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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)

**UPDATE ON FINANCIAL GUARANTEE
AND
SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

References are made to (i) the announcements of Minshang Creative Technology Holdings Limited (the “**Company**”) dated 24 December 2021, 31 March 2022, 17 May 2022, 22 June 2022 and 24 June 2022 (the “**Announcements**”) in relation to (among others) the acquisition of the entire issued share capital of Context Image Holdings Limited and (ii) the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”). Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcements.

In addition to the information contained in the 2023 Annual Report, the Company wishes to provide further information pursuant to Rule 14.36B of the Listing Rules. This announcement is supplemental to and should be read in conjunction with the 2023 Annual Report.

As disclosed in the Announcements and the 2023 Annual Report, the second stage of the Consideration shall be subject to the fulfilment of the 2022 Financial Guarantee given by the Vendors (excluding Vendor 4) and the Vendors’ Guarantors. Details of the 2022 Financial Guarantee are as follows:

- (1) the audited consolidated revenue of the Target Group (after taxation and minority interest and exclude non-recurring income, extraordinary income and non-operating income) (“**Audited Consolidated Revenue**”) for the financial year ending 31 December 2022 shall be no less than RMB50,000,000; and
- (2) the audited consolidated net profit of the Target Group (after taxation and minority interest and exclude non-recurring income, extraordinary income and non-operating income) (“**Audited Consolidated Net Profit**”) for the financial year ending 31 December 2022 shall be no less than RMB5,000,000.

According to the audited financial statements of the Target Group for the year ended 31 December 2022, the actual performance of the Target Group is as follows:

For the year ended
31 December 2022
RMB'000

Audited Consolidated Revenue	41,712
Audited Consolidated Net Profit	1,768

Based on the above, the Target Group did not meet the 2022 Financial Guarantee given the shortfall of approximately RMB8,288,000 and RMB3,232,000 for the Audited Consolidated Revenue and the Audited Consolidated Net Profit, respectively. As such, no Second Stage Consideration Shares will be issued to the Vendors in accordance with the Sale and Purchase Agreement.

The Board is of the opinion that although the Vendors (excluding Vendor 4) and the Vendors' Guarantors did not fulfil their obligations under the 2022 Financial Guarantee, the terms of the Sale and Purchase Agreement have taken into account the possibility of not achieving the expected future performance of the Target Group i.e. the Vendors cannot receive the Second Stage Consideration Shares and the Third Stage Consideration Shares unless the Target Group meets the 2022 Financial Guarantee and the 2023 Financial Guarantee, respectively. The issue of the Second Stage Consideration Shares and the Third Stage Consideration Shares reflect the full value of the Target Group if the 2022 Financial Guarantee and the 2023 Financial Guarantee are met. If these financial guarantees are not met, the Consideration Shares will not be issued and the value of the Target Group will be reduced proportionately.

The Company will closely monitor the performance of the Target Group for the year ending 31 December 2023 and will disclose update(s) on the 2023 Financial Guarantee in future announcement(s) and the forthcoming annual report as and when appropriate.

The supplemental information in this announcement does not affect other information contained in the 2023 Annual Report. Save as disclosed in this announcement, the remaining content of the 2023 Annual Report remains unchanged.

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

Hong Kong, 7 September 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.