

*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.*

## **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)**

## **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Sun Cheong Creative Development Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (the “**Current Period**”), together with the comparative figures for the corresponding period in 2020 (the “**Last Period**”). The interim financial results have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

In this announcement “we”, “us” and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

### **FINANCIAL PERFORMANCE HIGHLIGHTS**

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue		<b>11,375</b>	10,276
Gross profit/(loss)		<b>1,280</b>	(3,774)
Loss for the period		<b>(10,724)</b>	(18,146)
Loss for the period attributable to owners of the			
Company Loss per share (“ <b>LPS/EPS</b> ”)			
(HK cents per share)		<b>(10,724)</b>	(18,146)
— basic		<b>(1.99)</b>	(3.36)
— diluted		<b>(1.99)</b>	(3.36)

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

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	11,375	10,276
Cost of sales		<u>(10,095)</u>	<u>14,050</u>
<b>Gross profit/(loss)</b>		<b>1,280</b>	<b>(3,774)</b>
Loss on De-consolidation of Subsidiary		—	(2,707)
Administrative expenses		(6,767)	(4,928)
Finance costs	4	<u>(5,234)</u>	<u>(6,737)</u>
<b>Loss before tax</b>		<b>(10,721)</b>	<b>(18,146)</b>
Income tax expense	5	<u>—</u>	<u>—</u>
<b>Loss for the period</b>	6	<b><u>(10,721)</u></b>	<b><u>(18,146)</u></b>
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations which may be reclassified subsequently to profit or loss		<u>—</u>	<u>—</u>
<b>Total comprehensive income for the period</b>		<b><u>(10,721)</u></b>	<b><u>(18,146)</u></b>
Loss for the period attributable to:			
Owners of the Company		(10,721)	(18,146)
Non-controlling interests		<u>—</u>	<u>—</u>
<b>Loss for the period</b>		<b><u>(10,721)</u></b>	<b><u>(18,146)</u></b>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		<u>(10,721)</u>	<u>(18,146)</u>
<b>Total comprehensive (expense) income for the period</b>		<b><u>(10,721)</u></b>	<b><u>(18,146)</u></b>
LOSS PER SHARE			
Basic (HK cents)	7	<u>(1.99)</u>	<u>(3.36)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		As at <b>30 June</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2020 <i>HK\$'000</i> <b>(Audited)</b>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		7,151	7,576
Right-of-use-assets		—	—
		<u>7,151</u>	<u>7,576</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	1,314	808
Bank balances and cash		21	42
		<u>1,335</u>	<u>850</u>
<b>CURRENT LIABILITIES</b>			
Other payables	10	27,938	22,391
Bank and other borrowings	11	165,898	165,898
Bank overdrafts	11	2,529	2,529
Interest Payable	10	15,703	10,469
		<u>212,068</u>	<u>201,287</u>
<b>NET CURRENT LIABILITIES</b>		<u>(210,733)</u>	<u>(200,437)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(203,552)</u>	<u>(192,861)</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		—	—
		<u>—</u>	<u>—</u>
<b>NET LIABILITIES</b>		<u>(203,552)</u>	<u>(192,861)</u>

		<b>As at 30 June 2021</b>	As at 31 December 2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>5,400</b>	5,400
Reserves		<u><b>(208,892)</b></u>	<u>(198,261)</u>
Equity attributable to owners of the Company		<u><b>(203,582)</b></u>	<u>(192,861)</u>
<b>TOTAL DEFICIT</b>		<u><b>(203,582)</b></u>	<u><b>(192,861)</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in these unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2020 except as described below.

