

**Creative Enterprise Holdings Limited**

**創毅控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3992



INTERIM  
REPORT  
2019



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. POON Kin Leung (*Chairman*)  
Mr. LEE Siu Wah Albert  
Mr. LAM Siu Hung Christopher  
Mr. WONG King Cheung  
Mr. LAI Wai Man  
Mr. WU Ka Chai

#### Independent Non-Executive Directors

Mr. WONG Chung Kin Quentin  
Mr. TANG Yiu Ming  
Mr. WONG Si Yuen

### BOARD COMMITTEES

#### Audit Committee

Mr. WONG Chung Kin Quentin (*Chairman*)  
Mr. TANG Yiu Ming  
Mr. WONG Si Yuen

#### Remuneration Committee

Mr. TANG Yiu Ming (*Chairman*)  
Mr. WONG Chung Kin Quentin  
Mr. WONG Si Yuen

#### Nomination Committee

Mr. WONG Si Yuen (*Chairman*)  
Mr. TANG Yiu Ming  
Mr. WONG Chung Kin Quentin

### COMPANY SECRETARY

Mr. LEUNG Man Fai

### AUTHORISED REPRESENTATIVES

Mr. POON Kin Leung  
Mr. LEE Siu Wah Albert

### AUDITOR

PricewaterhouseCoopers (*Certified Public Accountants*)  
22/F, Prince's Building  
Central  
Hong Kong

### LEGAL ADVISOR

#### As to Hong Kong law

Li & Partners  
22/F, World-Wide House  
Central  
Hong Kong

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units E & F, 25/F, Block 2  
Vigor Industrial Building  
49–53 Ta Chuen Ping Street  
Kwai Chung  
New Territories  
Hong Kong

## CORPORATE INFORMATION



### CAYMAN ISLANDS SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

### HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited  
DBS Bank (Hong Kong) Limited  
Bank of China (Hong Kong) Limited

### COMPLIANCE ADVISER

Zhongtai International Capital Limited  
19/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central, Hong Kong

### STOCK CODE

3992

### COMPANY'S WEBSITE

[www.cpsc.hk](http://www.cpsc.hk)





## FINANCIAL HIGHLIGHTS

The Board is pleased to present the unaudited interim results of the Group for the six months ended 30 September 2019, together with the comparative figures for the corresponding period of 2018. The interim results and condensed consolidated interim financial information have not been audited but have been reviewed by the Company's audit committee and independent auditor.

As a result of the continued increase in property management services contracts obtained throughout the period of the six months ended 30 September 2019, the Group recorded an unaudited revenue of approximately HK\$377.4 million for the six months ended 30 September 2019 (six months ended 30 September 2018: approximately HK\$352.5 million), representing an increase of approximately 7% over the six months ended 30 September 2018.

The unaudited profit of the Group for the six months ended 30 September 2019 was approximately HK\$17.1 million (six months ended 30 September 2018: approximately HK\$8.9 million), representing an increase of approximately 93%.

The basic and diluted earnings per share for the six months ended 30 September 2019 was HK\$3.42 cents (six months ended 30 September 2018: basic and diluted earnings per share of HK\$2.36 cents).

# MANAGEMENT DISCUSSION AND ANALYSIS



## BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in providing property management services and other related services in Hong Kong for both public and private properties. The Company's property management services include estate general management, tenancy management, rent and management fees collection services, security, cleaning, minor repair and maintenance, project management services, legal and administrative support services.

## BUSINESS PROSPECTS

As at 30 September 2019, the Housing Authority remains as the Group's largest customer, and the Group's existing property management portfolio comprised 15 public housing contracts, 12 public stand-alone security contracts, 2 public stand-alone cleaning contracts, 62 private property contracts, 5 private stand-alone cleaning contracts, 2 Urban Renewal Authority ("URA") stand-alone security contracts, and 2 URA stand-alone cleansing contract.

The Group foresees that the property management services market in Hong Kong, being labour-intensive and vulnerable to macro-economic conditions, is still growing and full of challenges. In order to enhance the growth of our property management business, increase our market share and to achieve our goal, the Company intends to (i) tender for additional property management services contracts, stand-alone security services contracts and stand-alone cleaning services contracts from the Hong Kong Housing Authority; (ii) expand our service for Home Ownership Scheme estates, non-residential properties and private housing estates; and (iii) grow our business through acquisition of property management company(ies) which provide property management services in the private sector in Hong Kong.

Going forward, in addition to implementing our business strategies as mentioned above, as Mainland China is regarded as a potential market by the Group, if suitable opportunity arises, we will penetrate the property management business into Mainland China by leveraging our industry expertise with an aim to facilitate the long-term growth of the business of the Group. For this purpose, we have processed the feasibility study and we will access the possibility for taking a market share in the property market of Mainland China.

## MAJOR SERVICES CONTRACTS ACQUIRED/RENEWED

In the six months ended 30 September 2019, the Group has successfully acquired 4 new private property management contracts. We have also successfully extended 23 contracts.



## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

	<b>Six months ended 30 September 2019 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Change HK\$'000	%
Revenue	<b>377,364</b>	352,525	24,839	7
Other income and gains, net	<b>130</b>	925	(795)	-86
Employee benefits expenses	<b>(304,740)</b>	(281,834)	(22,906)	8
Subcontracting costs	<b>(34,107)</b>	(33,242)	(865)	3
Other operating expenses	<b>(17,838)</b>	(18,475)	637	-3
Listing expenses	<b>—</b>	(7,126)	7,126	-100
Operating profit	<b>20,809</b>	12,773	8,036	63
Finance costs, net	<b>(244)</b>	(821)	577	-70
Profit before income tax	<b>20,565</b>	11,952	8,613	72
Income tax expense	<b>(3,483)</b>	(3,092)	(391)	13
Profit for the period	<b>17,082</b>	8,860	8,222	93

During the six months ended 30 September 2019, the Group recorded the growth in the core businesses. Revenue increased by approximately 7.0% from approximately HK\$352.5 million for the six months ended 30 September 2018 to approximately HK\$377.4 million for the six months ended 30 September 2019. Such increase was primarily due to the increase in revenue generated from the provision of property management services, stand-alone security services and stand-alone cleaning contracts.

