THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Minshang Creative Technology Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

Financial adviser to the Company

Lego Corporate Finance Limited
力高企業融資有限公司

This circular is despatched to the Shareholders for information purposes only, and written Shareholders' approval has been obtained in lieu of holding a general meeting.

28 November 2023

CONTENTS

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In this circular, the following expressions have the following meanings unless the context otherwise requires:

"Agreement"	the sale and purchase agreement dated 27 April 2023 in relation to the Transaction
"Announcement"	the announcement of the Company dated 27 April 2023 in relation to the Transaction
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Buyer"	Mr. Tai Kwok Pan
"Changjing Wanxiang"	Changjing Wanxiang (Beijing) Technology Co., Ltd.* (場景萬象(北京)科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group
"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
"connected person"	has the meaning ascribed to it under the Listing Rules
"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
"Latest Practicable Date"	23 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular

* *for identification purpose only*

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange
"Minshang Ningbo"	Minshang Creative Technology (Ningbo) E-commerce Co., Ltd* (民商創科(寧波)電子商務有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group
"Minshang Zhihui"	Beijing Minshang Zhihui E-commerce Co., Ltd.* (北京民商智惠電子商務有限公司), a sino-foreign equity joint venture established in the PRC with limited liability and a commonly held entity of the Group
"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 Latest Practicable Date)
"MSEC HK"	MSEC Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
"PRC"	the People's Republic of China, for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Qianhai Minshang"	Qianhai Minshang Creative Technology (Shenzhen) Co., Ltd.* (前海民商創科數字科技(深圳)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group
"Sale Shares"	100 shares of the Target Company, representing the entire issued share capital of the Target Company
"SFO"	Securities and Futures Ordinance
"Share(s)"	ordinary share(s) of HK$0.0025 each in the share capital of the Company
"Shareholders"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

* *for identification purpose only*

"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.

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)

Executive Directors:
Mr. WU Jiangtao *(Chairman)*
Mr. TAO Jingyuan *(Chief Executive Officer)*
Mr. LAI Xiaopeng Michael

Independent non-executive Directors:
Mr. CHOI Tze Kit, Sammy
Mr. CHEUNG Miu
Mr. CHEUNG Pak To

Registered office:
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 4203, 42/F
Tower One Lippo Centre
89 Queensway
Admiralty, Hong Kong

28 November 2023

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

Reference is made to the Announcement.

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. Completion has taken place on 27 April 2023 immediately after the entering into of the Agreement. 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 into the financial statements of the Group.

The purpose of this circular is to provide you with, among others, (i) further information on the Transaction; and (ii) other information as required under the Listing Rules.

2. 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.

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 market approach; (ii) the financial performance of the Target Group as set out in the section headed "3. Information of the Target Group" of the section headed "Letter from the Board" of this circular; and (iii) the business prospect of the Target Group as at out in the section headed "5. Reasons and Benefits of the Transaction and Proposed Use of Proceeds" of the section headed "Letter from the Board" of this circular.

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 the 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 as at the Latest Practicable Date), 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.

3. INFORMATION ON THE TARGET GROUP AND THE BUYER

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 the Announcement, the Target Group operated 3 restaurants under "Viet's Choice (越棧)" brand (the "**Restaurant Business**").

The key financial information of the Target Group for the three years ended 31 March 2023 is set out below:

	For the year ended 31 March		
	2023	**2022**	**2021**
	HK\$'000	*HK\$'000*	*HK\$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	46,446	62,075	77,516
Net (loss)/ profit before taxation *(Note)*	(2,260)	643	936
Net (loss)/profit after taxation *(Note)*	(2,260)	643	936

Note: The net profit of the Target Group for the two years ended 31 March 2022 and 2021 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 audited consolidated financial information of the Group, the net assets value of the Target Group was approximately HK\$5.7 million as at 31 March 2023.

The Buyer is Mr. Tai Kwok Pan. The Buyer joined the Group in June 2015 as finance manager and was appointed as the company secretary on 10 June 2016. He resigned as the company secretary on 6 July 2018 but remained as the finance manager and a member of the management team of the Restaurant Business. Based on the best knowledge of the Directors, after making all reasonable enquires, save as being the finance manager and a member of the management team of the Restaurant Business, the Buyer did not have any relationship with the Company, its former and existing directors, senior management and substantial shareholders of the Company.

4. 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 had taken place on 31 March 2023, it is estimated that the Company would realise an unaudited gain on the Transaction of approximately HK$23.1 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$5.7 million as at 31 March 2023, after derecognition of capital reserve upon disposal of subsidiaries of approximately HK$0.3 million and 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.

5. REASONS AND BENEFITS OF THE TRANSACTION AND PROPOSED USE OF PROCEEDS

The Company is an investment holding company incorporated under the laws of the 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 approximately HK$132.9 million for the financial year ended 31 March 2020 to approximately 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. For the financial year ended 31 March 2023, the Restaurant Business recorded a revenue of approximately HK$46.4 million. In addition, the number of outlets of the Restaurant Business has also decreased from 15 as at 31 March 2020 to 11 as at 31 March 2021, and further reduced to 9 as at 31 March 2022 and 3 as at the date of the Announcement. The restaurants were closed upon expiry of tenancy agreement or early termination with landlords due to the poor business performances. 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.

The Buyer offered to acquire the Restaurant Business from the Company in around March 2023. The Company considered 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.

As at the Latest Practicable Date, the Company did not have plan to engage in the Restaurant Business in the future. The unutilised IPO proceeds of approximately HK$9.7 million previously allocated for broadening cuisine offerings, upgrading and expanding food processing centre and upgrading information technology systems had been reallocated to working capital and general corporate purposes. Please refer to the announcement of the Company dated 10 November 2023 for further details.

As disclosed in the Announcement, 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 HK$10 million (representing approximately 35% of the net proceeds) for the development of the IT Solution Business; HK$8.5 million (representing approximately 30% of the net proceeds) for financing potential investment opportunities as may be identified from time to time; and HK$10 million (representing approximately 35% of the net proceeds) for general working capital. The Company has already utilised HK$10 million for granting shareholders' loan to Minshang Zhihui in June 2023 for the development of the IT Solution Business, HK$10 million for working capital and HK$1 million for supporting the development of an AI laboratory at a university in Hong Kong. As at the Latest Practicable Date, the amount of unutilised net proceeds from the Transaction was approximately HK$7.5 million.