In the current period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) (“**Amendments**”) issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of these unaudited condensed consolidated financial statements:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 April 2021 and early application is permitted*

The application of the Amendments had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted the following new and amendments to HKFRSs (“**new and amended HKFRSs**”) that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures <sup>3</sup>
HKFRS 17	Insurance Contracts and the related amendments <sup>2</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non- current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies <sup>2</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>2</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
HKAS 37 (Amendments)	Onerous Contracts Cost of Fulfilling a Contract <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2022*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2023*

<sup>3</sup> *Effective for annual periods beginning on or after a date to be determined*

The Directors are in the process of assessing the potential impact of the new and amended HKFRSs but are not yet in a position to determine whether the new and amended HKFRSs will have a significant impact on how the Group’s performance and financial position are prepared and presented. The new and amended HKFRSs may result in changes in the future as to how the performance and financial position are prepared and presented.

### 3. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Directors of the Company (the “CODM”), in order to allocate resources to segments and to assess their performance. During the period, the CODM assesses the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in designing, developing, manufacturing and selling in plastic and other household products. The Group mainly operates in Hong Kong and the People’s Republic of China (the “PRC”) and the Group’s non-current assets are mainly located in the PRC.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2 and no further segment information is presented.

An analysis of the Group’s revenue during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sale of plastic and other household products	<u>11,375</u>	<u>10,276</u>
	<u>11,375</u>	<u>17,900</u>
		<b>Plastic and other household products HK\$’000</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time		11,375
Services transferred over time		<u>—</u>
Total revenue from contracts with customers		<u>11,375</u>

## Geographical Information

The Group's revenue is mainly derived from customers located in Hong Kong, UK, USA and PRC. The Group's revenue by the geographical locations of the customers, determined based on the destination of good delivered, irrespective of the origin of goods, is detailed below:

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Hong Kong	6,354	5,782
UK	356	260
USA	1,682	2,479
PRC	2,371	1,708
Canada	205	—
Others	407	47
	<u>11,375</u>	<u>10,276</u>

## Information About Major Customers

Revenue from customers of the respective period contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Customer A	6,004	5,579
Customer B	2,371	—
	<u>2,371</u>	<u>—</u>



#### 4. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on:		
— bank and other borrowings and overdrafts	5,234	6,737
— lease liabilities	—	—
	<u>5,234</u>	<u>6,737</u>
	<u><u>5,234</u></u>	<u><u>6,737</u></u>

#### 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
— Hong Kong Profits Tax	—	—
— PRC EIT	—	—
	<u>—</u>	<u>—</u>
Deferred tax	—	—
	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>

## 6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Directors' remuneration:		
— Fees	240	—
— Other emoluments, salaries and other benefits	960	1,846
— Retirement benefit scheme contributions	—	—
	<u>1,200</u>	<u>1,846</u>
Other staff salaries and allowances	157	1,383
Retirement benefit scheme contributions, excluding those of Directors	6	—
	<u>1,363</u>	<u>3,229</u>
Total employee benefits expenses		
Auditor's remuneration	—	—
Cost of inventories recognised as an expense	9,671	9,865
Research and development expenses	—	—
Depreciation of property, plant and equipment	424	4,186
Depreciation of right-of-use assets	—	960
	<u>—</u>	<u>960</u>

## 7. LOSS PER SHARE

The calculation of the basic loss per share during the period is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares of 540,000,000 (six months ended 30 June 2020: 540,000,000).

No diluted earnings per share is presented for the current interim period and six months ended 30 June 2021 as the Company did not have any potential dilutive share in issue.

## 8. INTERIM DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 9. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables — goods	—	10,276
Other receivables	<u>2,507</u>	<u>—</u>
	2,507	10,276
Less: impairment loss allowance	<u>—</u>	<u>—</u>
	<u><u>2,507</u></u>	<u><u>10,276</u></u>

The Group allows credit periods mainly ranging from cash on delivery to 90 days to its customers.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables		
1–30 days	—	1,927
31–60 days	—	2,116
61–90 days	—	1,617
91–180 days	<u>—</u>	<u>4,616</u>
	<u>—</u>	<u><u>10,276</u></u>

## 10. OTHER PAYABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Payroll payable	5,628	4,455
Interest payable	15,703	10,469
Other accrued expenses	12,340	9,205
Other payables	9,970	8,731
	<u>43,641</u>	<u>32,860</u>

## 11. BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS

During the current interim period, the Group obtained no new loans (six months ended 30 June 2020: other borrowing of HK\$1,400,000). The loans carry interest at market rates of 36.0% and are repayable when demand.

