

TARGET

Intelligence Report

VOLUME XXII No. 206

T H U R S D A Y

September 24, 2020

GREENTOWN MANAGEMENT HOLDINGS COMPANY LTD: IT WAS ALL BECAUSE OF COVID-19 THAT DID THE DIRTY

Exactly 49 days after trading commenced in the shares of Greentown Management Holdings Company Ltd (綠城管理控股有限公司) (Code: 9979, Main Board, The Stock Exchange of Hongkong Ltd) on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, Management of this PRC real estate company, no doubt, must have shocked many an investor and extant shareholders by the publication of its Interim Results in respect of the six months, ended June 30, 2020.

The following are some of the highlights of this announcement, published on August 27, 2020:

	For The Six Months, Ended June 30		
	2020	2019	Percentage Increase/(Decrease)
	All Figures Are Denominated In Renminbi'000 (except where otherwise stated)		
Revenue	814,824	1,035,629	(21.32)
Gross Profit	339,836	462,924	(26.59)
Net Profit	134,466	192,981	(30.32)
Net Assets (Shareholders' Funds)	1,807,924	1,681,189	7.54

Under the heading, '**MANAGEMENT DISCUSSION AND ANALYSIS**', shareholders were informed:

'In the first half of 2020, due to the impact of the epidemic (COVID-19), the Company experienced a decrease in overall revenue. However, the net profit attributable to shareholders of the Company after excluding listing expenses increased slightly compared with the same period last year, primarily due to the continued improvement in the management of the Company's projects. From the perspective of the Company's business strategy, commercial project management projects are showing counter-cyclical characteristics, and the quality of new projects have improved significantly over the same period last year. The Company continued to adjust its regional strategy and penetrate into higher-tier cities, and the average selling prices of projects have increased. The Company's push for customer optimization is generating positive effects, as reflected in the gradual increase in the area under construction for projects relating to state-owned enterprises and government clients. The Company's financial

collaboration services and industry chain acquisition businesses have also showed signs of progress compared with the same period last year...

‘The Company has three business segments: commercial project management, government project management and other services. During the Reporting Period, revenue from continuing operations was RMB814.8 million, representing a decrease of 21.3% from RMB1,035.6 million in the same period last year; the gross profit was RMB339.8 million, representing a decrease of 26.6% from RMB462.9 million in the same period last year; and the profit from continuing operations for the Period was RMB153.1 million, representing a decrease of 28.6% from RMB214.4 million in the same period last year. Due to the impact of the COVID-19 outbreak, the construction and sales progress of the Company’s project management projects was delayed by one to two months. The Company records project management revenue according to the construction progress. Therefore, the project management projects were affected by the epidemic as the construction and sales progress were delayed. As a result, the revenue, gross profit and net profit decreased compared with the same period last year. However, as the Company is an asset-light project management service provider, the effect in the delay in construction and sales would be different from traditional property developers, who are faced with reduced sales revenue, increased operating costs and cash flow pressure etc. A delay in the construction and sales progress would affect revenue of the Company for the current period, yet the record of the underlying revenue has not dissipated but postponed to the next project management cycle.’

The Global Offering Of Greentown Management Holdings Company Ltd

On Monday, June 29, 2020, Management of Greentown Management Holdings Company Ltd caused to have published and disseminated its Global Offering Prospectus in the HKSAR.

The Company Offered a total of 477,560,000, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.20 to a high of \$HK3.00.

Investors of the HKSAR were offered the opportunity to subscribe to 47,756,000 Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors’ corporate entities in which equity control was vested – were induced to put in bona fide applications for some of the 429,804,000 Offer Shares (the International Offer Shares tranche).

On Thursday, July 9, 2020, Management published an Announcement as to the Offer Price and Allotment Results.

This Announcement stated that the Offer Price Per Share had been struck at \$HK2.50 and that the Company anticipated, netting approximately \$HK1,097.30 million from the Global Offering.

About the HKSAR Offer Shares tranche, Management stated that it had received a total of 22,594 valid applications, representing a total of 534,768,000 HKSAR Offer Shares, equivalent to 11.20 times the total number of 47,756,000 Hongkong Offer Shares, initially available for subscription under this tranche.

This Offer Shares tranche was described as having been '*moderately over-subscribed*'.

With regard to the International Offer Shares tranche, Management stated that it had '*been well over-subscribed*', representing about five times the total number of Offer Shares, initially '*available under the International Offering.*'

At ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*