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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Sun Cheong Creative Development Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Year**") and together with the comparative figures for the previous year.

FINANCIAL HIGHLIGHT

Revenue of the Group for the Year amounted to approximately HK$23.5 million (2020: HK$21.5 million), representing an increase of 9.4% year-on-year.

Loss and total comprehensive loss for the Year amounted to approximately HK$18.1 million (2020: HK$75.9 million), decreased by 76.0%. The decrease was mainly due to the absence of impairment loss in the Year compared to the impairment loss in respect of property, plant and equipment of approximately HK$54.3 million recognised in previous year.

Basic loss per share for the Year was HK3.35 cents (2020: HK14.06 cents).

We do not recommend the payment of a final dividend (2020: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** **_HK$'000_**	2020 *HK$'000*
Revenue	4	**23,487**	21,468
Cost of sales		**(20,866)**	(19,032)
Gross profit		**2,621**	2,436
Other income	5	**32**	—
Other gains and losses	5	**63**	424
Impairment loss for property, plant and equipment		**—**	(54,315)
Loss on deconsolidation of subsidiaries	3	**—**	(1,829)
Administrative and other expenses		**(10,350)**	(12,168)
Finance costs	6	**(10,469)**	(10,469)
Loss before tax		**(18,103)**	(75,921)
Income tax expense	7	**—**	—
Loss and total comprehensive loss for the year	8	**(18,103)**	(75,921)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company		**(18,103)**	(75,921)
Loss per share			
Basic *(HK cents)*	9	**(3.35)**	(14.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	**2021** **HK$'000**	2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**6,911**	7,576
Current assets			
Trade and other receivables	*11*	**5,804**	808
Bank balances and cash		**427**	42
		6,231	850
Current liabilities			
Trade and other payables	*12*	**54,361**	32,860
Bank and other borrowings	*13*	**165,898**	165,898
Bank overdraft	*13*	**2,529**	2,529
Contract liabilities		**1,318**	—
		224,106	201,287
Net current liabilities		**(217,875)**	(200,437)
Total assets less current liabilities		**(210,964)**	(192,861)
Net liabilities		**(210,964)**	(192,861)
Capital and reserves			
Share capital		**5,400**	5,400
Reserves		**(216,364)**	(198,261)
Deficit attributable to owners of the Company		**(210,964)**	(192,861)

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 March 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Stock Exchange on 4 October 2018. On 9 June 2020, Mr. Cheung Hok Hin, Alan of Wing United CPA Limited was appointed as the receiver over the shares of the Company (collectively the "**Charged Shares**") which were registered under the name of Uni-Pro Limited ("**Uni-Pro**") and Mr. Chan Kam Hon Ivan respectively (the "**Receivership**"). The Receivership may result in the sale of the Charged Shares to other third-party purchasers.

In the opinion of the Directors, as at 31 December 2021, its parent was Uni-Pro and its ultimate parent was Sun Cheong Creative Development Limited (incorporated in Hong Kong under compulsory winding up) ("**Sun Cheong**"). Its ultimate controlling party was Mr. Tong Ying Chiu ("**Mr. Tong**") and Ms. Ng Siu Kuen Sylvia ("**Ms. Ng**"), spouse of Mr. Tong. Mr. Tong is the former Chairman and one of the former executive directors of the Company while Ms. Ng is also a former executive director of the Company (together referred to as the "**Former Controlling Shareholders**").

The Company is an investment holding company. The Group is principally engaged in plastic product business. The Group offers a wide range of plastic and other household products including storage boxes, rubbish bins, kitchenware, pet accessories, household appliances such as aroma diffusers and toys.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. The Directors consider HK$ is the appropriate presentation currency for the users of the Group's financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. The consolidated financial statements have also been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and by the Hong Kong Companies Ordinance.

The Group incurred a loss of approximately HK$18,103,000 for the year ended 31 December 2021 and as at 31 December 2021 the Group had net current liabilities and net liabilities of approximately HK$217,875,000 and HK$210,964,000 respectively, and there are pending litigations and winding up petitions against the Company. The Group also had late payment issues with financial institutions and other creditors. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, the Directors have been implementing various measures as follows:

(i) David Martin Griffin of FTI Consulting (Cayman) Limited and Fok Hei Yu of FTI Consulting (Hong Kong) Limited were appointed as joint and several provisional liquidators (the "**JPLs**") of the Company on 30 July 2020 for restructuring purposes. On 8 November 2021, the Company and the JPLs entered into the restructuring agreement with One Oak Tree Limited (the "**Lender**" or "**One Oak**"), pursuant to which the Company will implement the restructuring (the "**Restructuring**") which involves the restructuring of business, debts and liabilities, capital structure and share capital of the Company including, among others, (i) the share consolidation and increase in authorised share capital in the Company; (ii) the subscription of new shares of the Company for HK$80,000,000 and proposed scheme of arrangement (the "**Creditors Scheme**") involving possible grant of the share options and put option, as set out in the announcement of the Company dated 8 November 2021.

    On 17 March 2022, the Company and the JPLs 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 the restructuring agreement and the supplemental subscription agreement. Please refer to the Company's announcement dated 17 March 2022 for further details.

    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 respectively.

    The Directors believe that the Creditors Scheme will be successfully effective in around June 2022.

(ii) On 17 September 2021, One Oak as lender, the Company as borrower and the JPLs entered into a funding agreement (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.

On 17 March 2022, One Oak as lender, the Company as borrower and the JPLs entered into the amended and restated Funding Agreement ("**Amended and Restated Funding Agreement**") to amend and restate the terms and conditions of the One Oak Funding Agreement. Please refer to the Company's announcement dated 17 March 2022 for further details.

(iii) On 17 March 2022, One Oak, as lender and CK & Associates Limited ("**CKA**"), a direct wholly-owned subsidiary of the Company, entered into a loan agreement (the "**CKA Loan Agreement**"), pursuant to which One Oak conditionally agreed to grant a term loan in the principal amount of up to HK$70.0 million at an interest rate of 3.0% per annum to CKA. For further details, please refer to the Company's announcement dated 17 March 2022.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the above measures to be undertaken by the Group. The Directors are of the opinion that, taking into account the above measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2021. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HKFRSS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs 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 the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021, and applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases ("**HKFRS 16**") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application has had no impact to the opening accumulated losses at 1 January 2021.