## 12. SHARE CAPITAL

Details of movements of share capital of the Company are as follow:

	Number of shares <i>HK\$'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 31 December 2020 and 30 June 2021	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
At 31 December 2020 and 30 June 2021	<u>540,000,000</u>	<u>5,400</u>
		<i>HK\$'000</i>
Shown in the consolidated statement of financial position		
At 31 December 2020 and 30 June 2021		<u>5,400</u>

## **BUSINESS REVIEW AND OUTLOOK**

### **Overall Business and Financial Performance of the Group**

During the interim review period till 30 June, 2021, the prolonged impact of COVID-19, along with the Company's restructuring and operational impairments continued to significantly impact the Company's financial results.

From early 2021, continuing global lockdowns brought a halt to social and economic activities, this has in turn triggered a cascading supply chain and logistics crisis that remains in effect as of the date of this announcement.

While production activities in the PRC have resumed, an inconsistent power supply to the manufacturing sector, increased raw material costs, along with sporadic shutdown of ports and the lack of availability of shipping containers has caused industry wide issues from order completion to delivery delays, as well as eating into the profitability of the Group and industry at large.

As of the date of this announcement, the Company has made significant strides towards its restructuring and alleviating any operational impairments; the details of which are available in the "Corporate Governance and Other Information" section on Page 9.

The Group recorded a revenue of approximately HK\$11.4 million for the six months ended 30 June 2021 ("**Current Period**"), representing an increase of 10.7% compared with the corresponding period in 2020 ("**Last Period**"). The Group's overall gross profit was approximately HK\$1.3 million in the Current Period. Loss of the Group amounted to approximately HK\$10.7 million for the Current Period. Details of the performance of the Group is disclosed under the section headed "Management Discussion and Analysis".

### **Future Plan and Prospect**

As of the date of this announcement, the management of the Company is actively working on a debt restructuring plan including but not limited to, liaising actively with the creditors, engaging independent financial advisors and soliciting investors to obtain adequate funding support. To that end, the Company has entered into a funding agreement and restructuring agreement with One Oak Tree Limited on 17 September 2021 and 8 November 2021, respectively, and has been granted leave by the Hong Kong and Cayman courts to propose a scheme of arrangement to its creditors. For details, please refer to the Company's announcements dated 17 September 2021 and 8 November 2021, respectively.

With a core focus on household products made from plastic, the Company has leveraged (i) its skills and experience in plastic household products manufacturing; and (ii) the resources of its newly recruited management personnel in the industries and expanded its product offerings to cover household products in the home appliances and wellness sectors. It is important for the Company to reduce its financial risk by expanding its product offerings to capture the ever-changing demand of the global household goods market.

We continue to foresee that the global economy is constrained by supply chain and logistics bottlenecks, as well as the volatile demand resulting from the COVID-19 pandemic. However, with the increased time spent at home by the average consumer, the demand for our products has strengthened through 2021, and this is a trend we expect to capitalise on in 2022.

Throughout 2020 and 2021, the management has conducted numerous conversations with customers and have successfully entered into memoranda of understanding and obtained indicative orders from them. Our customers are particularly keen to expand their production base to build their in-house brands, and the Company has decided to take this opportunity to rebuild its export business and significantly boost its revenue.

While we will continue to develop and expand our customer base, more importantly the Company has learned a number of risk management lessons from previous management and ownership, that being to avoid an over investment outside of the firms core competencies of new product development, strong client engagement, and high quality manufacturing. This strategy has already started to bear fruit in late 2021, and we believe that this new approach will lead to a turnaround of the Company's operation and financial performance. The Company remains confident that with the continued support of its employees, clients, business partners, and shareholders, it will be able to deliver promising results to its shareholders again.

