

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **SUN CHEONG CREATIVE DEVELOPMENT HOLDINGS LIMITED**

### **新昌創展控股有限公司**

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

*(Provisional Liquidators Appointed)*

*(For Restructuring Purposes)*

**(Stock code: 1781)**

## **FUNDING AGREEMENTS**

### **CACHET FUNDING ARRANGEMENT**

The Board announces that on 27 April 2021, Cachet Group as lender, the Company as borrower and the Joint Provisional Liquidators entered into the Cachet Funding Agreement, pursuant to which Cachet Group conditionally agreed to grant (i) an initial credit facility in the principal amount of up to HK\$50.0 million; and (ii) a further credit facility in the principal amount of up to HK\$50.0 million, at an interest rate of 3.0% per annum to the Company subject to and upon the terms and conditions of the Cachet Funding Agreement to facilitate the preparation and implementation of the Restructuring plan of the Company and support the business operation and expansion of the Group.

As security for the payment of all moneys, obligations, and liabilities due, owing or incurred to Cachet Group under the Cachet Funding Agreement, subject to the sanction of the Cayman Court and the Hong Kong Court (if applicable), (i) the Company shall enter into the CK Hong Kong Share Charge in favour of Cachet Group; (ii) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into the Account Receivable Charge in favour of Cachet Group; (iii) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into the Designated Account Charge in favour of Cachet Group; and (iv) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into Jialing WFOE Legal Charge in favour of Cachet Group.

## **KM FUNDING ARRANGEMENT**

The Board further announces that on 27 April 2021, KM International as lender, the Company as borrower and the Joint Provisional Liquidators entered into the KM Funding Agreement, pursuant to which KM International conditionally agreed to grant a credit facility in the principal amount of up to HK\$40.0 million at an interest rate of 3.0% per annum to the Company subject to and upon the terms and conditions of the KM Funding Agreement to support the business operation and expansion of the HK Subsidiary and the PRC Subsidiary.

As security for the payment of all moneys, obligations and liabilities due, owing or incurred to KM International under the KM Funding Agreement, subject to sanction of the Cayman Court and the Hong Kong Court (if applicable), (i) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into the HK Subsidiary Share Charge in favour of KM International; and (ii) the Company shall procure Jialing WFOE and Jialing WFOE shall enter into the PRC Subsidiary Legal Charge in favour of KM International.

References are made to the announcements of the Company dated 31 July 2020 and 26 August 2020 in relation to, among other thing, the appointment of the Joint Provisional Liquidators.

## **CACHET FUNDING ARRANGEMENT**

The Board announces that on 27 April 2021, Cachet Group as lender, the Company as borrower and the Joint Provisional Liquidators entered into the Cachet Funding Agreement, pursuant to which Cachet Group conditionally agreed to grant (i) an initial credit facility in the principal amount of up to HK\$50.0 million; and (ii) a further credit facility in the principal amount of up to HK\$50.0 million, at an interest rate of 3.0% per annum to the Company subject to and upon the terms and conditions of the Cachet Funding Agreement to facilitate the preparation and implementation of the Restructuring plan of the Company and support the business operation and expansion of the Group.

## Cachet Funding Agreement

The principal terms of the Cachet Funding Agreement are set out below.

<b>Date:</b>	27 April 2021
<b>Parties:</b>	(i) Cachet Group, as lender  (ii) the Company, as borrower  (iii) the Joint Provisional Liquidators
<b>Principal amount of Initial Funding:</b>	up to HK\$50.0 million to be provided subject to the fulfilment (or waiver, as the case may be) of all conditions precedent for Initial Funding under the Cachet Funding Agreement
<b>Principal amount of Further Funding:</b>	up to HK\$50.0 million to be provided subject to the fulfilment (or waiver, as the case may be) of all conditions precedent for Further Funding under the Cachet Funding Agreement
<b>Interest:</b>	3.0% per annum  Interest shall be payable monthly in advance on the first Business Day of each month after the relevant drawdown date.
<b>Default interest:</b>	If the Company defaults in the payment on the due date of any sum payable thereunder, the Company shall pay default interest on the overdue sum from the due date to the date of actual payment in full (both before and after judgment) at the rate of 5.0% per annum.
<b>Conditions precedent for Initial Funding:</b>	The obligation of Cachet Group to provide Initial Funding to the Company is conditional upon:  (a) the sanction of the Cayman Court and the Hong Kong Court (if applicable) (which shall be binding on both the parties thereto and all third parties) of the Cachet Funding Agreement and the transactions contemplated thereunder having been obtained;

