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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)**

**MAJOR TRANSACTION  
IN RELATION TO DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY**

**DISPOSAL**

The Board would like to announce on 27 April 2023 (after trading hours), the Company and the Buyer entered into the Agreement, pursuant to which the Company conditionally agreed to sell, and the Buyer conditionally agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$31,000,000. Upon Completion, the Company will cease to have any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Transaction exceeds 25% but is below 75%, the Transaction constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders have a material interest in the Agreement and the Transaction and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Agreement and the Transaction.

As at the date of this announcement, the Company has obtained a written Shareholder's approval from its controlling Shareholder, MSEC, which holds 556,298,182 Shares (representing approximately 62.28% of the issued share capital of the Company), for approving the Agreement and the Transaction in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Agreement and the Transaction.

### **DESPATCH OF CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular in relation to the Transaction and other information required to be included therein under the Listing Rules will be despatched within 15 business days after the publication of this announcement, that is, on or before 19 May 2023.

### **THE AGREEMENT**

On 27 April 2023 (after trading hours), the Company and the Buyer entered into the Agreement in respect of the Transaction. The principal terms of the Agreement are set out below:

Date: 27 April 2023 (after trading hours)

Parties: The Company (as seller)

Tai Kwok Pan (as buyer)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **Subject matter**

The Company conditionally agreed to sell, and the Buyer conditionally agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$31,000,000.

The consideration was arrived at after arm-length negotiations between the parties with reference to (i) the appraised value of the entire equity of the Target Company as at 31 March 2023 of HK\$28 million as shown in the valuation report prepared by an independent professional valuer using the market approach; (ii) the financial performance of the Target Group as set out in the section headed “Information of the Target Group” of this announcement; and (iii) the business prospect of the Target Group as set out in the section headed “Reasons and Benefits of the Transaction and the Proposed Use of Proceeds” of this announcement.

### Condition and Completion

Completion shall be conditional on the satisfaction of the condition that the Company has obtained approval from its Shareholders in respect of the Agreement and the Transaction in accordance with the Listing Rules.

As at the date of this announcement, the Company has obtained a written Shareholder’s approval from its controlling Shareholder, MSEC, which holds 556,298,182 Shares (representing approximately 62.28% of the issued share capital of the Company), for approving the Agreement and the Transaction in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules.

As the condition has been satisfied, Completion has taken place immediately after the entering into of the Agreement.

### INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated under the laws of the British Virgin Islands. The Target Group is principally engaged in operating Vietnamese-style restaurant business in Hong Kong. As at the date of this announcement, the Target Group operates 3 restaurants under “Viet’s Choice (越棧)” brand (the “**Restaurant Business**”).

The key financial information of the Target Group for the two years ended 31 March 2022 is set out below:

	<b>For the year ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
<b>Revenue</b>	62,075	77,516
<b>Net profit before taxation</b> <i>(Note)</i>	643	936
<b>Net profit after taxation</b> <i>(Note)</i>	643	936

*Note:* The net profit of the Target Group for the two years ended 31 March 2022 included one-off government subsidies of approximately HK\$4,637,000 and HK\$11,237,000, respectively, which were non-taxable income.

Based on the unaudited consolidated financial information of the Target Group, the net assets value of the Target Group was approximately HK\$8 million as at 31 March 2022.

## **FINANCIAL EFFECT OF THE TRANSACTION**

Prior to Completion, the Target Company was a direct wholly owned subsidiary of the Company. Upon Completion, the Company ceased to have any interest in the Target Company and the Target Company ceased to be a subsidiary of the Company, and the financial results of the Target Group will no longer be consolidated in the financial statements of the Group.

For illustrative purpose, assuming the Completion has taken place on 31 March 2022, it is estimated that the Company would realise an unaudited gain on the Transaction of approximately HK\$20.5 million, being the difference between the consideration of HK\$31 million and the unaudited net assets value of the Target Group attributable to the Company of approximately HK\$8 million as at 31 March 2022, after deducting the expenses attributable to the Transaction of approximately HK\$2.5 million. However, the Shareholders should note that the above estimation has not taken into account the potential tax impact upon Completion and the actual financial effect as a result of the Transaction to be recorded by the Group is subject to final audit to be performed by the auditors of the Company.

## **REASONS AND BENEFITS OF THE TRANSACTION AND PROPOSED USE OF PROCEEDS**

The Company is an investment holding company incorporated under the laws of Cayman Islands. After Completion, the Group is principally engaged in (i) B2B trading business in the PRC; and (ii) information technology (“IT”) solution business in the PRC, including provision and design of Software-as-a-Service (“SaaS”), membership benefits solutions services, software customisation services and IT solutions (the “IT Solution Business”).