## **OVERVIEW**

For the Current Period, loss of the Group and loss for the Current Period attributable to owners of the Company amounted to approximately HK\$10.7 million, representing a net increase of HK\$7.4 million as compared with the loss of approximately HK\$18.1 million in the Last Period.

## **REVENUE**

For the Current Period, revenue of the Group amounted to approximately HK\$11.4 million, representing an increase of HK\$1.1 million or 10.7% as compared with approximately HK\$10.3 million in the Last Period.

## **COST OF SALES**

Cost of sales for the Current Period was approximately HK\$10.1 million, representing an increase of HK\$0.2 million or 2.3% from approximately HK\$9.9 million for the Last Period. The increase was in line with the increase of revenue for the Current Period.

## **GROSS PROFIT/(LOSS)**

Gross profit for the Current Period was approximately HK\$1.3 million, representing a net increase of approximately HK\$5.1 million from a gross loss of approximately HK\$3.8 million as compared with the Last Period. The gross loss was mainly due to the decrease of revenue and drop in profit margin for the Last Period.

## **ADMINISTRATIVE EXPENSES**

During the Current Period, administrative expenses amounted to approximately HK\$6.8 million, representing an increase of approximately HK\$1.8 million or 37.3% from approximately HK\$4.9 million in the Last Period.

## **FINANCE COSTS**

Our finance costs decreased from approximately HK\$6.7 million for the Last Period to approximately HK\$5.2 million for the Current Period, representing a decrease of approximately HK\$1.5 million or 22.4%. Such decrease was primarily due to the decrease in interest expenses on banks and other borrowings and overdrafts.

## **INCOME TAX EXPENSES**

No income tax expenses for the Current Period (Last Period: Nil) primarily due to the Company result a loss before tax.

## **LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE REPORTING PERIOD**

For the Current Period, loss for the year attributable to owners of the Company amounted to approximately HK\$10.7 million, representing an increase of HK\$7.4 million as compared to approximately HK\$18.1 million in the Last Period. The loss was primarily due to a decline in revenue.

## **LIQUIDITY AND SOURCE OF FUNDING**

As of 30 June 2021, the current assets of the Group amounted to approximately HK\$1.3 million, which mainly comprised cash and bank balances (including restricted bank deposits) and other receivables. Current liabilities of the Group amounted to approximately HK\$212.1 million, of which approximately HK\$15.7 million was interest payable, HK\$165.9 million was bank loans and HK\$24.3 million was other payables. As of 30 June 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 0.01 times, as compared with 0.01 times as of 31 December 2020.

The Group does not have other debt financing obligations as of 30 June 2021 or the date of this interim results announcement and does not have any breaches of financial covenants.

## **CAPITAL EXPENDITURE**

For the Current Period, the Group did not have any capital expenditure (the Last Period: Nil).

## **NET GEARING RATIO**

As at 30 June 2021, the Group had a negative equity of approximately HK\$203.6 million, as compared to the negative equity of approximately HK\$192.9 million as at 31 December 2020.

## **CAPITAL STRUCTURE**

As at 30 June 2021, the Company had a total of 540,000,000 issued shares (the “**Shares**”, each, a “**Share**”) at HK\$0.01 each (31 December 2020: 540,000,000 shares).

The Company listed its shares on the Stock Exchange on 4 October 2018, and issued 135,000,000 shares, at a price of HK\$1.1 each.

The Group generally finances its ordinary operations with internally generated resources and banking facilities. The interest rates of most of the borrowings and finance lease arrangement, if applicable, are charged by reference to prevailing market rates.



## **MATERIAL INVESTMENTS**

For the Current Period, the Group did not have any significant acquisition of plant and equipment (the Last Period: Nil).

