

# Company Newsletter ( December 2017 )

## Stock ( 5 January, 2018):

Closing Price :	HK\$ 4.07
52-week High/Low :	HK\$ 2.23 – 4.49
Market Cap :	16,269 million HK\$
No. of Issued Shares :	3,997 million

## Recent IR Activities:

Date	Activities	Venue
Jan 9	UBS Greater China Conference	Shanghai

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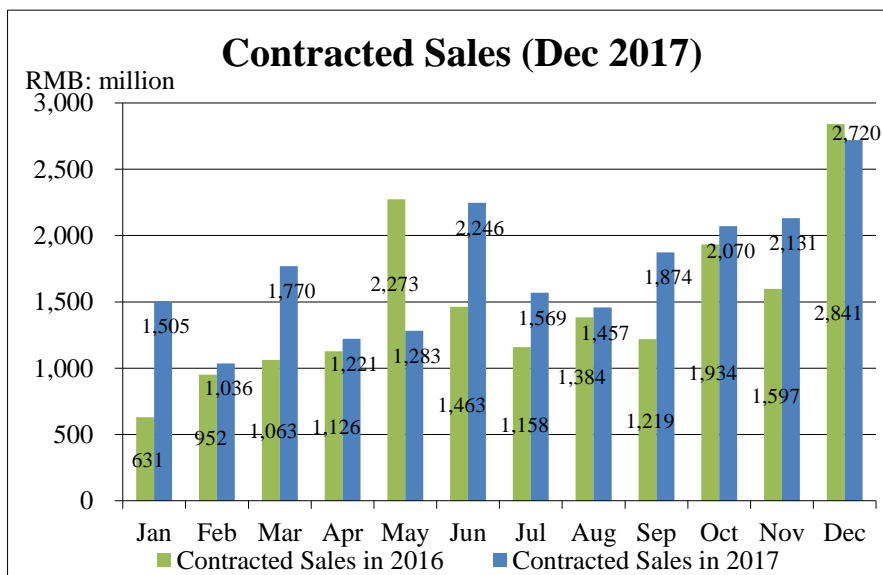
### Company Website

www.powerlong.com

## > Contracted Sales

In December, the Company recorded contracted sales (including contracted sales value by joint ventures and associated companies) of approximately RMB 2,720 million for the GFA of approximately 199,274 sq.m. The Company achieved approximately RMB 20,882 million cumulative contracted sales (including contracted sales value by joint ventures and associated companies), representing a YoY increase of 18.4%, and with the GFA of approximately 1,561,962 sq.m., representing a YoY increase of 6.4%.

No.	Type of Business	Contracted Sales (RMB: million)	Ratio
1	Commercial	7,627.9	36.5%
2	Residential	13,254.0	63.5%



## > Company News

### “Together For A New Era” Powerlong Successfully Holds 2017 Strategic Cooperation Conference

On 21 December, the “2017 Strategic Cooperation Conference” of Powerlong Real Estate was successfully held at Le Meridien Shanghai, Minhang. Mr. Hoi Wa Fong, Chief Executive Officer of Powerlong Real Estate, Ms. Shih Sze Ni, Executive director of Powerlong Real Estate and Executive Director of the Commercial Group and Mr. Wang Shouqing, Deputy Chief Executive Officer of Powerlong Real Estate and General Manager of the Commercial Group were joined by approximately 500 attendees representing brand business elites and mainstream media from all over the country, gathering to witness the embarkation of a brand new journey for Powerlong Commercial.



With “Together for a New Era” as the main theme, the conference was creatively presented in the magnificent form of a musical, equipped with a large 270-degree screen and lights & shadow effects, showcasing from multiple angles Powerlong Commercial’s brand new image of seeking change and innovation on a path of transformation. At the conference, Powerlong presented the 2018 development program of the Commercial Group and officially announced the Powerlong Innovation Lab. Powerlong will join forces with all its partners to initiate a new era for Powerlong Commercial.



## > Company News

### “Together For A New Era” Powerlong Successfully Holds 2017 Strategic Cooperation Conference (Cont’d)

Currently, the commercial operation of Powerlong reflects a blend of experiential commerce and culture & art, supplemented by open streets, high-end offices, starred/art-themed hotels, boutique apartments and cultural venues, breaching the traditional commercial barriers and drastically elevating the overall experience of shopping, entertainment and culture, so as to create higher commercial value. Meanwhile, mobile internet elements have been applied throughout multiple levels including shopping and catering, and interlinked systems including cashier, parking and wifi have been thoroughly connected by way of Internet of Things “IoT”, which has gained both a quality enhancement and warm reception.