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.

6. 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 the 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.

7. RECOMMENDATION

The Board considers that the Transaction is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, if an extraordinary general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Agreement and the transactions contemplated thereunder respectively at such extraordinary general meeting.

8. GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Minshang Creative Technology Holdings Limited
Mr. WU Jiangtao
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 March 2023 and the six months ended 30 September 2023 are disclosed in the following documents which are published on the website of the Stock Exchange at (https://www.hkexnews.hk) and the website of the Company at (http://www.minshangct.com):

(i) Annual report of the Company for the year ended 31 March 2021 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800633.pdf);

(ii) Annual report of the Company for the year ended 31 March 2022 (https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0726/2022072600303.pdf);

(iii) Annual Report of the Company for the year ended 31 March 2023 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700381.pdf); and

(iv) Interim results announcement of the Company for the six months ended 30 September 2023 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1124/2023112400645.pdf).

2. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including the internally generated funds, repayment from an associate, an intermediate holding company and a related company, all of which have been financially guaranteed by the immediate holding company in favour of the Group, and the effects of the Disposal, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Other borrowings

At 31 October 2023, other payable amounting to approximately HK$5,000 represented amount due to an immediate holding company of the Company. This balance is unsecured, interest-free and repayable on demand.

Lease liabilities

At 31 October 2023, the Group, as a lessee, had outstanding unpaid contractual lease liabilities of approximately HK$1.0 million in relation to the remaining lease terms of rented premises, which are all unsecured and unguaranteed.

Save as aforesaid, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 31 October 2023.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company incorporated under the laws of the Cayman Islands. After Completion, the Group is principally engaged in (i) B2B trading business in the PRC; and (ii) IT Solution Business in the PRC.

B2B Trading Business

The past few years have posted challenges on the Group's B2B trading business, in particular the outbreak of COVID-19 in the PRC, pressure on logistic and global supply chain and global inflating costs. Nonetheless, the Group will continue to develop its B2B trading business and explore suitable opportunities. It is expected that the global economy will recover gradually, the management of the Group remains optimistic on the mid to long-term prospects of its B2B trading business. In addition, the domestic economy in the PRC has been gradually recovering, the management of the Group believes it is the right timing to resume the B2B Trading Business through Minshang Ningbo. During the six months ended 30 September 2023, the Group recorded revenue from trading of 3C products of approximately HK$67,439,000.

IT Solution Business

The Group's IT Solution Business consists of the businesses of (i) Qianhai Minshang; (ii) Changjing Wanxiang; and (iii) Minshang Zhihui.

Qianhai Minshang aims to provide digital solutions for industrial upgrading and digital solutions for customer marketing to its B-end customers. Its customers include real estate developers, banks and financial institutions, and other institutions.

Qianhai Minshang is primarily engaged in the following businesses: (i) providing customer acquisition solutions to banks and financial institutions, encompassing credit assessment management, risk control management and operational support. By leveraging on the Group's intelligent operational solutions, these institutions can more effectively manage their customer relationships and sales and marketing work on their retail customers. By leveraging on the Group's intelligent risk control solutions, banks can achieve more accurate risk assessment and process automation, thereby further reducing credit risks and costs in the operation of retail banking business; (ii) offering partner marketing systems to real estate developers. By leveraging on the Group's advanced digital technologies, the Group helps real estate developers in effectively managing their part-time salespersons and various sales channels, motivating enthusiasm and innovation of salespersons to the utmost extent while ensuring standardized operation, expanding their online and offline sales channels, thereby improving sales efficiency and achieving targets on sales growth; and (iii) providing customised technology development services to other institutions.

Changjing Wanxiang is principally engaged in the 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 to lifestyle sectors.

Changjing Wanxiang mainly provides services including (i) design of membership rights such as membership management, membership mall, membership rights, membership points, community operation tools, membership merchandise promotion, marketing activities, mini-games for members and community marketing tools; and (ii) procurement and distribution of goods and products sold in the membership mall and checkout and settlement service. Changjing Wanxiang also directly sells products such as food items and brand vouchers to end users through online platforms. Changjing Wanxiang brings together quality digital consumer rights in relation to goods and services such as brand vouchers and actual products from different brands. Through the consumption scenes in multiple industries and by acting as the smart hub in the distribution chain, Changjing Wanxiang provides comprehensive and quality consumption service experience for C-end customers while serving its B-end customers.

Minshang Zhihui is principally engaged in the technology and e-commerce related industry focusing on providing e-commerce services to financial institutions in the PRC (including several major banks) and other clients in the PRC by relying on its scene marketing system and supply chain management capabilities. Further, it provides a one-stop solution for its clients for their customer reward programmes and employee benefits programmes as it could provide both the e-commerce platform for its clients and its supply chain management services so that Minshang Zhihui could operate those platforms for its clients without resorting to other suppliers or technology companies.

Minshang Zhihui develops e-commerce platforms for large corporations, mainly commercial banks in the PRC, which are embedded in their websites, mobile apps, credit apps or WeChat official accounts. These platforms are owned by the clients under their own brands. In general, these e-commerce platforms are designed for the clients' customer reward programmes and promotion events. Minshang Zhihui usually operates and maintains e-commerce platforms it developed. Its scope of services includes daily operation of e-commerce platforms, software updates, technical support, change of features (if required), provision of customer services to banks' customers and settlement services.

Minshang Zhihui sells merchandise through both the e-commerce platforms developed for its clients as abovementioned and its self-owned e-commerce platforms to financial institutions and other large corporations in the PRC for their own customer incentives and loyalty programmes, or employee welfare programmes.

Business Plan

In the current digital era, the science and technology are developing rapidly. In particular, the ChatGPT and Microsoft Copilot has become a phenomenon of artificial intelligence ("**AI**") in 2023, which indicated explosion of AI industry. AI is being widely adopted across various sectors, which has demonstrated significant transformative power and created a new AI-enabled ecosystem. There is an urgent need for traditional industries to adopt advanced technology to keep pace with innovative development, which has created vast market opportunities for the Group. Therefore, the Company has prospectively explored and developed layout in the AI field through Qianhai Minshang. Qianhai Minshang is committed to developing and promoting AI scenario applications. By utilising open-source or commercial and large common models as the foundation, the Group has created a range of AI products that can function in real scenarios. These products include C-end products and B-end services.