Save as disclosed above, the Group did not have any significant acquisition or disposal of subsidiaries and associated companies during the Current Period.

## **CONTINGENT LIABILITIES**

No contingent liabilities have been noted as at 30 June 2021 and 31 December 2020.

## **CAPITAL COMMITMENT**

No capital commitment has been noted as at 30 June 2021 and 31 December 2020.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's sales and purchases are mainly denominated in US dollars and Renminbi. The sales of our Group are mainly denominated in US dollars or Hong Kong dollars. Some of our polypropylene resins are sourced from overseas and settled in US dollars. As our production base is in the PRC, the rental payment and the related staff costs are paid in Renminbi.

Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial foreign currency risk exposure in this area and will closely monitor the trend of Renminbi to see if any action is required.

As at 30 June 2021, the Group had not entered any financial instrument for the hedging of foreign currency.

## **EMPLOYMENT AND REMUNERATION POLICY**

The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonuses may be granted to reward and motivate those well-performed employees.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at any time during the Current Period.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. The Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code during the Current Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY 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 the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Current Period.

## **LITIGATIONS**

### **HCA 2241 OF 2019**

On 3 December 2019, a legal proceeding was initiated by Nanyang Commercial Bank, Limited (“**NCB**”) as plaintiff under action number HCA 2241 of 2019 against Chase On, the Company, three former directors of the Company namely Mr. Tong Ying Chiu (“**Mr. Tong**”) and Ms. Ng Siu Kuen Sylvia (“**Ms. Ng**”), and Mr. Chan Kam Hon Ivan (“**Mr. Chan**”), in respect of Chase On’s outstanding sums and interests due from banking facilities granted by NCB to Chase On. The Company and the aforesaid directors were guarantors of Chase On’s liabilities to NCB.

NCB claims against Chase On, the Company and the aforesaid directors for (i) the outstanding balance of HK\$2,063,000 and its further interest payments accrued; and (ii) the outstanding principal of US\$2,231,000 and its outstanding interest of US\$16,000 (equivalent to approximately HK\$17,398,000 and HK\$123,000 respectively) and its interest accrued.

## **HCA 2259 OF 2019**

On 6 December 2019, a legal proceeding was initiated by Fubon Bank (Hong Kong) Limited (“**Fubon**”) as plaintiff under action number HCA 2259 of 2019 against Chase On, the Company, Mr. Tong and Mr. Chan, in respect of Chase On’s outstanding sums and interests due from banking facilities granted by Fubon to Chase On. The Company, Mr. Tong and Mr. Chan were guarantors of Chase On’s liabilities to Fubon.

Fubon claims against Chase On, the Company, Mr. Tong and Mr. Chan for the sums of US\$871,000 (equivalent to approximately HK\$6,796,000) and HK\$367,000 and their interests accrued.

## **HCA 2395 OF 2019**

On 24 December 2019, a legal proceeding was initiated by O-Bank Co., Ltd. (“**O-Bank**”) as plaintiff under action number HCA 2395 of 2019 against Chase On, the Company, and Mr. Tong, Ms. Ng, Mr. Chan, and Mr. Tong Bak Nam Billy (who resigned as director of the Company on 27 May 2020), in respect of Chase On’s outstanding sums and interests due from credit facilities granted by O-Bank to Chase On. The Company and the aforesaid directors were guarantors of Chase On’s liabilities to O-Bank.

The Plaintiff claims against Chase On, the Company and the aforesaid directors for the outstanding principal amounts of (i) HK\$6,182,000 and US\$3,647,000 (equivalent to approximately HK\$28,444,000), and (ii) the interest on the said principal amounts accrued.

## **HCA 354 OF 2020**

On 18 March 2020, a legal proceeding was initiated by DBS Bank (Hong Kong) Limited (“**DBS**”) as plaintiff under action number HCA 354 of 2020 against Chase On and the Company, in respect of Chase On’s outstanding sums and interests due from banking facilities granted by DBS to Chase On. The Company was guarantor of Chase On’s liabilities to DBS.

