

Company Newsletter (January 2018)

Stock (9 February, 2018):

Closing Price :	HK\$ 3.61
52-week High/Low :	HK\$ 2.45 - 4.82
Market Cap :	14,430 million HK\$
No. of Issued Shares :	3,997 million

> Contracted Sales

In January, the Company recorded contracted sales (including contracted sales value by joint ventures and associated companies) of approximately RMB 2,068 million for the GFA of approximately 167,398 sq.m. , representing a YoY increase of 37.4%.

No.	Type of Business	Contracted Sales (RMB: million)	Ratio
1	Commercial	222	10.7%
2	Residential	1,846	89.3%

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Contracted Sales (Jan 2018)



> Company News

Powerlong Real Estate and Country Garden Group Formally Concluded a Strategic Cooperation Agreement

On 29 January, Powerlong Real Estate and Country Garden Group (HK.2007) signed a strategic cooperation agreement at the headquarter of Country Garden in Shunde, Guangdong. Mr. Hoi Wa Fong, CEO of Powerlong Real Estate, and Ms. Yang Huiyan, vice chairman of the board of Country Garden Group attended the signing ceremony. Mr. Huang Yaoming, vice president and general manager of Investment Development Center of Powerlong Real Estate, and Mr. Wang Shaojun, vice president and general manager of Investment Planning Center of Country Garden Group, signed the agreement on behalf of their respective Companies. Both sides would leverage on their respective advantages and proceed with an all-round cooperation.

Both Powerlong Real Estate and Country Garden are endowed with eminent land reserves and superior development resources, which form a solid ground for the concrete cooperation. Meanwhile, both parties are distinguished by their own necessary comparative advantages in the industry. Powerlong Real Estate focuses on the development and operation of commercial real estate, established itself as one of the leading city complex operators in China and one of the major participants and promoters of urbanization in China. Country Garden has intensively developed into the field of residential construction for 25 years. The Company aims to build comfortable and affordable housing, marked with a 5-star standard, for the people across the country. Country Garden was accredited "The King of Scale" and played dual roles of being promoter and implementer in the new urbanization process in China. Powerlong Real Estate and Country Garden had started cooperation on two projects in 2017, which was considered as the preliminary united front for strategic cooperation between the two parties.

Powerlong Real Estate and Country Garden, riding on their previous sound and reliable strategic agreement, dedicated to promote their respective sustainable developments. Both parties will leverage on their respective advantages derived from years of practical implementation, jointly explore new trends of industry development and promote a comprehensive strategic cooperation, while complying with the principle of "long-term cooperation, mutual complementarity and benefits, win-win collaboration ". Powerlong Real Estate with proven record on commercial property performance, and Country Garden, famed with large-scale residential development, is expected to cultivate new ideas for property industry.



> Company News

Powerlong Real Estate and Country Garden Group Formally Concluded a Strategic Cooperation Agreement(Cont'd)



Powerlong Real Estate Issues Zero Coupon Guaranteed Convertible Bonds for the First Time

On January 29, Powerlong Real Estate completed its first equity-related financing in the Hong Kong capital market by the issue of HK\$1,990 million (US\$2,500 million) zero coupon convertible bonds, which was well-received in the capital market. The subscription of the bonds, completed within half an hour with basic issue size covered, were multiple times oversubscribed. The issue further broadened the Company's financial channels at lower costs.

The zero coupon convertible bonds issued by Powerlong Real Estate are convertible at the conversion price of HK\$5.4463 per share, representing a premium of 23.50% to the closing price of HK\$4.41 per share. The net proceeds amount to HK\$1,964 million and will be used for refinancing of existing debt and general working capital.



> Company News

Powerlong Real Estate Issues Zero Coupon Guaranteed Convertible Bonds for the First Time(Cont'd)

The 363-day convertible bond issued by Powerlong Real Estate is amongst one of those by issuer of credit rating “B” that substantiates the highest premium and lowest yield in the most recent Hong Kong capital market. The bond was multiple times oversubscribed and has attracted more than 50 institutional investors, successfully issued an aggregate principal amount of HK\$1,990 million (US\$250 million), distinctively higher than the basic issue size. A number of internationally renowned long-term funds and hedge funds have committed with investment orders, which marked the capital market’s optimism on the development prospects of Powerlong Real Estate.