In 2017, Powerlong had 36 commercial complexes in operation with an operating area of over 3.5 million square meters, over 3,000 cooperative brands and over 1,000 strategic partners. 2018 is also set to be a year of high expectations with the upcoming launch of Xiamen Powerlong One Mall, an (ultra) high-end product of Powerlong.

Based on the business-leading Internet research and technological accumulation from the early stages and after integrating various resources, Powerlong has formally established the Innovation Lab, in order to verify new business types and new models through practice, reserve outstanding new technologies and innovations, and forge new commercial foundation for Powerlong, with the goal of enabling Powerlong to continuously uphold its leading position in the future business competition.

### Soft Opening of JUN Hotel Binjiang, Hanzhou and ARTELS+ Wujing, Shanghai

On 24 December, Powerlong Real Estate hotel group’s own brand hotel - JUN Hotel Binjiang, Hanzhou held a grand soft opening ceremony.

JUN Hotel Binjiang, Hanzhou is Powerlong’s first luxury art hotel. Its soft opening presented the full debut of the three major brands of Powerlong’s self-established art hotels, namely ARTELS+, ARTELS+ Collections and JUN Hotel.

The hotel has a gross floor area of 13,600 square meters. Inspired by galleries, its simple yet exquisite architectural design details embodying the profound culture of Hanzhou spanning thousands of years sketch a perfect background. As a crossover hotel blended with a new retail concept from its 175 art rooms (suites), it creates comfortable and enjoyable spaces outlined with streamlining designs with its selected tasteful decor and a variety of textures, such as marble, wood and metal.



## > Company News

### Soft Opening of JUN Hotel Binjiang, Hanzhou and ARTELS+ Wujing, Shanghai (Cont'd)

Well-selected artworks and their derivative products, as well as the featured fashions keeping pace with the latest Paris Fashion Week, can be found all over the hotel, making a unique crossover between art and fashion to create a space for genuine experiential consumption.



#### ARTELS+ Wujing, Shanghai

On the same date, Powerlong Real Estate's another own brand hotel - ARTELS+ Wujing, Shanghai also held a soft opening ceremony.

ARTELS+ Wujing, Shanghai belongs to one of the Powerlong's major three brands of art hotel – “ARTELS+” hotel brand. With a gross floor area of 11,400 square meters, the hotel has 210 modernist art rooms decorated with exquisite carpets, cushions, sofas, paintings, handcraft tableware and other artworks and derivative products, manifesting the artistic conception of “art in hotel, hotel in art”.

Locating in Shanghai Zizhu High-tech Industrial Park in Wujing, Minhang District, Shanghai, on the southeast end of Shanghai Wujing Powerlong Plaza and to the north of East China Normal University and Wujing campus of Shanghai Jiao Tong University, the hotel enjoys a superior geographical location.



## > Company News

### **Glory of the City – Successful Groundbreaking Ceremony of Nanjing Gaochun Powerlong Plaza**

On 23 December, a grand groundbreaking ceremony for the construction of Gaochun Powerlong Plaza, the first project of Powerlong Real Estate in Nanjing was held. The ceremony was attended by leaders of Gaochun District and the decision makers of Powerlong Real Estate.

During the groundbreaking ceremony, leaders of different ranks expressed their sincere wishes for the success of Gaochun Powerlong Plaza. In his speech, Mr. Zhang Xiaoping, a member of the standing committee of the district committee of the CPC and the Executive Deputy District Mayor in Gaochun, expressed his high expectations for the development of Powerlong Real Estate's first project in Nanjing.

As Nanjing's backyard and its gateway to the south, Gaochun District is one of the four sub-cities of Nanjing. A space structure of "1 new city - 6 new towns - 3 areas" is currently formed in Gaochun District. The project is located in Chengbei New City, the developmental axis of the city, which enjoys convenient transportation and harbors ancient cultures as well as supreme natural resources. Chengbei New City is the key construction region of Gaochun District with promising development prospects and enormous growth potential.

Nanjing Gaochun Powerlong Plaza is an urban flagship complex with an area of 260,000 square meters, integrating high-end residential housing, commercial streets, commercial complexes (MALL), hotels, and service apartments. Leveraging the advantage of having access to resources through its global platform, together with the positioning of the region's development, Powerlong is creating a brand new commercial experience through a railway-linked complex with "double-ground-floor". The integrated space and scenery blends the historical context of Gaochun into the leisure functions of a modern city, enhancing the appeal of the urban cultural brand.