## Revenue

	<b>Six months ended 30 September 2019 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Change HK\$'000
Property management services income	<b>295,631</b>	283,844	11,787
Security services income	<b>74,927</b>	66,480	8,447
Cleaning services income	<b>6,806</b>	—	6,806
Others	<b>—</b>	2,201	(2,201)
	<b>377,364</b>	352,525	24,839

## MANAGEMENT DISCUSSION AND ANALYSIS



### Property management services

The Group continues to increase its portfolio through securing new contracts and renewing existing contracts. For the property management services, revenue increased by approximately 4.2% from approximately HK\$283.8 million for the six months ended 30 September 2018 to approximately HK\$295.6 million for the six months ended 30 September 2019. Such increase was primarily due to (i) the increase in revenue of approximately HK\$11.5 million attributable to four new private property management services contracts obtained that commenced in the first and second half of FY2019; and (ii) the upward price adjustment on our services to some public properties under the adjustment mechanism.

### Stand-alone security services

Revenue increased by approximately 12.7% from approximately HK\$66.5 million for the six months ended 30 September 2018 to approximately HK\$74.9 million for the six months ended 30 September 2019. Such increase was primarily due to the upward price adjustment on our services to some public properties under the adjustment mechanism.

### Stand-alone cleaning services

Revenue generated from stand-alone cleaning services contracts amounted to approximately HK\$6.8 million for the six months ended 30 September 2019. The revenue generated was primarily attributable to the two new cleaning services contracts obtained from the Housing Authority and one new cleansing contract obtained from URA that commences in the first half of FY 2019.

### Other income and gains, net

Other income and gains, net decreased by approximately 85.9% from approximately HK\$0.9 million for the six months ended 30 September 2018 to approximately HK\$0.1 million for the six months ended 30 September 2019.

### Employee benefits expenses

Employee benefits expenses continue to represent one of the major expenses. Such expenses increased by approximately 8.1% from approximately HK\$281.8 million for the six months ended 30 September 2018 to approximately HK\$304.7 million for the six months ended 30 September 2019. Such increase was primarily due to (i) increased number of staff hired in 2019 to accommodate new contracts awarded and as a result of the business growth of the Group; and (ii) a general increase in the average salary of our staff.

### Subcontracting costs

Subcontracting costs increased by approximately 2.6% from approximately HK\$33.2 million for the six months ended 30 September 2018 to approximately HK\$34.1 million for the six months ended 30 September 2019. Such increase was primarily due to (i) the increase in cleaning subcontracting fee from approximately HK\$23.9 million for the six months ended 30 September 2018 to approximately HK\$24.0 million for the six months ended 30 September 2019 as a result of upward price adjustments for the subcontracting cleaning services contracts; and (ii) the increase in other subcontracting fee from approximately HK\$9.3 million for the six months ended 30 September 2019 to approximately HK\$10.1 million for the six months ended 30 September 2019.

### Other operating expenses

Other operating expenses amounted to approximately 5.2% and 4.7% of our total revenue for the six months ended 30 September 2018 and 30 September 2019 respectively. Other operating expenses mainly included insurance expenses, office supplies expenses, guarantee fee for performance bonds, entertainment and estate maintenance expenses. There are no significant change in the cost control policy of the Group and the other operating expenses remained relatively stable.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating profit and operating profit margin

As a result of the foregoing, operating profit increased by approximately 62.9% from approximately HK\$12.8 million for the six months ended 30 September 2018 to approximately HK\$20.8 million for the six months ended 30 September 2019. Despite the keen competition and rising costs, the Group successfully maintained a stable operating profit margin amounted to approximately 3.6% for the six months ended 30 September 2018 and approximately 5.5% for the six months ended 30 September 2019.

### Finance costs, net

Finance costs, net was approximately HK\$0.2 million for the six months ended 30 September 2019 and remained stable as compared with that of approximately HK\$0.8 million for the six months ended 30 September 2018.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 September 2019, there has been no change in the capital structure of the Group. The capital of the Company only comprises of ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from Shareholders. Cash and cash equivalents were cash and bank balances deducted by bank overdrafts balances. As at 30 September 2019, the Group had cash and cash equivalents of approximately HK\$96.3 million (31 March 2019: approximately HK\$97.5 million), which were comprised of cash and bank balances of approximately HK\$96.3 million (31 March 2019: approximately HK\$97.7 million) and no bank overdrafts (31 March 2019: approximately HK\$0.2 million).

Our gearing ratio, which is calculated by total borrowings divided by total equity, was approximately 7.3% and 11.0% as at 30 September 2019 and 31 March 2019 respectively. During the period of six months ended 30 September 2019, we have decreased our bank borrowings by approximately HK\$27.4 million. The gearing remained low due to our low level of bank borrowings as well as the increase in our equity contributed by our profitable operations.

The following table sets forth a summary of our cash flows for the periods indicated:

	<b>Six months ended 30 September 2019 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2018 HK\$'000 (Unaudited)
Net cash flows generated from operating activities	<b>9,147</b>	1,843
Net cash flows used in investing activities	<b>(2,672)</b>	(40)
Net cash flows used in financing activities	<b>(7,668)</b>	(18,095)
Net decrease in cash and cash equivalents	<b>(1,193)</b>	(16,292)
Cash and cash equivalents at beginning of period	<b>97,450</b>	33,808
Cash and cash equivalents at end of the period	<b>96,257</b>	17,516

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN CURRENCY RISK

The Group has no significant exposure to foreign currency risk because the Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were mainly denominated in HK dollars. During the six months ended 30 September 2019, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies. The Group has not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

### CHARGES ON ASSETS

As at 30 September 2019, certain insurance policies, property, plant and equipment, bank deposits of the Group with net book value of approximately HK\$67.4 million (31 March 2019: HK\$67.3 million) were pledged to banks to secure credit facilities granted.

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, there was no significant investment held, no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the six months ended 30 September 2019. There are no future plans for material investments or capital assets by the Group.

### CONTINGENT LIABILITY

As at 30 September 2019, the Company did not have any significant contingent liabilities.