The Group promotes its C-end products through WeChat ecosystem. At present, the Group has already launched products including AI copywriting tools and AI graphic design tools. These products not only offer user-friendly and efficient solutions for general users, but also introduce new customer experiences in intelligent technology at the application level. The Group is innovatively combining AI with specific scenarios to develop AI application products, such as the parenting product, AI fairy tale, and AI metaphysics products tailored to specific customer needs. These new products can better satisfy the needs of users and further expand our market. The Group's B-end business primarily provides AI-enabled technology services applied in scenarios for corporate clients. The Group's goal is that its AI-enabled services will enable its partners to more effectively reduce costs and improve efficiency, and meet their demand for business development, thus creating greater value for businesses.

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 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.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EFFECT OF THE TRANSACTION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

Upon completion of the Transaction, the Target Group ceased to be subsidiaries to be accounted for in the financial results of the Company. The Group is expected to record an unaudited gain on the Transaction of approximately HK$22.8 million. Such unaudited gain is estimated based on gross proceeds from the Transaction of HK$31 million less the net asset value of the Target Group of approximately HK$5.7 million as at 31 March 2023, and after deducting the expenses directly attributable to the Transaction in aggregate of approximately HK$2.5 million. Please note that the actual gain recorded by the Group from the Transaction will be subject to the book values of the Target Group accounted for in the financial statements of the Group upon completion of the Transaction, and may therefore be different from the above amount.

The Transaction is estimated to result in a decrease of approximately HK$15.9 million in the total assets (representing the total assets of the Target Group) of the Group and a decrease of approximately HK$10.2 million in total liabilities (representing the total liabilities of the Target Group) of the Group as at 30 September 2023. Further, the net proceeds from the Transaction of approximately HK$28.5 million will result in an increase in the total assets of the Group.

The aforesaid estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be after the Transaction.

AVISTA GROUP 艾華迪集團

AVISTA Valuation Advisory Limited
Suites 2401–06, 24/F, Everbright Centre
108 Gloucester Road
Wan Chai, Hong Kong

28 November 2023

The Board of Directors
Minshang Creative Technology Holdings Limited
Unit 4203, 42/F
Tower One Lippo Centre
89 Queensway, Admiralty, Hong Kong

Dear Sirs/Madams,

Re: Valuation of 100% Equity Interest of Prosperity One Limited

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has conducted a business valuation in connection with the 100% equity interest of Prosperity One Limited and its subsidiaries (the "**Target**") as of 31 March 2023 (the "**Valuation Date**"). We understand that Minshang Creative Technology Holdings Limited (the "**Company**", "**Minshang**" or "**you**") intends to dispose of the entire shareholding of the Target (the "**Proposed Disposal**").

It is our understanding that this appraisal is strictly addressed to the directors of the Company (the "**Directors**") and used for the Proposed Disposal solely for your internal reference purpose. In addition, we acknowledge that this report may be made available to the Company for public documentation purpose under the requirement of the Hong Kong Stock Exchange (the "**Listing Rules**") and used as reference on the Company's circular (the "**Circular**"). This report (the "**Report**") does not constitute an opinion on the commercial merits and structure of the Proposed Disposal. We are not responsible for unauthorised use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions, and explains the analysis methodology adopted in this appraisal process to calculate the value.

BASIS OF ANALYSIS

We have appraised the fair value of 100% equity interest of the Target.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMPANY BACKGROUND

Minshang is an investment holding company which mainly engages in the operation of chain restaurants in Hong Kong, as well as trading business and information technology solution business in the People's Republic of China (the "**PRC**").

The Target is primarily engaged in restaurant business in Hong Kong. It is a wholly-owned subsidiary of the Company as of the Valuation Date.

We understand that the Company intends to dispose of the entire shareholding of the Target. The Proposed Disposal constitutes a major disposal for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. As such, the Company engaged us as an independent valuer to assess the fair value of the 100% equity interest of the Target as of the Valuation Date.

SCOPE OF WORK

In conducting this valuation exercise, we have

- Co-ordinated with the Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target, including the legal documents, financial statements, historical operating data, etc. made available to us;
- Discussed with the Company and the Target to understand the history, business model, operations, business development plan, etc. of the Target for valuation purpose;
- Carried out research in the sector concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Target made available to us and considered the bases and assumptions of our conclusion of value;
- Selected an appropriate valuation method to analyse the market data and derived the estimated fair value of the 100% equity interest of the Target; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of value and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target and their authorized representatives.

ECONOMY OVERVIEW

Macroeconomic Overview of Hong Kong

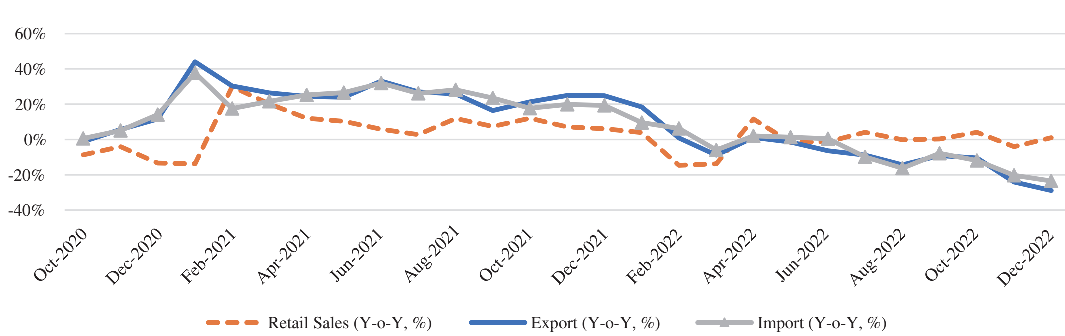
In 2022Q4, Hong Kong's real gross domestic product ("**GDP**") decreased by 4.2% year-over-year ("**y-o-y**"), after contracting by 4.6% in the preceding quarter. The worsened external environment and ongoing disruptions to cross-boundary land cargo flows that hampered exports were the main factors in the deteriorating GDP in the second half of the year.

