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Moody Technology Holdings Limited
滿地科技股份有限公司

(Incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability)

(Stock Code: 1400)

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- The Group’s total revenue was approximately RMB140.3 million in 2023, increased from the total revenue of approximately RMB90.5 million in 2022.
- The Group’s gross profit was approximately RMB14.8 million in 2023, as compared to a gross profit of approximately RMB7.4 million in 2022.
- The Group recognised a loss on derecognition of financial liabilities of approximately RMB756.2 million in 2023 (2022: Nil).
- The Group’s total comprehensive loss attributable to the owners of the Company increased to approximately RMB812.8 million in 2023, from approximately RMB140.5 million in 2022. Basic and diluted loss per share decreased from loss per share of RMB2.16 in 2022 to loss per share of RMB0.24 in 2023.
- As at 31 December 2023, the Group’s total bank and cash balances amounted to approximately RMB17.4 million (2022: approximately RMB1.3 million).
- The Board did not propose the payment of a final dividend.

The board (“**Board**”) of directors (the “**Directors**”) of Moody Technology Holdings Limited (“**Moody**” or the “**Company**”) is pleased to present the audited consolidated full year results of the Company together with its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**”).

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	140,296	90,544
Cost of sales		<u>(125,486)</u>	<u>(83,148)</u>
Gross profit		14,810	7,396
Other income		2,808	2,130
Loss on derecognition of financial liabilities	7	(756,228)	–
Impairment losses of trade and other receivables (Impairment losses)/reversal of impairment losses of prepayments		(13,039) (1,719)	(1,049) 382
Net foreign exchange gains/(losses)		9,099	(58,183)
Selling and distribution costs		(10,805)	(5,922)
General and administrative expenses		<u>(40,751)</u>	<u>(32,005)</u>
Loss from operations		(795,825)	(87,251)
Finance costs	5	<u>(20,526)</u>	<u>(52,585)</u>
Loss before tax		(816,351)	(139,836)
Income tax credit/(expense)	6	<u>31</u>	<u>(662)</u>
Loss for the year	7	<u><u>(816,320)</u></u>	<u><u>(140,498)</u></u>
Other comprehensive loss, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(2,318)</u>	–
Other comprehensive loss for the year, net of tax		<u>(2,318)</u>	–
Total comprehensive loss for the year		<u><u>(818,638)</u></u>	<u><u>(140,498)</u></u>

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year attributable to:			
The owners of the Company		(811,388)	(140,498)
Non-controlling interest		(4,932)	–
		<u>(816,320)</u>	<u>(140,498)</u>
Total comprehensive loss for the year attributable to:			
The owners of the Company		(812,770)	(140,498)
Non-controlling interest		(5,868)	–
		<u>(818,638)</u>	<u>(140,498)</u>
Loss per share			
Basic (<i>RMB</i>)	<i>8(a)</i>	<u>(0.24)</u>	<u>(2.16)</u>
Diluted (<i>RMB</i>)	<i>8(b)</i>	<u>(0.24)</u>	<u>(2.16)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		178,589	168,459
Right-of-use assets		31,677	16,693
		<u>210,266</u>	<u>185,152</u>
Current assets			
Inventories		46,598	10,409
Other current assets		1,136	–
Trade and other receivables	<i>10</i>	35,042	46,299
Bank and cash balances		17,377	1,298
		<u>100,153</u>	<u>58,006</u>
Current liabilities			
Trade and other payables	<i>11</i>	236,833	328,831
Borrowings	<i>12</i>	200,371	955,030
Lease liabilities		2,711	213
Current tax liabilities		26	681
		<u>439,941</u>	<u>1,284,755</u>
Net current liabilities		<u>(339,788)</u>	<u>(1,226,749)</u>
Total assets less current liabilities		<u>(129,522)</u>	<u>(1,041,597)</u>
Non-current liabilities			
Borrowings	<i>12</i>	–	121,093
Lease liabilities		2,295	171
Deferred tax liabilities		2,147	–
Deferred income		12,162	12,474
		<u>16,604</u>	<u>133,738</u>
Net liabilities		<u>(146,126)</u>	<u>(1,175,335)</u>
Equity			
Share capital	<i>13</i>	318,424	7,753
Reserves		(477,277)	(1,183,088)
		<u>(158,853)</u>	<u>(1,175,335)</u>
Equity attributable to owners of the Company		(158,853)	(1,175,335)
Non-controlling interest		12,727	–
		<u>(146,126)</u>	<u>(1,175,335)</u>
Capital deficiency		<u>(146,126)</u>	<u>(1,175,335)</u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 April 2013 and continued in Bermuda as an exempted company with limited liability under the law of Bermuda on 24 May 2019 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 25 April 2014. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company’s principal place of business is located at 20/F, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company collectively refer to as “**Group**”) are sales of shoes and clothes, design, manufacturing and sales of fabrics and elastic webbings as well as provision of digital marketing services.