DBS claims against Chase On and the Company for the sums of US\$999,000 (equivalent to approximately HK\$7,779,000) and their interests accrued.

## **LBTC 3483 OF 2020**

On 28 December 2020, five former employees of the Company commenced proceedings in the Labour Tribunal of Hong Kong against the Company, claiming for a total amount of approximately HK\$2,061,000 on the ground of inter alia the failure to pay their salaries, to provide annual leave and to pay in lieu of notice upon the termination of their employment... etc.

Pursuant to the Orders of the Labour Tribunal dated 8 June 2021, the Labour Tribunal Proceedings are currently stayed indefinitely until further notice by the High Court.

As of the date of this announcement, the salary payables, in the amount of approximately HK\$1,331,000 were provided and included in other payables as at 31 December 2020. Due to the lack of sufficient supporting documents for the proof of their debts by the former employees, the Directors were of the view that the amount provided in the consolidated financial statements is adequate, and hence no further provision for the claim is necessary.

### **DCCJ 5164 OF 2020**

On 24 September 2020, a legal proceeding was initiated by Strategic Financial Relations Limited as the plaintiff under action number DCCJ 5164 of 2020 against the Company for a claim of approximately HK\$139,000 for the provision of public relation services. Due to the lack of supporting documents provided for the proof of its debt by the claimant, the Directors were of the view that the claim is questionable, and hence no provision for the claim is necessary.

### **WINDING-UP PETITIONS**

#### **HCCW 403 OF 2019**

On 13 December 2019, the Company was served a winding-up petition filed by CTBC under action number HCCW 403 of 2019 in the High Court for an order that the Company be wound up by the High Court on the ground that the Company is insolvent and is unable to pay its debts of approximately US\$5,728,000 (equivalent to approximately HK\$44,604,000).

The petition was filed against the Company as guarantor of Chase On's liability to CTBC. The hearing of petition before the High Court has adjourned to be held on 3 January 2022.

#### **HCCW 28 OF 2020**

On 17 January 2020, the Company was served a winding-up petition filed by Orix Asia Limited (“**Orix**”) under action number HCCW 28 of 2020 in the High Court for an order that the Company be wound up by the High Court on the ground that the Company is insolvent and is unable to pay its debts of approximately HK\$7,033,000 in total.

The petition was ordered to be dismissed by the High Court on 21 September 2020, and Orix is now acting as a supporting creditor in the petition filed under action number HCCW 403 of 2019.

## RESUMPTION GUIDANCE

On 31 July 2020, 16 April 2021 and 23 August 2021, the Company has received notices from the Stock Exchange in relation to the conditions for for resumption of the Company's trading, including the followings:

- i. address the audit modification in the 2019 Annual Results;
- ii. demonstrate its compliance with Rule 13.24;
- iii. conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules;
- iv. have the winding-up petitions (or winding orders, if made) against the Company withdrawn or dismissed;
- v. inform the market of all material information for the Company's shareholders and other investors to appraise its positions;
- vi. to publish all outstanding financial results required by the Listing Rules and address any audit modifications (Including the audit modifications in the 2019 Annual Results); and
- vii. re-comply with (i) Rule 3.10(1), which is to have at least three independent non-executive directors and (ii) Rule 3.21, which requires the audit committee to comprise a minimum of three members, at least one of whom being an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 January 2022. If the Company fails to remedy the issues causing this trading suspension, fulfil the resumption guidance in its shares by 1 January 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period where appropriate.