As of 31 December 2022, over 5.8 million people have been administered their third COVID-19 vaccination dose, according to statistics from the Government of Hong Kong Special Administrative Region ("**HKSAR**"). The continuous rise in vaccination rate, together with the cancellation of the vaccine pass in mid-December 2022, is expected to revive both local business activities and business travel to and from Hong Kong.

Total retail sales value of Hong Kong decreased by 4.1% and increased by 1.1% y-o-y in November and December 2022, respectively, according to Hong Kong's Census and Statistics Department ("**C&SD**"). C&SD announced that total export value and total import value of Hong Kong dropped 28.9% and 23.5% y-o-y, respectively, in December 2022. Both metrics indicated sluggish y-o-y growth until 2022Q4.

Unemployment rate fell to 3.3% and underemployment rate declined to 1.5% in 2022Q4 as the labour market continued to improve brought by the gradual economic recovery. According to C&SD, Hong Kong's GDP fell by 3.5% in 2022, following a 6.4% increase in 2021. Despite the stimulus to local consumption demand under Phase II of the Consumption Voucher Scheme, macroeconomic outlooks such as tightening geopolitical tensions and rising borrowing costs are likely to weaken local consumers' confidence in spending.

Y-o-Y Growth in Retail Sales and International Trade Value of Hong Kong

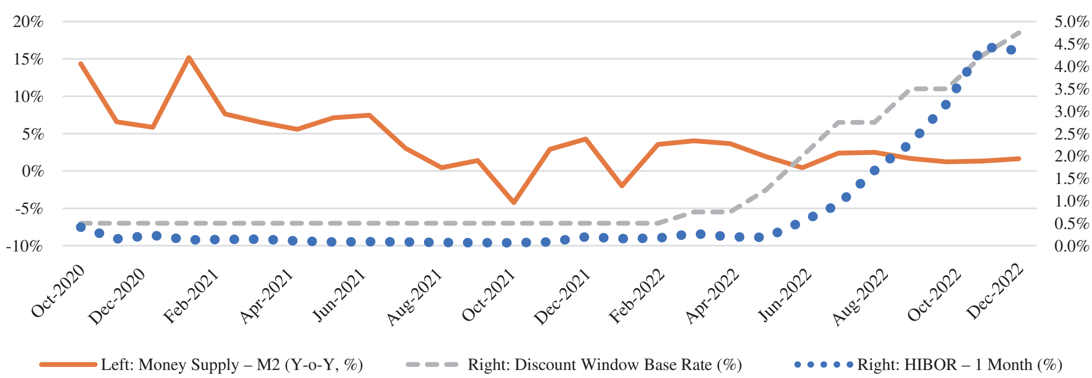


(Source: C&SD)

Domestic inflation in Hong Kong exhibited a stable trend despite the spike in international commodities prices. C&SD reported that the consumer price index ("**CPI**") of Hong Kong increased by 2% y-o-y in 2022Q4. After netting out the impact of all government's one-off relief measures, y-o-y increase in CPI was also recorded at 2%, mainly due to the increases in the prices of fresh vegetables offset by a smaller decrease in the charges for information and communications services.

Amid elevated inflation and a strong labour market, the U.S. Federal Open Market Committee ("**FOMC**") has further raised the interest rate target range from 4.25% to 4.5% at its December 2022 meeting. The Federal Reserve anticipated that ongoing rises in the target range will be appropriate to tame inflation. Under the Linked Exchange Rate System, Hong Kong interest rate will inevitably increase. According to the Hong Kong Monetary Authority ("**HKMA**"), the 1-month Hong Kong Interbank Offered Rate ("**HIBOR**") had increased from 2.29% to 4.35% by the end of December, a significant rise over 2022Q3.

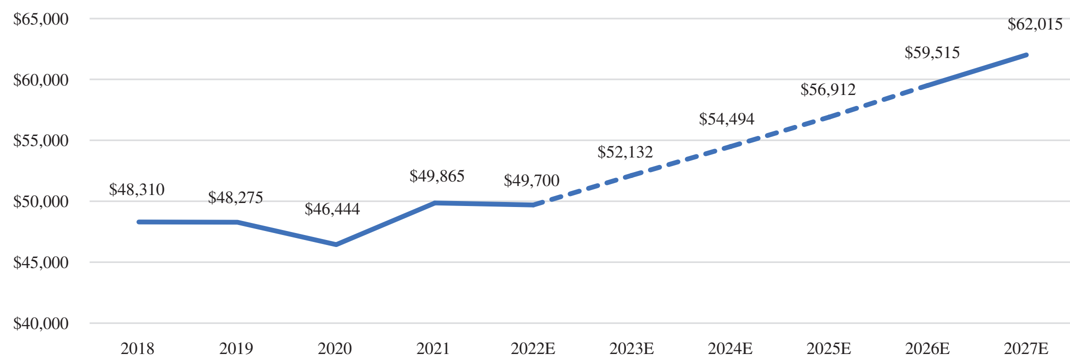
Key Interest Rates and Y-o-Y Growth in M2 of Hong Kong



(Source: HKMA)

Looking ahead, Hong Kong economy is expected to rebound in 2023, with the lifting of quarantine arrangements for inbound visitors and the resumption of business travel between Hong Kong and the PRC. According to the International Monetary Fund ("**IMF**"), Hong Kong's GDP per capita is expected to continue its revival and growth momentum after a temporary downturn in 2022. The IMF forecasted the GDP per capita of Hong Kong to reach USD49,700 by 2022 and gradually to USD62,015 by 2027.