Going concern

The Group incurred a loss of approximately RMB816.3 million for the year ended 31 December 2023 and as at 31 December 2023, the Group had net current liabilities and capital deficiency of approximately RMB339.8 million and RMB146.1 million respectively. Furthermore, as at 31 December 2023, the Group’s bank borrowings of approximately RMB200.4 million are subject to renewal or to be fully repaid within the next twelve months, of which approximately RMB162.9 million were overdue. Furthermore, the Group recorded net operating cash outflow of approximately RMB120.3 million for the year ended 31 December 2023 with the Group’s total bank and cash balance were at a low level of approximately RMB17.4 million as at 31 December 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

Having carefully considered the liquidity and working capital requirements for the next twelve months, the Directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on going concern basis. Certain plans and measures have been or will be taken by director of the Company to mitigate the Group’s liquidity pressure and to improve its cashflows which include, but are not limited to, the following: (a) The Group will negotiate with certain financial institutions, including the existing major lenders, for options of restructuring of the Group’s existing borrowings or obtaining new financing; (b) the Group will continue its ongoing efforts to convince the lenders of the defaulted borrowing not to take any actions against the Group for immediate payment of the principals and interest of these borrowings; (c) obtain external source of funding from potential investors by issuance of new shares; and (d) the Directors of the Company have been taking various cost control measures to tighten the costs of operations and capital expenditure and implementing various strategies to enhance the Group’s revenue.

The Directors of the Company are of the opinion that, considering the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, they are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, material uncertainties exist as to whether the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following: (a) successfully secure new financing from the financial institutions to fund its operations and financial obligations as and when they fall due as well as restructuring of the existing borrowings by extending the payment schedule; (b) successful negotiations with the lenders of the defaulted borrowing that they will not take any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings; (c) successful obtain external source of funding from potential investors by issuance of new shares; and (d) the Group’s ability to generate operating cash flows to meet the Group’s ongoing funding needs as well as successfully control operations costs and capital expenditure, and implementing various strategies to enhance the Group’s revenue.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

(a) Application of new and revised IFRS

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The above amendments to IFRSs effective for the current year beginning on 1 January 2023 do not have a material impact on the Group’s consolidated financial statement.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied any revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2023. These revised IFRSs include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statement.

3. SEGMENT INFORMATION

For the years ended 31 December 2023 and 2022, the Group has four (2022: two) reportable segments as follows:

- Sales of shoes, clothes and others;
- Sales of fabrics;
- Sales of elastic webbings; and
- Provision of digital marketing services

During the year ended 31 December 2023, the Group completed the acquisition of 80.95% interest in Leader Elastic Limited (“**Leader Elastic**”), a company incorporated in Hong Kong with limited liability. Leader Elastic owns approximately 84.14% of the share capital of Zhuhai Sundust Apparel Co. Ltd, a public company established in the People’s Republic of China (the “**PRC**”) whose shares are listed on the National Equities Exchange and Quotations in the PRC (stock code: 832674) (collectively, the “**Leader Elastic Group**”). The principal activities of Leader Elastic Group are sales of elastic webbings used for bras and underwear in the PRC. Its revenue and results are separate into one new reportable segment, being sales of elastic webbings.

In addition, the Group had also developed provision of digital marketing services, which is a new business segment during the year.

The Group’s reportable segments are strategic business units that offer different products. They are managed separately because each business requires different resources, technology and marketing strategies.

Segment profit or loss do not include other income, net foreign exchange (losses)/gains, selling and distribution costs, general and administrative expenses, finance costs and loss on derecognition of financial liabilities. Segment assets do not include lease office, investment in an associate, bank and cash balances and other unallocated assets. Segment liabilities do not include lease liabilities, borrowings, current tax liabilities, deferred tax liabilities and other unallocated liabilities.