### SIGNIFICANT LITIGATION

In HCA 2478 of 2017, Creative Property Services Consultants Limited ("Creative Property") as the plaintiff claimed against the incorporated owners of a private housing estate in Hong Kong (the "Defendant") for its failure in paying our invoices in a total sum of approximately HK\$6.0 million. It is the Defendant's case that Creative Property was in breach of its duties and counterclaims for damages.

After the exchange of evidence and witness statements, the parties attended a mediation session which ended without any agreements for settlement. The Defendant lately took out an application to adduce expert evidence in relation to the accounting records. Subject to any agreements by the parties and directions of the Court, it is expected that an expert report shall be prepared and be adduced at trial.

A Case Management Summons is fixed on 19 February 2020.

After consulting our legal counsel, our Directors are of the view that Creative Property has a strong case in claiming for the outstanding service fees in a total sum of approximately HK\$6.0 million against the Defendant. Further, after consulting our legal counsel, based on the provisions in the professional liability insurance taken out by Creative Property and the insurer's confirmation letter, our Directors are of the view that the counterclaim will be covered by the said professional liability insurance.





## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2019, the Group employed a total workforce of approximately 4,350 staff members. Apart from basic salaries, discretionary bonus and contribution to retirement benefits schemes, share options may also be granted to staff with reference to the individual's performance. Moreover, the Group also provides internal and external training to its staff to enable them to achieve self-improvement and to enhance their job related skills.

## CORPORATE GOVERNANCE/OTHER INFORMATION

## CORPORATE GOVERNANCE CODE

The Company endeavors to adopt prevailing best corporate governance practices. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had complied with all the code provisions set out in the CG Code for the six months ended 30 September 2019.

## MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions conducted by Directors. Having made specific enquiry with each Director, all Directors have confirmed their compliance with the Model Code for the six months ended 30 September 2019.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 September 2019, the following persons/entities had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO as follows:

## Long position in ordinary shares of the Company

Name of shareholder	Capacity and nature of interest	As at the date of this interim report	
		Number of Shares	Approximate percentage of shareholding in the Company
GGL (Note 1)	Beneficial owner	267,562,500	53.51%
Mr. Lee Siu Wah Albert	Interest of a controlled corporation	267,562,500	53.51%
Ms. Chiu Yuet Ying Jennifer (Note 2)	Interest of spouse	267,562,500	53.51%
Mr. Poon Kin Leung	Interest of a controlled corporation	267,562,500	53.51%
Ms. Poon Tang Hou Chi (Note 3)	Interest of spouse	267,562,500	53.51%
Mr. Wu Ka Chai	Interest of a controlled corporation	267,562,500	53.51%
Ms. Chiu Shuk Yi Lydia (Note 4)	Interest of spouse	267,562,500	53.51%
Mr. Lai Wai Man	Interest of a controlled corporation	267,562,500	53.51%
Ms. Wong Pui Yan (Note 5)	Interest of spouse	267,562,500	53.51%
Mr. Wong Wai Hung	Interest of a controlled corporation	267,562,500	53.51%
Ms. Lai Kam Ho Rose (Note 6)	Interest of spouse	267,562,500	53.51%
Mr. Ho Io Tong	Interest of a controlled corporation	267,562,500	53.51%
Ms. Cheng Shun Wa Esther (Note 7)	Interest of spouse	267,562,500	53.51%
Mr. Lam Siu Hung Christopher	Interest of a controlled corporation	267,562,500	53.51%
Ms. Kwok Kuen (Note 8)	Interest of spouse	267,562,500	53.51%



## CORPORATE GOVERNANCE/OTHER INFORMATION

Name of shareholder	Capacity and nature of interest	As at the date of this interim report	
		Number of Shares	Approximate percentage of shareholding in the Company
Mr. Tang Kin Sing	Interest of a controlled corporation	267,562,500	53.51%
Ms. Ma Wai Kwan (Note 9)	Interest of spouse	267,562,500	53.51%
Mr. Wong King Cheung	Interest of a controlled corporation	267,562,500	53.51%
Ms. Lam Siu Fong (Note 10)	Interest of spouse	267,562,500	53.51%
Mr. Poon Sing Chit	Interest of a controlled corporation	267,562,500	53.51%
Ms. Chan Miu Hung (Note 11)	Interest of spouse	267,562,500	53.51%
Ms. So Yee Nga Eva	Beneficial owner	32,812,500	6.56%

## Notes:

- The issued shares of GGL are owned as to approximately 17.17%, 16.26%, 14.02%, 11.21%, 10.51%, 7.00%, 7.00%, 6.31%, 5.61% and 4.91% by Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho lo Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit respectively. Pursuant to the Acting in Concert Confirmation, each of the said persons confirm their acting-in-concert agreement. Under the SFO, each of Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho lo Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit is taken to be interested in the Shares beneficially owned by GGL.
- Ms. Chiu Yuet Ying Jennifer is the spouse of Mr. Lee Siu Wah Albert. Under the SFO, she is taken to be interested in the Shares in which Mr. Lee Siu Wah Albert is interested.
- Ms. Poon Tang Hou Chi is the spouse of Mr. Poon Kin Leung. Under the SFO, she is taken to be interested in the Shares in which Mr. Poon Kin Leung is interested.
- Ms. Chiu Shuk Yi Lydia is the spouse of Mr. Wu Ka Chai. Under the SFO, she is taken to be interested in the Shares in which Mr. Wu Ka Chai is interested.
- Ms. Wong Pui Yan is the spouse of Mr. Lai Wai Man. Under the SFO, she is taken to be interested in the Shares in which Mr. Lai Wai Man is interested.
- Ms. Lai Kam Ho Rose is the spouse of Mr. Wong Wai Hung. Under the SFO, she is taken to be interested in the Shares in which Mr. Wong Wai Hung is interested.
- Ms. Cheng Shun Wa Esther is the spouse of Mr. Ho lo Tong. Under the SFO, she is taken to be interested in the Shares in which Mr. Ho lo Tong is interested.
- Ms. Kwok Kuen is the spouse of Mr. Lam Siu Hung Christopher. Under the SFO, she is taken to be interested in the Shares in which Mr. Lam Siu Hung Christopher is interested.
- Ms. Ma Wai Kwan is the spouse of Mr. Tang Kin Sing. Under the SFO, she is taken to be interested in the Shares in which Mr. Tang Kin Sing is interested.
- Ms. Lam Siu Fong is the spouse of Mr. Wong King Cheung. Under the SFO, she is taken to be interested in the Shares in which Mr. Wong King Cheung is interested.
- Ms. Chan Miu Hung is the spouse of Mr. Poon Sing Chit. Under the SFO, she is taken to be interested in the Shares in which Mr. Poon Sing Chit is interested.