2.2 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("**HKFRS 7**").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for debt instruments and bank borrowings measured at amortised cost.

2.3 Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

2.4 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 Business Combinations so that it refers to the *Conceptual Framework for Financial Reporting 2018 issued in June 2018* (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* 2010 issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying *HKAS 32 Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2021, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 December 2021.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Amendments to HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 Inventories.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

The Directors anticipate that the application of some of these new and amendments to HKFRSs may have effect on the Group's financial positions and performance and/or on the disclosures set out in the consolidated financial statements.

3. DECONSOLIDATION OF CERTAIN SUBSIDIARIES OF THE GROUP

For the year ended 31 December 2020

Following the winding-up petitions filed by banks under action numbers HCCW 374 of 2019 and HCCW 401 of 2019 in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") against the Group's operating subsidiary in Hong Kong, namely Chase On Development Limited ("**Chase On**"), on 31 March 2020, the High Court ordered that Chase On be wound up. The Directors considered that the Group had lost its control to govern Chase On with effect from 31 March 2020. Accordingly, Chase On was deconsolidated from the Group with effect from 31 March 2020.

The Group had consolidated the assets and liabilities and results of Chase On up to 31 March 2020 in the consolidated financial statements. The deconsolidation of Chase On had resulted in a net loss on deconsolidation of approximately HK$1,829,000 recognised in consolidated profit or loss for the year ended 31 December 2020.

The following is the financial information, before intra-group balances and transactions elimination, of Chase On as at 31 March 2020.

Statement of financial position of Chase On as at the date of deconsolidation

	2020
	HK$'000
Details of the net assets of Chase On as at 31 March 2020 are set out below:	
Trade and other receivables	**14,670**
Bank balances and cash	**311**
Lease liabilities	**(785)**
Trade and other payables	**(6,303)**
Tax payables	**(5,522)**
Financial guarantee	**(542)**
Net assets excluding bank borrowings	**1,829**
*Bank borrowings	**(168,417)**
Net liabilities	**(166,588)**
Loss on Deconsolidation:	
Net assets excluding bank borrowings of Chase On	**1,829**

* The bank borrowings of Chase On were guaranteed by the Company and were assigned to the Company upon the issuance of the winding-up order.

4. 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 (the "**CODM**"), in order to allocate resources to segments and to assess their performance. During the Year, 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 plastic and other household products. Therefore, the management considers that the Group only has one operating segment. The Group mainly operates in Hong Kong and 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 adopted by the Group and no further segment information is presented.

An analysis of the Group's revenue during the Year is as follows:

Types of Goods	**2021**	2020
	HK$'000	*HK$'000*
Sale of plastic and other household products	**23,487**	21,468

All of the revenue of the Group is recognised on a point in time basis.

Based on the historical pattern, the Directors are of the opinion that the income from sale of plastic and other household products in respect of unsatisfied contracts as at the end of the financial reporting period are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

Geographical Information

The Group's revenue is mainly derived from customers located in Hong Kong, the People's Republic of China ("**PRC**"), the United Kingdom ("**UK**"), the United States of America ("**US**"), Canada and New Zealand. The Group's revenue by the geographical locations of the customers, determined based on the destination of goods delivered, irrespective of the origin of goods, is detailed below:

	2021	2020
	HK$'000	*HK$'000*
Canada	**418**	—
Hong Kong	**12,075**	11,653
PRC	**5,113**	3,351
UK	**519**	648
US	**4,955**	5,474
New Zealand	**—**	8
Others	**407**	334
	23,487	21,468

Information About Major Customers

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

	2021	2020
	HK$'000	*HK$'000*
Customer A	**11,683**	10,888
Customer B	**5,113**	3,351
Customer C	**2,475**	2,102

5. OTHER INCOME/OTHER GAINS AND LOSSES

	2021	2020
	HK$'000	*HK$'000*
Other income		
Sundry income	**32**	—
Other gains and losses		
Gain on early termination of lease, net	**—**	27
Net foreign exchange gain	**63**	429
Others	**—**	(32)
	63	424

6. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest expenses on:		
— bank and other borrowings and overdrafts	**10,469**	10,469
	10,469	10,469

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made in the consolidated financial statements as the Group had no estimated assessable profits derived in Hong Kong and the PRC for both years.

8. LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR

Loss and total comprehensive loss for the year has been arrived at after charging/(crediting):

	2021	2020
	HK$'000	*HK$'000*
Directors' remuneration		
— Fees	**469**	487
— Other emoluments, salaries and other benefits	**960**	2,558
— Retirement benefit scheme contributions	**—**	—
	1,429	3,045
Other staff salaries and allowances	**2,593**	1,631
Retirement benefit scheme contributions, excluding those of Directors	**6**	2
Total employee benefits expenses	**4,028**	4,678
Auditor's remuneration		
— current year	**700**	1,000
— over-provision in prior years	**—**	(476)
Cost of inventories recognised as an expense	**20,866**	19,032
Operating leases charges in respect of rented premises	**2,008**	1,600
Depreciation of property, plant and equipment (included in cost of sales)	**859**	802

9. LOSS PER SHARE

The calculation of the basic loss per share during the Year is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the Year of 540,000,000 (2020: 540,000,000).

No diluted loss per share is presented for both 2021 and 2020 as the Company did not have any potential ordinary share in issue during the years.

10. DIVIDENDS

The Directors did not recommend the payment of any dividend for the year ended 31 December 2021 (2020: nil).

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**231**	–
Other receivables	**5,573**	808
	5,804	808
Less: Impairment loss allowance	**–**	–
	5,804	808

The Group allows credit periods mainly ranging from cash on delivery to 180 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.