	Fabrics <i>RMB’000</i>	Shoes, clothes and others <i>RMB’000</i>	Elastic webbings <i>RMB’000</i>	Digital marketing services <i>RMB’000</i>	Unallocated <i>RMB’000</i>	Total <i>RMB’000</i>
Segment results						
Year ended 31 December 2023:						
Reportable revenue from external customers	13,600	83,620	31,762	11,314	–	140,296
Reportable segment (loss)/profit	(11,564)	6,109	4,721	786	–	52
Other income						2,808
Net foreign exchange gains						9,099
Selling and distribution costs						(10,805)
General and administrative expenses						(40,751)
Finance costs						(20,526)
Loss on derecognition of financial liabilities						(756,228)
Loss before tax						<u>(816,351)</u>
Other segment items						
Depreciation of property, plant and equipment	13,589	25	3,618	–	5	17,237
Depreciation on right-of-use assets	406	–	353	–	2,269	3,028
Gain on the termination of right-of-use assets	–	–	–	–	(8)	(8)
(Reversal of impairment losses)/impairment losses of trade receivables	96	(3)	(51)	2	–	44
(Reversal of impairment losses)/ impairment losses of other receivables	8,173	4,828	(6)	–	–	12,995
Impairment losses of prepayments	1,719	–	–	–	–	1,719

	Fabrics <i>RMB'000</i>	Shoes, clothes and others <i>RMB'000</i>	Elastic webbings <i>RMB'000</i>	Digital marketing services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment results						
Year ended 31 December 2022:						
Reportable revenue from external customers	23,695	66,849	–	–	–	90,544
Reportable segment (loss)/profit	(198)	6,927	–	–	–	6,729
Other income						2,130
Net foreign exchange losses						(58,183)
Selling and distribution costs						(5,922)
General and administrative expenses						(32,005)
Finance costs						(52,585)
Loss before tax						<u>(139,836)</u>
Other segment items						
Depreciation of property, plant and equipment	21,785	6	–	–	–	21,791
Depreciation on right-of-use assets	406	–	–	–	242	648
Gain on the termination of right-of-use assets	–	–	–	–	(326)	(326)
Impairment losses of trade receivables	1,087	6	–	–	–	1,093
(Reversal of impairment losses)/ impairment losses of other receivables	(147)	103	–	–	–	(44)
Reversal of impairment losses of prepayments	(382)	–	–	–	–	(382)
	<u>21,785</u>	<u>6</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>21,791</u>
	<u>406</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>242</u>	<u>648</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(326)</u>	<u>(326)</u>
	<u>1,087</u>	<u>6</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,093</u>
	<u>(147)</u>	<u>103</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(44)</u>
	<u>(382)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(382)</u>
	<u>180,428</u>	<u>8,962</u>	<u>87,906</u>	<u>4,847</u>		<u>282,143</u>
Unallocated assets						<u>28,276</u>
Total assets						<u><u>310,419</u></u>
Segment liabilities	220,132	9,774	7,216	54		237,176
Unallocated liabilities						<u>219,369</u>
Total liabilities						<u><u>456,545</u></u>

	Fabrics <i>RMB'000</i>	Shoes, clothes and others <i>RMB'000</i>	Elastic webbings <i>RMB'000</i>	Digital marketing services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets and liabilities					
At 31 December 2022:					
Segment assets	201,187	40,200	–	–	241,387
Unallocated assets					<u>1,771</u>
Total assets					<u><u>243,158</u></u>
Segment liabilities	305,859	35,446	–	–	341,305
Unallocated liabilities					<u>1,077,188</u>
Total liabilities					<u><u>1,418,493</u></u>

Geographical information

The Group's revenue from external customers by location of operations are detailed below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
The PRC	138,050	59,076
Korea	–	31,468
Hong Kong	1,184	–
Others	1,062	–
	<u><u>140,296</u></u>	<u><u>90,544</u></u>

Over 90% of the Group's non-current assets (excluding investment in an associate) are located in the PRC. Accordingly, no further geographical information of non-current assets to be disclosed.

Revenue from major customers

No customer contributed 10% or more of the Group's revenue for the year ended 31 December 2023.

For the year ended 31 December 2022, one customer of the Group's business segment of shoes, clothes and others who contributed revenue which exceed 10% of the Group's total revenue (2022: RMB11,688,000).