GDP per capita of Hong Kong



(Source: IMF)

INDUSTRY OVERVIEW

Overview of Hong Kong Food Services and Restaurant Market

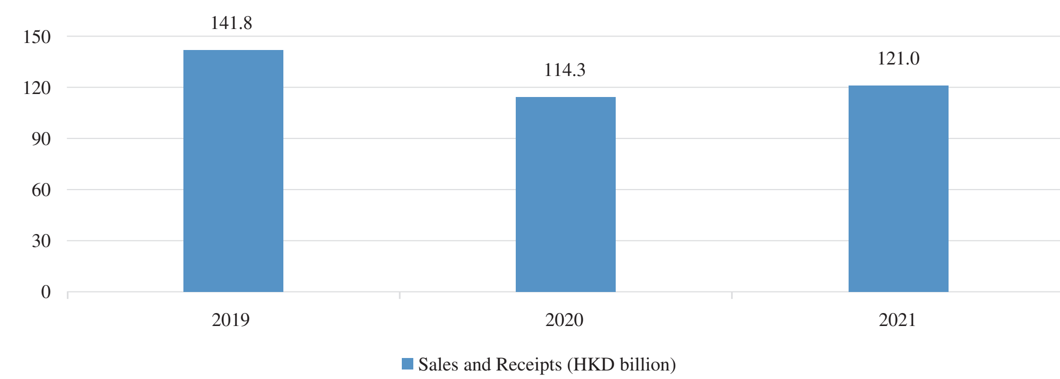
The food services and restaurant industry is a highly competitive market and a significant sector in Hong Kong. According to C&SD, all restaurants in Hong Kong have been grouped into five broad types, including Chinese restaurants, non-Chinese restaurants, fast food shops, bars, and miscellaneous eating and drinking places.

Statistics from C&SD indicated the total number of establishments in the food services industry has decreased from 14,700 in 2020 to 14,300 in 2021, representing a y-o-y decline of 2.7%. However, total sales receipts of the food services sector increased from HKD114.29 billion in 2020 to HKD121.00 billion in 2021, representing a y-o-y growth of 5.9%. On a per-establishment basis, total receipts increased by 8.9% from HKD7.77 million to HKD8.46 million. Although the sales receipts showed a better performance for the food services industry, the rise in costs seriously affected the profitability of the industry. Cost of goods sold of the food services increased from HKD33.24 billion in 2020 to HKD39.54 billion, representing a y-o-y increase of 19.0%, while the operating expense increased from HKD36.77 billion in 2020 to HKD41.07 billion in 2021, representing a y-o-y increase of 11.7%. The increases in both costs of goods sold and operating expenses resulted in a decline in gross surplus from HKD7.48 billion in 2020 to HKD3.75 billion in 2021.

In October 2022, the HKSAR Government eased some social distancing measures due to the stabilisation of COVID-19 in the city. After the relaxation of rules, restaurants are allowed to seat up to 12 people per table instead of eight. Bars and clubs are allowed to have six people per table instead of four, with the provision of a negative rapid antigen test result within 24 hours. On the other hand, the HKSAR Government announced a “0+3” in situ isolation arrangement for inbound travellers without any hotel quarantine which boosts the incentives to those who may consider travelling to Hong Kong.

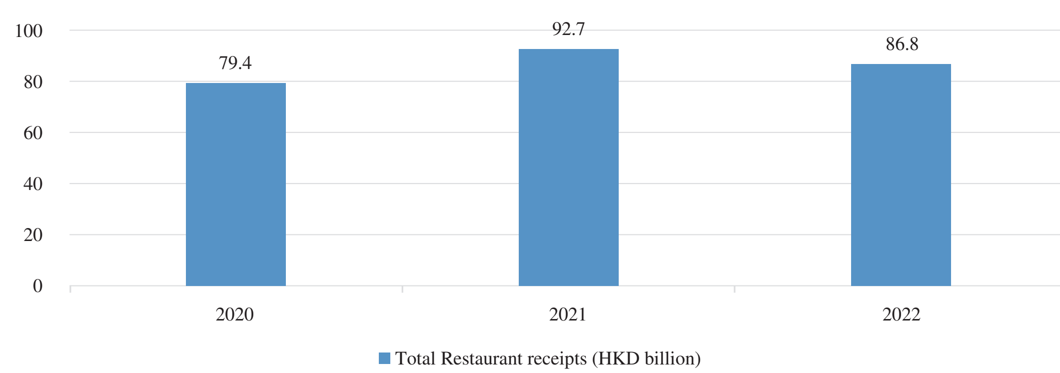
According to C&SD statistics, the value of total receipts of the restaurant sector decreased from HKD92.7 billion in 2021 to HKD86.8 billion in 2022, representing a y-o-y decline of 6.4%. The spokesperson stated that with the relaxation of rules, improvement in the labour market, and the issuance of consumption vouchers, the restaurant business is expected to continue to improve in the 2022Q4. In the future, economic activities are expected to return to normalcy after the pandemic and inbound tourism is expected to rebound, which are anticipated to boost the restaurant business. Further improvement in the labour market is also expected to provide additional support.

Total Sales Receipts of the Food Services Sector in Hong Kong



(Source: C&SD)

Total Restaurant Receipts in Hong Kong



(Source: C&SD)

LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only and, where relevant, for a basis for disclosure purpose under the requirement of the Listing Rules. We will not be liable for any unauthorized use of the Report. Accordingly, the Report may not be used nor relied upon in any other connection by, and is not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Target).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Disposal. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Disposal. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Disposal and such remain the sole responsibility of the Directors and management of the Company (the "**Management**").

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report especially for the financial information of the Target as of 28 February 2023, provided by the Management, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

The outbreak of COVID-19, as declared by the World Health Organization as a global pandemic on 11 March 2020, has been adversely affecting the global economy as well as the financial markets. As such, the subsequent impact due to COVID-19 has imposed an unprecedented set of circumstances on which to base a valuation judgement as of the Valuation Date. In particular, the increased volatilities in political, legal, fiscal, economic conditions and/or other market situations as a result of COVID-19 would bring higher uncertainties to the underlying assumptions. Consequently, higher degree of caution should be attached to our valuation than would normally be the case.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the region operated by the Target and specific competitive environments affecting the industry;
- the business risks of the Target;
- the nature and prospects of the industry of the Target is operating;
- the comparable companies engaging in business operations similar to the Target; and
- the legal and regulatory issues of the industry in general.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target; and
- we have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the equity value of the Target, namely Income Approach, Asset Based Approach and Market Approach. All three of them have been considered regarding the valuation of the Target:

Income Approach	The Income Approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for Income Approach is the discounted cash flow ("**DCF**") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the equity value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Asset Based Approach

The Asset Based Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market Approach

The Market Approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the Market Approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the equity value of the Target, we applied the Market Approach due to the following reasons:

- Asset Based Approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Target are separable and can be sold separately. This methodology is more appropriate for the industry that its assets are highly liquid, like property development and financial institution. Thus, Asset Based Approach is not adopted in this valuation.