- (b) subject to condition (a) above, the entering into of a share charge over the entire issued share capital of CK Hong Kong to be executed by the Company in favour of Cachet Group;
- (c) subject to condition (a) above, the entering into of a legal charge over the accounts receivable of CK Hong Kong to be executed by CK Hong Kong in favour of Cachet Group;
- (d) subject to condition (a) above, the entering into of a charge over the Designated Account in favour of Cachet Group; and
- (e) subject to condition (a) above, the entering into of a legal charge over the entire equity interests of Jialing WFOE to be executed by CK Hong Kong in favour of Cachet Group.

Condition (a) above is incapable of being waived. Save for condition (a) above, Cachet Group has its absolute discretion at any time to waive in writing any of the conditions above.

If the conditions above have not been fulfilled (or waived by Cachet Group, as the case may be) on or before 30 September 2021 or such later date as the parties thereto may agree in writing, Cachet Group shall no longer have the obligation to provide Initial Funding to the Company.

**Conditions precedent for Further Funding:**

The obligation of Cachet Group to provide Further Funding to the Company is conditional upon the following:

- (a) the sanction of the Cayman Court and the Hong Kong Court (if applicable) (which shall be binding on both the parties thereto and all third parties) of the Cachet Funding Agreement and the transactions contemplated thereunder having been obtained; and

- (b) the resumption of trading of the Shares (or the Consolidated Shares if the Share Consolidation has become effective) on the Stock Exchange.

Condition (a) above is incapable of being waived. Save for condition (a) above, Cachet Group has its absolute discretion at any time to waive in writing any of the conditions above.

If the conditions above have not been fulfilled (or waived by Cachet Group, as the case may be) on or before 31 December 2021 or such later date as the parties thereto may agree in writing, Cachet Group shall no longer have the obligation to provide Further Funding to the Company.

**Application of the Initial Funding and Further Funding:**

The Company undertakes to apply Initial Funding and Further Funding towards the following payment (or reimbursement) of:

- (a) the Joint Provisional Liquidators' Fees and Expenses;
- (b) any fees, costs and expenses (except for the Joint Provisional Liquidators' Fees and Expenses), including legal fees and other professional fees and expenses, incurred or to be incurred in connection with the Restructuring and the resumption proposal of the Company;
- (c) any fees, costs, charges and expenses (including legal costs) in connection with the negotiation, preparation and execution of any transactions contemplated under the Cachet Funding Agreement, the Restructuring Agreement and the Schemes, including but not limited to the legal, accounting, financial, consultants' and professional fees, expenses and other costs incurred or to be incurred whether in Hong Kong or elsewhere in advising the Company and/or the Joint Provisional Liquidators in relation to the Cachet Funding Agreement, the Restructuring Agreement and the Schemes, which shall be paid from the proceeds of Initial Funding and/or Further Funding drawn;

- (d) the working capital of the Group (excluding the HK Subsidiary and the PRC Subsidiary), including but not limited to, any fees, costs and expenses (except for the Joint Provisional Liquidators' Fees and Expenses) incurred or to be incurred in connection with the business expansion and maintenance of the key personnel of the Group (excluding the HK Subsidiary and the PRC Subsidiary) to ensure the Company will continue to be in satisfaction of the listing requirements;
- (e) in the case of the Initial Funding, the repayment of the loan under the June 2020 Loan Agreement;
- (f) in the case of the Further Funding, a sum of not less than HK\$20.0 million for the purposes of the Schemes between the Company and the Scheme Creditors, including but not limited to (i) as Dividends and/or (ii) any other cash consideration to be distributed and/or payable by the Company to the Scheme Creditors under the transactions contemplated under the Schemes; and/or
- (g) any other purpose(s) as may be agreed between the Company, the Joint Provisional Liquidators and Cachet Group from time to time in writing.