4. REVENUE

Revenue represents the aggregation of net amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contracts with customers recognised at a point in time within the scope of IFRS 15:		
Sales of fabrics	13,600	23,695
Sales of shoes, clothes and others	83,620	66,849
Sales of elastic webbings	31,762	–
Provision of digital marketing services	11,314	–
	<u>140,296</u>	<u>90,544</u>

5. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expenses on bank borrowings	20,300	15,551
Interest expenses on bonds	–	36,988
Interest expenses on lease liabilities	226	46
	<u>20,526</u>	<u>52,585</u>

6. INCOME TAX (CREDIT)/EXPENSES

Income tax (credit)/expense has been recognised in profit or loss as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax – provision for the year		
– PRC Enterprise Income Tax (“ PRC EIT ”)	–	18
(Over)/under – provision in prior years		
– Hong Kong Profits Tax	(138)	644
– PRC EIT	107	–
	<u>(31)</u>	<u>662</u>

No provision for Hong Kong Profits Tax are required since the Group has no assessable profit for the year ended 31 December 2023 (2022: Nil).

For the Group's subsidiaries established and operated in the PRC are subject to PRC EIT at the rate of 25% (2022: 25%) for the year ended 31 December 2023.

7. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting) the following:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Auditor's remuneration	996	842
Cost of inventories sold	95,290	72,433
Depreciation of property, plant and equipment (<i>note (a)</i>)	17,237	21,791
Depreciation of right-of-use assets (<i>note (a)</i>)	3,028	648
Gain on termination of right-of-use assets	(8)	(326)
Loss on disposal of property, plant and equipment	8	–
Loss on derecognition of financial liabilities (<i>note (b)</i>)	756,228	–
Impairment losses of trade receivables	44	1,093
Impairment losses/(reversal of impairment losses) of other receivables	12,995	(44)
Impairment losses/(reversal of impairment losses) of prepayments	1,719	(382)
Expenses relating to short-term lease (included in cost of sales and general and administrative expenses)	201	10
Staff costs (including Directors' emoluments) (<i>note (a)</i>)		
– Salaries, bonuses and allowances	26,252	9,482
– Retirement benefit scheme contributions	5,534	1,173
	31,786	10,655

Notes:

- (a) Depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs of approximately RMB3,436,000, RMB63,000 and RMB13,547,000 (2022: RMB3,818,000, RMB21,000 and RMB3,861,000) were included in the cost of sales.
- (b) As disclosed in note 13(e) to this results announcement, on 4 January 2023, a total of 3,262,705,241 Scheme Shares were allotted and issued to the Scheme Creditors. The difference between the carrying amount of the financial liabilities extinguished and the fair value of issued shares at the date of derecognition has been recognised as loss on derecognition of financial liabilities in the profit or loss for the year ended 31 December 2023.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic and diluted loss per share is based on the following:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year attributable to owners of the Company used in the basic and diluted loss per share calculation	<u>(811,388)</u>	<u>(140,498)</u>
	Number of shares	
	2023	2022
Weighted average number of ordinary shares in issue during the year used in basic and diluted loss per share calculation	<u>3,424,865,075</u>	<u>65,139,040</u>

(b) Diluted loss per share

Diluted loss per share is same as the basis loss per share as the Company did not have any dilutive potential ordinary share during the two years ended 31 December 2023 and 2022.

9. DIVIDEND

No dividend to respect of the years ended 31 December 2023 and 2022 were declared and approved by the directors.

10. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables (<i>note (a)</i>)	18,993	16,380
Less: Allowance for trade receivables (<i>note (a)</i>)	<u>(535)</u>	<u>(491)</u>
	<u>18,458</u>	<u>15,889</u>
Prepayments	87,753	97,723
Less: Allowance for prepayments	<u>(86,574)</u>	<u>(84,855)</u>
	<u>1,179</u>	<u>12,868</u>
Other receivables	23,679	7,766
Less: Allowance for other receivables	<u>(9,519)</u>	<u>(1,307)</u>
	<u>14,160</u>	<u>6,459</u>
Deposits	<u>1,245</u>	<u>11,083</u>
	<u>35,042</u>	<u>46,299</u>

(a) **Trade receivables**

The Group's trading terms customers are mainly on credit. The credit terms generally 90 days (2022: 90 days). Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The ageing analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	9,994	15,196
Over 1 month but less than 3 months	7,807	186
Over 3 months but less than 6 months	239	166
Over 6 months but less than 9 months	418	–
Over 9 months but less than 12 months	–	341
	18,458	15,889

As of 31 December 2023, trade receivables of approximately RMB657,000 (2022: RMB507,000) were past due but not impaired. These trade receivables related to customers for whom there was no recent history of default.

