powerlong Plaza, as the 33th commercial complex operated by Powerlong Real Estate in China, is an important masterpiece under Powerlong Real Estate's strategic layout of "concentrating on the Yangtze River Delta with Shanghai as the center".

Shanghai Wujing Powerlong Plaza has a total GFA of about 90,000 square meters and a commercial area of about 40,000 square meters. As a themed shopping mall with coverage of all business types, it is located at the intersection of Jianchuan Road and Shangyi Road, Wujing Town, Minhang District, Shanghai, i.e. the main residential area of Wujing Town adjacent to Zizhu High-tech Industrial Park. The project enjoys convenient transport such as Line 5 and Line 15 (under planning) of Shanghai Metro, and surrounded by a number of top 500 enterprises. And the project is only one street away from East China Normal University and Shanghai Jiao Tong University.

After the successful opening of Wujing Powerlong Plaza, there will be more Powerlong Plaza to be opened during the year in Anhui, Chongqing, Zhejiang and other places, bringing "happy and wonderful" life experience to the local residents.



> Company News

Grand Opening of Huai'an Powerlong Land “Love Town”

On 8 July, the Huai'an Powerlong Land developed by Powerlong Real Estate was opened with the theme “Love Blossoms”.

Huai'an Powerlong Land “Love Town” is an important masterpiece under Powerlong Real Estate's strategic layout of “concentrating on the Yangtze River Delta”. At present, an area of 30,000 square meters of Phase I out of a total GFA of around 150,000 square meters is opened. Located in the core business district of Qinghe New District, Huai'an City, Jiangsu Province, the project is covered by a convenient public transport network, such as bus line 23, line 91, and line 5. The project will be developed into the first themed commercial street under Powerlong Group - “Love Town”.

The project is adjacent to the Egret Lake of the Huai River National Wetland Park, enjoying beautiful scenery. Journey to the West Museum, Changrong Theater and Huai River Cultural and Ecological Scenic Area have been completed and put into use successively near the project location.

Huai'an Powerlong Land “Love Town” has a unique positioning. It covers comprehensive business activities such as garments, wedding photography, home furnishings, dining, entertainment, education and training, and living facilities. It differs from traditional business models in a way that emphasizes the “emotions” and “experience” of customers.

> Research Report

Initial Coverage of Powerlong Real Estate by Southwest Securities: “Buy” with TP HKD5.00

On 26 July, Southwest Securities published an initiating coverage report on Powerlong Real Estate, pointing out that the Company has steadily growing performance relying on its strategy of “concentrating on the Yangtze River Delta with Shanghai as the center”. The 3-year net profit compound growth rate of Powerlong Real Estate in 2014-2016 was 34.0%, and the 5-year contracted sales compound growth rate was 28.3% in 2012-2016. The increase in the proportion of commercial sales has been beneficial for Powerlong to maintain the gross margin at a higher level. At the same time, the Company's investment properties continue to grow rapidly. The Company's GFA proportion of investment properties has increased from 17.0% in 2012 to 36.0% in 2016. Southwest Securities believes that in the silver era of real estate industry where the risk-free rate continues to decline, the attractiveness of developer-owned property portfolios is significantly increasing, especially for those with upside rent potential.



> Research Report

Initial Coverage of Powerlong Real Estate by Southwest Securities: “Buy” with TP HKD5.00 (Con’d)

Southwest Securities expects the EPS of Powerlong Real Estate to be 0.72, 0.94 and 1.23 in 2017-2019 respectively. In the next three years, the compound growth rate of net profit attributable to the parent company is expected to reach 26%, with corresponding dynamic PE ratios of 4x, 3x and 3x respectively. The NAV per share is expected to be RMB10.89. As the properties held by the Company will continue to grow and increase the valuation, Southwest Securities estimates the PE ratio of Powerlong Real Estate in 2017 to be 6x with a corresponding target price of HKD5.00 and gives the “buy” rating.

> Company Introduction

Powerlong Real Estate Holdings Limited (the “Company” and “Powerlong”) is a real estate enterprise listed on the main board of The Stock Exchange of Hong Kong Ltd., specializing in the development and operation of high-quality, large-scale, multi-functional commercial complexes. Powerlong has developed a series of urban complexes named “Powerlong City Plaza” integrating large-scale shopping centers, supermarkets, department stores, retail stores, cinemas, food plazas, quality residential properties and other leisure facilities, which have become large-scale commercial landmarks in cities where such complexes locate. Property projects are generally located in prime positions close to the city center of fast-growing, emerging cities in Shanghai Municipality, Jiangsu Province, Zhejiang Province, Fujian Province, Shandong Province, Tianjin Municipality, Henan Province, Chongqing Municipality, Anhui Province. Powerlong has been awarded for many years China Real Estate Top50 Enterprises, China Commercial Real Estate Top5 Enterprises, China Top10 Listed Real Estate Enterprises, China Top5 Commercial Project Brand Value, China Top5 Commercial Real Estate Corporate Brand Value, etc.

