

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
2020



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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 and
Registered Public Interest Entity Auditor*)
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISOR

As to Hong Kong law

Li & Partners
22/F, World-Wide House
19 Des Voeux Road Central
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
1 Queen's Road Central
Central, Hong Kong

DBS Bank (Hong Kong) Limited
11/F., The Center
99 Queen's Road Central
Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road, Central, Hong Kong

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





FINANCIAL HIGHLIGHTS

The Board is pleased to present the unaudited interim results of the Group for the six months ended 30 September 2020, together with the comparative figures for the corresponding period of 2019. 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 2020, the Group recorded an unaudited revenue of approximately HK\$432.0 million for the six months ended 30 September 2020 (six months ended 30 September 2019: approximately HK\$377.4 million), representing an increase of approximately 14.5% over the six months ended 30 September 2019.

The unaudited profit of the Group for the six months ended 30 September 2020 was approximately HK\$40.6 million (six months ended 30 September 2019: approximately HK\$17.1 million), representing an increase of approximately 137.4%.

The basic and diluted earnings per share for the six months ended 30 September 2020 was HK\$8.11 cents (six months ended 30 September 2019: basic and diluted earnings per share of HK\$3.42 cents).

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

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 2020, the Housing Authority (the "HKHA") remains as the Group's largest customer, and the Group's existing property management portfolio comprised 15 public housing contracts, 9 public stand-alone security contracts, 3 public stand-alone cleaning contracts, 2 secondment contracts, 65 private property contracts, 5 private stand-alone cleaning contracts, 1 Urban Renewal Authority (the "URA") stand-alone security contracts and 2 quarantine cleansing contracts from the Department of Health.

The Group foresees that the property management services market in Hong Kong, being labour-intensive and vulnerable to macro-economic conditions, is continuous 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 will continue to (i) tender for additional property management services contracts, stand-alone security services contracts and stand-alone cleaning services contracts from the HKHA; (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.

To pursue our goal for maximizing our services in the present property management market, the Group strived to expand our client base and business categories. During the period from February 2020 to the date of this interim report, the Group was successful in acquiring the cleansing services contracts at quarantine centres from the Department of Health, and the major one was at Chun Yeung Estate, with the first contract started on 13 February 2020 and the latest ended on 12 October 2020. Within the six months ended on 30 September 2020, we have also provided short cleansing services for other quarantine centres : Jao Tsung-I Academy Heritage Lodge, Chai Wan Lei Yue Mun Park and Holiday Village and JPC Permanent Activity Centre and Integrated Youth Training Camp, as well as Penny's Bay to meet the anti-epidemic need. Our latest contract at Penny's Bay started in July 2020 and is still on-going at the date of this report .

The Group takes pride in receiving commendation from the Department of Health in view of our outstanding performance in rendering the cleansing services at the sites. Not only did our effort bring about the additional profit to the Group, but more importantly, it has reinforced our image as a reputable company with quality service. The positive image would be highly beneficial in our attempt to explore further business opportunities.

MAJOR SERVICES CONTRACTS ACQUIRED/RENEWED

In the six months ended 30 September 2020, the Group has successfully acquired 1 new HKHA property management contract, 1 new public stand-alone security services contract, 1 new secondment contract, and 17 new cleansing contracts (short-term monthly contracts) at quarantine centres.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

	Six months ended 30 September 2020 HK\$'000 (Unaudited)	Six months ended 30 September 2019 HK\$'000 (Unaudited)	Change HK\$'000	%
Revenue	432,019	377,364	54,655	14.5
Other income and gains, net	16,074	130	15,944	Over 500
Employee benefits expenses	(362,360)	(304,740)	(57,620)	18.9
Subcontracting costs	(16,803)	(34,107)	17,304	(50.7)
Other operating expenses	(23,431)	(17,838)	(5,593)	31.4
Operating profit	45,499	20,809	24,690	118.7
Finance costs, net	(106)	(244)	138	(56.6)
Profit before income tax	45,393	20,565	24,828	120.7
Income tax expense	(4,832)	(3,483)	(1,349)	38.7
Profit for the period	40,561	17,082	23,479	137.4