	2021	2020
	HK$'000	*HK$'000*
1–30 days	**55**	–
31–120 days	**69**	–
121–365 days	**107**	–
	231	–

12. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**2,837**	—
Payroll payables	**6,018**	4,455
Interest payables	**20,938**	10,469
Accrued professional fees	**7,914**	5,380
Other accrued expenses	**7,475**	4,425
Other payables	**9,179**	8,131
	54,361	32,860

An aging analysis of the Group's trade payables as at the end of the reporting period, based on invoice date, is as follows:

	2021	2020
	HK$'000	*HK$'000*
1–30 days	**1,909**	—
31–120 days	**928**	—
	2,837	—

13. BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Secured borrowings		
— Bank and other borrowings	**165,898**	165,898
— Bank overdrafts	**2,529**	2,529
Repayable within one year	**168,427**	168,427

The effective interest rates on the Group's bank and other borrowings and bank overdrafts are ranging from 3.25% to 9.16% and repayable on demand (2020: ranging from 3.25% to 9.16%). At 31 December 2021, the bank and other borrowings of approximately HK$165,898,000 (2020: HK$165,898,000) were overdue and became immediately repayable. Certain lenders had taken legal action against the Group for the immediate repayment of their loans and filed winding-up petitions against the Group as disclosed in note 15. The Group had restructured their debts with the lenders, and on 7 January 2022, the Scheme Meeting was duly convened in accordance with the directions of the Hong Kong Court and Cayman Court, the Creditors Schemes were approved by the requisite statutory majorities of the creditors.

14. RELATED PARTY DISCLOSURES

(a) Related Party Transactions

During the years ended 31 December 2021 and 2020, the Group's bank and other borrowings and bank overdrafts are secured and/or guaranteed by certain related parties.

(b) Compensation of Directors and Key Management Personnel

	2021 *HK$'000*	2020 *HK$'000*
Salaries and other allowances	**1,429**	3,836
Retirement benefit scheme contributions	**—**	—
Other benefits	**—**	—
	1,429	3,836

The remuneration of Directors and key management personnel are determined having regard to the performance of the individuals and contribution to the Group.

15. CONTINGENT LIABILITIES

The following is the Group's contingent liabilities at the end of the reporting period:

Claims from multiple unknown creditors and the former directors

As stated in note 1(i), the JPLs of the Company were appointed on 30 July 2020, and the JPLs circulated a letter with the JPLs order from Cayman Court to the known or potential creditors of the Company regarding the details of the JPLs arrangement. As at the date of this announcement, the JPLs have received several claims against the Company from multiple unknown creditors and the former directors, demanding for the repayment of bonds and loans in an aggregate amount of approximately HK$135.7 million (the "**Claims**").

Since the Company and the JPLs have proposed the Creditors Scheme, all claims received by the JPLs that are substantiated will be considered for the restructuring purposes. However, due to the lack of sufficient supporting documents to corroborate the said creditors' claims, the Directors are of the opinion that the Claims are unsubstantiated, thus no provision or other liability is recognized in the consolidated financial statements of the Group for the years ended 31 December 2021 and 2020 in respect of the Claims.

16. 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 in respect of the petition was originally adjourned until 21 March 2022 with liberty to restore by the Hong Kong Judiciary. Due to the outbreak of the fifth wave of the COVID-19 pandemic, on 4 March 2022, the Hong Kong 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 announcement will be made by the Company regarding the winding-up petition as and when appropriate.

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.

17. 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 and 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.

By an order of the Hong Kong Court dated 3 September 2020 (the "**Recognition Order**"), it was ordered that except for the proceedings in HCCW 403/2019 and HCCW 28/2020, for so long as the Company remains in provisional liquidation in the Cayman Islands, no action or proceeding shall proceeded with or commenced against the Company or its assets or affairs or its property with the jurisdiction of the courts of Hong Kong, except with leave of the Hong Kong Court and subject to such terms as the Hong Kong Court may impose. As such, the proceedings in HCA 2241 of 2019 have not been proceeded with as at the date of this announcement.

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.

As stated above, pursuant to the Recognition Order, except for the proceedings in HCCW 403/2019 and HCCW 28/2020, for so long as the Company remains in provisional liquidation in the Cayman Islands, no action or proceeding shall be proceeded with or commenced against the Company or its assets or affairs or its property within the jurisdiction of the courts of Hong Kong, except with leave of the Hong Kong Court and subject to such terms as the Hong Kong Court may impose. As such, the proceedings in HCA 2259 of 2019 have not been proceeded with as at the date of this announcement.

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.

As stated above, pursuant to the Recognition Order, except for the proceedings in HCCW 403/2019 and HCCW 28/2020, for so long as the Company remains in provisional liquidation in the Cayman Islands, no action or proceeding shall be proceeded with or commenced against the Company or its assets or affairs or its property within the jurisdiction of the courts of Hong Kong, except with leave of the Hong Kong Court and subject to such terms as the Hong Kong Court may impose. As such, the proceedings in HCA 2395 of 2019 have not been proceeded with as at the date of this announcement.

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.

As stated above, pursuant to the Recognition Order, except for the proceedings in HCCW 403/2019 and HCCW 28/2020, for so long as the Company remains in provisional liquidation in the Cayman Islands, no action or proceeding shall be proceeded with or commenced against the Company or its assets or affairs or its property within the jurisdiction of the courts of Hong Kong, except with leave of the Hong Kong Court and subject to such terms as the Hong Kong Court may impose. As such, the proceedings in HCA 354 of 2020 have not been proceeded with as at the date of this announcement.

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.

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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no writ of summons had been duly served on the Company by Strategic Financial Relations Limited as at the date of this announcement.

Save as disclosed above, as at the date of this announcement, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

18. EVENTS SUBSEQUENT TO REPORTING PERIOD

i. On 7 January 2022, the meeting of the creditors was duly convened in accordance with the directions of the Hong Kong Court and Cayman Court for the purpose of approving the Creditors Schemes (the "**Scheme Meeting**"), the Creditors Schemes were approved by the requisite statutory majorities of the creditors. In light of the review hearing by the LRC as further mentioned in (ii) below, the Hong Kong Court and the Cayman Court directed that the sanction hearing of the Creditors Schemes be re-fixed for 7 June 2022 (Hong Kong time) and 15 June 2022 (Cayman time), respectively.

   For details, please refer to the announcements of the Company dated 8 November 2021, 15 December 2021, 7 January 2022 and 31 March 2022, respectively.

ii. The Company received a letter (the "**Letter**") from the Stock Exchange dated 14 January 2022 stating that the Listing Committee of the Stock Exchange (the "**LC**") decided to reject the Company's request for extending the resumption deadline, and cancel the Company's listing under Rule 6.01A of the Listing Rules (the "**Delisting Decision**"). It is indicated in the Letter that unless the Company applies for a review of the Delisting Decision pursuant to Chapter 2B of the Listing Rules, the last day of listing of the Shares would be on 28 January 2022, and the listing of the Shares would be cancelled with effect from 9:00 a.m. on 31 January 2022.

The Company disagreed with the decision made by the LC. On 21 January 2022, the Company submitted an application to the Listing Review Committee of the Stock Exchange (the "**LRC**") and requested the LRC to overturn the decision of the LC and grant the Company an extension of time to resume trading of its Shares to 30 June 2022 for completion of the remaining procedures of the Creditors Schemes. A hearing for the review by the LRC has been scheduled to be held on 20 April 2022. The Company will make further announcement(s) to update the shareholders and potential investors of the Company on further development of the LRC Review in compliance with the Listing Rules as and when appropriate.

For details, please refer to the announcements of the Company dated 17 January 2022, 25 January 2022 and 31 March 2022, respectively.

iii. On 17 March 2022, One Oak, as lender and CKA as borrower entered into the CKA Loan Agreement, pursuant to which One Oak conditionally agreed to grant a term loan in the principal amount of up to HK$70.0 million at an interest rate of 3.0% per annum to CKA.

On 17 March 2022, One Oak as lender, the Company as borrower and the JPLs entered into the Amended and Restated Funding Agreement to amend and restate the terms and conditions of the One Oak Funding Agreement.

On 17 March 2022, the Company and the JPLs 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 the restructuring agreement and the supplemental subscription agreement.

For details, please refer to the announcement of the Company dated 17 March 2022.

BUSINESS REVIEW AND OUTLOOK

Overall Business and Financial Performance of the Group

During the Year, the Group's management unrelentingly ensured the Group's business remained in operation despite its extraordinarily difficult circumstances — having to not only overcome the financial distress thrusted upon it due to the devasting loss of the Group's certain operating subsidiaries in the PRC, namely 深圳新昌塑膠用品有限公司 (Shenzhen Xincang Plastic Article Co., Ltd.) and 佛山市海昌新材料科技有限公司 (Foshan Haichang New Materials Technology Co., Ltd.) (together referred to as the "**Deconsolidated Subsidiaries**") but to do so in the face of the COVID-19 pandemic (with its attendant challenges) and the unavoidable uncertainty caused by the prolonged search for a white knight. The fact that the Company was able to achieve a creditable revenue, despite these trying circumstances, speaks volumes of its resilience and the inherent soundness of its underlying business. As a result, the Company was able to substantially implement the steps that will lead to the resumption of trading in accordance with the Resumption Guidance (as further detailed in the section header "**Resumption Guidance**"), including the Rule 13.24 Requirements.

Throughout 2021, the Group has been continuously consolidating and developing its relationships with customers (both existing and potential). It was due to these efforts that the Group was able to retain a number of its clients, secure commitments for financial year ending 31 December 2022, and to promptly materialize additional and significant sales orders after the Creditors Schemes were approved.

As of the date of this announcement, the Company has made significant strides towards its restructuring and alleviating any operational impairments, as detailed in the section headed "Future Plan & Prospect".

Future Plan & Prospect

The approval of the Creditors Schemes gave the customers, business partners and the creditors of the Group added and renewed confidence in the business prospects of the Group.

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. The Group has a developed plan to continue to grow under the leadership of the Company's executive Director and Chief Executive Officer, Mr. Jason Martin Westcott ("**Mr. Westcott**"), and the Board.

Mr. Westcott, with over 20 years of experience in the plastic and household products industry, has been appointed as the executive Director and the Chief Executive Officer in February 2022 respectively, possesses extensive experience and network in the plastic product industry. Leveraging on his well-established edge in the industry, the Group is able to source and secure more purchase orders and to continuously expand the size of its business. Mr. Westcott is also leading the discussions with a number of potential candidates for the Group and is planning to expand the sales and marketing team and the product development team of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Since 2020 with the loss of the Deconsolidated Subsidiaries and even after the suspension of trading of Shares, the Company has been using every means available to continue and revitalize the business of the Group. First, the Company promptly ensured, notwithstanding its loss of the Deconsolidated Subsidiaries, that it had the ability to continue with its business and to execute sales orders from its customers.

Second, the Company also promptly reached out to its customers (existing and potential) to assure them that its business was ongoing and to secure fresh orders from them. Despite the challenging COVID-19 situation, the Company managed to retain some clients, and also developed new key client relationships. The Company also continued to maintain contact and its relationship with existing customers to ensure orders can be secured from them when as soon as their concerns (about the prospect of the Group amidst its financial difficulties) were resolved. The Company also continued its design, research and development work (including engaging an external designer, Studio Goons) to create new products to cater to new market trends, including a stackable lunch box and a lego-type box container.

Following the approval of the Creditors Schemes by the Creditors on 7 January 2022, the Group's business has significantly improved. The Group has promptly reconfirmed and materialised a number of continued sales orders for its products. The total sales orders confirmed in less than two months stands at approximately HK$92.0 million, most of which will be delivered by the second quarter of 2022. Based on the industry practice, it is expected, following the successful delivery of these orders, that the customers will continue to place orders with the Company. Besides, the Group has onboarded sales personnel with 11 years relevant experience and strong presence in Europe to develop its business in Europe/the United Kingdom, and is also planning to expand to the United States of America and Australia. The Group is also developing new products such as wellness products, sales of which have been made including in the confirmed orders.

Further, the Group has successfully renewed the lease of the Heyuan Factory to December 2027. The Heyuan Factory currently has an annual production capacity of 2,000 tonnes. In anticipation of the increasing sales orders that will be placed with the Group in the future, the Group intends to deploy additional capital to purchase additional machinery so as to increase the production capacity and efficiency in the Heyuan Factory. The Group has a current staff strength of 62 including 50 staff (including technical, engineering, quality control, and skilled labour) at the Heyuan Factory, as well as a sales and marketing team and a product development team that are based in Hong Kong and abroad. The Group has a developed plan to continue to grow these teams, under the leadership of the Board and the Company's executive Director and Chief Executive Officer, Mr. Westcott, who possesses extensive experience and network in the plastic product industry.

Upon completion of the Restructuring, the Group will become free from financial distress and will therefore able to deploy considerable financial resources to expand and grow its business over the next few years. Additionally, the Group has secured funding from One Oak for the operation of the Group's business. As such, the Board believes that the Group would be able to continue to expand its operation team with experienced and capable staff, its production capability, and at the same time secure new customers to continue expanding the size of the business.

Taking account of the aforesaid, the Board is confident about the business prospect of the Group.

Overview

During the Year, the Group's revenue amounted to approximately HK$23.5 million for the Year, representing a an increase of approximately 9.4% compared with the year ended 31 December 2020 ("**Previous Year**"). The Group's overall gross profit margin maintained at the range of 11% to 12% during the Year. Loss and comprehensive loss for the Year attributable to owners of the Company amounted to approximately HK$18.1 million (2020: HK$75.9 million). The loss was mainly attributable to the global impact of COVID-19 on sales and manufacturing across all industries and the Company's internal restructuring costs.

Revenue

During the Year, revenue of the Group amounted to approximately HK$23.5 million, representing an increase of approximately HK$2.0 million or 9.4% as compared with approximately HK$21.5 million in 2020.

Cost of Sales

Cost of sales for the Year was approximately HK$20.9 million, representing an increase of approximately HK$1.9 million or 9.6% from approximately HK$19.0 million for the Previous Year. The increase was in line with that of the increase of revenue during the Year.

Gross Profit

Gross Profit for the Year was approximately HK$2.6 million, representing an increase of approximately HK$0.2 million as compared with the figures in 2020. The improvement of gross profit are due to the increase in sales orders and effective cost control implemented.

Other Gains and Losses

Other gains and losses mainly consisting net foreign exchange gain of approximately HK$63,000 for the Year (2020: HK$424,000).

Impairment loss for property, plant and equipment

During the Previous Year, since the Group was coming up with new plastic products and the moulds of the Group were specifically used for production of certain plastic household products of the Group, it ceased to produce certain plastic household products of the Group. Due to obsolescence, full impairment loss of approximately HK$54.3 million was recognised in respect of the moulds for the Previous Year.

There was no impairment loss for property, plant and equipment during the Year.

Administrative and Other Expenses

During the Year, administrative and other expenses amounted to approximately HK$10.4 million, representing a decrease of approximately HK$1.8 million or 14.9% from HK$12.2 million in 2020. Majority of the administrative expenses are (i) professional service fee in relation to the Restructuring and (ii) staff costs including Directors' remuneration.

De-consolidation

For the Previous Year, the Group had a loss on the de-consolidation of subsidiaries of approximately HK$1.8 million. For details, please refer to note 3.

There was no loss on the de-consolidation of subsidiaries during the Year.

Finance Costs

Finance costs represented interest on bank and other borrowings and bank overdrafts.

Loss for the Year Attributable to Owners of the Company for the Reporting Period

Loss and the total comprehensive loss for the year attributable to owners of the Company amounted to approximately HK$18.1 million, representing a decrease of HK$57.8 million as compared to a loss of approximately HK$75.9 million for the Last Year. The significant decrease is due to the non-recurring and one-off impairment loss on property, plant and equipment of approximately HK$54.3 million recognised in Previous Year.

Dividend

The Directors do not recommend the payment of a dividend and resolve not to declare any final dividend and special dividend in respect of the year ended 31 December 2021 (2020: nil).

Liquidity, Financial Resources and Capital Structure

As of 31 December 2021, the current assets of the Group amounted to approximately HK$6.2 million (2020: approximately HK$0.85 million), which mainly comprised bank balances and cash, and trade and other receivables, in the amount of approximately HK$0.4 million (2020: approximately HK$0.04 million) and HK$5.8 million (2020: approximately HK$0.81 million), respectively. As at 31 December 2021, the Group had a net deficit of approximately HK$211.0 million (2020: approximately HK$192.9 million).

Current liabilities of the Group amounted to approximately HK$224.1 million (2020: HK$201.3 million), of which approximately HK$168.4 million (2020: HK$168.4 million) was bank and other borrowing and bank overdrafts, approximately HK$54.4 million (2020: HK$32.9 million) was trade and other payables.

As of 31 December 2021, the current ratio (the current assets to current liabilities ratio) of the Group was approximately 0.028 times, as compared with approximately 0.004 times as of 31 December 2020. The change weak current ratio was primarily due to the high level of borrowings.

The Group does not have other debt financing obligations as of 31 December 2021. The Group has breach of financial covenants, please refer to the section headed "**Loan Covenants**".

Capital Expenditure

During the Year, the Group did not have significant capital expenditure (2020: nil).

Charges on Assets

As at 31 December 2021 and 2020, the Group's borrowings were unsecured by assets of the Group.

In addition, certain of the Group's bank and other borrowings are secured by assets held by the former management of the Group and/or their family members and the related companies which are controlled by the former management of the Group and/or their family members and a key management personnel of the Group. In addition, certain of the Group's bank and other borrowings are personally guaranteed by the former management of the Group and their family members and a key management personnel of the Group.

Loan Covenants

As at 31 December 2021, the Group had a breach of financial covenants, bank and other borrowings of approximately HK$165,898,000 were overdue and became immediately repayable. On 7 January 2022, the Scheme Meeting was duly convened in accordance with the directions of the Hong Kong Court and Cayman Court, the Creditors Schemes were approved by the requisite statutory majorities of the creditors.

Contingent Liabilities

Details of contingent liabilities is set out in note 15 of this announcement.

Winding-up Petitions and Litigations

Details of winding-up petitions and litigations are set out in notes 16 and 17 of this announcement.

Treasury Policy

The Group remains committed to a high degree of financial control, a prudent risk management and the best utilisation of financial resources.

Foreign Exchange Exposure

The Group's sales and purchases are mainly denominated in Hong Kong, 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. The Group also has currency exposure as some manufacturing costs incurred in the PRC were denominated in RMB.

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. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2021 and 2020, the Group had not entered any financial instrument for the hedging of foreign currency.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board. During the year ended 31 December 2021, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Full details of the Company's corporate governance practices will be set out in the Company's 2021 Annual Report.

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 2021 Interim Report are set out below:

With effect from 4 February 2022, Mr. Jason Martin Westcott has been appointed as an Chief Executive Officer of the Company. He was further been appointed as Executive Director with effect from 16 February 2022. Further details were disclosed in the corresponding announcement dated 16 February 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

AUDIT COMMITTEE

We established the Audit Committee on 16 August 2018 with written terms of reference in compliance with the Listing Rules. The Audit Committee consists of three Independent Non-executive Directors, namely Dr. Chan Kai Yue Jason (the chairman), Mr. Wong Chi Kei, and Ms. Lin Weiqi Wendy.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2021. The Audit Committee has also discussed with senior management members, matters with respect to the accounting policies and practices adopted by the Company and internal control and risk management.

SCOPE OF WORK OF KTC PARTNERS CPA LIMITED

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, KTC Partners CPA Limited ("**KTC**"), to the amount set out in the Group's consolidated financial statements for the year ended 31 December 2021. The work performed by KTC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by KTC on the preliminary announcement.

EXTRACT OF THE AUDITOR'S REPORT

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. UNRECORDED LIABILITIES

As disclosed in note 15, the joint and several provisional liquidators of the Company (the "**JPLs**") circulated a letter with the JPLs order from Cayman Court to the known or potential creditors of the Company regarding the details of the JPLs arrangement. The JPLs have received several claims against the Company from multiple unknown creditors and the former directors of the Company demanding for the repayment of bonds and loans in an aggregate amount of approximately HK$135.7 million (the "**Claims**"). Since the Company and the JPLs have proposed the Creditors Scheme, all claims received by the JPLs that are substantiated will be considered for restructuring purposes. However, due to the lack of sufficient supporting documents to corroborate the Claims, the Directors are of the opinion that the Claims are unsubstantiated, thus no provision or other liability is recognised in the consolidated financial statements of the Group for the years ended 31 December 2021 and 2020. Up to the date of this report, the Claims are not yet substantiated by the JPLs. Due to this lack of sufficient supporting documents, we were unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the validity of the Claims. There were no alternative audit procedures that we could perform to satisfy ourselves as to the completeness of liabilities recognised in the consolidated financial statements and hence whether they were free from material misstatements. Any adjustments that might have been found necessary may have a consequential effect on the Group's net liabilities as at 31 December 2021 and 2020 and the financial performance and cash flows of the Group for the years then ended and the elements making up the consolidated financial statements, and the related disclosures thereof in the consolidated financial statements.

2. MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

As disclosed in note 1 to the consolidated financial statements, the Group incurred a loss of approximately HK$18,103,000 for the year ended 31 December 2021; and had net current liabilities and net liabilities of approximately HK$217,875,000 and HK$210,964,000 respectively in the consolidated statement of financial position of the Group as at 31 December 2021, and have pending litigations and winding up petitions against the Company. The Group also had late payment issues with financial institutions and other creditors. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of the extent of the uncertainties relating to the future working capital sufficiency of the Group, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

3. CORRESPONDING FIGURES

The matters described in sub-paragraphs (a) to (f) below were amongst the matters that led us to issue a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. Any adjustments that might have been found to be necessary in respect of these matters might have a consequential significant effect on the financial performance and cash flows of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements and their related disclosures and might result in additional information being disclosed in the consolidated financial statements. Hence our disclaimer of opinion on the current year's consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures in the consolidated financial statements.

(a) DECONSOLIDATION OF CERTAIN SUBSIDIARIES OF THE GROUP

As disclosed in note 3 to the consolidated financial statements, the directors of the Company (the "**Directors**") were unable to obtain access to complete set of accounting books and records together with the supporting documents of 深圳新昌塑膠用品有限公司 (Shenzhen Xincang Plastic Article Co., Ltd.) and 佛山市海昌新材料科技有限公司 (Foshan Haichang New Materials Technology Co., Ltd.) (which were subsidiaries of the Group in the People's Republic of China and together referred to as the "**Deconsolidated Subsidiaries**"), during the course of the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019, due to the non-cooperation of Mr. Tong Ying Chiu ("**Mr. Tong**"), the former ultimate controlling party and former executive director of the Company and the legal representative of the Deconsolidated Subsidiaries. The factories of the Deconsolidated subsidiaries were sealed off by the Shenzhen Longgang District People's Court on 17 January 2020.

Due to the non-cooperation of the management personnel of the Deconsolidated Subsidiaries and the sealing off of the factories of the Deconsolidated subsidiaries, the Directors were unable to have access to the complete accounting books and records of the Deconsolidated Subsidiaries. As a result, the Directors were of the opinion that the Company was unable to govern the financial and operating decisions of the Deconsolidated Subsidiaries and the control over the Deconsolidated subsidiaries was lost upon Mr. Tong's resignation as the executive director of the Company on 7 December 2019 (the "**Deconsolidation Date**"). In this connection, the financial results, assets and liabilities of the Deconsolidated Subsidiaries have been deconsolidated from the consolidated financial statements of the Group since the Deconsolidation Date.

During the financial year ended 31 December 2020, Chase On Development Limited (together with its subsidiaries referred to as "**Chase On**"), a wholly owned Hong Kong subsidiary of the Company which was the intermediate holding company of the Deconsolidated Subsidiaries, was wound up under a winding-up order dated 31 March 2020 (see note 3). The deconsolidation of Chase On upon its winding-up had resulted in a net loss on deconsolidation of approximately HK$1,829,000 recognised in consolidated profit or loss for the year ended 31 December 2020. The net loss from deconsolidation of Chase On was determined by the Group based on the unaudited management accounts of Chase On. We have not been provided with sufficient information and explanations on the deconsolidation of the Deconsolidated Subsidiaries with effect from 7 December 2019 and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the Group had lost control over the Deconsolidated Subsidiaries on the Deconsolidation Date, or on 31 March 2020 when Chase On was wound up, and hence as to whether it was appropriate to deconsolidate the assets and liabilities of the Deconsolidated Subsidiaries and cease consolidating their results of operations in the consolidated financial statements of the Group with effect from the Deconsolidation Date. We were also unable to perform audit procedures on the management accounts of Chase On and hence unable to satisfy ourselves as to whether the loss on deconsolidation of Chase On was materially misstated.

Consequently, we were also unable to carry out audit procedures that we consider necessary to satisfy ourselves as to the completeness and existence or occurrence of any other significant transactions, inter-group transactions, contingent liabilities, commitments and related party transactions relating to the Deconsolidated Subsidiaries.

Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the financial performance and cash flows of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements and their related disclosures and may result in additional information being disclosed in the consolidated financial statements as to the nature of the transactions and any contingent liabilities, commitments, related party transactions and significant non-adjusting subsequent events relating to the Deconsolidated Subsidiaries.

(b) INVESTMENT IN JOINT VENTURE COMPANY

On 12 November 2019, Chase On entered into a business cooperation agreement ("**Agreement**") with Bridging Wealth Capital Management Limited ("**JV Partner**"), an independent third party, relating to formation of a joint venture company "Chase On Plastic Houseware Limited" (formerly known as Ocean Regal Enterprises Limited) (the "**JV company**") to explore the market for the trading and wholesaling of variety of household products worldwide.

Pursuant to the Agreement, the Group and the JV Partner own 49% and 51% respectively of the JV company. In consideration for the 49% shareholding in the joint venture company, the Group provided business support including expertise in plastic business and transferred Chase On's certain trademarks, whose carrying amount was zero, to the JV company.

However, subsequent to the formation of the JV company, the former executive directors of the Company, Mr. Tong and his son, Mr. Tong Kam Nam Billy resigned from their directorship in the JV company on 9 December 2019 and 9 January 2020 respectively. Since their resignations, the Company was unable to obtain the financial information of the JV company. Under these circumstances, no financial information including the investment cost of the JV company has been accounted for by the Group in its consolidated financial statements.

In the absence of the financial information of and explanations in relation to the JV company, there were no alternative audit procedure that we could perform to satisfy ourselves as to the nature of the Group's interests in the JV company and whether and how the JV company should be accounted for in the consolidated financial statements of the Group up until 31 March 2020, the date Chase On was wound up. Any adjustments that might have been found to be necessary in respect of the above issues would have a significant effect on the net loss of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements, and the related disclosures in the consolidated financial statements.

(c) AMOUNTS DUE FROM THE DECONSOLIDATED SUBSIDIARIES

During the year ended 31 December 2019, Chase On recorded an impairment loss in respect of amounts due from the Deconsolidated Subsidiaries of approximately HK$147,053,000 due to the circumstances described in paragraph (a) above. We were unable to obtain sufficient appropriate audit evidence regarding the validity, existence and impairment assessment of the amounts due from the Deconsolidated Subsidiaries because: (i) there was inadequate documentary evidence available for us to verify the validity, existence and nature of the amounts due from the Deconsolidated Subsidiaries; (ii) we were unable to carry out any effective confirmation procedures in relation to the amounts due from the Deconsolidated Subsidiaries for the purpose of our audit; (iii) there was inadequate documentary evidence available for us to satisfy ourselves as to whether the impairment testing in respect of the amounts due from the Deconsolidated Subsidiaries were properly carried out and recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"); and (iv) there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due from the Deconsolidated Subsidiaries were free from material misstatement. In addition, the scope limitation explained in (a) above as to the date when the Group lost control over the Deconsolidated Subsidiaries would also affect the appropriate accounting period in which the impairment loss should be recognised.

Any adjustments that might have been found necessary may have a significant consequential effect on the carrying amount of, and impairment loss on, the amounts due from the Deconsolidated Subsidiaries included in the net liabilities of Chase On as at 31 March 2020, the date of deconsolidation of Chase On, and hence the net loss on deconsolidation of Chase On and the loss and cash flows of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements, and the related disclosures thereof in the consolidated financial statements.

(d) CONTINGENT LIABILITIES AND COMMITMENT

Due to the lack of access to the books and records of the Deconsolidated Subsidiaries and the incomplete records of the Group, we were unable to obtain sufficient appropriate audit evidence and explanations as to whether the contingent liabilities and commitments committed by the Group were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards, including HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and HKFRS 9 "Financial Instruments". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments were free from material misstatements. Any adjustments that might have been found necessary may have a consequential effect on the net liabilities of Chase On as at 31 March 2020 and hence net loss on deconsolidation of Chase On and the loss and cash flows of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements, and the related disclosures thereof in the consolidated financial statements.

(e) RELATED PARTIES TRANSACTIONS

Due to the lack of access to the books and records of the Deconsolidated Subsidiaries and the incomplete records of the Chase On, we have not been able to obtain sufficient appropriate audit evidence as to whether the related party transactions and balances were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standard 24 "Related Party Disclosures". There were no practical alternative procedures that we could perform over the related party transactions and balances which occurred during the year ended 31 December 2020. Any adjustments that might have been found necessary may have a consequential effect on the fair presentation of the financial performance and cash flows of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements, and the related disclosures thereof in the consolidated financial statements.

(f) FINANCIAL GUARANTEE CONTRACT

As disclosed in note 3 to the consolidated financial statements, Chase On has issued financial guarantees to banks in respect of banking facilities granted to companies owned by Mr. Tong of an aggregate amount of approximately HK$4,000,000, which represented the aggregate maximum amounts that the Group could be required to pay if the guarantees were called upon in entirety. At 1 January 2020, the amount of approximately HK$542,000 was recognised as financial guarantee obligations in the consolidated statement of financial position. We have not been provided with documentary evidence and explanations of the fair value measurement of the financial guarantee obligations as at the inception of the financial guarantees and the assessments of expected credit loss allowances as at 31 December 2019, and we have been unable to obtain sufficient appropriate audit evidence in respect of the financial guarantee obligations. There were no other satisfactory audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balance was materially misstated as at 1 January 2020 and the date of deconsolidation of Chase On.

Any adjustments that might have been found necessary may have a significant consequential effect on the net liabilities of Chase On as at 31 March 2020 and hence the net loss on deconsolidation of Chase On and the loss and cash flows of the Group for the year ended 31 December 2020 and the elements making up the consolidated financial statements, and the related disclosures thereof in the consolidated financial statements.

DETAILS OF THE AUDIT MODIFICATION AND MANAGEMENT'S VIEW ON THE AUDIT MODIFICATION

The Board had discussed with the auditor and is of the view that the basis of the disclaimer opinion on the financial statements of the Group for the year ended 31 December 2021 were non-recurring in nature and shall no longer be applicable to the Company following the completion of the Restructuring and in the forthcoming financial year (i.e. 31 December 2022).

A summary of the basis of the disclaimer opinion and the Company's view as to how the audit modification can be addressed as well as the view of the auditor is set out as follows::

Basis of disclaimer opinion	Company's view as to how the audit modification can be addressed	Auditor's view
Unrecorded liabilities - the Claims of approximately HK$135.7 million against the Company on unsettled bonds and loans and as a result, the completeness of liabilities	• Due to the lack of sufficient supporting documents to corroborate the Claims, the Directors are of the opinion that the Claims are unsubstantiated, thus no provision or other liability is recognised in the consolidated financial statements of the Group for the years ended 31 December 2020 and 2021. • Provided that the Creditors Schemes can be implemented successfully by June 2022, and all the Group's claims by the creditors will be substantiated and settled; the audit modification would be confined to the corresponding figures in the financial year ended 31 December 2021. • The audit modification will be removed in financial year ending 31 December 2023.	Auditor concurred with the Company's view

Basis of disclaimer opinion	Company's view as to how the audit modification can be addressed	Auditor's view
Material uncertainty relating to the going concern basis	• After the Creditors Schemes becoming effective which is expected to take place by June 2022, (i) all the Group's claims by the Creditors will be settled; (ii) the winding-up petitions will be dismissed or withdrawn; and (iii) injection of new subscription monies of HK$80 million from the subscription of the new shares of the Company by One Oak. • The audit modification will be removed in the financial year ending 31 December 2022.	Auditor concurred with the Company's view
Corresponding figures – potential impact on the corresponding figures of the Group due to lack of access to the books and records of the Deconsolidated Subsidiaries and the incomplete records of the Group in previous years	• The audit modification was primarily attributable to the lack of access to the books and records of the Deconsolidated Subsidiaries and the Company recognised the losses on deconsolidation in financial year ended 31 December 2019 and the incident is an one-off event. • The audit qualification will be removed in the Company's consolidated financial statements in the financial year ending 31 December 2022.	Auditor concurred with the Company's view

Audit Committee's view on the audit modification

The Company has established an audit committee (the "**Audit Committee**") pursuant to Rules 3.21 and 3.22 of the Listing Rules, with written terms of reference in compliance with the requirements of the Corporate Governance Code, to review and supervise the Group's financial reporting process and internal control systems. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the Group's consolidated financial statements and annual results for the year ended 31 December 2021. They expressed no disagreement with the accounting policies and principles adopted by the Group. The Audit Committee had reviewed the basis for the disclaimer of opinion, and agreed with the Company's view as to how the audit modification can be addressed.

The Audit Committee had also discussed with the auditor of the Company and considered its rationale and understood its consideration in arriving the disclaimer of opinion.

RESUMPTION GUIDANCE

On 31 July 2020, 16 April 2021 and 18 August 2021, the Company has received notices from the Stock Exchange in relation to the conditions for resumption of the Company's trading, including the followings:

i. to publish all outstanding financial results required by the Listing Rules and address any audit modifications (Including the audit modifications in the consolidate results of the Company for the year ended 31 December 2019);

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. 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; and

vi. inform the market of all material information for the Company's shareholders and other investors to appraise its positions.

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 expired on 1 January 2022.

On 1 December 2021, the Company appointed Dr. Chan Kai Yue Jason 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, and thus re-complied with Rule 3.10(1) and Rule 3.21 of the Listing Rules. On 15 December 2021, the Company submitted a resumption proposal to the Stock Exchange and explained that it has substantially implemented the steps that will lead to the resumption of trading in accordance with the resumption guidance, with the limited exception of certain procedural steps to be taken with respect to resumption guidance (iv) above. The Company thus requested that the resumption deadline be extended to 30 June 2022 ("**Extension Request**").

On 14 January 2022, the Company was informed that the LC has refused the Extension Request as it was of the view that the Company had not demonstrated that it had substantially implemented the steps that, it had shown with sufficient certainty, would lead to resumption of trading but due to factors outside its control, it became unable to meet its planned timeframe, and thus that the LC has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules. The Company disagreed with the decision made by the Listing Committee. On 21 January 2022, the Company submitted an application to the LRC and requested the LRC to overturn the decision of the Listing Committee and grant the Company an extension of time to resume trading of its Shares to 30 June 2022 for completion of the remaining procedures of the Creditors Schemes. A hearing for the review by the LRC has been scheduled to be held on 20 April 2022.

Due to the delisting decision of the LC 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.

Please refer to the section headed "Events Subsequent to Reporting Period" in this announcement for details. Further details in respect of the appointment of Dr. Chan Kai Yue Jason, the LC's decision, the Company's request for the LRC's review and the latest update on the resumption progress were disclosed in the announcements dated 1 December 2021, 17 January 2022, 25 January 2022 and 31 March 2022, respectively.

EVENTS AFTER THE REPORTING PERIOD

Save for the events disclosed in note 18, there was no other major subsequent event occurred since the financial year ended 31 December 2021.

WINDING-UP PETITIONS AND LITIGATIONS

Please refer to notes 16 and 17 of this announcement for details respectively.

ANNUAL GENERAL MEETING

It is proposed that the 2022 annual general meeting of the Company (the "**2022 AGM**") will be held on 27 May 2022. Notice of the 2022 AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cknassociates.com) and despatched to the shareholders of the Company ("**Shareholders**") in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2022 to 27 May 2022 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the 2022 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on 23 May 2022.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cknassociates.com. The annual report of the Group for the year ended 31 December 2021 will be published on the aforesaid websites and will be dispatched to the Company's shareholders in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 2 July 2020 pending the Company's fulfillment of all the resumption conditions imposed by the Stock Exchange. Given that the resumption deadline expired on 1 January 2022, the Stock Exchange is entitled to delist the Company under the Listing Rules. On 14 January 2022, the LC decided that, among others, the Company had failed to meet all the resumption guidance and should be delisted under Rule 6.01A. Such decision is currently subject to review by the LRC, who may either upheld or overturn the delisting decision.

Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional adviser(s).

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 and Mr. Jason Martin Westcott; and the independent non-executive Directors are Dr. Chan Kai Yue Jason, Ms. Lin Weiqi Wendy and Mr. Wong Chi Kei.