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**民商創科**

**Minshang Creative Technology Holdings Limited**

**民商創科控股有限公司**

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

**(Stock Code: 1632)**

**SUPPLEMENTAL ANNOUNCEMENT TO  
THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2019  
AND  
THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

Reference is made to (i) the prospectus (the “**Prospectus**”) of Minshang Creative Technology Holdings Limited (formerly known as Food Wise Holdings Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 17 November 2016 in respect of the listing (the “**Listing**”) of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”); (ii) the annual report (the “**2019 Annual Report**”) of the Company for the year ended 31 March 2019 (“**FY2019**”) published on 23 July 2019; (iii) the announcement of the Company dated 19 September 2019 (the “**September Announcement**”) in relation to the change in use of net proceeds from the Listing; and (iv) the annual report (the “**2020 Annual Report**”) of the Company for the year ended 31 March 2020 (“**FY2020**”) published on 23 July 2020. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the 2019 Annual Report, the September Announcement and the 2020 Annual Report.

## USE OF NET PROCEEDS

The Board would like to provide the following additional information to the 2019 Annual Report and the 2020 Annual Report regarding the use of net proceeds from the Listing (the “**Net Proceeds**”) pursuant to paragraphs 11(8) and 11A of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

### (I) Proposed use and utilisation of Net Proceeds

#### *Proposed use of Net Proceeds at the time of the Listing*

As disclosed in the Prospectus, the Net Proceeds were intended to be used for the following purposes:

- (i) approximately 23.3% of the Net Proceeds to maintain and expand the Group’s Viet’s Choice Brands restaurants, including the plan to (a) open four Viet’s Choice Brands restaurants (of which three were replacement) before 31 March 2017; and (b) open four Viet’s Choice Brands restaurants (of which two were replacement) and renovate four existing Viet’s Choice Brands restaurants before 31 March 2018;
- (ii) approximately 61.5% of the Net Proceeds to broaden the Group’s cuisine offerings, including the plan to open (a) one full-menu Vietnamese-style casual dining restaurant before 31 March 2017; (b) three full-menu Vietnamese-style casual dining restaurants, three French-Vietnamese-style casual dining restaurants and four international cuisines casual dining restaurants for the year ended 31 March 2018; and (c) two full-menu Vietnamese-style casual dining restaurants, three French-Vietnamese-style casual dining restaurants and two international cuisines casual dining restaurants for the year ended 31 March 2019;
- (iii) approximately 3.3% of the Net Proceeds to upgrade and expand food processing centre in support of the expansion plan abovementioned;
- (iv) approximately 2.7% of the Net Proceeds to upgrade information and technology systems in support of the expansion plan abovementioned;

- (v) approximately 1.5% of the Net Proceeds to broaden the promotion of brand image and recognition; and
- (vi) approximately 7.7% of the Net Proceeds for working capital and general corporate purposes.

### ***Utilisation of Net Proceeds***

The table below sets out the percentage and the amount of Net Proceeds and the amount of utilised and unutilised Net Proceeds up to 31 March 2019, as extracted from the 2019 Annual Report:

Use of Net Proceeds	Percentage of Net Proceeds	Amount of Net Proceeds <i>(in HK\$ million)</i>	Amount of Net Proceeds utilised up to 31 March 2019 <i>(in HK\$ million)</i>	Amount of Net Proceeds unutilised as at 31 March 2019 (the “Unutilised Net Proceeds”) <i>(in HK\$ million)</i>
Maintain and expand Viet’s Choice brands restaurants	23.3%	16.5	(16.1)	0.4
Broaden cuisine offerings	61.5%	43.6	(6.6)	37.0
Upgrade and expand food processing centre	3.3%	2.3	(0.1)	2.2
Upgrade information technology systems	2.7%	1.9	(1.4)	0.5
Broaden the promotion of brand image and recognition	1.5%	1.1	(1.1)	–
Working capital and general corporate purpose	7.7%	5.5	(5.5)	–
Total	<u>100%</u>	<u>70.9</u>	<u>(30.8)</u>	<u>40.1</u>

### *Maintain and expand Viet's Choice brands restaurants*

During the period for the seven months ended 31 March 2017 and the two years ended 31 March 2019 (the “**Relevant Period**”), the Group had opened a total of eight replacement and new Viet's Choice Brands restaurants which was consistent with the Group's overall expectation in respect of the total number of Viet's Choice Brands restaurants to be opened under this category as disclosed in the Prospectus despite there was a delay in opening some of these restaurants as planned. The Group had utilised approximately 97.6% of the Net Proceeds allocated for such purpose since the Listing.

### *Broaden cuisine offerings*

During the Relevant Period, the Group had opened a new full-menu Vietnamese-style casual dining restaurant and a new international cuisines casual dining restaurant. Approximately 15.1% of the Net Proceeds allocated for such purpose had been utilised since the Listing and the remaining HK\$37 million of the Net Proceeds allocated for such purpose was unutilised as at 31 March 2019.

As disclosed in the annual reports of the Company for the two years ended 31 March 2019, in light of various challenges faced by the Group as a restaurant operator, including rising rental and staff costs, as well as difficulty in retaining talent in an increasingly competitive market, the Group has taken a more prudent and conservative approach in site selection for expanding the restaurant network. The Company has also been more cautious in opening new restaurants.

### *Upgrade and expand food processing centre*

Food processing centre was intended to be upgraded to cater for the abovementioned planned new lines of restaurants. As there was a delay in opening new restaurants, the Group had utilised approximately 4.35% of the Net Proceeds allocated for the upgrade and expansion of food processing centre since the Listing.

