

IPO FACT SHEET
Creative Enterprise Holdings Limited (3992 HK)
ISSUE STATISTICS

Offer Size:	HK\$125m – HK\$137.5m
Placement Tranche:	125m
Price:	HK\$1.00 – HK\$1.10
Board lot:	2,000
Entry fee:	HK\$2,222.17
Historical PE	13.69x – 15.06x
Net tangible asset per share:	HK\$0.49 – HK\$0.52
Market Cap (post-IPO):	HK\$500m – HK\$550m
Open:	29 Nov 2018
Close:	12.00 noon on 4 Dec 2018
Trading:	11 Dec 2018
Sponsor:	First Shanghai Capital Limited

Year ended 31 Mar	(HK\$'000)	yoy % chg
Revenue		
2017	611,414	18.4%
2018	668,275	9.3%
Profit for the year/period		
2017	18,312	33.6%
2018	36,512	99.4%

BACKGROUND

- They are the leading property management services provider for public housing in Hong Kong.
- They provide property management related services in Hong Kong for both public and private properties which include
 - (i) property management services (comprising general management, tenancy management (which is for public estates only), rent and management fees collection services, security, cleaning, minor repair and maintenance, project management services as well as legal and administrative support services (which are for private estates only)).
 - (ii) stand-alone security services.
 - (iii) secondment services.
 - (iv) other services (namely, stand-alone cleaning services and window inspection services).
- According to the F&S Report,
 - (i) They were the largest property management services provider for public housing in Hong Kong in terms of revenue in 2017, with a market share of approximately 12.6%.
 - (ii) They were the third largest property management services provider in residential property management services market in Hong Kong in terms of revenue in 2017, with a market share of approximately 1.5%.

BUSINESS STRATEGY AND FUTURE PLANS

- Tendering for additional property management services contracts, stand-alone security services contracts and stand-alone cleaning services contracts.
- Expanding their service for HOS estates, non-residential properties and private housing estates.
- Upgrading their computer system and accounting system.
- Growing their business through acquisition of property management company in Hong Kong.

COMPETITIVE STRENGTHS

- They are the leading property management services provider for public housing and one of the leading property management services providers for residential properties in Hong Kong.
- They have a long and established business relationship with the Housing Authority.
- They have a well-qualified and experienced management team with a proven track record.
- Their in-house professional team with diversified expertise enables them to provide multi-disciplinary property management solutions to their customers.

KEY RISKS

- A significant portion of their revenue was generated from service contracts awarded by the Housing Authority during the Track Record Period and there is no assurance that they will be able to remain listed on the HA Lists.
- Their future growth may be limited by WCL as their Group has reached almost full capacity for the relevant WCL.
- Reliance on public sector policies.
- They need to go through competitive tendering process for obtaining their service contracts. There is no assurance that they are able to obtain new service contracts or their existing service contracts will be extended upon expiry.
- Their Group relies on key management personnel and their business operation may be adversely affected if they are unable to retain them without suitable replacement.
- They may experience higher turnover rate of operation team in the future and their operation may be adversely affected by difficulties in recruiting and retaining sufficient workforce to meet their needs.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be applied as working capital and cash deposit to secure the performance bonds for undertaking 19 additional property management services contracts, two additional stand-alone security services contracts and eight additional stand-alone cleaning services contracts which are expected to become effective during the period from 1 January 2019 to 31 March 2020.	76.00	72.0%
Will be applied for upgrades of computer system and accounting system.	5.00	4.7%
Will be applied for acquisition of property management company in Hong Kong.	20.00	19.0%
Will be applied as general working capital of their Group.	4.50	4.3%
Total:	105.50	100.00%

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