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民商創科

Minshang Creative Technology Holdings Limited

民商創科控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1632)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Reference is made to the annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”). Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the 2024 Annual Report, the announcements of the Company dated 8 October 2021 and 11 June 2024.

As disclosed in the 2024 Annual Report, as at 31 March 2024, the Company had (i) a loan to an associate of approximately HK\$27,534,000 (the “**Shareholder’s Loan**”); (ii) a loan to an intermediate holding company of approximately HK\$9,870,000; and (iii) a loan to a related company of approximately HK\$6,841,000.

In addition to the information disclosed in the 2024 Annual Report, the Board would like to provide supplemental information regarding the loans.

LOANS TO AN ASSOCIATE

References are made to the Company’s circular dated 25 March 2019 and the Company’s announcements dated 31 December 2018, 21 May 2021, 11 May 2023, 12 June 2023 and 11 June 2024.

On 12 June 2023, MSEC HK entered into a new shareholders’ loan agreement with Minshang Zhihui to grant a shareholders’ loan to Minshang Zhihui (the “**Shareholder’s Loan**”). On 11 June 2024, MSEC HK has entered into an extension letter and agreed with Minshang Zhihui to extend the term of the Shareholder’s Loan (which is unsecured) for a further term of 12 months until 11 June 2025.

Details of the Shareholders' Loan are as follows:

- Parties: (i) MSEC HK as lender
- (ii) Minshang Zhihui as borrower
- Principal amount: HK\$11,000,000
- Term: 12 months from the drawdown of the Shareholder's Loan (the "Term")
- Purpose: To be used in ordinary course of business and daily operation of Minshang Zhihui
- Undertakings: During the subsistence of the Shareholder's Loan Agreement and as long as there is any borrowing(s) or payable(s) under the Shareholder's Loan Agreement, Minshang Zhihui undertakes to MSEC HK that, among other things:
- (i) unless with the prior written consent of the Company or MSEC HK, Minshang Zhihui shall not carry out any form of financing including but not limited to issue or allotment of any share or loan capital to any person;
- (ii) Minshang Zhihui shall not sell any of its assets unless such sale is conducted in ordinary course of business of Minshang Zhihui at a selling price not less than the fair market value, and such sale proceed shall only be used to repay any outstanding amount of the Shareholder's Loan under the 2023 Shareholder's Loan Agreement or used as general working capital of Minshang Zhihui; and
- (iii) Minshang Zhihui shall ensure that the Company, directly or indirectly, beneficially owns not less than 50% of the equity interests in Minshang Zhihui throughout the Term.
- Interest: Interest shall be payable by Minshang Zhihui to MSEC HK on the Interest Payment Date at an interest rate of 8% per annum calculated on the actual number of days elapsed and on the basis of a 365-day year. In the event that Minshang Zhihui fails to make timely repayment of any Shareholder's Loan (including the principal, interest and/or other expenses, if any), MSEC HK is entitled to charge Minshang Zhihui an overdue daily interest for such overdue sum calculated from the due date to the date on which MSEC HK receives the outstanding payment at an interest rate of 15% per annum.

Repayment Date: The date on which the Term expires

Taking into account that (i) the Company is optimistic about the future prospect of Minshang Zhihui, while it has yet to identify other suitable investment opportunities with profitable return; (ii) the Company is interested in 50% equity interest in Minshang Zhihui and the Shareholder's Loans will enable Minshang Zhihui and its subsidiaries to maintain and stabilise its current cash position to support its business operation and future growth; and (iii) the ensuring the Company to earn a reasonable return of 8% per annum from the Shareholder's Loans which is higher than the existing bank deposit interest rate, the Company considers that the Shareholder's Loan meet the Company's business strategies and is able to provide a return to the Company.

As at 31 March 2024, the Group made provision for impairment loss of loans to an associate of approximately HK\$228,000. Such impairment represents the general provision of expected credit loss made pursuant to HKFRS 9 with reference to a valuation report issued by an independent professional valuer.

