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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)

QUARTERLY UPDATES ON RECENT DEVELOPMENT OF THE COMPANY

This announcement is made by Sun Cheong Creative Development Holdings Limited (the “**Company**” and, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) (a) and Rule 13.25 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BUSINESS OPERATION

The Group is principally engaged in its business in plastic and other household products. As at the date of this announcement, the Group is carrying on its normal day-to-day operations. The Group continued to use every means available to continue with and to revitalise its existing business and strive to improve the business operation and financial position of the Group. Despite the setback in face of the COVID-19 pandemic, the Group has promptly reconfirmed and materialised a number of confirmed sales orders for its products and has successfully renewed and extended the lease of the production factory located in Heyuan, the PRC, to December 2027. Further, the Group has appointed Mr. Jason Martin Westcott (“**Mr. Westcott**”) as an executive Director and the Chief Executive Officer of the Company in February 2022. Mr. Westcott has over 20 years of experience in the plastic and household goods industry, and will lead the Group to continue developing its plastic products business. The Group has also expanded the sales and marketing team of the Group. For instance, the Group has onboarded sales personnel with 11 years relevant experience and strong presence in Europe to develop its business in Europe/the UK. The Group has also devised a concrete plan to expand its sales and marketing team. It has been the Group’s utmost importance to proactively engage in its business operation with the aim of maximising return to the Shareholders.

RESUMPTION PROGRESS

References are made to (i) the announcements of the Company dated 7 January 2022 in relation to the Scheme Meeting; (ii) the announcements of the Company dated 8 November 2021 and 17 March 2022 (the “**Restructuring Announcements**”) in relation to, among other things, the proposed Restructuring and the Whitewash Waiver; (iii) the announcements of the Company dated 17 September 2021, 12 November 2021 and 18 March 2022 in relation to, among other things, the Original Funding Agreement; and (iv) the announcement of the Company dated 30 November 2021 in relation to the delay in despatch of the circular (the “**Circular**”) relating to the Restructuring and the Whitewash Waiver. Unless otherwise stated, capitalised terms used in this paragraph and the following sections shall have the same meanings as those defined in the Restructuring Announcements.

Scheme of Arrangement

The Scheme Meeting was held on 7 January 2022, and the Creditors Schemes were approved by the requisite statutory majorities of the Creditors. The Company submitted the results of the Scheme Meeting to the Cayman Court and the Hong Kong Court respectively for the sanctioning of the Creditors Schemes. Due to the delisting decision of the Listing Committee on 14 January 2022, the Hong Kong Court hearing and the Cayman Court hearing for sanctioning the Creditors Schemes were adjourned from the originally scheduled dates on 22 February 2022 (Hong Kong time) and 24 February 2022 (Cayman time), respectively to 7 June 2022 (Hong Kong time) and 15 June 2022 (Cayman time), respectively.

CKA Loan Agreement and Revised Funding Arrangement

In order to better facilitate the ongoing business development of the Group, on 17 March 2022, One Oak as lender and CKA (the direct wholly-owned operating subsidiary of the Company) as borrower entered into the CKA Loan Agreement, pursuant to which One Oak shall grant a credit facility in the principal amount of up to HK\$70 million, at an interest rate of 3.0% per annum to CKA for its working capital and business operation purpose. Moreover, One Oak, the Company and the Joint Provisional Liquidators entered into the Amended and Restated Funding Agreement to amend the funding arrangement to conditionally grant a credit facility in the principal amount of up to HK\$30 million, at an interest rate of 3.0% per annum, to the Company for settlement of the Creditors Schemes and related fees and costs.

Supplemental Restructuring Agreement and Supplemental Subscription Agreement

On 17 March 2022, the Company and the Joint Provisional Liquidators entered into the Supplemental Restructuring Agreement and the Supplemental Subscription Agreement with One Oak, pursuant to which the parties agreed to amend and supplement certain terms of each of the Restructuring Agreement and the Subscription Agreement, such that the total Subscription Price of HK\$80,000,000 for the Subscription Shares shall be satisfied by One Oak (i) firstly, by way of set-off of the Company's Outstanding Debts under the Amended and Restated Funding Agreement in whole or in part on dollar-for-dollar basis against and towards the payment of the Subscription Price for such amount of the Company's Outstanding Debts; (ii) secondly, by way of set-off of the CKA Outstanding Debts under the CKA Loan Agreement in whole or in part on dollar-for-dollar basis against and towards the payment of the Subscription Price for such amount of the CKA Outstanding Debts; and (iii) finally, the balance of the Subscription Price (if any) shall be payable by the One Oak (or its nominee) to the Company by way of cash.