- Income Approach is also considered inappropriate as the valuation result by Income Approach is more dependent on the financial projections of the Target prepared by the Management, in which the inputs are unobservable and subjective. Thus, Income Approach is not adopted in this valuation.

- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Since there are sufficient public companies in similar nature and business to that of the Target, their market values are good indicators of the industry of the Target. Therefore, Market Approach has been adopted in this valuation.

There are two methods commonly used in performing Market Approach, namely comparable transactions method and comparable companies method.

The comparable transactions are selected with reference to the following selection criteria:

- The primary industry of the companies is "Restaurants", under Global Industry Classification Standard, as extracted from S&P Capital IQ;

- The acquirees are mainly operating in Hong Kong;

- The transaction was closed between April 2021 and March 2023; and

- The financial information of the transactions and the acquiree is available to the public.

Based on the above selection criteria, there are 2 recent transactions with the acquiree engaging in similar businesses as the Target in Hong Kong within the selected timeframe, in which the transactions are considered to be recent enough and the respective transaction price is deemed to reflect the recent market expectations about the business value of the industry of the Target. Details of the transactions are illustrated as follows:

Closing Date	Acquirer	Acquiree	Business Description of the Acquiree	% of Shareholding Acquired	Consideration	Implied Enterprise Value/Sales Multiple
					(HKD million)	
15 December 2021	Tam Kar Wai, Lo Yung Yung and Wai Ka Po	Palace Banquet Holdings Limited (SEHK:1703)	Palace Banquet Holdings Limited, an investment holding company, operates restaurants in Hong Kong.	59.57%	157.55	1.8x
22 June 2022	Real Hero Ventures Limited	1957 & Co. (Hospitality) Limited (SEHK:8495)	1957 & Co. (Hospitality) Limited, an investment holding company, operates full service restaurants in Hong Kong and the PRC.	49.98%	100.46	0.5x

Source: S&P Capital IQ

Given the fact that only limited number of recent comparable transactions with sufficient publicly disclosed information can be identified, we consider that the multiple derived based on comparable transactions is not representable, and thus, the comparable transactions method is not appropriate for this valuation.

Comparable companies method is therefore selected as the primary method for this valuation. By adopting comparable companies method, we have to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes. The comparable public companies are selected with reference to the following selection criteria:

- The primary industry of the companies is "Restaurants", under Global Industry Classification Standard, as extracted from S&P Capital IQ;
- The companies are principally engaged in the restaurant business;
- The companies are mainly operating in Hong Kong;
- The companies are listed on the Stock Exchange of Hong Kong;
- The market capitalization of the companies are between HKD10 million and HKD1 billion; and
- The financial information of the companies is available to the public.

During our research process, as obtained on the best effort basis, we have identified an exhaustive list of 11 comparable companies that engaged in similar business as the Target and had a market capitalization between HKD10 million and HKD 1 billion as of the Valuation Date which shall be reasonably comparable with the Target in terms of scale and avoid the valuation distortion caused by economy of scale. As mentioned above, since no two companies are ever exactly alike, the differences should not overshadow the similarities of the business nature of the companies. We consider these companies are comparable to the Target.

Details of the selected comparable companies are listed as follows:

					Last Twelve Months ("LTM") Financials (HKD million)		
Company Name	**Stock Code**	**Listing Location**	**Business Description**	**Revenue Contribution from Business Segment(s)**[1]	**Sales**	**Net Profits/ (Losses) to the Co.**	**Net Asset/ (Net Debt) Value**
1957 & Co. (Hospitality) Limited ("**1957 & Co.**")	SEHK:8495	Hong Kong	1957 & Co., an investment holding company, operates full service restaurants in Hong Kong and the PRC.	Relevant to the Target's business: Operation of Restaurants (93.9%)	353	(1)	76
Classified Group (Holdings) Limited ("**Classified Group**")	SEHK:8232	Hong Kong	Classified Group, an investment holding company, owns and operates casual dining restaurants in Hong Kong.	Relevant to the Target's business: Casual Dining (100.0%)	37	(20)	20

Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)[1]	Last Twelve Months ("LTM") Financials (HKD million) Sales	Net Profits/ (Losses) to the Co.	Net Asset/ (Net Debt) Value
Fulum Group Holdings Limited ("**Fulum Group**")	SEHK:1443	Hong Kong	Fulum Group, an investment holding company, engages in restaurant operations business in Hong Kong and the PRC.	Relevant to the Target's business: Restaurant Operations (100.0%)	1,428	(38)	131
Jia Group Holdings Limited ("**Jia Group**")	SEHK:8519	Hong Kong	Jia Group, an investment holding company, operates restaurants in Hong Kong.	Relevant to the Target's business: Operation and Management of Restaurants (100.0%)	217	(20)	(3)
LH Group Limited ("**LH Group**")	SEHK:1978	Hong Kong	LH Group, together with its subsidiaries, operates as a full service multi-brand restaurant company in Hong Kong.	Relevant to the Target's business: Franchised Brands (67.2%); Self-Owned Brands (23.4%)"	1,063	78	410
MS Concept Limited ("**MS Concept**")	SEHK:8447	Hong Kong	MS Concept, an investment holding company, engages in the provision of catering services in Hong Kong.	Relevant to the Target's business: Provision of Catering Services (100.0%)	208	(0)	51

Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)[1]	Last Twelve Months ("LTM") Financials *(HKD million)* Sales	Net Profits/ (Losses) to the Co.	Net Asset/ (Net Debt) Value
Royal Group Holdings International Company Limited ("**Royal Group**")	SEHK:8300	Hong Kong	Royal Group, an investment holding company, provides casual dining food catering services in Hong Kong.	Relevant to the Target's business: Provision of Catering Services (100.0%)	25	(20)	30
Simplicity Holding Limited ("**Simplicity**")	SEHK:8367	Hong Kong	Simplicity, an investment holding company, operates casual dining full service restaurants in Hong Kong.	Relevant to the Target's business: "Chinese Cuisine (33.7%); Thai Cuisine (21.6%); Malaysian Cuisine (33.6%)	56	(28)	27
Taste Gourmet Group Limited ("**Taste Gourmet**")	SEHK:8371	Hong Kong	Taste Gourmet, an investment holding company, operates full-service restaurants and kiosks in Hong Kong and the PRC.	Relevant to the Target's business: Restaurant Operation (100.0%)	598	32	160
Tasty Concepts Holding Limited ("**Tasty Concepts**")	SEHK:8096	Hong Kong	Tasty Concepts, an investment holding company, engages in the operation of Japanese ramen restaurants.	Relevant to the Target's business: Restaurants (100.0%)	36	(16)	5
Welife Technology Limited ("**Welife**")	SEHK:1703	Hong Kong	Welife, an investment holding company, operates restaurants in Hong Kong.	Relevant to the Target's business: Provision of Catering Services and Sales of Goods (100.0%)	252	(28)	4

