

IPO FACT SHEET
Powerlong Commercial Management(9909)
ISSUE STATISTICS

Offer Size:	HK\$1,125m – HK\$1,500m
Placement Tranche:	150m
Price:	HK\$7.50 – HK\$10.00
Board lot:	500
Entry fee:	HK\$5,050.39
Historical PE	30.34x – 40.45x
Net tangible assets per share:	HK\$2.41 – HK\$3.07
Market Cap (post-IPO):	HK\$4,500m – HK\$6,000m
Open:	16 Dec 2019
Close:	12.00 noon on 19 Dec 2019
Trading:	30 Dec 2019
Sponsor:	ABCI Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	972,982	29.2%
2018	1,200,398	23.3%
Profit for the year/period		
2017	78,592	24.8%
2018	133,343	69.6%

BACKGROUND

- The Group is a leading commercial operational service provider in China, as measured by GFA under management as of December 31, 2018, according to Frost & Sullivan.
- As of December 31, 2018, they had 45 retail commercial properties under management, with an aggregate GFA under management of approximately 4.5 million sq.m., excluding car parks. They were ranked fourth among all commercial operational service providers in China in terms of GFA under management, excluding car parks, as of December 31, 2018, representing a market share of 0.8%.
- They are one of the few commercial operational service providers in China possessing the expertise and capability of managing a diversified portfolio of retail commercial properties in terms of target consumer, property location and size and property type.
- They provide commercial operational services under four brands, namely “Powerlong One Mall” (寶龍一城), “Powerlong City” (寶龍城), “Powerlong Plaza” (寶龍廣場) and “Powerlong Land” (寶龍天地).
- As of June 30, 2019, they had 45 retail commercial properties under management with an aggregate GFA under management of approximately 6.4 million sq.m., and were contracted to provide commercial operational services for a total of 59 retail commercial properties with an aggregate contracted GFA of approximately 7.5 million sq.m.
- They also provide residential property management services for residential properties, office buildings and serviced apartments.
- As of June 30, 2019, they had 44 properties under management under their residential property management service segment with an aggregate GFA under management of approximately 10.6 million sq.m., and were contracted to manage 69 properties with an aggregate contracted GFA of approximately 17.1 million sq.m.
- Their Controlling Shareholder, Powerlong Holdings, is a leading large-scale and multi-functional commercial real estate developer in China. The Listing of their Company will constitute a spin-off from Powerlong Holdings.

BUSINESS STRATEGIES

- Reinforce their leading position in the Yangtze River Delta.
- Continue to replicate their success to selected properties through asset-light business model.
- Further expand their commercial operational service segment through strategic acquisitions and investments.
- Continue to deploy technology to enhance consumers’ experience and engagement and improve their operational efficiency.
- Attract, retain and motivate talent through systematic training programs and constructive career development opportunities.

COMPETITIVE STRENGTHS

- A leading commercial operational service provider in China.
- Strong retail commercial property operation and management expertise.
- New growth opportunities derived from long-term and stable business cooperation with the Remaining Powerlong Group.
- Asset-light business model enabling them to replicate their success to retail commercial properties developed or owned by Independent Third Parties.
- Integrated online ecosystem enabling them to effectively manage their business operations and enhance customer and consumer experience.
- An experienced management team and a dedicated operational team with strong execution capability.

KEY RISKS

- The success of their business is significantly related to general economic and market conditions.
- A significant portion of their revenue is from commercial operational services and residential property management services provided in relation to properties developed and/or owned by the Remaining Powerlong Group, which was also their single largest customer during the Track Record Period.
- They may not be able to assist property owners in renting out all newly developed properties and renewing existing leases.
- They may not be able to secure new or renew their existing commercial operational service contracts on favorable terms, or at all.
- Certain anchor stores or other major tenants have significant impact on their ability to attract shoppers to most of the retail commercial properties under their management.

DIVIDEND POLICY

- An annual dividend of no less than 30% of their profits available for distribution generated in each financial year beginning from the year ending December 31, 2019.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Pursue strategic acquisitions of and investments in other commercial operational service providers in order to scale up their commercial operational service business and expand their commercial operational service portfolio.	611.8	50.0%
Upgrade their information technology systems for digitization and smart operation and management, aiming to enhance consumer experience, improve the quality of services provided to tenants and improve their operational efficiency.	305.9	25.0%
Make equity investment in certain tenants and suppliers.	122.4	10.0%
For the renovation of retail commercial properties developed or owned by Independent Third Parties under the asset-light business model.	61.2	5.0%
For general business purpose and working capital.	122.4	10.0%
Total:	1,223.5	100.0%

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