During the six months ended 30 September 2020, the Group recorded the growth in the core businesses. Revenue increased by approximately 14.5% from approximately HK\$377.4 million for the six months ended 30 September 2019 to approximately HK\$432.0 million for the six months ended 30 September 2020. The unaudited profit of the Group for the six months ended 30 September 2020 increased by 137.4% from approximately HK\$17.1 million for the six months ended 30 September 2019 to approximately HK\$40.6 million for the six months ended 30 September 2020. Such increase was primarily attributable to the combined effect of (i) receipt of time-limited wage subsidy under the first tranche of HKSAR Government's Employment Support Scheme, which the Company has applied as a move to retain employees and maintain stability of the workforce; (ii) procurement of a number of cleansing services contracts at the quarantine facilities awarded by the Hong Kong Department of Health, to provide additional anti-epidemic cleaning services, which the Directors have accepted the task as a corporate social responsibility to serve the community in the fight against coronavirus; and (iii) organic growth of business by successfully acquiring three new property management contracts and two new secondment contracts from HKHA. The above impact was partially offset by the increase in employee benefit expenses resulting from the increase in number of staff employed and salary adjustment.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

	Six months ended 30 September 2020 HK\$'000 (Unaudited)	Six months ended 30 September 2019 HK\$'000 (Unaudited)	Change HK\$'000
Property management services income	327,622	295,631	31,991
Security services income	55,956	74,927	(18,971)
Cleaning services income	34,263	6,806	27,457
Secondment services income	14,178	—	14,178
	432,019	377,364	54,655

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 10.8% from approximately HK\$295.6 million for the six months ended 30 September 2019 to approximately HK\$327.6 million for the six months ended 30 September 2020. Such increase was primarily due to (i) the increase in revenue of approximately HK\$25.3 million attributable to acquisition of three new management contracts from HKHA, of which two commenced in the second and last quarter of FY2019, and one in the first quarter of FY2020; and (ii) the upward price adjustment on our services to some public properties under the adjustment mechanism.

Security services

Revenue generated from security services decreased by approximately 25.3% from approximately HK\$74.9 million for the six months ended 30 September 2019 to approximately HK\$56.0 million for the six months ended 30 September 2020. Such decrease was primarily due to the expiry of four HKHA stand-alone security services contracts in February 2020 and March 2020.

Cleaning services

Revenue generated from cleaning services contracts amounted to approximately HK\$34.3 million for the six months ended 30 September 2020. The increase was primarily attributable to acquisition of 17 cleaning services contracts for quarantine centres obtained from the Department of Health throughout the period.

Secondment services

Revenue generated from secondment services contracts amounted to approximately HK\$14.2 million for the six months ended 30 September 2020. The increase was primarily attributable to two new secondment contracts commenced in the last quarter of FY2019 and first quarter of FY2020, respectively.

Other income and gains, net

Other income and gains, net increased by approximately over 500% from approximately HK\$0.1 million for the six months ended 30 September 2019 to approximately HK\$16.1 million for the six months ended 30 September 2020. Such increase was primarily attributable to the time-limited wage subsidy under the first and second tranche of HKSAR Government's Employment Support Scheme, which the Company has applied as a move to retain employees and maintain stability of the workforce.



MANAGEMENT DISCUSSION AND ANALYSIS

Employee benefits expenses

Employee benefits expenses continue to represent one of the major expenses of the Group. Such expenses increased by approximately 18.9% from approximately HK\$304.7 million for the six months ended 30 September 2019 to approximately HK\$362.4 million for the six months ended 30 September 2020. Such increase was primarily due to (i) the increase in number of staff employed for the period ended 30 September 2020 to accommodate new contracts awarded and the business growth of the Group; and (ii) the general increase in the average salary of the staff.

Subcontracting costs

Subcontracting costs decreased by approximately 50.7% from approximately HK\$34.1 million for the six months ended 30 September 2019 to approximately HK\$16.8 million for the six months ended 30 September 2020. Such decrease was primarily due to the cessation of three subcontracting contracts for rendering cleansing services and security services from October 2019 which resulted in a drop of subcontracting costs by HK\$17.3 million during the six months period ended 30 September 2020.

Other operating expenses

Other operating expenses amounted to approximately 4.7% and 5.4% of our total revenue for the six months ended 30 September 2019 and 30 September 2020, respectively. Other operating expenses mainly included cleaning materials costs, insurance expenses, legal and professional fee, 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.