**Nature and priority of the funding:**

Subject to the approval of the Cayman Court, provided that Cachet Group is not in breach of any terms and conditions of the Cachet Funding Agreement, the Initial Funding and/or the Further Funding actually provided (if applicable) together with all the interest accrued thereon shall be treated or regarded as the fees and expenses properly incurred by the Company in preserving, realising or getting in the assets, which shall be paid out of the assets of the Company in priority to all other existing and future unsecured liabilities and debts of the Company as well as the Joint Provisional Liquidators' Fees and Expenses and any costs set out in section 140 and section 209 of the Companies Law (2021 Revision) of the Cayman Islands and Order 20 of the Companies Winding Up Rules 2018 of the Cayman Islands.

Nothing contained in the Cachet Funding Agreement requires, obliges or obligates the Joint Provisional Liquidators to, and the parties thereto also agree that the Joint Provisional Liquidators are not required, obliged or obligated in any event to, refund, repay, return or disgorge any part(s) of the Joint Provisional Liquidators' Fees and Expenses which has/have been settled and/or paid by the Initial Funding and the Further Funding (if applicable) under the Cachet Funding Agreement.

**Repayment:**

Unless otherwise agreed between Cachet Group and the Company in writing, the Initial Funding and the Further Funding (if applicable) actually drawn down together with all the interest accrued thereon shall be repaid by the Company to Cachet Group in the event of the following, whichever is earlier (the "**Cachet Repayment Date**"):-

- (a) 18 months from the first drawdown date of the Initial Funding;
- (b) immediately upon the issue of a written notice by the Company or Cachet Group to other parties thereto in respect of the lapse of negotiation between the Company and Cachet Group in relation to the Restructuring Agreement;
- (c) immediately upon the issue of a written notice by Cachet Group to the Company and the Joint Provisional Liquidators pursuant to the terms of the Cachet Funding Agreement; or
- (d) immediately upon the making of a winding-up order against the Company.

**Prepayment:**

The Company may, if it gives Cachet Group not less than five (5) Business Days' prior notice, prepay the whole or any part of the Initial Funding and the Further Funding actually provided together with any accrued but unpaid interest (but, if in part, being an integral multiple of HK\$100,000) without penalty. The Company shall not re-borrow any part of the Initial Funding or the Further Funding (if applicable) which is repaid or prepaid.

**First right for Cachet Group to participate in the Restructuring:**

The Company acknowledges Cachet Group's intention to be a white knight in the Restructuring and agrees that in consideration of Cachet Group's Initial Funding and/or Further Funding, the Company shall give an exclusive right to Cachet Group and/or its nominee to negotiate with the Company and/or the Joint Provisional Liquidators in respect of the restructuring proposal for a three (3)-month period from the date of fulfilment (or waiver, as the case may be) of conditions precedent for the Initial Funding.

**Cachet Security Documents**

As security for the payment of all moneys, obligations and liabilities due, owing or incurred to Cachet Group under the Cachet Funding Agreement, subject to the sanction of the Cayman Court and the Hong Kong Court (if applicable),

- (i) the Company shall enter into a share charge over the entire issued share capital of CK Hong Kong, which is a direct wholly-owned subsidiary of the Company and principally engaged in trading of plastic household products, in favour of Cachet Group;
- (ii) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into a legal charge over the accounts receivable of CK Hong Kong in favour of Cachet Group;
- (iii) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into a charge over the Designated Account in favour of Cachet Group; and
- (iv) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into a legal charge over the entire equity interests of Jialing WFOE, which is a direct wholly-owned subsidiary of CK Hong Kong and principally engaged in trading and manufacturing of plastic household products, in favour of Cachet Group.

**KM FUNDING ARRANGEMENT**

The Board further announces that on 27 April 2021, KM International as lender, the Company as borrower and the Joint Provisional Liquidators entered into the KM Funding Agreement, pursuant to which KM International conditionally agreed to grant a credit facility in the principal amount of up to HK\$40.0 million at an interest rate of 3.0% per annum to the Company subject to and upon the terms and conditions of the KM Funding Agreement to support the business operation and expansion of the HK Subsidiary and the PRC Subsidiary.



## **KM Funding Agreement**

The principal terms of the KM Funding Agreement are set out below.