LOANS TO AN INTERMEDIATE HOLDING COMPANY AND A RELATED COMPANY

References are made to the Company's announcements dated 8 October 2021 in relation to (i) the loan (the "**Loan to Related Company**") granted by Qianhai Minshang Creative Technology (Shenzhen) Company Limited* 前海民商創科數字科技(深圳)有限公司 (the "**Lender 1**"), a wholly-owned subsidiary of the Company to Shenzhen Tai Rui Financial Services Company Limited* 深圳泰睿金融服務有限公司 (the "**Borrower 1**"); and (ii) the loan (the "**Loan to Intermediate Holding Company**", together with the Loan to Related Company, the "**Loans**") granted by the Company (being Lender 2) to RUNMING International Limited (潤銘國際有限公司) (the "**Borrower 2**").

Details of the Loan to Related Company are as follows:

Date: 8 October 2021 (after trading hours)

Lender: Lender 1

Borrower: Borrower 1

Guarantor: 泉州市民商融資擔保有限公司 (Quanzhou Minshang Financing Guarantee Company Limited*)(the "**Guarantor**"), a company established in the PRC with limited liability, and a non-wholly owned subsidiary of Minsheng E-Commerce.

Principal amount of Loan 1: Up to RMB8.2 million (equivalent to approximately HK\$10 million) (the “**Credit Line 1**”)

Adjustments to the Credit Line 1: Lender 1 shall have the right to adjust the amount of Credit Line 1 or terminate the use of Credit Line 1 or cancel the unutilised Credit Line 1 if any of the following events take place:

- (1) Borrower 1 has material difficulties in its operation or material adverse changes in its financial status;
- (2) Borrower 1 is involved any material major litigations or arbitrations or has a material breach of its contract with creditors;
- (3) during Loan Term 1, Borrower 1 indicates that it will not perform its obligations under the Loan Agreement 1;
- (4) the person in charge of Borrower 1 has involved in criminal offence or the properties of Borrower 1 being seized;
- (5) Borrower 1 has transferred its assets, evacuated its funds or evaded debts which affect Lender 1’s rights and interests;
- (6) Borrower 1 has lost its ability to perform its obligations under the Loan Agreement 1; or
- (7) Lender 1 at its absolute discretion determines that Guarantor’s ability to repay has been reduced.

Term: 8 October 2021 to 7 October 2024 (the “**Loan Term 1**”)

Drawdown: During Loan Term 1, subject to Credit Line 1, the Borrower may request for multiple drawdowns. Lender 1 shall have the absolute discretion to determine the timing for the release of funds and the amount of each drawdown. If Borrower 1 does not agree with the change in the amount of drawdown, the relevant drawdown shall be cancelled.

- Conditions Precedent: Each drawdown is conditional upon the fulfillment of the following conditions (unless otherwise waived by Lender 1 in writing):
- (1) there having no event of default and no event which may adversely affect the interests of Lender 1, and all warranties provided by Borrower 1 under the Loan Agreement 1 remain true, accurate and complete; and
 - (2) Borrower 1 having provided to Lender 1 the proposed use of the drawdown.
- Undertaking: Save with the written consent of Lender 1, Loan 1 shall be used by Borrower 1 for general working capital only.
- Interest: Interest shall be payable by Borrower 1 to Lender 1 on the date on maturity date of each drawdown at an interest rate of 8% per annum.
- Repayment Date: The maturity date of each drawdown shall be determined by Borrower 1 and Lender 1, and in any event, the maturity date of each drawdown shall not be a date falls beyond the expiry date of Loan Term 1. The principal and the interests of the drawdown shall be repaid on the maturity of each drawdown.
- Prepayment: Borrower 1 may prepay all or part of the outstanding principal amount of the drawdown together with the interest after obtaining the Lender 1's prior written consent.
- Guarantor: Guarantor irrevocably and unconditionally, as primary obligor, guarantees the performance of Borrower 1 under the Loan Agreement 1 and undertakes to repay all outstanding sum and compensate Lender 1 on all losses suffered by Lender 1 arising from any non-compliances of Borrower 1.