Operating profit and operating profit margin

Since the Company has opportunity to enhance the growth of its business by acquiring cleansing services contracts for quarantine centres during this period of epidemic outbreak, adjusted operating profit (excluding one-off government subsidy of HK\$15.6 million) has largely increased by approximately 43.8% from approximately HK\$20.8 million for the six months ended 30 September 2019 to approximately HK\$29.9 million for the six months ended 30 September 2020. The Group successfully maintained a substantial growth of adjusted operating profit margin of approximately 5.5% for the six months ended 30 September 2019 and approximately 6.9% for the six months ended 30 September 2020.

Finance costs, net

Finance costs, net was approximately HK\$0.1 million for the six months ended 30 September 2020 and remained stable as compared with that of approximately HK\$0.2 million for the six months ended 30 September 2019.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 September 2020, there has been no change in the capital structure of the Group. The capital of the Company only comprises of ordinary shares.

As at 30 September 2020, the Company's issued share capital was HK\$5,000,000 and the number of issued ordinary shares was 500,000,000 of HK\$0.01 each.

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 2020, the Group had cash and cash equivalents of approximately HK\$120.0 million (31 March 2020: approximately HK\$84.4 million), which were comprised of cash and bank balances of approximately HK\$121.2 million (31 March 2020: approximately HK\$89.7 million) and bank overdrafts of approximately HK\$1.2 million (31 March 2020: approximately HK\$5.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Our gearing ratio, which is calculated by total borrowings divided by total equity, was approximately 4.6% and 7.5% as at 30 September 2020 and 31 March 2020 respectively. During the period of six months ended 30 September 2020, we have decreased our bank borrowings by approximately HK\$6.5 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:

	Six months ended 30 September 2020 HK\$'000 (Unaudited)	Six months ended 30 September 2019 HK\$'000 (Unaudited)
Net cash flows generated from operating activities	41,342	9,223
Net cash flows used in investing activities	(2,936)	(2,748)
Net cash flows used in financing activities	(2,788)	(7,668)
Net increase/(decrease) in cash and cash equivalents	35,618	(1,193)
Cash and cash equivalents at beginning of period	84,369	97,450
Cash and cash equivalents at end of the period	119,987	96,257

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 2020, 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 2020 certain insurance policies, property, plant and equipment, bank deposits of the Group with net book value of approximately HK\$73.4 million (31 March 2020: HK\$73.3 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 2020. There are no future plans for material investments or capital assets by the Group.

CONTINGENT LIABILITIES

As at 30 September 2020, the Company did not have any significant contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT LITIGATION

On 23 November 2017, Creative Property Services Consultants Limited (“Creative Property”), an indirectly owned subsidiary of the Company, as plaintiff commenced a legal action in the High Court of Hong Kong against the incorporated owners of a private housing estate in Hong Kong (the “Defendant”) for a sum of approximately HK\$6 million in relation to the outstanding fees for management services provided by the Company during the period from 1 May 2016 to 30 November 2017. In the action, the Defendant counterclaimed for damages and an order to surrender and hand over all documents and properties of the Defendant, also an account for “all property and any sums” received by Creative Property on its behalf. Expert directions were granted on 15 May 2020 and studied by court on 15 October 2020. There is no judgement/settlement during the period since 1 April 2020. Counsel Advice has been obtained and the case is ready for a 5-day trial before a bilingual judge alone in the fixture list and documents for set down for Trial will be filed and served on or before 25 November 2020.

After consulting our legal counsel, our Directors are of the view that it is quite unlikely that there is any unfavourable outcome to Creative Property. Our Director have the strong case in claiming for the outstanding service fees in a total sum of approximately HK\$6 million against the Defendant. Furthermore, 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.

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 2020, the Group employed a total workforce of approximately 4,729 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.

OTHER MAJOR EVENTS

Outbreak of novel coronavirus

As Coronavirus Disease 2019 (the “Covid-19”) persists, the Group continued to strengthen epidemic control in the estate vicinity by deploying extra manpower; providing additional daily essential protective gears and sanitizing products for over 4,000 employees and providing disinfection/cleansing products required for the additional cleansing tasks. As Covid-19 is expected to persist for a considerably long duration, the Group has reserved an annual budget for carrying out these tasks. In a move to fund the additional cleansing manpower and material costs, to retain employees and to maintain stability of the workforce, the Group applied for the time-limited wage subsidy under the first and second tranche of HKSAR Government’s Employment Support Scheme (“ESS”).

For the six months ended 30 September 2020, the Group has procured 17 cleansing services contracts at the quarantine centres from the Hong Kong Department of Health at Chun Yeung Estate, Jao Tsung-I Academy Heritage Lodge, Chai Wan Lei Yue Mun Park and Holiday Village and JPC Permanent Activity Centre and Integrated Youth Training Camp, as well as Penny’s Bay. The Group takes pride in accepting the task as a corporate social responsibility to serve the community in the fight against the coronavirus.