**Date:** 27 April 2021

**Parties:**

- (i) KM International, as lender
- (ii) the Company, as borrower
- (iii) the Joint Provisional Liquidators

**Principal amount of KM Funding:** up to HK\$40.0 million to be provided subject to the fulfilment (or waiver, as the case may be) of all conditions precedent under the KM Funding Agreement

**Interest:** 3.0% per annum

Interest shall be payable monthly in advance on the first Business Day of each month after the relevant drawdown date.

**Default interest:** If the Company defaults in the payment on the due date of any sum payable thereunder, the Company shall pay default interest on the overdue sum from the due date to the date of actual payment in full (both before and after judgment) at the rate of 5.0% per annum.

**Conditions precedent for KM Funding:** The obligation of KM International to provide the KM Funding to the Company is conditional upon:

- (a) the sanction of the Cayman Court and the Hong Kong Court (if applicable) (which shall be binding on both the parties thereto and all third parties) of the KM Funding Agreement and the transactions contemplated thereunder having been obtained;
- (b) subject to condition (a) above, the entering into of a share charge (in such form and substance satisfactory to KM International) over the entire issued share capital of the HK Subsidiary to be executed by CK Hong Kong in favour of KM International; and

- (c) subject to condition (a) above, the entering into of a legal charge (in such form and substance satisfactory to KM International) over the entire equity interest of the PRC Subsidiary to be executed by Jialing WFOE in favour of KM International.

Save for condition (a) above, KM International has its absolute discretion at any time to waive in writing any of the conditions above.

If the conditions above have not been fulfilled (or waived by KM International, as the case may be) on or before 30 September 2021 or such later date as the parties thereto may agree in writing, KM International shall no longer have the obligation to provide KM Funding to the Company.

**Application of KM Funding:**

The Company undertakes to apply the KM Funding towards the following payment (or reimbursement) of:

- (a) the working capital of the HK Subsidiary and the PRC Subsidiary, including but not limited to, any fees, costs and expenses incurred or to be incurred in connection with business expansion, and the maintenance of the key personnel and intellectual property (if any) of the HK Subsidiary and the PRC Subsidiary to ensure its smooth business operation; and/or
- (b) any other purpose(s) as may be agreed between the Company, the Joint Provisional Liquidators and KM International from time to time in writing.

**Nature and priority of KM Funding:**

Subject to the approval of the Cayman Court, provided that KM International is not in breach of any terms and conditions of the KM Funding Agreement, the KM Funding actually provided together with all the interest accrued thereon shall be treated or regarded as the fees and expenses properly incurred by the Company in preserving, realising or getting in the assets, which shall be paid out of the assets of the Company in priority to all other existing and future unsecured liabilities and debts of the Company as well as the Joint Provisional Liquidators' Fees and Expenses and any costs set out in section 140 and section 209 of the Companies Law (2021 Revision) of the Cayman Islands and Order 20 of the Companies Winding Up Rules 2018 of the Cayman Islands.

**Repayment:**

Unless otherwise agreed by KM International and the Company in writing, the KM Funding actually drawn down together with all the interest accrued thereon shall be repaid by the Company to KM International in the event of the following, whichever is earlier (the “**KM Repayment Date**”):-

- (a) 18 months from the first drawdown date of the KM Funding;
- (b) immediately upon the issue of a written notice by the Company or KM International to other parties thereto in respect of the lapse of negotiation between the Company and KM International in relation to the Restructuring Agreement;
- (c) immediately upon the issue of a written notice by KM International to the Company and the Joint Provisional Liquidators pursuant to terms of the KM Funding Agreement; or
- (d) immediately upon the making of a winding-up order against the Company.

**Prepayment:**

The Company may, if it gives KM International not less than five (5) Business Days’ prior notice, prepay the whole or any part of the KM Funding actually provided together with any accrued but unpaid interest (but, if in part, being an integral multiple of HK\$100,000) without penalty. The Company shall not re-borrow any part of the KM Funding which is repaid or prepaid.

**First right for KM International to participate in the Restructuring:**

The Company acknowledges KM International’s intention to be a white knight in the Company’s restructuring of debts and hereby agrees that in consideration of the KM Funding, the Company shall give an exclusive right to KM International and/or its nominee to negotiate with the Company and/or the Joint Provisional Liquidators in respect of the restructuring proposal for a three (3)-month period from the date of fulfilment (or waiver, as the case may be) of conditions precedent under the KM Funding Agreement.

