

**CREATIVE ENTERPRISE HOLDINGS LTD:**  
**IN RESPECT OF THESE 416 SQUARE MILES, THIS COMPANY**  
**IS FAR FROM BEING THE MOST-SUCCESSFUL FINANCIAL STORY**

Skimming select pages of the Share Offer Prospectus of Creative Enterprise Holdings Ltd () (Code: 3992, Main Board, The Stock Exchange of Hongkong Ltd), one might have been tempted to ponder:

*‘For what reason is this Company, seeking to raise the seemingly paltry sum of a little more than \$HK100 million?’*

But, on scanning the Share Offer Prospectus of this Company, the penny drops: Because it is all there, in black and white.

One does not need the incisive intelligence of that fictional character, Mr Sherlock Holmes, the ‘*consulting detective*’, created by British author, Sir Arthur Conan Doyle, to understand that Senior Management of this Company is obviously concerned that it might be looking at the writing on the wall: Mene, Mene, Tekel Upharsin.

At Page 29 of the Share Offer Prospectus, one was told:

*‘The Housing Authority (The Hongkong Housing Authority, established under the Housing Ordinance, Chapter 283 of the Laws of the Hongkong Special Administrative Region [HKSAR] of the People’s Republic of China [PRC]), is our largest and most important customer. For FY2016, FY2017, FY2018 and 3M2019 our revenue generated from service contracts awarded by the Housing Authority represented approximately 77.9%, 75.9%, 76.9% and 76.5% of our total revenue, respectively.*

*‘The Housing Authority maintains permanent lists of qualified service providers,*

*including separate lists for (i) PSAs (Property Services Agents), (ii) security services contractors and (iii) cleansing services contractors. Upon admitted to the relevant HA Lists (the approved lists of the Housing Authority), service providers will be considered eligible to tender for the relevant service contracts from the Housing Authority in the respective category of services, subject to certain tender limits and the management rules and the procurement strategy of the Housing Authority. In order to continue to provide our services under the service contracts with the Housing Authority, our Group needs to remain listed on the HA Lists. In this regard, annual renewal is required for our Group to remain listed on the HA Lists.*

*‘The Housing Authority is responsible for supervising our performance and service quality. The officers of the Housing Authority who supervise our performance will give performance score based on an objective assessment methodology adopted by the Housing Authority. Usually, the contractors’ review committee of the Housing Authority will hold regular meetings on a quarterly basis to discuss the overall performance scores of the PSAs. If our performance or service quality is found unsatisfactory or fails to meet the standards required by the Housing Authority, the Housing Authority will make adverse reports and take regulatory actions against us. Moreover, the Housing Authority will conduct monthly audit in respect of the services provided by Creative Property ...*

*‘The Housing Authority adopted a policy of imposing WCL (Workload Capping Limits) on every PSA, security services contractor and cleansing service contractor (including Creative Property [Creative Property Services Consultants Ltd ()], our major operating subsidiary). A PSA, a security services contractor or a cleansing services contractor would not be eligible for tendering for additional services contract from the Housing Authority if its workload exceeds the relevant WCL. As at the Latest Practicable Date (November 19, 2018), Creative Property took up 79,804 effective units, representing approximately 89.4% of the maximum 89,250 effective units, being the WCL for PSA of 85,000 effective units plus 5% allowance. Creative Property is also one of the Band IA security services contractors in the HA List of Security Service Contractors. As at the Latest Practicable Date, Creative Property took up 60,321 effective units, representing approximately 86.2% of the maximum 70,000 effective units, being the WCL for Band IA security services contractors. The WCL is set by the Housing Authority which is beyond our control and as our Group has reached almost full capacity for the relevant WCL for PSA and Band IA security services contractor, this may limit our growth of business since we will not be eligible for tendering for additional property management services contract and/or stand-alone security services contract if the number of effective units managed by us exceeds the relevant WCL.*

*‘In the event that we are unable to (i) maximise the number of effective units managed by us under the WCL; or (ii) diversify our business and customer base and obtain new contracts from our potential customers, our future growth may be limited and our business and financial prospects could be adversely affected.’*

But the above is not everything that might be considered potentially worrying in respect of this Company – and, probably, to minority shareholders, without question.

### **The Initial Public Offering (IPO) Of Creative Enterprise Holdings Ltd**

On Thursday, November 29, 2018, Creative Enterprise Holdings Ltd published and disseminated its Share Offer Prospectus.

The Company Offered 125 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.00 to a high of \$HK1.10.

The Public Offer tranche on Offer – presumably, targeting HKSAR Investors – was 12.50 million Shares, and the remaining 112.50 million Shares had been reserved for, presumably, Institutional, Professional, and/or select, Well-Heeled Investors/Corporate Entities via a Placing Share tranche.

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