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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)

**NON-FULFILLMENT OF PROFIT GUARANTEE IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE**

References are made to the announcements of Minshang Creative Technology Holdings Limited (the “**Company**”) dated 24 December 2021, 31 March 2022, 17 May 2022, 22 June 2022, 24 June 2022 and 7 September 2023 (collectively, the “**Announcements**”) in relation to the acquisition of the entire issued share capital of Context Image Holdings Limited. Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the issue of the Third Stage Consideration Shares shall be subject to the fulfilment of the 2023 Financial Guarantee given by the Vendors (excluding Vendor 4) and the Vendors’ Guarantors. Details of the 2023 Financial Guarantee are as follows:

- (1) the audited consolidated revenue of the Target Group (after taxation and minority interest and exclude non-recurring income, extraordinary income and non-operating income) (the “**Audited Consolidated Revenue**”) for the financial year ended 31 December 2023 shall be no less than RMB120,000,000; and
- (2) the audited consolidated net profit of the Target Group (after taxation and minority interest and exclude non-recurring income, extraordinary income and non-operating income) (the “**Audited Consolidated Net Profit**”) for the financial year ended 31 December 2023 shall be no less than RMB24,000,000.

According to the audited financial statements of the Target Group for the year ended 31 December 2023, the actual performance of the Target Group is as follows:

	For the year ended 31 December 2023 RMB'000
Audited Consolidated Revenue	14,692
Audited Consolidated Net Loss	(2,402)

Based on the above, the Target Group did not meet the 2023 Financial Guarantee given the shortfall of approximately RMB105,308,000 and RMB26,402,000 for the Audited Consolidated Revenue and the Audited Consolidated Net Profit, respectively. As such, no Third Stage Consideration Shares will be issued to the Vendors in accordance with the Sale and Purchase Agreement.

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

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

Hong Kong, 29 July 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.