Save as disclosed above, there is no other variation to each of the Restructuring Agreement and the Subscription Agreement. For details of the Supplemental Restructuring Agreement and the Supplemental Subscription Agreement, please refer to the announcement of the Company dated 17 March 2022.

Despatch of the Circular

As stated in the announcement dated 25 February 2022, as additional time is required for (i) the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2021 for inclusion in the Circular; (ii) the Independent Financial Adviser to prepare the letter of advice to the Independent Board Committee and the Independent Shareholders in respect of the Restructuring and the Whitewash Waiver to be included in the Circular; and (iii) the finalisation of the content of the Circular, it is expected that the despatch date of the Circular will be postponed to a date falling on or before 14 April 2022.

The Company applied to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code by extending the despatch date of the Circular to a date no later than 14 April 2022 and the Executive has granted consent to such waiver application on 1 March 2022.

The Board wishes to update the Shareholders and potential investors of the Company that the Company is endeavoring on the process of implementation of the restructuring plan. Further announcements will be made by the Company as and when appropriate.

The Winding-up petition of the Company

References are made to the announcements dated 7 January 2020, 8 January 2020, 22 January 2020, 3 February 2020, 12 February 2020, 10 March 2020, 24 June 2020, 6 July 2020, 8 July 2020, 4 August 2020, 1 September 2020, 23 September 2020, 8 January 2021, 17 May 2021, 26 July 2021, 27 September 2021 and 31 December 2021 of the Company in relation to certain litigation and winding up petitions. Unless otherwise defined, terms used in this and the following paragraphs in this section shall have the same meanings as defined in the announcement dated 7 January 2020 of the Company.

The Board wishes to update the Shareholders and potential investors of the Company that the hearing of the winding up petitions under action numbers HCCW 403 of 2020 (the “**Petition**”) was adjourned with liberty to restore until 21 March 2022 by the Judiciary of Hong Kong. Due to the outbreak of the fifth wave of the COVID-19 pandemic, on 4 March 2022, the Judiciary announced that in light of the latest public health situation and related developments, all hearings of the courts and tribunals originally scheduled between 7 March 2022 and 11 April, 2022 will generally be adjourned (the “**General Adjourned Period**”). Due to the General Adjourned Period, the High Court directed that the hearing be re-fixed to 19 April 2022.

Further announcements on the Petition will be made by the Company as and when appropriate.

REVIEW BY THE LISTING REVIEW COMMITTEE

References are made to the announcements of the Company dated 17 January 2022, 25 January 2022 and 25 February 2022 respectively, in relation to, among other things, the Company’s request for review of the delisting decision made by the Listing Committee before the Listing Review Committee of the Stock Exchange (the “**LRC Review**”). On 14 January 2022, the Company was informed that the Listing Committee has refused the Company’s request to extend resumption deadline and has decided to cancel the Company’s listing under Rule 6.01A of the Listing Rules. The Company disagreed with the Listing Committee’s decision. On 21 January 2022, the Company submitted a request for the LRC Review. The Board wishes to update the Shareholders and potential investors of the Company that the hearing of the LRC Review (the “**LRC Review Hearing**”) has been scheduled for 20 April 2022. Shareholders and potential investors of the Company should note that the outcome of the LRC Review Hearing is uncertain. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

CONTINUED 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.

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

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, 31 March 2022

As at the date of this announcement, the executive Directors are Mr. Chan Sai On Bill, Mr. Ng Chun Chung, Mr. Jason Martin Westcott; and the independent non-executive Directors are Ms. Lin Weiqi Wendy, Mr. Wong Chi Kei and Dr. Chan Kai Yue Jason.

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.