### *Upgrade information technology systems*

Information technology systems were intended to be upgraded in order to support the future expansion and growth of business of the Group as mentioned above. The Group had utilised approximately 73.68% of the Net Proceeds allocated for the upgrade of information technology systems since the Listing.

### ***Change in use of proceeds***

Subsequent to the publication of the 2019 Annual Report, as disclosed in the September Announcement, the Board, after taking into account the then global and local economic environment, the slowdown of demand on food and beverages and development needs of the Group, considered that continued investment in broadening cuisine offerings may increase investment risks of the Group. Therefore, in order to lower the investment risk and increase source of revenue of the Group, the Board resolved to re-allocate the proposed use of HK\$20 million out of the Unutilised Net Proceeds which was originally allocated for broadening cuisine offerings to (a) invest in new businesses on supply trading on food and other consumer goods; and (b) general working capital and general corporate purposes (the “**Change in Use of Proceeds**”).

The table below sets out the original allocation and the re-allocation of the Unutilised Net Proceeds before and after the Change in Use of Proceeds, the amount of Unutilised Net Proceeds utilised after re-allocation and the remaining amount of Unutilised Net Proceeds as at 31 March 2020:

Use of Unutilised Net Proceeds	Amount of Unutilised Net Proceeds before re-allocation <i>(in HK\$ million)</i>	Re-allocation of the amount of Unutilised Net Proceeds <i>(in HK\$ million)</i>	Amount of Unutilised Net Proceeds utilised after re-allocation <i>(in HK\$ million)</i>	Remaining amount of Unutilised Net Proceeds as at 31 March 2020 <i>(in HK\$ million)</i>
Maintain and expand Viet’s Choice brands restaurants	0.4	0.4	–	0.4
Broaden cuisine offerings	37.0	17.0	–	17.0
Upgrade and expand food processing centre	2.2	2.2	–	2.2
Upgrade information technology systems	0.5	0.5	–	0.5
Broaden the promotion of brand image and recognition	–	–	–	–
Working capital and general corporate purpose	–	10	(5)	5
Investment in supply chain businesses	–	10	(10)	–
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Total	<u>40.1</u>	<u>40.1</u>	<u>(15)</u>	<u>25.1</u>

As disclosed in the September Announcement, the Board will continuously assess the plans for use of the Unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance of the Group. Please refer to the September Announcement for further details of the Change in Use of Proceeds.

Save as disclosed above, the Net Proceeds (other than the remaining amount of the Unutilised Net Proceeds) have been utilised in the manner and proportions as disclosed in the Prospectus.

**(II) Expected timeline for utilising the Remaining Unutilised Net Proceeds**

The expected timeline for using the remaining amount of the Unutilised Net Proceeds of HK\$25.1 million as at 31 March 2020 (the “**Remaining Unutilised Net Proceeds**”) is set out below:

<b>Use of Remaining Unutilised Net Proceeds</b>	<b>Expected timeline for utilising the Remaining Unutilised Net Proceeds</b>
Maintain and expand Viet’s Choice brands restaurants	April 2020 – March 2022
Broaden cuisine offerings	April 2020 – March 2022
Upgrade and expand food processing centre	April 2020 – March 2022
Upgrade information technology systems	April 2020 – March 2022
Working capital and general corporate purpose	April 2020 – March 2021

The above expected timeline for utilising the Remaining Unutilised Net Proceeds is based on the best estimation of the Board with reference to the then prevailing, present and future market conditions in Hong Kong which is, however, subject to the development of COVID-19 pandemic.

The Board confirms that there has been no change to the intended use of proceeds or the allocated amount of the Remaining Unutilised Net Proceeds as set out in the September Announcement. The Board considers that in view of the adverse change to the global and local economic environment and the plummeting demand on food and beverages (including but not limited to the uncertainties and the impact on the food and beverages industry caused by the social unrest in Hong Kong and COVID-19 pandemic and the challenges brought by low customer sentiment to dine out), a relatively prolonged timeline is expected to provide additional time for the Group to thoroughly review and assess the economic environment, market condition and risks and to seek and ascertain appropriate opportunities and timing to utilise the Remaining Unutilised Net Proceeds. The Board considers that it is in the best interests of the Company and its shareholders as a whole.

## OTHER OPERATING EXPENSES

The Board would like to provide the following additional information and breakdown of other operating expenses for FY2019 and FY2020 to the 2019 Annual Report and the 2020 Annual Report respectively:

<b>Other Operating Expenses:</b>	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditor's remuneration	2,732	2,603
Cleaning charges	1,610	1,903
Legal and professional fee	3,306	6,112
Delivery charges	1,839	1,427
Loss on disposal/written off of property, plant and equipment	367	1,267
Repair and maintenance	1,023	1,859
Transportation cost	2,936	1,814
Others ( <i>Note</i> )	4,689	4,606
	<hr/>	<hr/>
Total	<u>18,502</u>	<u>21,591</u>

*Note:*

Others included individual items less than HK\$1,000,000, such as bank charges, net foreign exchange gain/loss, security services, license fee, telecommunication, travel and entertainment, etc.

Save as disclosed above, all other information respectively contained in the 2019 Annual Report and the 2020 Annual Report remains unchanged.

By Order of the Board  
**Minshang Creative Technology Holdings Limited**  
**WU Jiangtao**  
*Chairman*

Hong Kong, 13 August 2020

*As at the date of this announcement, the executive Directors are Mr. Wu Jiangtao, Mr. Lu Sheng Hong, Ms. Li Jia and Mr. Tao Jingyuan; the non-executive Director is Mr. Wong Stacey Martin; and the independent non-executive Directors are Mr. Ko Po Ming, Mr. Choi Tze Kit, Sammy, Mr. Cheung Miu and Mr. Cheung Pak To, Patrick.*