The Group does not charge interest or hold any collateral over these balances.

The Group applied simplified approach to provide the ECL as prescribed by IFRS 9.

11. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	32,445	91,468
Payables for purchases of property, plant and equipment	–	35,608
Salary payables	29,822	25,792
Interest payables	120,033	101,883
Other payables and accruals	54,533	74,080
	236,833	328,831

(a) **Trade payables**

An ageing analysis of trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	4,541	8,403
Over 3 months but less than 12 months	3,289	1,199
Over 12 months	24,615	81,866
	<u>32,445</u>	<u>91,468</u>

12. BORROWINGS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current:		
Secured bank borrowings	147,662	110,265
Unsecured bank borrowings	52,709	52,709
Unsecured bonds	–	792,056
	<u>200,371</u>	<u>955,030</u>
Non-current:		
Unsecured bonds	–	121,093
	<u>200,371</u>	<u>1,076,123</u>

13. SHARE CAPITAL

	Number of ordinary shares '000	HK\$'000
Authorised:		
At 1 January 2022 at HK\$0.01 per share	100,000,000	1,000,000
Effects of share consolidation (note (a))	(90,000,000)	–
	<hr/>	<hr/>
At 31 December 2022, 1 January 2023 and 31 December 2023 at HK\$0.1 per share	10,000,000	1,000,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
At 1 January 2022 at HK\$0.01 per share	522,755	5,227
Share consolidation (note (a))	(470,480)	–
Subscription of new shares under general mandate (note (b))	10,455	1,045
Subscription of new shares under general mandate (note (c))	12,546	1,255
Placing of new shares under general mandate (note (d))	15,056	1,506
	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023 at HK\$0.1 per share	90,332	9,033
Issue of scheme shares under specific mandate (note (e))	3,262,705	326,271
Placing of new shares under general mandate (note (f))	133,690	13,369
Placing of new shares under general mandate (note (g))	64,230	6,423
Placing of new shares under general mandate (note (h))	50,810	5,081
	<hr/>	<hr/>
At 31 December 2023 at HK\$0.1 per share	3,601,767	360,177
	<hr/> <hr/>	<hr/> <hr/>
Equivalent to RMB'000:		
At 31 December 2022		7,753
		<hr/> <hr/>
At 31 December 2023		318,424
		<hr/> <hr/>

Notes:

- (a) On 13 January 2022, the share consolidation on the basis of every ten issued and unissued existing shares of par value HK\$0.01 each into one consolidated share of par value HK\$0.10 per each. The share consolidation were effective on 8 March 2022. Details of the above are set out in the Company's announcements and circulars dated 13 January 2022, 27 January 2022 and 4 March 2022 respectively.
- (b) On 13 April 2022, the Company entered into subscription agreements with the subscribers pursuant to which the subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, an aggregate of 10,455,107 subscription shares at the subscription price of HK\$0.24 per subscription share. The subscription was completed on 11 May 2022. The net proceeds from the subscription, after deduction of share issue expenses of approximately HK\$0.10 million, was approximately HK\$2.41 million (equivalent to approximately RMB2.05 million). Details of the subscription were disclosed in announcements of the Company dated 13 April 2022 and 11 May 2022.