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 2020.

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 2020.

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 2020, 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%



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
Ms. Kwok Kuen (Note 8)	Interest of spouse	267,562,500	53.51%
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 2020, 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 2020, 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 2020, 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 2020.

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 2020, 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:

	As at 31 March 2020		As at 30 September 2020		Expected timeline for utilising the remaining unutilised Net Proceeds
	Planned application HK\$ million	Actual utilised amount HK\$ million	Unutilised amount HK\$ million	Actual utilised amount HK\$ million	
Working capital and cash deposit to secure the performance bonds for undertaking additional contracts (Note)	71.5	36.3	35.2	70.5	1.0 On or before 31 March 2021
Upgrade of computer system and accounting system	4.7	1.3	3.4	1.4	3.3 On or before 31 March 2022
Acquisition of property management company in Hong Kong	18.9	—	18.9	—	18.9 On or before 31 March 2022
General working capital	4.3	4.1	0.2	4.3	—
Total	99.4	41.7	57.7	76.2	23.2

CORPORATE GOVERNANCE/OTHER INFORMATION



Note: Approximately HK\$34.2 million of the Net Proceeds for working capital and cash deposit to secure the performance bonds for undertaking additional contracts were utilised on the initial cost for 6 new contracts from the HKHA and 17 cleansing contracts at quarantine centres acquired during the six months ended 30 September 2020.

The unutilised amount of the net proceeds has been applied in the manner consistent with that mentioned in the Prospectus. As at 30 September 2020, the unutilised net proceeds were deposited in short-term demand deposits with licensed banks in Hong Kong. There still remained balance for upgrading of computer and accounting system. As for acquisition of property management company, the Directors are continuously looking closely into the market for a suitable target.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend by the Company for the six months ended 30 September 2020 (six months ended 30 September 2019: 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 2020.

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 2020 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.

RENEWAL OF COMPLIANCE ADVISER AGREEMENT

Zhongtai International Capital Limited has been appointed as the compliance adviser to the Company for a further term commencing from 21 September 2020 and ending on the date on which the Company publishes its financial results for the financial year ending 31 March 2021.

CHANGES TO INFORMATION IN RESPECT OF THE DIRECTORS

During the six months ended 30 September 2020, 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.



CORPORATE GOVERNANCE/OTHER INFORMATION

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

AUDIT COMMITTEE

The unaudited condensed interim results of the Group for the six months ended 30 September 2020 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.

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 2020) 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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 6 to the unaudited condensed consolidated interim financial information, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this interim report.

On behalf of the Board

Creative Enterprise Holdings Limited

Poon Kin Leung

Chairman

Hong Kong, 18 November 2020

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

	Notes	Six months ended 30 September	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	5	432,019	377,364
Other income and gains, net	6	16,074	130
Employee benefits expenses	7	(362,360)	(304,740)
Subcontracting costs		(16,803)	(34,107)
Other operating expenses	8	(23,431)	(17,838)
Operating profit		45,499	20,809
Finance income		31	76
Finance costs		(137)	(320)
Finance costs, net	9	(106)	(244)
Profit before income tax		45,393	20,565
Income tax expense	10	(4,832)	(3,483)
Profit for the period		40,561	17,082
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of employee benefit obligations		401	—
Other comprehensive income for the period, net of tax		401	—
Total comprehensive income for the period		40,962	17,082
Earnings per share			
Basic and diluted earnings per share (expressed in HK cents)	11	8.11	3.42



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		23,563	20,754
Right-of-use assets		831	1,102
Investment in insurance contracts	12	27,630	27,119
Trade and other receivables	13	2,589	3,604
Deferred tax assets		247	192
		54,860	52,771
Current assets			
Trade and other receivables	13	216,243	205,166
Pledged bank deposits	14	45,242	45,212
Cash and bank balances		121,176	89,664
		382,661	340,042
Total assets		437,521	392,813
EQUITY			
Share capital	15	5,000	5,000
Share premium		111,783	111,783
Reserves		206,710	165,748
Total equity		323,493	282,531
LIABILITIES			
Non-current liabilities			
Lease liabilities		287	543
Long service payment liabilities		19,781	20,066
Deferred tax liabilities		18	21
		20,086	20,630

