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SUN CHEONG CREATIVE DEVELOPMENT HOLDINGS LIMITED
新昌創展控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1781)

**INSIDE INFORMATION -
LITIGATIONS AGAINST THE COMPANY AND
ITS SUBSIDIARY AND WINDING UP PETITIONS AGAINST
THE COMPANY AND ITS SUBSIDIARIES**

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

LITIGATIONS IN RESPECT OF OUTSTANDING SUMS AND INTEREST

HCA 2241 of 2019

A legal proceeding (the “**1st Case**”) was initiated by Nanyang Commercial Bank, Limited (“**NCB**”) as plaintiff under action number HCA 2241 of 2019 against Chase On Development Limited (“**Chase On**”) (a wholly-owned subsidiary of the Company, who is and was a customer of NCB), the Company, two former directors of the Company (the “**Directors**”, each a “**Director**”) namely Mr. Tong Ying Chiu (“**Mr. Tong**”) and Ms. Ng Siu Kuen Sylvia (“**Ms. Ng**”), and one current Director namely 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\$2,063,246.46 and its further interest payments accrued; and (ii) the outstanding principal of US\$2,230,520.00 and its outstanding interest of US\$15,749.96 (equivalent to approximately HK\$17,398,056.00 and HK\$122,849.69, respectively) and its further interest accrued.

HCA 2259 of 2019

A second legal proceeding (the “**2nd Case**”) was initiated by Fubon Bank (Hong Kong) Limited (“**Fubon**”) as plaintiff under action number HCA 2259 of 2019 against Chase On (who is and was a customer of Fubon), 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\$871,291.11 (equivalent to approximately HK\$6,796,070.66) and HK\$366,637.74 and their interests and further interests accrued.

HCA 2395 of 2019

A third legal proceeding (the “**3rd Case**”, together with the 1st Case and the 2nd Case, the “**Litigations**”) was initiated by O-Bank Co., Ltd. (“**O-Bank**”) as plaintiff under action number HCA 2395 of 2019 against Chase On (who is and was a customer of O-Bank), the Company, Mr. Tong, Ms. Ng, Mr. Chan, and Mr. Tong Bak Nam Billy (who is a current Director of the Company), 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\$6,181,673.39 and US\$3,646,710.48 (equivalent to approximately HK\$28,444,300.00), and (ii) the interest on the said principal amounts and their further interest accrued.

WINDING-UP PETITIONS AGAINST THE COMPANY AND ITS SUBSIDIARIES

HCCW 374 of 2019 and HCCW 401 of 2019

Chase On was served a winding-up petition filed by Standard Chartered Bank (Hong Kong) Limited (“**SCB**”) under action number HCCW 374 of 2019 (the “**1st Petition**”) and another winding-up petition filed by CTBC Bank Co., Ltd. (“**CTBC**”) under action number HCCW 401 of 2019 (the “**2nd Petition**”) in the High Court of the Hong Kong Special Administrative Region (the “**High Court**”), both for an order that Chase On be wound up by the High Court under the provisions of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “**Ordinance**”) on the ground that Chase On is insolvent and is unable to pay its debts.

The 1st Petition was filed against Chase On for its failure to settle the outstanding sum of HK\$13,558,007.84 and the interest on the outstanding sum owed to SCB. The 1st Petition will be heard before the High Court on 22 January 2020.

The 2nd Petition was filed against Chase On for its failure to settle outstanding principal sums totaling US\$5,728,322.63 (equivalent to approximately HK\$44,680,916.51) and the interests on the outstanding principal sums owed to CTBC.

HCCW 402 of 2019

Sun Cheong Creative Development Limited (“**SCCD**”, a substantial shareholder of the Company) was served a winding-up petition filed by CTBC under action number HCCW 402 of 2019 (the “**3rd Petition**”) in the High Court for an order that SCCD be wound up by the High Court under the provisions of the Ordinance on the ground that SCCD is insolvent and is unable to pay its debts.

The 3rd Petition was filed against SCCD as guarantor of Chase On’s liability to CTBC.

HCCW 403 of 2019

The Company was served a winding-up petition filed by CTBC under action number HCCW 403 of 2019 (the “**4th Petition**”, together with the 1st Petition, the 2nd Petition and the 3rd Petition, the “**Petitions**”) in the High Court for an order that the Company be wound up by the High Court under the provisions of the Ordinance on the ground that the Company is insolvent and is unable to pay its debts.

The 4th Petition was filed against the Company as guarantor of Chase On’s liability to CTBC.

The 2nd Petition, the 3rd Petition and the 4th Petition will be heard before the High Court on 12 February 2020.

POTENTIAL IMPACT OF THE LITIGATIONS AND THE WINDING-UP PETITIONS

Under article 99 of the Cayman Islands Companies Law (2013 Revision), “when a winding up order has been made, any disposition of the company’s property and any transfer of shares or alteration in the status of the company’s members made after the commencement of the winding up is, unless the Court otherwise orders, void”.

Under Section 182 of the Ordinance, it states that in a winding-up by the court, any disposition of the property of the company, including things in action, and any transfer of shares, or alteration in the status of the members of the company, made after the commencement of the winding-up, shall, unless the court otherwise orders, be void.

The Board wishes to remind its shareholders and potential investors that after the 4th Petition has been presented, the transfer of the shares of the Company (“**Shares**”) made thereafter may be void without a validation order from the court under the laws and regulations applicable to the Company. Pursuant to the circular dated 28 December 2016 issued by the Hong Kong Securities Clearing Company Limited (“**HKSCC**”), when the 4th Petition is carried out and in view of these restrictions and the uncertainties that may arise from the transfer of Shares, for any participants who conduct Shares transfer through HKSCC (the “**Participants**”), HKSCC may at any time, and without notice, exercise its powers under the General Rules of CCASS to temporarily suspend any of its services in respect of Shares. This may include the suspension of acceptance of deposits of share certificates of the Company (“**Share Certificates**”) into the Central Clearing and Settlement System (the “**CCASS**”). The Share Certificates received by HKSCC but not yet reregistered in HKSCC Nominee Limited’s name will also be returned to the relevant Participant and HKSCC shall reserve the right to reverse any credit granted to such Participant by debiting the Company’s securities from its CCASS account accordingly. These measures would generally cease to apply from the date when the 4th Petition has been struck-out, dismissed or permanently stayed, or the Company has obtained the necessary validation order from the High Court.

In addition, on 23 December 2019, the Company announced that it entered into a conditional placing agreement with Mr. Liu Quanqing, as the subscriber, in relation to the placing of 108,000,000 shares of the Company (the “**Placing**”), and that the net proceeds from the Placing (after deducting professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$22 million. The Board intends to apply the net proceeds arising from the Placing to partially settle the indebtedness in relation to the Litigations and the Petitions and request for the withdrawal of the aforementioned legal actions, subject to the negotiation with the plaintiffs and the petitioners.

The Company is in the course of seeking legal advice on the Litigations and Petitions and intends to make an application for a validation order in respect of the transfer of its Shares and the Placing.

Further announcement(s) will be made by the Company to keep its shareholders and investors informed of any significant development of the Litigations and Petitions as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 7 January 2020

In this announcement, for illustration purpose only and unless otherwise stated, the translation of US\$ into HK\$ is based on the exchange rate of US\$1.00: HK\$7.80. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

As at the date of this announcement, the Board consists of Mr. Chan Kam Hon Ivan, Mr. Tong Bak Nam Billy, Mr. Un Ga Wei and Ms. Jiselle Joey Chan (all being executive Directors), Mr. Cheung Ting Kin and Ms. Hui Chi Yan Amy (all being independent non-executive Directors).