## **KM Security Documents**

As security for the payment of all moneys, obligations and liabilities due, owing or incurred to KM International under the KM Funding Agreement, subject to the sanction of the Cayman Court and the Hong Kong Court (if applicable),

- (i) the Company shall procure CK Hong Kong and CK Hong Kong shall enter into a share charge (in such form and substance satisfactory to KM International) over the entire issued share capital of the HK Subsidiary, which will become a direct wholly-owned subsidiary of CK Hong Kong and principally engaged in trading of plastic household products, in favour of KM International; and
- (ii) the Company shall procure Jialing WFOE and Jialing WFOE shall enter into a legal charge (in such form and substance satisfactory to KM International) over the entire equity interest of the PRC Subsidiary, which will become a direct wholly-owned subsidiary of Jialing WFOE and principally engaged in trading and manufacturing of plastic household products, in favour of KM International.

## **INFORMATION ON CACHET GROUP AND KM INTERNATIONAL**

Cachet Group is a company incorporated in Hong Kong with limited liability and is principally engaged in corporate consulting services. As confirmed by Cachet Group, Cachet Group is direct wholly-owned by Ms. Chow Chin Yui, Angela, who is also the sole director of Cachet Group, and indirect sole shareholder and sole director of Cachet Multi Strategy Fund SPC (“**Cachet SPC**”) as at the date of this announcement.

Cachet SPC is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands. As at the date of this announcement, Cachet SPC comprises, among others, one hybrid equity/private credit segregated portfolio fund (namely Cachet Special Opportunities SP (“**Special Opportunities**”)) and one private credit segregated portfolio fund (namely Cachet Deep Value Fund SP (“**Deep Value**”)).

By a loan agreement dated 1 April 2019 (the “**2019 Loan Agreement**”), Cachet SPC (acting on behalf of Special Opportunities and Deep Value) agreed to make available to Uni-Pro Ltd (“**Uni-Pro**”), a term loan in the principal amount of up to HK\$150 million subject to and upon the terms and conditions of the 2019 Loan Agreement (the “**2019 Loan**”). As security for the 2019 Loan, each of Uni-Pro and Mr. Chan Kam Hon Ivan (“**Mr. Chan**”) has charged 270,256,500 Shares (“**Uni-Pro’s Shares**”) and 98,613,000 Shares (“**Mr. Chan’s Shares**”) in favour of Cachet SPC, respectively. An Event of Default (as defined in the 2019 Loan Agreement) has occurred and is continuing. Mr. Cheung Hok Hin, Alan of Wing United CPA Limited was appointed as receiver over Uni-Pro’s Shares in the Company on 3 June 2020 and Mr. Chan’s Shares in the Company on 8 June 2020. For further details, please refer to the announcement of the Company dated 16 June 2020.

KM International is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, KM International is direct wholly-owned by Mr. Lam Sai Ying, who is also the sole director of KM International, and a controlling shareholder of KM Plastic Industries Limited (“**KM Industries**”).

KM Industries has been a service provider to Champion Motor, being an indirect wholly-owned subsidiary of the Company. Pursuant to an agreement dated 1 January 2020 (“**KM Industries Agreement**”), KM Industries shall provide to Champion Motor certain administrative services (such as quality control services and information systems support services) as may be requested from time to time by Champion Motor and reasonable office and factory space including tools and machinery for a monthly budgeted fee up to HK\$200,000.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for (i) the receivership of Uni-Pro’s Shares and Mr. Chan’s Shares and (ii) the transaction contemplated under the June 2020 Loan Agreement, each of Cachet Group and its ultimate beneficial owner(s) is an Independent Third Party.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for the transactions contemplated under the KM Industries Agreement, each of KM Industries and its ultimate beneficial owner(s) is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE CACHET FUNDING ARRANGEMENT AND THE KM FUNDING ARRANGEMENT**

The Group is principally engaged in designing, developing, manufacturing and selling plastic household products.

The Cachet Funding Agreement and the KM Funding Agreement were entered into for the purpose of securing funding to facilitate the preparation and implementation of the Restructuring plan, support the business operation and expansion of the Group, and to maintain key personnel and intellectual property (if any) of the Group to ensure the Company will continue to be in satisfaction of the listing requirements.