The Company is taking appropriate steps to resolve the issues causing its trading suspension and to fully comply with the Listing Rules to the Stock Exchange's satisfaction. On 1 December 2021, as a step to re-comply with Rule 3.10(1) and Rule 3.21 in relation to requirement for independent non-executive Director, Dr. Chan Kai Yue Jason has been appointed as (i) an independent non-executive Director of the Company; (ii) a member of the remuneration committee and the nomination committee of the Company; and (iii) a chairperson of the audit committee and the risk management committee of the Company. On 15 December 2021, a resumption proposal has been submitted to the Stock Exchange. The Company will seek to resume trading of its shares as soon as possible.

## **EVENTS AFTER THE REPORTING PERIOD**

- (i) On 17 September 2021, One Oak Tree Limited (“**One Oak**”) as lender, the Company as borrower and the JPLs entered into the One Oak Funding Agreement, pursuant to which One Oak conditionally agreed to grant (i) an initial credit facility in the principal amount of up to HK\$50 million; and (ii) a further credit facility in the principal amount of up to HK\$50 million, at an interest rate of 3.0% per annum to the Company subject to and upon the terms and conditions of the One Oak 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. For details please refer to the announcement of the Company on 17 September 2021.
- (ii) On 8 November 2021, the Company and the JPLs entered into a restructuring agreement with One Oak, pursuant to which the Company will implement restructuring which involves the restructuring of business, debts and liabilities, capital structure and share capital of the Company including, among others, (i) proposed consolidation of every ten issued shares of the Company into one consolidated share, and the proposed increase in the authorised share capital of the Company from HK\$20,000,000 divided into 200,000,000 consolidated shares to HK\$200,000,000 divided into 2,000,000,000 consolidated shares by the creation of an additional 1,800,000,000 consolidated shares; (ii) the subscription of the subscription shares subject to the terms and conditions of the subscription agreement and (iii) the creditors schemes involving possible grant of share options and the put options.

Following the entering into of the restructuring agreement, the Company submitted the resumption proposal on 15 December 2021, containing details of the restructuring to the Stock Exchange for the purpose of seeking a resumption of trading of the Company's shares on the Main Board.

For details, please refer to the announcements of the Company dated 8 November 2021 and 30 November 2021.

- (iii) On 2 November 2021, by an Order made by the Hong Kong Court and an Order dated 3 December 2021 made by the Cayman Court (collectively, the “**Orders**”), the Hong Kong Court and the Cayman Court have respectively directed a Scheme Meeting (the “**Scheme Meeting**”) be convened of the Scheme Creditors of the Company for the purpose of considering and, if thought fit, approving (with or without modification or condition approved and imposed by the Courts) the Schemes proposed to be made between the Company and the Scheme Creditors pursuant to Sections 670, 671, 673 and 674 of the Companies Ordinance (Cap. 622) and Section 86 of the Companies Act.

For details, please refer to the announcement of the Company on 15 December 2021.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## **DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2021, none of the Directors and chief executives has any interest or short position of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company pursuant to the Model Code.



## SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name	Capacity	Long position/ short position	Number of shares/ underlying shares of the Company held	Approximate percentage of the issued share capital of the Company	Note
Uni-Pro Limited	Beneficial owner	Long position	270,256,500	50.05	1
Sun Cheong Creative Development Limited	Interest of a controlled corporation	Long position	270,256,500	50.05	1
Tong Ying Chiu	Interest of a controlled corporation	Long position	270,256,500	50.05	1
Ng Siu Kuen Sylvia	Interest of a controlled corporation	Long position	270,256,500	50.05	1
Chan Kam Hon Ivan	Beneficial owner	Long position	98,613,000	18.26	2
Cheung Hok Hin Alan (in the capacity of receiver)	Receiver to act on behalf on Cachet Multi Strategy Fund SPC to receive the shares	Long position	368,869,500	68.31	3
Cachet Multi Strategy Fund SPC	Person having a security interest in shares	Long position	368,869,500	68.31	3

*Notes:*

- These shares are held by Uni-Pro Limited, a company incorporated in the BVI and is wholly-owned by Sun Cheong Creative Development Limited. Sun Cheong Creative Development Limited is a company incorporated in Hong Kong and is held as to 50% by Mr. Tong Ying Chiu and as to 50% by Ms. Ng Siu Kuen Sylvia. Both of Mr. Tong Ying Chiu and Ms. Siu Kuen Sylvia are the ex-directors of the Company who have resigned with effect from 6 December 2019. Mr. Tong Ying Chiu is the spouse of Ms. Ng Siu Kuen Sylvia.
- Mr. Chan Kam Hon Ivan is ex-director of the Company who has resigned as an executive director with effect from 10 June 2020.