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Current liabilities			
Trade and other payables	16	72,730	66,829
Borrowings	17	14,768	21,269
Lease liabilities		506	506
Tax payable		5,680	790
Amounts due to related parties	18	258	258
		93,942	89,652
Total liabilities		114,028	110,282
Total equity and liabilities		437,521	392,813



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the equity holder of the Company			
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 April 2020	5,000	111,783	165,748	282,531
Profit for the period	—	—	40,561	40,561
Other comprehensive income: Remeasurements of employee benefit obligations	—	—	401	401
Total comprehensive income	—	—	40,962	40,962
Balance at 30 September 2020 (unaudited)	5,000	111,783	206,710	323,493

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS

Six months ended 30 September

2020	2019
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Cash flows from operating activities		
Net cash generated from operations	41,311	9,147
Interest received	31	76
Net cash generated from operating activities	41,342	9,223
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,906)	(271)
Changes in pledged deposits	(30)	(64)
Deposit paid for insurance contracts	—	(2,413)
Net cash used in investing activities	(2,936)	(2,748)
Cash flows from financing activities		
Drawdown of bank borrowings	14,769	34,812
Repayment of bank borrowings	(17,164)	(41,819)
Repayment of principal portion of lease liabilities	(256)	(75)
Interest paid	(137)	(320)
Repayment to related parties	—	(266)
Net cash used in financing activities	(2,788)	(7,668)
Net increase/(decrease) in cash and cash equivalents	35,618	(1,193)
Cash and cash equivalents at beginning of the period	84,369	97,450
Cash and cash equivalents at end of the period	119,987	96,257



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 18 November 2020.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the "Interim Financial Information") for the six months ended 30 September 2020 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The accounting policies adopted are consistent with those set out in the Group's annual report for the year ended 31 March 2020. 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.

3 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.

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 2020. There have been no changes in the risk management policies since 31 March 2020.

(b) Fair value measurements

At 30 September 2020, the carrying amounts of Group's financial assets and liabilities approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**4 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 2020.

5 REVENUE

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

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Property management services income	327,622	295,631
Income from the provision of security services	55,956	74,927
Income from the provision of cleaning services	34,263	6,806
Secondment service income	14,178	—
	432,019	377,364

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.

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 (2019: 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

6 OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Subsidy income from Anti-Epidemic Fund (<i>Note</i>)	15,589	—
Reversal of allowance for impairment of trade and other receivables	—	94
Others	485	36
	16,074	130

Note: For the six months ended 30 September 2020, the Group recognized a subsidy of HK\$23,630,000 under the 1st tranche and 2nd tranche of Employment Support Scheme ("ESS") introduced by the Government of Hong Kong Special Administrative Region ("HKSAR Government"), of which an amount of HK\$9,265,000 is expected to reimburse certain incorporated owners of private estates. The 1st tranche and 2nd tranche of ESS subsidy were granted by HKSAR Government in August 2020 and subsequently after period end in November 2020 respectively.

7 EMPLOYEE BENEFITS EXPENSES

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Wages, salaries and other allowances (including directors' emoluments)	346,451	290,573
Pension costs — defined contribution plan	14,159	11,925
Accrual for unutilised annual leave	1,215	1,811
Provision for long service payment	535	431
	362,360	304,740

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

8 OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Allowance for impairment of trade and other receivables	45	—
Auditor's remuneration	200	200
Bank charges	550	671
Cleaning materials costs, including protective gears and sanitizing products	6,472	3,559
Depreciation of property, plant and equipment	999	847
Depreciation of right-of-use assets	271	83
Donation	—	28
Entertainment expenses	1,140	763
Insurance fee	4,459	3,959
Legal and professional fee	3,489	2,084
Motor vehicle expenses	687	623
Office supplies	388	344
Printing and stationary expenses	821	828
Rental expenses relating to short-term leases	167	204
Repair and maintenance	773	1,138
Uniform expenses	629	470
Utilities expenses	648	1,145
Others (Note)	1,693	892
Total	23,431	17,838

Note: Mainly include advertising expenses, communication expenses, consumable and other general office expenses, which individually is not material to the Group.

9 FINANCE COSTS, NET

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Bank interest income	31	76
Interests on borrowings	(119)	(312)
Interests on lease liabilities	(18)	(8)
	(137)	(320)
	(106)	(244)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

10 INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current income tax	4,890	3,500
Deferred income tax	(58)	(17)
	4,832	3,483

11 EARNINGS PER SHARE — BASIC AND DILUTED

	Six months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)
Profit for the period (HK\$'000)	40,561	17,082
Weighted average number of ordinary shares in issue (thousands)	500,000	500,000
Basic and diluted earnings per share (HK\$ cents)	8.11	3.42

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 2020 (2019: Nil).

12 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 2020 and 31 March 2020, the Insurance Policies of approximately HK\$12,809,000 and HK\$12,589,000 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 17 to the Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

13 TRADE AND OTHER RECEIVABLES

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Non-current:		
Retention money receivables	2,589	2,702
Deposit for property, plant and equipment	—	902
	2,589	3,604
Current:		
Trade receivables and contract assets	200,098	189,505
Less: allowance for impairment	(1,424)	(1,378)
Trade receivables and contract assets — net (<i>Note</i>)	198,674	188,127
Reimbursement receivables	5,280	5,867
Less: allowance for impairment	(406)	(406)
Reimbursement receivables — net	4,874	5,461
Utilities and other deposits	680	1,028
Prepayments	3,829	3,779
Other receivables	8,186	6,771
Total prepayments, deposits and other receivables	17,569	17,039
	216,243	205,166
Total trade and other receivables	218,832	208,770

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**13 TRADE AND OTHER RECEIVABLES (Continued)**

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Contract assets (<i>Note</i>)	15,757	17,452
Trade receivables:		
Less than 1 month	69,227	68,524
1 month and less than 3 months	86,846	84,789
3 months and less than 6 months	18,314	8,504
Over 6 months	9,954	10,236
	184,341	172,053
Total trade receivables and contract assets	200,098	189,505

Note: Contract assets (equivalent to 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 contract assets 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 2020, 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.

Expert directions were granted on 15 May 2020 and studied by court on 15 October 2020. There has been no judgement/settlement during the period since 1 April 2020. Counsel advice has been obtained and the case is ready for a 5-day trial before a bilingual judge alone in the fixture list and documents for set down for Trial will be filed and served on or before 25 November 2020.

After consulting the legal counsel, the directors are of the view that it is quite unlikely that there is any unfavourable outcome to Creative Property. The directors have the 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.

14 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 17 to the Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

15 SHARE CAPITAL

	Number of Shares	Share Capital HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
At 31 March 2020 and 30 September 2020	10,000,000,000	100,000
<i>Issued and fully paid:</i>		
At 31 March 2020 and 30 September 2020	500,000,000	5,000

16 TRADE AND OTHER PAYABLES

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Trade payables	6,440	6,800
Provision for unutilised annual leave	13,503	12,288
Accrued wages, salaries and pensions	38,567	42,328
Other accrued expenses and deposits received	585	2,787
Other payable	13,635	2,626
Total other payables	66,290	60,029
	72,730	66,829

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
0 to 90 days	5,708	5,650
91 to 180 days	732	1,150
	6,440	6,800



NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

17 BORROWINGS

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Current:		
Bank overdrafts	1,189	5,295
Bank loans due for repayment within one year	7,766	9,071
Bank loans due for repayment after one year which contain a repayment on demand clause	5,813	6,903
Total bank borrowings	14,768	21,269

The fair value of the borrowings approximates their carrying amounts, as their interest rates are considered current market rates. As at 30 September 2020 and 31 March 2020, the bank borrowings are denominated in HK\$.

As at 30 September 2020, the bank borrowings bear interest at floating rates and the effective interest rates of 2.25%–2.80% (31 March 2020: 2.25%–4.05%).

As at 30 September 2020, bank borrowings and the banking facilities granted to the Group are secured by the Group's leasehold land and buildings of approximately HK\$15,346,000 (31 March 2020: HK\$15,518,000), investment in insurance contracts (Note 12), pledged bank deposits of approximately HK\$45,242,000 (31 March 2020: HK\$45,212,000) and unlimited corporate guarantee executed by the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**18 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
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

(b) Balances with related parties

The Group had the following balances with related parties:

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Non-trade		
Amount due to Mr. Lai	132	132
Amount due to Mr. Poon	87	87
Amount due to Mr. Ho	27	27
Amount due to Mr. Lam	12	12
	258	258

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\$.

19 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2020 (2019: 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 31, 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 2020 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, 18 November 2020



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
“FY2019”	the financial year ended 31 March 2019
“FY2020”	the financial year ended 31 March 2020
“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