Taking into account of the financial difficulty facing by the Company, the urgent need of the Company to implement a Restructuring plan and to relieve the winding-up petitions against the Company, as well as the willingness of Cachet Group and KM International to provide funding for corporate rescue attempt, the Directors consider that the terms of each of the Cachet Funding Agreement, the KM Funding Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The Company and the Joint Provisional Liquidators are in the course of (i) preparing for the applications to the Cayman Court for, among other things, the approval of the Cachet Funding Agreement, the KM Funding Agreement and the terms thereunder; and (ii) formulating a detailed Restructuring plan.

**Since the Restructuring is subject to various sanctions and approvals by the Cayman Court, the Hong Kong Court, the Shareholders, the Stock Exchange, the creditors of the Company, etc., there is no guarantee that the Restructuring will be materialised.**

## **SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares has been suspended since 9:00 a.m. on 2 July 2020 and will remain in suspension until further notice.

**Shareholders and potential investors should accordingly exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

Unless the context requires otherwise, capitalised terms used in this announcement shall have the following meanings:

“Account Receivable Charge”	a legal charge over the accounts receivable of CK Hong Kong to be executed by CK Hong Kong in favour of Cachet Group pursuant to the terms and conditions of the Cachet Funding Agreement
“Admitted Scheme Claim(s)”	all Scheme Claim(s) against the Company which have been admitted under the Schemes by the scheme administrators or the adjudicator (as the case may be)
“Board”	board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Cachet Funding Agreement”	the funding agreement dated 27 April 2021 and entered into amongst Cachet Group as lender, the Company as borrower and the Joint Provisional Liquidators in relation to the grant of Initial Funding and Further Funding at an interest rate of 3.0% per annum
“Cachet Funding Arrangement”	transactions contemplated under the Cachet Funding Agreement and the Cachet Security Documents
“Cachet Group”	Cachet Group Limited, a company incorporated in Hong Kong with limited liability and direct wholly-owned by Ms. Chow Chin Yui Angela, who is also the sole director of Cachet Group as at the date of this announcement
“Cachet Security Documents”	collectively, the CK Hong Kong Share Charge, the Account Receivable Charge, the Designated Account Charge, and the Jialing WFOE Legal Charge
“Cayman Court”	Grand Court of the Cayman Islands
“Champion Motor”	Champion Motor Group Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Top Leader
“CK Hong Kong”	CK & Associates Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“CK Hong Kong Share Charge”	a share charge over the entire issued share capital of CK Hong Kong to be executed by the Company in favour of Cachet Group pursuant to the terms and conditions of the Cachet Funding Agreement
“Company”	Sun Cheong Creative Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on main board of the Stock Exchange (stock code: 1781)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company upon the Share Consolidation becoming effective

“Designated Account”	Hong Kong Dollar denominated bank account in the name of CK Hong Kong to be opened with a licnesed bank in Hong Kong, including any renewal or redesignation of such account and all sub-accounts
“Designated Account Charge”	a charge over the Designated Account to be executed by CK Hong Kong in favour of Cachet Group pursuant to the terms and conditions of the Cachet Funding Agreement
“Director(s)”	director(s) of the Company
“Dividends”	the sum payable to each Scheme Creditor with Admitted Scheme Claims out of the funds credited to an interest-bearing trust account to be opened in the name of the scheme administrators for the benefit of the Scheme Creditors under the Schemes
“Further Funding”	credit facility for a total sum of up to HK\$50.0 million to be provided by Cachet Group to the Company pursuant to the terms and conditions of the Cachet Funding Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	any Court in Hong Kong that has jurisdiction to hear the provisional liquidation case the Company is subject to
“HK Subsidiary”	a company incorporated or to be incorporated in Hong Kong with limited liability and will become a direct wholly-owned subsidiary of CK Hong Kong
“HK Subsidiary Share Charge”	a share charge over the entire issued share capital of the Hong Kong Subsidiary to be executed by CK Hong Kong in favour of KM International pursuant to the terms and conditions of the KM Funding Agreement