## CORPORATE GOVERNANCE/OTHER INFORMATION

Save as disclosed above and so far as is known to the Directors, as at 30 September 2019, no other interests or short positions in the Shares or underlying Shares which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under section 336 of the SFO.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2019, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest/Capacity	As at the date of this interim report	
		Number of shares held (L) (Note 1)	Approximate percentage of shareholding
Mr. Lee Siu Wah Albert	Interest of a controlled corporation (Note 2)	267,562,500	53.51%
Mr. Poon Kin Leung	Interest of a controlled corporation (Note 2)	267,562,500	53.51%
Mr. Wu Ka Chai	Interest of a controlled corporation (Note 2)	267,562,500	53.51%
Mr. Lai Wai Man	Interest of a controlled corporation (Note 2)	267,562,500	53.51%
Mr. Lam Siu Hung Christopher	Interest of a controlled corporation (Note 2)	267,562,500	53.51%
Mr. Wong King Cheung	Interest of a controlled corporation (Note 2)	267,562,500	53.51%

Notes:

- The letter "L" denotes long position in ordinary shares of the Company.
- The Company was directly owned as to 53.51% (being 267,562,500 Shares) by GGL. The issued shares of GGL are owned as to approximately 17.17%, 16.26%, 14.02%, 11.21%, 10.51%, 7.00%, 7.00%, 6.31%, 5.61% and 4.91% by Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho lo Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit respectively. Pursuant to the Acting in Concert Confirmation, each of the said persons confirm their acting-in-concert agreement. Under the SFO, each of Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho lo Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit is taken to be interested in the Shares beneficially owned by GGL.

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



## CORPORATE GOVERNANCE/OTHER INFORMATION

## SHARE OPTION SCHEME

A share option scheme was conditionally adopted on 15 November 2018 (the "Share Option Scheme"), which became effective on the Listing Date. The Share Option Scheme is a share incentive scheme and was established to reward the contributions that the eligible participants (as defined in the Prospectus) (including but not limited to any employee, director, supplier, customer, adviser, consultant, shareholder, partner or joint-venture partner of the Group or any entity in which any member of the Group holds an equity interest) had or may have made to the Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 50,000,000 Shares) unless approved by the Shareholders and the total number of the Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being unless approved by the Shareholders. Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. A normal consideration of HK\$1 is payable on acceptance of the grant of an option. No share option has been granted under the Share Option Scheme up to 30 September 2019.

## USE OF PROCEEDS FROM LISTING

The aggregate net proceeds from the Listing (involving the issue of a total of 125,000,000 ordinary Shares at the offer price of HK\$1.0 per Share), after deducting related underwriting fees and other expenses in connection with the Listing, were approximately HK\$99.4 million.

Up to 30 September 2019, a portion of the net proceeds from the Listing had been utilised with reference to the section headed "Future Plans and Use of Proceeds" of the Prospectus as follows:

	<b>Net proceeds from the Listing HK\$ million</b>	<b>Unutilised amounts as at 31 March 2019 HK\$ million</b>	<b>Actual utilisation up to 30 September 2019 HK\$ million</b>	<b>Unutilised amounts as at 30 September 2019 HK\$ million</b>
<b>Use of net proceeds</b>				
Working capital and cash deposit to secure the performance bonds for undertaking additional contracts	71.5	61.6	12.4	59.1
Upgrade of computer system and accounting system	4.7	4.6	1.0	3.7
Acquisition of property management company in Hong Kong	18.9	18.9	—	18.9
General working capital	4.3	2.5	2.9	1.4
<b>Total</b>	<b>99.4</b>	<b>87.6</b>	<b>16.3</b>	<b>83.1</b>

The unutilised amount of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus. As at 30 September 2019, the unutilised net proceeds were deposited in short-term demand deposits with licensed banks in Hong Kong. The Directors expect to improve the overall performance of the Group through the upcoming utilisation of the net proceeds from the Listing.

## CORPORATE GOVERNANCE/OTHER INFORMATION

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend by the Company for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 September 2019 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### CHANGES TO INFORMATION IN RESPECT OF THE DIRECTORS

During the six months ended 30 September 2019, there was no change to the information required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules where applicable.

### AUDIT COMMITTEE

The unaudited condensed interim results of the Group for the six months ended 30 September 2019 have been reviewed by the audit committee of the Company (the "Audit Committee"), which consists of three independent non-executive Directors, namely Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen, with Mr. Wong Chung Kin Quentin as the chairman of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules.





  
CORPORATE GOVERNANCE/OTHER INFORMATION**REVIEW OF INTERIM RESULTS**

The independent auditor of the Company, namely, PricewaterhouseCoopers has carried out a review of the interim condensed consolidated financial information of the Group in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited condensed interim results for the six months ended 30 September 2019) of the Group. The Audit Committee considered that the interim results of the Group are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

On behalf of the Board

**Creative Enterprise Holdings Limited**

**Poon Kin Leung**

*Chairman*

Hong Kong, 26 November 2019

*As at the date of this report, the executive Directors are Mr. Poon Kin Leung, Mr. Lee Siu Wah Albert, Mr. Lam Siu Hung Christopher, Mr. Wong King Cheung, Mr. Lai Wai Man and Mr. Wu Ka Chai. The independent non-executive Directors are Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen.*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## Six months ended 30 September