- (c) On 5 July 2022, the Company entered into subscription agreements with the subscribers pursuant to which the subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, an aggregate of 12,546,128 subscription shares at the subscription price of HK\$0.375 per subscription share. The subscription was completed on 27 July 2022. The net proceeds from the subscription, after deduction of share issue expenses of approximately HK\$0.08 million, was approximately HK\$4.62 million (equivalent to approximately RMB4.0 million). Details of the subscription were disclosed in announcements of the Company dated 5 July 2022 and 27 July 2022.
- (d) On 3 November 2022, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six Placees to subscribe up to 15,055,354 Placing Shares at a price of HK\$0.52 per Placing Shares under general mandate. The Placing was completed on 15 December 2022. The net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing), after deduction of share issue expenses of approximately HK\$0.10 million, was approximately HK\$7.73 million (equivalent to approximately RMB6.92 million). Details of the Placing were disclosed in announcements of the Company dated 23 November 2022, 24 November 2022 and 15 December 2022.
- (e) On 4 January 2023, an aggregate of 3,262,705,241 Scheme Shares were allotted and issued to the Scheme Creditors at the agreed price of HK\$0.317 per Scheme Share with totally of approximately HK\$1,034.28 million (equivalent to approximately RMB911.50 million) for settlement of all the Admitted Claims of the Scheme Creditors. Upon the completion of the settlement, approximately HK\$326.27 million (equivalent to approximately RMB287.54 million) and HK\$1,566.10 million (equivalent to approximately RMB1,380.19 million) were credited against share capital and contributed surplus respectively. Details of the above are set out in the Company's announcements and circulars dated 11 November 2020, 11 April 2022, 18 May 2022, 9 June 2022, 28 June 2022, 21 July 2022, 5 September 2022 and 4 January 2023 respectively.
- (f) On 8 June 2023, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six Placees to subscribe up to 200,000,000 Placing Shares at a price of HK\$0.49 per Placing Shares under general mandate. The Placing was completed on 3 July 2023 and an aggregate of 133,690,000 Placing Shares were successfully placed. The net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing), after deduction of share issue expenses of approximately HK\$0.60 million, was approximately HK\$64.90 million (equivalent to approximately RMB60.14 million). Details of the Placing were disclosed in announcements of the Company dated 8 June 2023 and 3 July 2023.
- (g) On 7 August 2023, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six Placees to subscribe up to 100,000,000 Placing Shares at a price of HK\$0.95 per Placing Shares under general mandate. The Placing was completed on 30 August 2023 and an aggregate of 64,230,000 Placing Shares were successfully placed. The net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing), after deduction of share issue expenses of approximately HK\$0.40 million, was approximately HK\$60.61 million (equivalent to approximately RMB56.40 million). Details of the Placing were disclosed in announcements of the Company dated 7 August 2023 and 30 August 2023.
- (h) On 27 September 2023, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six Placees to subscribe up to 100,000,000 Placing Shares at a price of HK\$0.95 per Placing Shares under general mandate. The Placing was completed on 20 October 2023 and an aggregate of 50,810,000 Placing Shares were successfully placed. The net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing), after deduction of share issue expenses of approximately HK\$0.30 million, was approximately HK\$47.96 million (equivalent to approximately RMB44.98 million). Details of the Placing were disclosed in announcements of the Company dated 27 September 2023 and 20 October 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual asset.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The only externally imposed capital requirement for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply with the Listing Rules from the date of the Listing.

14. OPERATING LEASE COMMITMENT

The Group as lessor

Operating lease relate to investment property owned by the Group with lease terms of 5 years (2022: 5 years). The lessee does not have options to extend the lease term and to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the least 5 years. The Group did not identify and indications that this situation will change.

Minimum lease payments receivables on leases are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	1,256	1,176
In the second year	1,160	1,104
In the third year	660	1,080
In the fourth year	80	580
In the fifth year	80	–
	3,236	3,940

The following table presents the amounts reported in profit or loss:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Lease income on operating lease	1,357	1,460

15. CONTINGENT LIABILITIES

During the course of business, the Group has been involved in litigations initiated by various suppliers, customers and lenders concerned with the contract disputes, quality of goods and repayment of debts, including claims of insignificant or unspecified amounts. Some of the litigations have been concluded by the court and/or settled, while some of the litigations are still pending judgement. Since the Group has already accounted for these payables in the consolidated financial statements, the Directors are of the view that the litigations will not have any significant financial impact to the Group.

16. ACQUISITION OF SUBSIDIARIES

On 28 April 2023, the Group completed the acquisition of 80.95% equity interests of Leader Elastic, a company with limited liability incorporated under the laws of Hong Kong. Leader Elastic owns approximately 84.14% issued share capital of Zhuhai Sundust Apparel Co. Ltd, a public company established in the PRC whose shares are listed on the National Equities Exchange and Quotations in the PRC (stock code: 832674). The principal activity of Leader Elastic and its subsidiaries is investment holding and sales of elastic webbing used for bras, underwear in the PRC. The consideration for the acquisition was HK\$21,000,000 (equivalent to approximately RMB18,546,000).

The acquisition was in line with the Company's business strategy to expand the Company's business in the production and the sales of elastic webbing used for bras and underwear, and strengthen the products, revenue sources and cash flow position of the Group in future.