Source: S&P Capital IQ, Bloomberg and quarterly/interim/annual reports of the comparable companies

As the principal business of the above comparable companies is the restaurant business in Hong Kong, these comparable companies, together with the Target, are considered to be similarly subject to fluctuations in the economy and performance of the restaurant industry, among other factors. Thus, we consider they are confronted with similar industry risks and rewards.

After selecting the abovementioned comparable companies, we have to determine the appropriate valuation multiples for the valuation of the Target, in which we have considered price-to-book ("**P/B**"), price-to-sales ("**P/S**"), enterprise value/sales ("**EV/S**"), price-to-earnings ("**P/E**") and enterprise value/earnings before interests, taxes, depreciation and amortisation ("**EV/EBITDA**") multiples.

P/B multiple is considered not appropriate for this valuation because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. As such, the net asset values of comparable companies are considered to provide little indication of the market value and the P/B multiple is not a good measurement of the fair value of the Target. Thus, P/B multiple is not adopted in this valuation.

P/E and EV/EBITDA multiples are one of the most commonly used valuation multiples. It relates the market value of the equity interest of the Target to its earnings, an important driver of shareholders' value. However, since the Target and most of the selected comparable companies were loss-making as of the Valuation Date, their losses provide little meaning for the valuation and P/E and EV/EBITDA multiples are not applicable in this valuation.

P/S multiple is not adopted as it does not eliminate differences in financial leverage and related risk features across the companies.

Therefore, we consider the EV/S multiple is the most appropriate indicator for this valuation. EV/S multiple has based on sales amount of a company, which is always positive, less subjected to manipulation and is a representative indicator of the business scale. It has also eliminated the differences in capital structure. Hence, LTM EV/S multiple as of the Valuation Date is adopted in the valuation of the Target.

The EV/S multiples of comparable companies are as follows:

No	Company Name	Stock Code	Market Capitalization as of 31 March 2023[(1)] *(HKD million)*	Enterprise Value[(1)] *(HKD million)*	LTM Sales[(1)] *(HKD million)*	EV/S Multiple Before LOMD and CP	EV/S Multiple After LOMD and CP
1	1957 & Co.	SEHK:8495	121	184	353	0.52x	0.56x
2	Classified Group	SEHK:8232	17	21	37	0.56x	0.61x
3	Fulum Group	SEHK:1443	291	787	1,428	0.55x	0.59x
4	Jia Group	SEHK:8519	43	71	217	0.33x	0.35x
5	LH Group	SEHK:1978	928	955	1,063	0.90x	0.97x
6	MS Concept	SEHK:8447	53	85	208	0.41x	0.44x
7	Royal Group	SEHK:8300	45	30	25	1.19x	1.28x
8	Simplicity	SEHK:8367	171	161	56	2.89x	3.12x
9	Taste Gourmet	SEHK:8371	530	754	598	1.26x	1.36x
10	Tasty Concepts	SEHK:8096	17	22	36	0.60x	0.65x
11	Welife	SEHK:1703	587	717	252	2.84x	3.07x
	Maximum						3.12x
	Minimum						0.35x
	Median[(2)]						0.65x
	Lack of Marketability Discount ("LOMD")[(3)]						15.7%
	Control Premium ("CP")[(4)]						28.0%

Notes:

(1) Data sourced from Bloomberg database and annual reports of the comparable companies. The enterprises values of the comparable companies are computed based on the market capitalisation of the companies as of 31 March 2023. Sales data are based on the LTM financial data of the comparable companies available as of the Valuation Date.

(2) Since no one company is exactly alike and each company has its own company specific factor that affect its market value, we consider the market statistic of a set of similar companies is more representative for the market expectation as a whole, which could avoid the valuation distortion by the performance of a single company. Median and average share the same role in understanding the central tendency of a set of numbers. Median, which would not be affected by extreme values, is regarded as a better mid-point measure for skewed number distributions. Hence, median is adopted to derive the result, which we consider to be a more reasonable approach to prevent the outliers from distorting the result.

(3) LOMD reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

As the shares of the Target are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in near future, the ownership interest in the Target is not readily marketable. On the other hand, the EV/S multiple adopted in the valuation was calculated from public listed companies, which represents a marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

The report "Stout Restricted Stock Study Companion Guide (2022 edition)" by Stout Risius Ross, LLC, a reputable research company, suggested a median LOMD is 15.7%. A LOMD of 15.7% is considered appropriate and suitable for this valuation as we understand that the Target is a group of privately held companies.

The market multiple of non-marketable interest can be calculated from marketable interest using the following formula:

Market Multiple of Non-marketable Interest = Market Multiple of Marketable Interest x (1– LOMD)

(4) CP is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. The EV/S multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; market value calculated using such EV/S multiple, therefore, represents the minority interest. Thus, CP was adopted to adjust such minority interest market value to controlling interest market value.

Adjustment for control is made by the application of a CP to the value of the Target's shares. The report "Control Premium Study: 4th Quarter 2022" by FactSet Mergerstat, LLC, a reputable research company, suggested a median CP is 28.0%. A CP of 28.0% is considered appropriate and suitable for this valuation as we understand that the Company intends to dispose of a controlling stake in the Target.

The market multiple of controlling interest can be calculated from minority interest using the following formula:

Market Multiple of Controlling Interest = Market Multiple of Minority Interest x (1 + CP)

Combining the adjustments on LOMD and CP,

Adjusted Market Multiple = Non-adjusted Market Multiple x (1– LOMD) x (1 + CP)

VALUATION RESULT

	HKD'000
Adopted EV/S Multiple	0.65x
LTM Sales of the Target [1]	47,544
Estimated Enterprise Value of the Target	**30,929**
Add: Cash and Cash Equivalent[2]	4,735
Less: Debt[2],[3]	(7,615)
Estimated 100% Equity Value of the Target	**28,049**
Estimated 100% Equity Value of the Target (Rounded)	**28,000**

Notes:

(1) Based on understanding from the management, the financials for March 2023 is not yet available as of the date of this appraisal. As such, LTM sales for the period from 1 March 2022 to 28 February 2023 is adopted, which is provided by the Management.