	Notes	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	6	377,364	352,525
Other income and gains, net	7	130	925
Employee benefits expenses	8	(304,740)	(281,834)
Subcontracting costs		(34,107)	(33,242)
Other operating expenses		(17,838)	(18,475)
Listing expenses		—	(7,126)
<b>Operating profit</b>		<b>20,809</b>	12,773
Finance income		76	14
Finance costs		(320)	(835)
Finance costs, net	9	(244)	(821)
Profit before income tax	10	20,565	11,952
Income tax expense	11	(3,483)	(3,092)
<b>Profit for the period</b>		<b>17,082</b>	8,860
<b>Earnings per share</b>			
Basic and diluted earnings per share (expressed in HK cents)	12	3.42	2.36
<b>Other comprehensive loss:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of employee benefit obligations		—	(908)
Other comprehensive loss for the period, net of tax		—	(908)
<b>Total comprehensive income for the period</b>		<b>17,082</b>	7,952



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	<b>As at 30 September 2019 (Unaudited) HK\$'000</b>	As at 31 March 2019 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>20,357</b>	21,426
Right-of-use assets	13	<b>410</b>	—
Investment in insurance contracts	14	<b>27,111</b>	24,278
Trade and other receivables	15	<b>2,477</b>	2,373
Deferred tax assets		<b>131</b>	87
		<b>50,486</b>	48,164
<b>Current assets</b>			
Trade and other receivables	15	<b>188,682</b>	173,988
Tax recoverable		—	1,621
Pledged bank deposits	16	<b>39,159</b>	39,095
Cash and bank balances		<b>96,257</b>	97,689
		<b>324,098</b>	312,393
<b>Total assets</b>		<b>374,584</b>	360,557
<b>EQUITY</b>			
Share capital	17	<b>5,000</b>	5,000
Share premium		<b>111,783</b>	111,783
Reserves		<b>161,053</b>	143,971
<b>Total equity</b>		<b>277,836</b>	260,754
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	—	277
Lease liabilities		<b>195</b>	—
Long service payment liabilities		<b>13,231</b>	13,149
Deferred tax liabilities		<b>27</b>	—
		<b>13,453</b>	13,426

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at 30 September 2019 (Unaudited) HK\$'000</b>	As at 31 March 2019 (Audited) HK\$'000
<b>Current liabilities</b>			
Trade and other payables	18	<b>60,179</b>	57,634
Borrowings	19	<b>20,373</b>	27,778
Lease liabilities		<b>166</b>	—
Tax payable		<b>2,319</b>	441
Amounts due to related parties	20	<b>258</b>	524
		<b>83,295</b>	86,377
<b>Total liabilities</b>		<b>96,748</b>	99,803
<b>Total equity and liabilities</b>		<b>374,584</b>	360,557



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holder of the Company				Total equity HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Property Revaluation reserve HK\$'000	
<b>Balance at 1 April 2018</b>	—	100	139,061	676	139,837
Profit for the period	—	—	8,860	—	8,860
Other comprehensive income: Remeasurements of employee benefit obligations	—	—	(908)	—	(908)
Total comprehensive income	—	—	7,952	—	7,952
Transfer of property revaluation reserve on disposal of an investment property	—	—	676	(676)	—
Issuance of share capital (Note 17)	100	(100)	—	—	—
Dividend declared	—	—	(5,000)	—	(5,000)
	100	(100)	(4,324)	(676)	(5,000)
<b>Balance at 30 September 2018 (unaudited)</b>	100	—	142,689	—	142,789

	Attributable to the equity holder of the Company			
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
<b>Balance at 1 April 2019</b>	<b>5,000</b>	<b>111,783</b>	<b>143,971</b>	<b>260,754</b>
Profit for the period	—	—	<b>17,082</b>	<b>17,082</b>
<b>Balance at 30 September 2019 (unaudited)</b>	<b>5,000</b>	<b>111,783</b>	<b>161,053</b>	<b>277,836</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September

2019  
(Unaudited)  
HK\$'000

2018  
(Unaudited)  
HK\$'000

<b>Cash flows from operating activities</b>		
Net cash generated from operations	9,147	2,798
Hong Kong profits tax paid	—	(955)
<b>Net cash generated from operating activities</b>	<b>9,147</b>	<b>1,843</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(271)	(276)
Proceeds from disposal of property, plant and equipment	—	4,177
Proceeds from disposal of an investment property	—	9,000
Changes in pledged deposits	12	(9,499)
Deposit paid for insurance contracts	(2,413)	(2,582)
Acquisition of additional interests in a non-wholly owned subsidiary	—	(860)
<b>Net cash used in investing activities</b>	<b>(2,672)</b>	<b>(40)</b>
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	34,812	93,854
Repayment of bank borrowings	(41,819)	(101,878)
Repayment of finance lease liabilities	—	(238)
Repayment of lease liabilities	(75)	—
Repayment of loan from a related party	—	(1,800)
Interest paid	(320)	(835)
(Repayment to)/advance from related parties	(266)	77
Advance to related parties	—	(196)
Dividend paid	—	(5,000)
Payment for professional fee in connection with initial public offerings capitalised to equity	—	(2,079)
<b>Net cash used in financing activities</b>	<b>(7,668)</b>	<b>(18,095)</b>
Net decrease in cash and cash equivalents	(1,193)	(16,292)
<b>Cash and cash equivalents at beginning of the period</b>	<b>97,450</b>	<b>33,808</b>
<b>Cash and cash equivalents at end of the period</b>	<b>96,257</b>	<b>17,516</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Creative Enterprise Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 16 May 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively the “Group”) are principally engaged in the provision of property management and related services in Hong Kong. The ultimate holding company of the Company is Genesis Group Limited (“GGL”) which was incorporated in the British Virgin Islands.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated, and was approved for issue by the Board of Directors on 26 November 2019.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the “Interim Financial Information”) for the six months ended 30 September 2019 has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Interim Financial Information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The financial information relating to the year ended 31 March 2019 that is included in the Interim Financial Information for the six months ended 30 September 2019 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The accounting policies adopted are consistent with those set out in the Group’s annual report for the year ended 31 March 2019, except for the adoption of HKFRS 16 Leases (“HKFRS 16”) as described in Note 3 below. Other amendments to standards and new interpretation that are effective for the first time for this interim period did not have any material impact to the Group’s accounting policies.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 CHANGES IN ACCOUNTING POLICIES

The impacts of the adoption of HKFRS 16 on the Group's Interim Financial Information are detailed below and it also discloses the new accounting policies that have been applied from 1 April 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparative information for the prior reporting period, as permitted under the specific transitional provisions in the standard. Any cumulative effect of initially applying the new standard are therefore recognised on 1 April 2019.