### **Hoi Wa Fong, Chief Executive Officer of Powerlong Real Estate, being Awarded "Global Chinese Real Estate Influential Persons 2018"**

On 19 December, the "Global Chinese Real Estate Summit 2018 (2018金鳳凰全球華人地產峰會)", hosted by ifeng.com and organized by house.ifeng.com (鳳凰房產), opened at Conrad Beijing. At the real estate summit, Mr. Hoi Wa Fong, Chief Executive Officer of Powerlong Real Estate, was awarded the "Global Chinese Real Estate Influential Persons 2018 (2018金鳳凰全球華人地產影響力人物)".



## > Company News

### **Hoi Wa Fong, Chief Executive Officer of Powerlong Real Estate, being Awarded “Global Chinese Real Estate Influential Persons 2018” (Cont’d)**

The winners of the awards were jointly elected by ifeng.com and house.ifeng.com in conjunction with multiple information agents, authoritative media and netizens both at home and abroad, after multilevel and comprehensive evaluation and consideration in respect of various factors such as contribution to the industry development, leadership for corporate development and the driving force behind real estate development.

Powerlong Real Estate is a flagship and model enterprise in China’s commercial real estate industry. Under the leadership of Chief Executive Officer, Mr. Hoi Wa Fong, the company has grown into a commercial real estate giant with nationwide influence after years of strategic positioning, product upgrading and diversified transformation, and its own differentiated characteristics.

“In the future,” said Hoi Wa Fong, “Powerlong will integrate the superior resources of various industries, polish and refine each industry and continue to perfect the intercommunication among various industries, so as to bring more high-quality products and space into the market.”

## > Research Report

### **Guotai Junan Initiates Coverage on Powerlong with “Overweight” Rating: Both Development and Leasing Drive Stable Growth**

On December 12, Guotai Junan initiated coverage on Powerlong with an “overweight” rating with a target price of HK\$4.51. Guotai Junan forecasts that the EPS of the Company for 2017-18 will be RMB0.49 and RMB0.63 respectively, up by 19.5% and 28.6% year on year. Currently, the NAV of the Company is HK\$9.03, representing a discount of 61% to the trading price. As the Company has a sufficient land bank acquired at lower costs, Guotai Junan expects the Company will maintain stable growth, and gives a target price of HK\$4.51, representing a discount of 50% to NAV and implying room for price growth of 30%.

Guotai Junan believes that the Company has gained a unique advantage on land acquisition with its commercial mode driven by both development and leasing. During the past few years, the land market has experienced “a rise in flour prices”. However, leveraging its double driver mode combining development and leasing, the Company has gradually reduced the proportion of land costs to sales. In 2017, the proportion of land premium to average selling price was 11.38% (2016: 12.41% and 2015: 13.10%). As at the end of the interim period of 2017, the Company had a land bank of 11.20 million square meters. During the first half of 2017, the total area of newly acquired land was 889,100 square meters.



## > Research Report

### Guotai Junan Initiates Coverage on Powerlong with “Overweight” Rating: Both Development and Leasing Drive Stable Growth (Cont’d)

Powerlong has maintained significant growth in sales and the revenue contribution from its self-owned properties has been increasing. The contracted sales for the first 11 months in 2017 amounted to approximately RMB18.162 billion, completing 90.8% of the annual goal. The contracted sale area was approximately 1.363 million square meters, which increased by 22.7% year on year. The average selling price rose by 14.3% as compared to the previous year. Revenue from properties in operation continued to increase. The higher proportion of self-owned properties can minimize the impact of macro-economic control and adjustment on sales to a certain extent. In the first half of 2017, rental income of the Company amounted to approximately RMB851 million, up by 38.1% year on year. Rental income has already covered 1.2 times of the interest expenses. It is expected that rental income will reach RMB1.750 billion by the end of 2017.

Powerlong adheres to its layout in Yangtze River Delta and continues to benefit from the development in Shanghai Metropolitan Area. The Company’s strategy on land acquisition strategically focuses on supporting the land pending for development for 3-5 years. The Company adheres to the development strategy of “Focus on Shanghai and Intensive Development in Yangtze River Delta”. Based on the information for the first 11 months in 2017, approximately 74.7% of the land is located in Yangtze River Delta region. 46.9% of shopping malls are located in Yangtze River Delta as well. The strategic layout is clear and will continue to benefit from the development in Shanghai metropolitan area and satellite cities in the future. The early arrival of the housing stock era and gradual launch of cheap land by the Company will be the catalyst. Guotai Junan expects the Company will be able to maintain stable growth, and initiates coverage with an “overweight” rating.

## > Awards of the Month

Date	Awards	Issued by
20 Dec	Star of Asset Management of the Year	China Real Estate Asset Management Ecology Summit
19 Dec	Highest Commercial Value Enterprise Award	China Business Network



## > 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.