(2) Based on the balance sheet as of 28 February 2023, provided by the Management.

(3) Balance included debt and lease liabilities, if any.

CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that the fair value of the 100% equity interest of the Target as of the Valuation Date is HKD28,000,000.

The conclusion of the fair value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in Minshang Creative Technology Holdings Limited nor the value reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
CFA, FCPA(HK), FCPA (Aus.), MRICS, RICS Registered Valuer
Managing Partner

Analysed and Reported by:

Ivan K K Lui
CFA, FCPA (HK), MRICS, ACA, LL.M., RICS Registered Valuer
Partner

Mandy H C Cheung
CFA, CPA
Associate Director

Oscar C W Lee
CFA
Senior Analyst

Note: Mr. Vincent Pang is a member of CFA Institute, a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia and a member of Royal Institution of Chartered Surveyors. Vincent has over 20-year experience in financial valuation and business consulting in Hong Kong and the PRC.

APPENDIX – GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the property appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Disposal or pursuant to any applicable laws, rules or regulation or requirement of any competent regulatory authorities, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

- Prior written consent must be obtained from AVISTA Valuation Advisory Limited for publication of this Report. No part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/companies with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.

- We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest and short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**").

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

To the Company's best knowledge, as at the Latest Practicable Date, the following persons (other than Directors or the chief executive of the Company whose interests are disclosed in the section headed "Interest and Short Positions of Directors and the Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above) had interests or short positions in the Shares, underlying Shares or debentures of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of share capital in issue of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Capacity/Nature of interests	Number of issued ordinary shares held	Approximate percentage of the total issued share capital
MSEC *(Note 2)*	Beneficially owned	556,298,182 (L)	62.28%

Name of Shareholders	Capacity/Nature of interests	Number of issued ordinary shares held	Approximate percentage of the total issued share capital
RUNMING International Limited ("**Runming**") *(Note 2)*	Interest of controlled corporation	556,298,182 (L)	62.28%
Shanghai Yingzhao Investment Management Company Limited* ("**Shanghai Yingzhao**") *(Note 2)*	Interest of controlled corporation	556,298,182 (L)	62.28%
Zhuhai Minshang Hongbo Technology Company Limited* ("**Minshang Hongbo**") *(Note 2)*	Interest of controlled corporation	556,298,182 (L)	62.28%
Minsheng E-Commerce *(Note 2)*	Interest of controlled corporation	556,298,182 (L)	62.28%
CIKZ Holdings Limited	Beneficial owner	126,518,648 (L)	14.16%
ZHONG Kaixin	Interest of controlled corporation	126,518,648 (L)	14.16%
CHEN Jiliang	Interest of spouse	126,518,648 (L)	14.16%

Notes:

(1) The letter "L" denotes the person's long position in the relevant shares.

(2) As at the Latest Practicable Date, 556,298,182 Shares were held by MSEC. MSEC is wholly-owned by Runming which is in turn wholly-owned by Shanghai Yingzhao. Shanghai Yingzhao is wholly-owned by Minshang Hongbo which is in turn wholly-owned by Minsheng E-Commerce. As such, Minsheng E-Commerce, Minshang Hongbo, Shanghai Yingzhao and Runming were deemed to be interested in the Shares interested by MSEC.

Save as disclosed above, to the best knowledge of the Company, as at the Latest Practicable Date, no person (other than the Directors, Supervisors and chief executive of the Company) had informed the Company that he had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or held any interests or short positions in 5% or more of the respective types of capital in issue of the Company.

* *for identification purpose only*

4. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2023 (being the date to which the latest published audited financial statements of the Group were made up) up to the Latest Practicable Date.

None of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group as at the Latest Practicable Date.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any competing interest (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company for the purpose of the Listing Rules).

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Group which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within two years preceding the Latest Practicable Date:

(a) the agreement dated 24 December 2021 entered into between CIKZ Holdings Limited, CIVL Holdings Limited, CIXS Holdings Limited, Tiantu VC USD Fund I L.P. (as vendors), Mr. Wu Sheng and Ms. Zhong Kaixin (as vendors' guarantors) and MSCT Investment Limited (a wholly-owned subsidiary of the Company) (as purchaser) for sale and purchase of the entire issued share capital of Context Image Holdings Limited;

(b) the Agreement;

(c) the 3rd supplemental shareholders' loan agreement dated 11 May 2023 entered into between MSEC HK and Minshang Zhihui in relation to the extension of term of the shareholder's loan of HK$15,000,000 granted by MSEC HK to Minshang Zhihui; and

(d) the shareholders' loan agreement dated 12 June 2023 entered into among MSEC HK and Minshang Zhihui in respect of grant of shareholders' loan in the principal amount of HK$11,000,000 by MSEC HK to Minshang Zhihui.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, the Group was not engaged in any material litigation or arbitration of material importance and there was no material litigation or claim of material importance known to the Directors to be pending or threatened by or against any members of the Group.

9. EXPERT

The following is the qualification of the expert who has been named in this circular or has been given opinion or letter, which is contained in this circular:

Name	Qualifications
AVISTA Valuation Advisory Limited	Independent valuer

As at the Latest Practicable Date, the expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report, letters and all references to its names in the form and context in which they are included.

As at the Latest Practicable Date, the expert has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which had been, since 31 March 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(a) The address of the registered office of the Company is at Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands.

(b) The company secretary of the Company is Ms. LI Yan Wing Rita. Ms. Li is a chartered secretary, a chartered governance professional and a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(c) The branch registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.minshangct.com) for a period of 14 days from the date of this circular:

(a) the valuation report, the text of which is set out in Appendix II to this circular;

(b) the consent letter referred to in the paragraph under the heading “9. Expert” in this appendix;

(c) the material contracts referred to in the paragraph under “7. Material Contracts” in this appendix; and

(d) this circular.