#### (a) Impacts on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as finance leases under the principles of HKAS 17 Leases ("HKAS 17"). The Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. Accordingly, no adjustments were recognised to the opening balance of retained earnings at the date of initial application.

The Group applied the practical expedient permitted by the standard that allow the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases. Once a lease arrangement is regarded as a short-term lease as defined in the standard, a lessee may elect not to recognise a right-of-use asset and a lease liability in relation to the lease arrangement.

Since the remaining lease term of all operating leases of the Group as at 1 April 2019 are less than 12 months, the Group has elected not to recognise lease liabilities and associated right-of-use assets of these leases on adoption of HKFRS 16.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, the Group relied on its assessment made by applying HKAS 17, for contracts entered into before the transition date.

#### (b) HKFRS 16 — Accounting policies applied from 1 April 2019

The Group leases various offices, warehouses and motor vehicles. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended 31 March 2019, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset (including land use rights which are presented within property, plant and equipment as "leasehold land" in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.





## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 CHANGES IN ACCOUNTING POLICIES (Continued)

#### (b) HKFRS 16 — Accounting policies applied from 1 April 2019 (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 4 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use financial derivative to hedge its financial risk exposures.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

The Group adopts prudent liquidity risk management which includes maintaining sufficient bank balances and cash, and having available funding through an adequate amount of committed credit facilities. Cash flow forecast is performed at Group level taking into account the Group's history of refinancing, its available banking facilities and its assets backing. Corporate finance team monitors forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to operate and meet its liabilities as and when they fall due.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**4 FINANCIAL RISK MANAGEMENT (Continued)****(a) Financial risk factors (Continued)**

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2019. There have been no changes in the risk management policies since 31 March 2019.

**(b) Fair value measurements**

At 30 September 2019, the carrying amounts of Group's financial assets and liabilities approximate their fair values.

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2019.

**6 REVENUE**

Revenue represents income from (i) property management services; (ii) provision of security services and cleaning services; and (iii) window inspection services. An analysis of the Group's revenue is as follows:

	<b>Six months ended 30 September</b>	
	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
Property management services income	<b>295,631</b>	283,844
Income from the provision of security services	<b>74,927</b>	66,480
Income from the provision of cleaning services	<b>6,806</b>	—
Window inspection services	—	2,201
	<b>377,364</b>	352,525

The executive directors have been identified as the chief operating decision-makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of operating profit.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 REVENUE (Continued)

The Group is engaged in the provision of property management and related services in Hong Kong. Since the CODM considers all business is included in a single operating segment and the operation of provision of property management and related services is attributable to all of the Group's revenue, and all of the results and assets, no operating segment analysis is presented accordingly (2018: same).

The Group's revenue is derived from customers in Hong Kong. All the assets of the Group were also located in Hong Kong. Accordingly, no analysis by geographical information is provided.

All of the Group's revenue are recognised over time.

The Group has a right for consideration from customers in an amount that corresponds directly with the value to the customer of the entity's performance completed to date for all its service contracts, the entity recognised revenue in the amount to which the entity has a right to invoice or based on the stage of completion. In accordance with HKFRS 15, the transaction price allocated to these unperformed contracts related to service contracts or those contracts with remaining contract period less than one year are exempted for disclosure. As a result, the Group has made no disclosure on the transaction price allocated to these unperformed contracts.

### 7 OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss on disposal of property, plant and equipment	—	(23)
Fair value gain on an investment property	—	800
Reversal of allowance for impairment of trade and other receivables	94	—
Others	36	148
	<b>130</b>	925

### 8 EMPLOYEE BENEFITS EXPENSES

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Wages, salaries and other allowances (including directors' emoluments)	290,573	269,603
Pension costs — defined contribution plan	11,925	11,021
Accrual for unutilised annual leave	1,811	761
Provision for long service payment	431	449
	<b>304,740</b>	281,834

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION

## 9 FINANCE COSTS, NET

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Bank interest income	76	14
Interests on borrowings	(312)	(507)
Interests on finance lease liabilities	—	(27)
Interests on lease liabilities	(8)	—
Guarantee fees to shareholders (Note 20(b))	—	(301)
	(320)	(835)
	(244)	(821)

## 10 PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Employee benefits expenses	304,740	281,834
Depreciation of property, plant and equipment	847	905
Depreciation of right-of-use assets	83	—
Rental expenses	204	112
Reversal of/(allowance) for impairment of trade and other receivables	94	(7)



NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION

## 11 INCOME TAX EXPENSE

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Current income tax	3,500	3,225
Deferred income tax	(17)	(133)
	<b>3,483</b>	3,092

## 12 EARNINGS PER SHARE — BASIC AND DILUTED

	Six months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Profit for the period (HK\$'000)	17,082	8,860
Weighted average number of ordinary shares in issue (thousands)	500,000	375,000
Basic and diluted earnings per share (HK\$ cents)	3.42	2.36

After the completion of Reorganisation and Capitalisation Issue as set out in Note 17, the total number of ordinary shares in issue was 375,000,000. In determining the numbers of ordinary shares in issue for the period ended 30 September 2018, a total of 375,000,000 ordinary shares were deemed in issue since 1 April 2018.

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding throughout the six months ended 30 September 2019 (2018: Nil).

## 13 RIGHT-OF-USE ASSETS

	Motor vehicles HK\$'000	Total HK\$'000
Net book value at 1 April 2019, as previously reported	—	—
Effects of the adoption of HKFRS 16	493	493
Net book value at 1 April 2019, as restated	493	493
Depreciation charge (Note 10)	(83)	(83)
Net book value at 30 September 2019 (unaudited)	410	410

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**14 INVESTMENT IN INSURANCE CONTRACTS**

Investment in insurance contracts represent life insurance policies for key management staff (the "Insurance Policies"). The Group is the beneficiary of the Insurance Policies. As at 30 September 2019 and 31 March 2019, the Insurance Policies of approximately HK\$12,560,000 and HK\$12,297,000 were pledged to a bank to secure certain banking facilities of the Group, which include performance bonds and loan facilities granted to the Group as set out in Note 19(a) to the Interim Financial Information.