The Restaurant Business has been materially adversely affected by the outbreak of COVID-19 in the past 3 years. The revenue of the Restaurant Business decreased by approximately 53.3% from HK\$132.9 million for the financial year ended 31 March 2020 to HK\$62.1 million for the financial year ended 31 March 2022, and continued to be loss making over the period if the one-off government subsidies were excluded. In addition, the number of outlets of the Restaurant Business has also decreased from 15 as at 31 March 2020 to 3 as at the date of this announcement. Despite the social distancing and travel restriction measures having been lifted and the outbreak of COVID-19 being under control in Hong Kong, with the negative market sentiment, local consumers’ low inclination to dine out and keen competition in the food and beverage industry, it is expected that the Restaurant Business may not have a significant improvement in its business performance in near to medium-term.

As such, the Company considers that it is a good opportunity to dispose of the Restaurant Business at a reasonable price and the proceeds from the Transaction can further strengthen the cash position of the Group and will allow the Group to focus its resources and finance the development of the IT Solution Business which may have a greater growth potential. The Directors anticipated that the extensive applications of “non-contact” online services and digital transformation in businesses in post-pandemic era would drive the growth of the IT Solution Business and bring more business opportunities to the software and IT solutions projects of the Group. The Company believes that the SaaS industry in the PRC has a significant room for expansion with a lot of the Chinese enterprises start to shift away from hardware infrastructure to cloud-based infrastructure. The Group has completed acquisition of subsidiaries in mid-2022, which principally engaged in provision and design of SaaS systems and IT solution services to its customers, including financial institutions and merchants ranging from the retail, food and beverage, travel, lifestyle sectors in the PRC. Together with the Group’s existing IT Solution Business, the Group strives to maintain the existing customers base of its IT Solution Business, and aims to further increase its market shares by exploring the customer and business needs and promoting the e-commerce platform operations, live broadcast operations and IT solutions outsourcing services. The Company will prudently look for other potential investment opportunities in order to achieve the best return for the Company and its Shareholders as a whole.

The net proceeds from the Transaction (after deducting the expenses in relation to the Transaction) are estimated to be approximately HK\$28.5 million. The Company intended to use 35% of the net proceeds for the development of the IT Solution Business; 30% of the net proceeds for financing potential investment opportunities as may be identified from time to time; and 35% of the net proceeds for general working capital.

Having considered the above, the Board is of the view that the terms of the Agreement and the Transaction are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Transaction exceeds 25% but is below 75%, the Transaction constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders have a material interest in the Agreement and the Transaction and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Agreement and the Transaction.

As at the date of this announcement, the Company has obtained a written Shareholder’s approval from its controlling Shareholder, MSEC, which holds 556,298,182 Shares (representing approximately 62.28% of the issued share capital of the Company), for approving the Agreement and the Transaction in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Agreement and the Transaction.

## **DESPATCH OF CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular in relation to the Transaction and other information required to be included therein under the Listing Rules will be despatched within 15 business days after the publication of this announcement, that is, on or before 19 May 2023.

## **DEFINITIONS**

In this announcement, unless the context required otherwise, the following terms shall have the meanings set out below:

“Agreement”	the sale and purchase agreement dated 27 April 2023 in relation to the Transaction
“Board”	the board of Directors
“Buyer”	Tai Kwok Pan
“Company”	Minshang Creative Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	Completion of the Transaction in accordance with the terms and conditions of the Agreement
“COVID-19”	Coronavirus Disease 2019
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MSEC”	MSEC Holdings Limited, a company incorporated in the British Virgin Islands, the controlling Shareholder of the Company which holds 556,298,182 Shares (representing approximately 62.28% of the issued share capital of the Company as at the date of this announcement)
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	100 shares of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Prosperity One Limited, a company incorporated in the British Virgin Islands
“Target Group”	the Target Company and its subsidiaries
“Transaction”	the disposal of the Sale Shares as contemplated under the Agreement
“%”	per cent.

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

Hong Kong, 27 April 2023

*As at the date of this announcement, the executive Directors are Mr. Wu Jiangtao, Mr. Tao Jingyuan and Mr. Lai Xiaopeng Michael; and the independent non-executive Directors are Mr. Choi Tze Kit, Sammy, Mr. Cheung Miu and Mr. Cheung Pak To.*