3. On 3 June 2020, Mr. Cheung Hok Hin, Alan of Wing United CPA Limited was appointed to be the receiver over 270,256,500 shares and 98,613,000 shares of the Company which were registered under the names of Uni-Pro Limited and Mr. Chan Kam Hon Ivan, respectively, pursuant to the powers contained in a debenture dated 16 January 2020 and executed by Uni-Pro Limited in favour of Cachet Multi Strategy Fund SPC and a share charge dated 1 April 2019 and executed by Mr. Chan Kam Hon Ivan in favour of Cachet Multi Strategy Fund SPC (as amended and supplemented by a supplemental deed dated 16 January 2020) in connection with a loan agreement dated 1 April 2019 and entered into among Uni-Pro Limited (as borrower), Cachet Multi Strategy Fund SPC (as lender), and Mr. Tong Ying Chiu, Ms. Ng Siu Kuen Sylvia and Mr. Chan Kam Hon Ivan (as guarantors). Details were set out in the announcement of the Company dated 16 June 2020.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2021.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time for the Reporting Period and at any time before and up to the date of this announcement.

## **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B of the Listing Rules, the changes of information of the Directors since the date of the Company's 2020 Interim Report are set out below:

With effect from 24 June 2021, Mr. Sze Chun Wai resigned as an independent non-executive Director and ceased to be the chairman of the nomination committee of the Company and a member of each of the audit committee, the remuneration committee and the risk management committee of the Company due to his intention to pursue other business opportunities. Further details were disclosed in the Company's announcement dated 25 June 2021.

With effect from 26 July 2021, Ms. Lin Weiqi Wendy has been appointed as an independent non-executive Director, chairlady of the nomination committee and a member of each of the audit committee, the remuneration committee and the risk management committee of the Company. Further details were disclosed in the corresponding announcement dated 26 July 2021.

With effect from 16 August 2021, Mr. Li Ka Chun resigned as an independent non-executive Director and ceased to be the chairman of the remuneration committee of the Company and a member of each of the audit committee, the nomination committee and the risk management committee of the Company due to his intention to pursue other business opportunities. Further details were disclosed in the Company's announcement dated 16 August 2021.

With effect from 31 August 2021, Mr. Fung Wai Hang resigned as an independent non-executive Director and ceased to be the chairman of each of the audit committee and the risk management committee of the Company and a member of each of the remuneration committee and the nomination committee of the Company due to his intention to devote more time to his personal commitments. Further details were disclosed in the Company's announcement dated 31 August 2021.

With effect from 20 September 2021, Mr. Wong Chi Kei has been appointed as an independent non-executive Director, chairman of the remuneration committee and a member of each of the audit committee, the nomination committee and the risk management committee of the Company. Further details were disclosed in the corresponding announcement dated 27 September 2021.

With effect from 1 December 2021, Dr. Chan Kai Yue Jason has been appointed as an independent non-executive Director, chairman of each of the audit committee and risk management committee and a member of each of the remuneration committee and the nomination committee of the Company. Further details were disclosed in the corresponding announcement dated 1 December 2021.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2021. The Audit Committee was satisfied that the unaudited condensed consolidated interim financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

## **SUSPENSION OF TRADING**

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

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, 24 December 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. Wong Chi Kei, Ms. Lin Weiqi Wendy and Dr. Chan Kai Yue Jason.*