**15 TRADE AND OTHER RECEIVABLES**

	<b>30 September 2019 (Unaudited) HK\$'000</b>	31 March 2019 (Audited) HK\$'000
Non-current:		
Retention money receivables	<b>2,477</b>	2,373
Current:		
Trade and unbilled receivables	<b>181,195</b>	165,639
Less: allowance for impairment	<b>(1,274)</b>	(1,367)
Trade and unbilled receivables — net ( <i>Note</i> )	<b>179,921</b>	164,272
Reimbursement receivables	<b>4,725</b>	6,504
Less: allowance for impairment	<b>(406)</b>	(406)
Reimbursement receivables — net	<b>4,319</b>	6,098
Utilities deposits	<b>551</b>	413
Prepayments	<b>3,779</b>	3,125
Other receivables	<b>112</b>	80
Total prepayments, deposits and other receivables	<b>8,761</b>	9,716
	<b>188,682</b>	173,988
Total trade and other receivables	<b>191,159</b>	176,361

*Note:* The trade receivables are generally on credit terms ranging from 14 to 60 days.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**15 TRADE AND OTHER RECEIVABLES (Continued)**

The following is an aging analysis of trade and unbilled receivables, presented based on the invoice date at the end of the reporting period:

	<b>30 September 2019 (Unaudited) HK\$'000</b>	31 March 2019 (Audited) HK\$'000
Unbilled (Note)	<b>19,930</b>	17,371
Trade receivables:		
Less than 1 month	<b>61,944</b>	57,724
1 month and less than 3 months	<b>75,818</b>	78,203
3 months and less than 6 months	<b>14,641</b>	3,356
Over 6 months	<b>8,862</b>	8,985
	<b>161,265</b>	148,268
Total trade and unbilled receivables	<b>181,195</b>	165,639

Note: Unbilled receivables include receivables for project management fees for work performed but yet to be billed; and the project management fees to be billed for completed project management services for maintenance works under property management service contracts. Billings to customers will normally be issued when the contractors for the maintenance work submit their final billings. These balances are reviewed regularly by management. No allowance for impairment of unbilled receivables is considered necessary by the directors with reference to the historical experience in collection of these balances once billed and the financial capability of the customer.

As disclosed in the Group's consolidated financial statements for the year ended 31 March 2019, Creative Property Services Consultants Limited ("Creative Property") as the plaintiff claimed against the incorporated owners of a private housing estate in Hong Kong (the "Defendant") for its failure in paying our invoices in total sum of approximately HK\$6,026,000. It is the Defendant's case that Creative Property was in breach of its duties and counterclaims for damages.

After the exchange of evidence and witness statements, the parties attended a mediation session which ended without any agreements for settlement. The Defendant lately took out an application to adduce expert evidence in relation to the accounting records. Subject to any agreements by the parties and directions of the Court, it is expected that an expert report shall be prepared and be adduced at trial.

A Case Management Summons is fixed on 19 February 2020.

After consulting the legal counsel, the directors are of the view that Creative Property has a strong case in claiming for the outstanding services fees in a total sum of approximately HK\$6,026,000 against the Defendant. Further, after consulting the legal counsel, based on the provisions in the professional liability insurance taken out by Creative Property and the insurer's confirmation letter, the directors are of the view that the counterclaim will be covered by the said professional liability insurance.

**16 PLEDGED BANK DEPOSITS**

Pledged bank deposits represent deposits pledged to a bank to secure banking facilities of the Group, which include performance bonds and loan facilities granted to the Group as set out in Note 19(a) to the Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION

## 17 SHARE CAPITAL

	Number of Shares	Share Capital HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
At 16 May 2018 (date of incorporation) (Note a)	38,000,000	380
Increase in authorised share capital (Note c)	9,962,000,000	99,620
At 31 March 2019 and 30 September 2019	10,000,000,000	100,000
<i>Issued and fully paid:</i>		
At 16 May 2018 (date of incorporation) (Note a)	1,000,000	10
Issuance of shares pursuant to the Reorganisation (Note b)	9,000,000	90
Capitalisation Issue of shares (Note d)	365,000,000	3,650
Share issued pursuant to the share offer (Note e)	125,000,000	1,250
At 31 March 2019 and 30 September 2019	500,000,000	5,000

- (a) On 16 May 2018, the Company was incorporated in the Cayman Islands with authorised share capital of HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each. At the time of the incorporation, 1 subscriber share was allotted, issued and transferred to GGL. On the same date, the Company further allotted and issued 713,499 and 286,500 nil-paid shares to GGL and the 33 Shareholders of Creative Property based on their relative shareholdings.
- (b) On 27 September 2018, a share swap agreement was entered into among (i) Creative (International) Limited ("CIL") as purchaser; (ii) the Company; (iii) Creative Property's shareholders as vendors and (iv) GGL, pursuant to which Creative Property's shareholders agreed to transfer their entire equity interest in Creative Property to CIL in consideration of and in exchange for the Company agreeing to (i) credit as fully paid the 1,000,000 nil-paid shares in issue of the Company (note (a)); and (ii) issue 9,000,000 new shares of the Company to the Shareholders. Since then, Creative Property is an indirect wholly owned subsidiary of the Company.
- (c) Pursuant to the written resolutions passed on 15 November 2018, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by creation of an additional 9,962,000,000 shares at par value upon completion of the placing.
- (d) On 11 December 2018, a sum standing to the credit of the share premium account (being credited from the proceeds of the share offer) of the Company was capitalised and applied to paying up in full 365,000,000 shares allotted and issued to all the then existing Shareholders in proportion to their then shareholdings in the Company ("Capitalisation Issue").
- (e) In connection with the Company's listing on the Main Board on 11 December 2018, 125,000,000 shares were issued pursuant to the share offer at price of HK\$1 per share for a total consideration of HK\$125,000,000, with issuance costs amounted to approximately HK\$8,317,000 being charged to the share premium account of the Company.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION

## 18 TRADE AND OTHER PAYABLES

	<b>30 September 2019 (Unaudited) HK\$'000</b>	31 March 2019 (Audited) HK\$'000
Trade payables	<b>11,365</b>	11,487
Provision for unutilised annual leave	<b>11,214</b>	9,403
Accrued wages, salaries and pensions	<b>36,746</b>	34,829
Other accrued expenses and deposits received	<b>854</b>	1,915
Total other payables	<b>48,814</b>	46,147
	<b>60,179</b>	57,634

The ageing analysis of trade payables based on invoice date was as follows:

	<b>30 September 2019 (Unaudited) HK\$'000</b>	31 March 2019 (Audited) HK\$'000
0 to 90 days	<b>11,165</b>	11,187
91 to 180 days	<b>200</b>	300
	<b>11,365</b>	11,487

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
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## 19 BORROWINGS

	<b>30 September 2019 (Unaudited) HK\$'000</b>	31 March 2019 (Audited) HK\$'000
<b>Non-current</b>		
Finance lease liabilities (Note b)	—	277
<b>Current</b>		
Bank borrowings (Note a)	<b>20,373</b>	27,619
Finance lease liabilities (Note b)	—	159
	<b>20,373</b>	27,778
Total borrowings	<b>20,373</b>	28,055

## (a) Bank borrowings

	<b>30 September 2019 (Unaudited) HK\$'000</b>	31 March 2019 (Audited) HK\$'000
<b>Current:</b>		
Bank overdrafts	—	239
Bank loans due for repayment within one year	<b>12,388</b>	18,324
Bank loans due for repayment after one year which contain a repayment on demand clause	<b>7,985</b>	9,056
Total bank borrowings	<b>20,373</b>	27,619

The fair value of the borrowings approximates their carrying amounts, as their interest rates are considered current market rates. As at 30 September 2019 and 31 March 2019, the bank borrowings are denominated in HK\$.

As at 30 September 2019, the bank borrowings bear interest at floating rates and the effective interest rates of 2.38%–4.06% (31 March 2019: 2.31%–4.45%).

As at 30 September 2019, bank borrowings and the banking facilities of HK\$178,815,000 granted to the Group are secured by the Group's leasehold land and buildings of approximately HK\$15,671,000 (31 March 2019: HK\$15,862,000), investment in insurance contracts (Note 14), pledged bank deposits of approximately HK\$39,159,000 (31 March 2019: HK\$39,095,000) and unlimited corporate guarantee executed by the Company.

As at 31 March 2019, bank borrowings and the bank facilities granted to the Group are also secured by the unlimited personal guarantee executed by certain directors and a shareholder of the Group.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19 BORROWINGS (Continued)

#### (b) Finance lease liabilities

As at 31 March 2019, the group leased various motor vehicles with a carrying amount of HK\$493,000 under non-cancellable finance lease agreements. Finance lease liabilities were included in borrowings until 31 March 2019, but were reclassified to lease liabilities on 1 April 2019 in the process of adopting the new leasing standard. See Note 3 for further information about the changes in accounting policy for leases.

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Gross finance lease liabilities — minimum lease payments		
— No later than 1 year	—	173
— Later than 1 year and no later than 5 years	—	287
		460
Future finance charges on finance leases	—	(24)
		436
Present value of finance lease liabilities	—	436
The present value of finance lease liabilities is as follows:		
— No later than 1 year	—	159
— Later than 1 year and no later than 5 years	—	277
	—	436

### 20 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to jointly control the other party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

- (a) The directors of the Company are of the view that the following parties were related parties that had transactions or balances with the Group during the periods:

Name of the related party	Relationship with the Group
Ms. So Yee Nga, Eva ("Ms. So")	Shareholder of the Company
Mr. Lai Wai Man ("Mr. Lai")	Executive director of the Company
Mr. Ho lo Tong ("Mr. Ho")	Shareholder of immediate holding company
Mr. Lam Siu Hung, Christopher ("Mr. Lam")	Executive director of the Company
Mr. Poon Sing Chit ("Mr. Poon")	Shareholder of immediate holding company

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**20 RELATED PARTY TRANSACTIONS** (Continued)**(b) Transactions with related parties**

In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following material transaction with related parties during the periods:

	<b>Six months ended 30 September</b>	
	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
Guarantee fees to shareholders	—	301

Guarantee fees were paid to shareholders for their unlimited personal guarantee executed (Note 19(a)), and were charged based on terms mutually agreed between two parties.

**(c) Balances with related parties**

The Group had the following balances with related parties:

	<b>30 September</b> <b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 March 2019 (Audited) HK\$'000
	<b>Non-trade</b>	
Amount due to Mr. Lai	<b>132</b>	132
Amount due to Ms. So	—	275
Amount due to Mr. Poon	<b>87</b>	87
Amount due to Mr. Ho	<b>27</b>	18
Amount due to Mr. Lam	<b>12</b>	12
	<b>258</b>	524

The balances are interest-free, unsecured and payable on demand. The carrying amounts of the balances approximate their fair values and are denominated in HK\$.

**21 DIVIDENDS**

No dividend has been paid or declared by the Company for the six months ended 30 September 2019 (2018: Nil).



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

## To the Board of Directors of Creative Enterprise Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 35, which comprises the interim condensed consolidated statement of financial position of Creative Enterprise Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2019 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26 November 2019



## DEFINITIONS

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

“Acting in Concert Confirmation”	the deed of acting in concert dated 5 November 2018 executed by Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho lo Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit, in relation to their confirmation of the existence of certain acting in concert arrangements
“Board”	the board of Directors of the Company
“Company”	Creative Enterprise Holdings Limited (創毅控股有限公司), an exempted company incorporated in the Cayman Islands under the Companies Law with limited liability on 16 May 2018 and whose Shares are listed on the Stock Exchange
“Creative Property”	Creative Property Services Consultants Limited (創毅物業服務顧問有限公司), a company incorporated under the laws of Hong Kong on 1 September 2000 with limited liability and an indirect wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“FY2018”	the financial year ended 31 March 2018
“FY2019”	the financial year ended 31 March 2019
“GGL”	Genesis Group Limited, a company incorporated in the British Virgin Islands with limited liability on 3 May 2018
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing”	listing of our Shares on the Stock Exchange
“Listing Date”	11 December 2018, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Prospectus”	the prospectus issued by the Company on 29 November 2018 in connection with the Listing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited