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**Sun Cheong Creative Development Holdings Limited**

**新昌創展控股有限公司**

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

**(Stock Code: 1781)**

**INSIDE INFORMATION  
PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR 2019  
PROFIT WARNING**

This announcement is issued by Sun Cheong Creative Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the disclosure obligations under the Inside Information provision under Part XIVA of the SFO and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions.

**Important notes: The financial data for the Year 2019 contained in this announcement has been prepared in accordance with the Hong Kong Financial Reporting Standard and is only preliminary accounting data which has not been audited by an accounting firm and may be different to the final data disclosed in the 2019 annual report. Investors are cautioned about the potential risks in their investment.**

## 1. MAJOR FINANCIAL DATA AND INDICATORS FOR THE YEAR 2019

Item	This reporting period	Same period of the previous year	Change
Revenue (HK\$' 000)	283,866	340,972	-16.7%
Gross profit (HK\$' 000)	57,110	120,115	-52.4%
(Loss)/profit for the year (HK\$' 000)	(44,559)	33,837	N/A
(Loss)/profit for the year attributable to owners of the Company (HK\$' 000)	(44,559)	33,837	N/A
Basic (loss)/earnings per share (HK cents per share)	(8.25)	7.73	N/A

Item	As at the end of this reporting period	As at the beginning of this reporting period	Change
Total assets (HK\$' 000)	384,572	564,955	-31.9%
Total liabilities (HK\$' 000)	246,946	339,277	-27.2%
Net assets (HK\$' 000)	137,626	225,678	-39%
Equity attributable to owners of the Company (HK\$' 000)	132,397	220,357	-39.9%
Share capital (HK\$' 000)	5,400	5,400	–

*Note:* The above data are based on the data of the consolidated statements of the Company.

## 2. PROFIT WARNING AND EXPLANATION OF THE OPERATING RESULTS AND FINANCIAL POSITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 available to the Board, it is anticipated the Group would record an unaudited consolidated loss for the year ended 31 December 2019 of approximately HK\$35 – 50 million as compared to the audited profit attributable to owners of the Company for the year end 31 December 2018, primarily attributable to the drop in revenue, gross profit, relocation of factory and assets impairment loss.

- 1) The production plants relocation since Aug 2019 with one-off expense of approximately HK\$25 million;
- 2) The adverse market conditions and coronavirus outbreak lead to assets impairment; and
- 3) The worldwide unstable economic situations lead to the drop in revenue.

The financial position of the Group’s assets and liabilities were decreased as compared to 2019 mainly attributable to the repayment of bank borrowings and debts with over HK\$100 million and result from the payment of dividends of HK\$40.5 million.

### 3. UPDATE ON LITIGATIONS

Action Number	Petitioner/ Bank	Details	Status	Petitioner Represented by	Announcements
Chase On Development Limited HCCW 374/2019	Standard Chartered Bank	<p>Up until 18 November 2019, Chase On indebted to Petitioner in the sums of:</p> <ul style="list-style-type: none"> <li>- <b>HK\$13,558,077.84</b></li> <li>- Accrued interest on the principal of:</li> <li>- <b>HK\$2,000,000</b> at the rate of 13.375% per annum</li> <li>- <b>HK\$1,000,000</b> at the rate of 13.375% per annum; and</li> <li>- <b>HK\$10,000,000</b> at the rate of 13.375% per annum</li> </ul>	<b>Hearing on 31 Mar 2020</b> at 10:30 before the Honorable Judge Harris	Tsang, Chan & Wong	<ol style="list-style-type: none"> <li>1. <b>7 January 2020</b> - disclosure</li> <li>2. <b>8 January 2020</b> - the petition was filed into the HC on 26 November 2019</li> <li>3. <b>22 January 2020</b> - at the hearing heard on 22 January 2020, HC adjourned the hearing to 3 February 2020</li> <li>4. <b>3 February 2020</b> - hearing to be adjourned to a later date fixed by court</li> <li>5. <b>10 March 2020</b> - hearing to be adjourned to 30 March 2020</li> </ol>
Chase On Development Limited HCCW 401/2019	CTBC	<p>Principal + accrued interest (up to the date of petition):</p> <ul style="list-style-type: none"> <li>- <b>US\$5,728,322.63</b></li> </ul>	To be re-fixed by the court due to coronavirus	Li, Kwok & Law	<ol style="list-style-type: none"> <li>1. <b>7 January 2020</b> - disclosure</li> <li>2. <b>8 February 2020</b> - the petition was filed into the HC on 13 December 2019</li> <li>3. <b>12 February 2020</b> - hearing to be adjourned to a later date fixed by court</li> </ol>
Sun Cheong Creative Development Holdings Ltd HCCW 403/2019					
Sun Cheong Creative Development Holdings Ltd - HCCW 28/2020	Orix Asia Limited	<p>Principal + accrued interest (up to the date of petition):</p> <ul style="list-style-type: none"> <li>- <b>HK\$4,213,418.45</b> (1st lease agreement); and</li> <li>- <b>HK\$2,819,214.72</b> (2nd lease agreement)</li> </ul>	To be re-fixed by the court due to coronavirus	Fairbairn Catley Low & Kong	Announcement will be release soon

#### **4. RESTRUCTURING PLAN:**

Taking into consideration the recent financial situation of the Company, (i) The Board will use its best endeavors to introduce strategic investors to the Company and seeking their operational and financial support; (ii) The Company will actively engage in dialogues with its creditors with a view to reaching an amicable settlement; (iii) The Group will use its best endeavors to procure the collection of the receivables (approximately HK\$18 – 20 million) from the customers in the business of the Group which are currently outstanding; and (iv) The Board will identify new viable business opportunities with a view to diversifying the existing business portfolio of the Group and income streams, thereby improving the profitability of the Group, with a view to facilitating a settlement with the Petitioners and promoting the strategic planning of the Group's businesses.

The above is subject to negotiations with the Petitioners and other relevant stakeholders. The Company will continue to work with all the Petitioners to achieve the best possible outcome for all interested parties, and the Company will continue to provide updates on any material developments. On the other hand, the Company is also working closely with its legal advisers on its further actions in relation to the Petition. In addition, the Company is currently seeking legal advice from its legal advisers in relation to the application for a validation order from the High Court.

The Company is in the process of finalizing the Group's unaudited consolidated financial results for the year ended 31 December 2019. The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available to it and such information is subject to review by the Company's auditors or audit committee. Shareholders and potential investors of the Company are advised to read the annual results announcement of the Company for the year ended 31 December 2019 carefully, once it is available.

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

By order of the Board  
**Sun Cheong Creative Development Holdings Limited**  
**Chan Kam Hon Ivan**  
*Executive Director*

30 March 2020

*As at the date of this announcement, the executive Directors are (Mr. CHAN Kam Hon, Mr. TONG Pak Nam, Billy, Ms. Jiselle Joey CHAN, Mr. UN Ga Wei); Non-executive Director (Mr. CHAN Sai On, Bill); and the independent non-executive Directors are (Mr. NG Chun Chung, Mr. SZE Chun Wai, Ms. HUI Chi Yan, Amy).*