Details of the Loan to Intermediate Holding Company are as follows:

Date: 8 October 2021 (after trading hours)

Lender: Lender 2

Borrower: Borrower 2

Principal amount of Loan 2: Up to HK\$10 million (the “**Credit Line 2**”)

Term: 8 October 2021 to 7 October 2024 (the “**Loan Term 2**”)

Drawdown: During Loan Term 2, subject to Credit Line 2, Borrower 2 may request for multiple drawdowns on the conditions that:

- (1) all outstanding drawdowns shall not exceed Credit Line 2;
- (2) the maturity date of each drawdown shall not fall on a date beyond the expiry date of Loan Term 2;
- (3) Lender 2 shall have the absolute discretion to determine the timing for the release of funds and the amount of each drawdown. If Borrower 2 does not agree with the change in the amount of drawdown, the relevant drawdown shall be cancelled;
- (4) One business day before the proposed drawdown date, Borrower 2 has submitted an irrevocable drawdown notice to Lender 2;
- (5) there is no event default on or before the drawdown date or the drawdown will not trigger any event of default; and
- (6) all warranties provided by Borrower 2 shall remain true, complete and accurate.

Conditions Precedent: Each drawdown is conditional upon the fulfillment of the following conditions (unless otherwise waived by Lender 2 in writing):

- (i) Borrower 2 having provided to Lender 2 its most recent financial information;

- (ii) Borrower 2 having provided to Lender 2 such other documents and/or information which Lender 2 considered to be necessary for the execution and performance of Loan Agreement 2 and the transactions contemplated thereunder, in such form and content satisfactory to Lender 2; and
- (iii) relevant third parties (including government, authorities or creditors) having granted all necessary consents, approvals and authorizations in relation to the grant of Loan 2 and the transactions contemplated under Loan Agreement 2 and those relevant consents, approvals and authorizations not having been revoked.

Interest:

Interest shall be payable by Borrower 2 to Lender 2 on maturity date of each drawdown at an interest rate of 8% per annum. In the event that Borrower 2 fails to make timely repayment of any outstanding drawdown amount (including the principal, interest and/or other expenses, if any), Lender 2 is entitled to charge Borrower 2 an overdue daily interest for such outstanding amount calculated from the due date to the date on which Lender 2 receives the outstanding payment at an interest rate of 15% per annum.

Undertakings:

During the subsistence of the Loan Agreement 2 and as long as there is any borrowing(s) or payable(s) under the Loan Agreement 2, Borrower 2 undertakes that, among other things:

- (i) unless with the prior written consent of Lender 2, Borrower 2 shall not carry out any form of financing including but not limited to issue or allot any share or loan capital to any person; and
- (ii) Borrower 2 shall not sell any of its assets unless such sale is in ordinary course of business of Borrower 2 at a selling price not less than the fair market value, and such sale proceed shall only be used to repay any outstanding drawdown amount under the Loan Agreement 2 or used as the general working capital of Borrower 2.

Repayment Date:

The maturity date of each drawdown shall be determined by Borrower 2 and Lender 2, and in any event, the maturity date of each drawdown shall not be a date fall beyond the expiry date of Loan Term 2.

Prepayment: Borrower 2 may prepay all or part of the outstanding principal amount of the drawdown together with the interest after obtaining the Lender 2's prior written consent.

Given that the Group has yet to identify suitable investment opportunities with profitable return, the provision of the Loans is considered to be favorable to the Group as it enables the Group to earn a reasonable return of 8% per annum which is higher than the interest rate of fixed deposits offered by banks in Hong Kong and that the provision of the Loans can broaden the source of income of the Group. Accordingly, the Directors consider that the provision of the Loans, although not in the ordinary course of business of the Company, is on normal commercial terms or better and the terms of the Loans are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company considers that the Loans meet the Company's business strategies and is able to provide a return to the Company.

As at 31 March 2024, the Group made provision for impairment loss of Loan to Intermediate Holding Company and Loan to Related Company of approximately HK\$18,000 and HK\$45,000, respectively. Such impairments represent general provisions of expected credit loss made pursuant to HKFRS 9 with reference to a valuation report issued by an independent professional valuer.

The Board confirmed that the above supplemental information does not affect other information contained in the 2024 Annual Report and, save as disclosed above, the content of the 2024 Annual Report remains accurate and correct.

By Order of the board of Directors
Minshang Creative Technology Holdings Limited
Wu Jiangtao
Chairman

Hong Kong, 20 September 2024

As at the date of this announcement, the executive directors of the Company 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.