Powerlong Ideas Lab Opens, cooperates with JD Finance and Explores Smart Retail to Lead Consumption Upgrade

On 17 January, the grand opening of the “Ideas Lab” of Powerlong Real Estate was held at the Ideas Lab in Shanghai Qibao Powerlong City. Mr. Hoi Wa Fong, the president of Powerlong Real Estate, Mr. Naisheng Yao, the vice president of JD Finance, Bai Yu, the person in charge of technological innovation of JD Finance, Mr. Shao Zijian, the person in charge of Powerlong Ideas Lab, Mr. Hao Jingzhen, the founder of Fmeimei, Mr. Xu Jianhai, the founder of Saihu Cafe, Dong Bo, the founder of Cloudream, Mr. Zhang Hong, the founder of Hauli, Mr. Xiao Yuanming, the founder of Ingrem, industrial leaders from the commercial real estate sector, the internet sector and the artificial intelligence sector, institutional investors, incubated enterprises and the media witnessed the confidence and determination of Powerlong in boundless retailing and consumption upgrades.

“Ideas Lab” is benefited by cutting-edge internet research capability and technology know-how of Powerlong in commercial property industry in the preliminary period. The laboratory aims to implement new business patterns and models, reserving outstanding emerging technologies and new species, and forging Powerlong’s commercial cornerstone, thereby promoting innovative achievements for commercial real estate industry.



> Company News

Powerlong Ideas Lab Opens, cooperates with JD Finance and Explores Smart Retail to Lead Consumption Upgrade(Cont'd)

At the grand opening, Powerlong Ideas Lab and JD Finance, a leading internet company in China, reached an understanding on cooperation in boundless retailing. Mr. Shao Zijian, the person in charge of Powerlong Ideas Lab, and Mr. Bai Yu, the person in charge of technological innovation of JD Finance, attended the signing ceremony. At present, the principal business segments of Powerlong Ideas Lab include, among others, fresh food, personalized consumption, family education and selected retail. These new species may become new opportunities for Powerlong's offline business in the future. Ideas Lab has reached strategic cooperation agreements with several great internet players. By jointly developing the technologies such as face recognition, probe and thermogram with JD Smart Retail (京東智慧零售) to collect consumers' image from offline commercial centers and outlets, and consolidating the consumer information from JD and Tencent, Powerlong can calibrate a high degree of accuracy on tracking consumers' behaviour.



> Research Report

Citi Further Revises Target Price Upward to HK\$5.6

Sales breakthrough in '18E; Promising 30% growth vision to 20E'

On January 29, according to the latest research report released by Citi, the future growth of Powerlong Real Estate is highly visible. It is expected that Powerlong Real Estate will maintain an annual growth rate at 30% by 2020. It also has a quality land bank acquired at defensive prices and valuable investment properties. Therefore, its target price is further revised upward to HK\$5.6.

According to Citi's research report, Powerlong Real Estate's growth has high visibility backed by expected sales breakthrough in '18E (50%+yoy), lower finance costs (end-17E: 5.8%) and quality landbank at a defensive cost (esp.Shanghai: 1.7msm; 6 malls). Factoring in new lands and faster '18E sales, Citi adjusted est. and TP to HK\$5.6 (from HK\$4.97).

Citi expected Powerlong Real Estate's sales growth to accelerate to 50% in '18E (c.Rmb30-35bn) on new sales from Hangzhou, Ningbo and Haikou (Rmb3-5bn each), driven by ample resource addition in '17E (attri. Rmb10bn; 1.9msm GFA). Coupled with strong ASP growth('17: +13%yoy), Citi believe its high margin is sustainable at 33-35%+ in 's17-19E.

The IP portfolio extended its track record with 25%yoy rental income growth after opening ten new malls in 2H16-2017, bringing the IP in operations to 37 malls(2.6msm GFA) and 19 hotels by end-17. With a visible pipeline (3/7 new malls in '18/19E), Powerlong targets Rmb3bn+ rental income by 2020E (25% CAGR in '17-20E).



> Awards of the Month

Date	Awards	Issued by
15 Jan	Ingenuity Real Estate Brand (匠心地產品牌獎)	New Vision Ceremony 2018 by Focus.cn
18 Jan	Listed Company with Best Investors Relation Management in 2017 Golden Hong Kong Stocks Awards (2017年金港股最佳投資者關係管理上市公司)	Zhitong Finance
21 Jan	2017 China's Excellent Best IR Innovation Award	Road Show China

> 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.