“Independent Third Party”	any person or company together with its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of the Company and is/are third party(ies) independent of the Company and its connected person(s)
“Initial Funding”	credit facility for a total sum of up to HK\$50.0 million to be provided by Cachet Group to the Company pursuant to the terms and conditions of the Cachet Funding Agreement
“Jialing WFOE”	嘉凌（深圳）家具製品有限公司 (Jialing (Shenzhen) Household Products Company Limited*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of CK Hong Kong
“Jialing WFOE Legal Charge”	a legal charge over the entire equity interests of Jialing WFOE to be executed by CK Hong Kong in favour of Cachet Group pursuant to the terms and conditions of the Cachet Funding Agreement
“Joint Provisional Liquidators”	Fok Hei Yu of FTI Consulting (Hong Kong) Limited and David Martin Griffin of FTI Consulting (Cayman) Ltd
“Joint Provisional Liquidators’ Fees and Expenses”	fees and expenses (including legal fees) due and payable to and/or incurred or to be incurred by the Joint Provisional Liquidators relating to their performance of their duties as joint provisional liquidators of the Company
“June 2020 Loan Agreement”	a loan agreement dated 12 June 2020 and entered into Cachet Group as lender and the Company as borrower, pursuant to which Cachet Group agreed to make available to the Company a facility in the aggregate principal amount of HK\$10.0 million for a term of six months at an interest rate of 36% per annum
“KM Funding Agreement”	the funding agreement dated 27 April 2021 and entered into amongst KM International as lender, the Company as borrower and the Joint Provisional Liquidators in relation to the grant of the KM Funding to the Company at an interest rate of 3.0% per annum

“KM Funding Arrangement”	transactions contemplated under the KM Funding Agreement and the KM Security Documents
“KM Funding”	credit facility for a total sum of up to HK\$40.0 million to be provided by KM International to the Company pursuant to the terms and conditions of the KM Funding Agreement
“KM International”	KM International Holdings (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and direct wholly-owned by Mr. Lam Sai Ying, who is also the sole director of KM International
“KM Security Documents”	collectively, the HK Subsidiary Share Charge and the PRC Subsidiary Legal Charge
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Subsidiary”	a company established or to be established in the PRC with limited liability and will become a direct wholly-owned subsidiary of Jialing WFOE
“PRC Subsidiary Legal charge”	a legal charge over the entire equity interest of the PRC Subsidiary to be executed by Jialing WFOE in favour of KM International pursuant to the terms and conditions of the KM Funding Agreement
“Restructuring”	restructuring of the business, debts and liabilities, capital structure and share capital of the Company, or its subsidiaries, associated companies or other entities in which the Company holds an interest (as the case may be) and which shall include the implementation of the Schemes

“Restructuring Agreement”	a restructuring framework agreement to be entered into amongst Cachet Group, KM International, the Company and the Joint Provisional Liquidators in respect of the Restructuring
“Scheme Claim(s)”	claim(s): (a) which is not a preferential claim (and where the claim is only in part a preferential claim, then the person is a Scheme Creditor only to the extent of the non-preferential portion of the claim); (b) which is not a secured claim (and where the claim is only in part a secured claim, then the person is a Scheme Creditor only to the extent of the unsecured part of the claim); (c) which is not a claim for the petition costs; (d) which is not an amount due from the Company to Cachet Group under the Cachet Funding Agreement; and (e) which is not an amount due from the Company to KM International under the KM Funding Agreement
“Scheme Creditor(s)”	person(s) with Scheme Claim(s)
“Schemes”	proposed schemes of arrangement pursuant to section 86 of the Companies Act (2021 Revision) of the Cayman Islands and section 670 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and to be made between the Company and the Scheme Creditors
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consolidation”	proposed consolidation of every ten (10) issued Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the issued Shares or Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong

“Top Leader” Top Leader International Ltd., a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

\* For identification purpose only

By order of the Board  
**Sun Cheong Creative Development Holdings Limited**  
*(Provisional Liquidators Appointed)*  
*(For Restructuring Purposes)*  
**CHAN Sai On Bill**  
*Executive Director*

Hong Kong, 27 April 2021

*As at the date of this announcement, the executive Directors are Mr. CHAN Sai On Bill and Mr. NG Chun Chung; and the independent non-executive Directors are Mr. LI Ka Chun, Mr. SZE Chun Wai and Mr. FUNG Wai Hang.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*