No acquisition related cost was incurred for the acquisition

The fair values of the identifiable assets and liabilities of Leader Elastic Group acquired during the year ended 31 December 2023 as at the date of acquisition is set out below:

	<i>RMB'000</i>
Property, plant and equipment	26,161
Right-of-use assets	11,230
Inventories	41,557
Trade and other receivables	12,952
Bank and cash balances	15,689
Trade and other payables	(8,275)
Lease liabilities	(446)
Current tax liabilities	(212)
Deferred tax liabilities	(2,147)
Bank borrowings	(59,368)
	<hr/>
Total identifiable net assets at fair value	37,141
Non-controlling interests	(18,595)
	<hr/>
Total consideration	<u>18,546</u>
Analysis of cash flows on acquisition:	
Cash and cash equivalent acquired	15,689
Purchase consideration transferred	(18,546)
	<hr/>
Net cash flow on acquisition	<u>(2,857)</u>

The non-controlling interests in Leader Elastic Group of approximately RMB18,595,000 recognised at the acquisition date was measured with reference to the non-controlling interests' proportionate share of the fair value of net assets of Leader Elastic Group at that date.

Since the acquisition, Leader Elastic Group has contributed revenue of approximately RMB43,076,000 to the Group's turnover and loss of approximately RMB10,516,000 to the Group's profit for the period between the date of acquisition and the end of reporting period. Had the acquisition been completed on 1 January 2023, the consolidated pro forma revenue and loss for the year ended 31 December 2023 would have been approximately RMB48,391,000 and RMB17,981,000 respectively.

The proforma information is for illustrative purposes only and is not necessarily an indication of the total revenue and profit after tax of the Group that actually would have been achieved had the acquisition been taken place at the beginning of the year, nor is intended to be a projection of future results.

17. EVENTS AFTER THE REPORTING PERIOD

Memorandum of understanding in respect of a possible acquisition

Reference is made to the announcement of the Group dated 4 January 2024 in relation to memorandum of understanding (the "MOU") in respect of a possible acquisition (the "**Possible Acquisition**"). Pursuant to the MOU, the Group intends to acquire and obtain from a seller, and the seller intends to sell and transfer to the Group, approximately 20-28% of the entire issued share capital of a target company, China TianYF Holdings Group Limited (the "**Target Company**"). An initial deposit of HK\$2,000,000 had been paid to the seller after the date of the MOU and will be applied towards the payment of the consideration for the shares of the Target Company subject to due execution of the definitive transaction documents. The Possible Acquisition is subject to, among other things, the negotiation and execution of the definitive transaction documents. The Group therefore may or may not proceed with the Possible Acquisition.

AUDIT OPINION

The auditor of the Company issues a Disclaimer of Opinion on the financial statements of the Group for the year ended 31 December 2023. An extract of the auditor's report is set out in the section headed "Extract of the independent auditor's report" below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2023.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainty related to going concern

We draw attention to note 3 to the consolidated financial statements which mentions that the Group incurred a loss of approximately RMB816,320,000 for the year ended 31 December 2023 and as at 31 December 2023, the Group had net current liabilities and capital deficiency of approximately RMB339,788,000 and RMB146,126,000 respectively. Furthermore, as at 31 December 2023, the Group's bank borrowings of approximately RMB200,371,000 are subject to renewal or to be fully repaid within the next twelve months, of which approximately RMB162,864,000 were overdue. Furthermore, the Group recorded net operating cash outflow of approximately RMB120,283,000 for the year ended 31 December 2023 with the Group's total bank and cash balance remaining at a low level of approximately RMB17,377,000 as at 31 December 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

OUTLOOK

In 2023, the issue of the scheme shares to the scheme creditors had been completed. It provided a solid foundation for the Company to complete the acquisition of subsidiaries and develop new business during the year. The Group had commenced a diversified digital marketing services business during the year, which mainly comprised of performance-based advertising services, displayed-based advertising services and short video exposure services. Through cooperating with mainstream media and building up an experienced advertising team, the management is confident that such a new business will further increase the income source of the Group in 2024.

Furthermore, the management will continue our effort to explore various business opportunities through mergers and acquisition to strength the capacity of the Group. The management will also closely monitor the Group's financial performance, financial position and cash flow in order to maintain the normal operation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

According to the Ministry of Industry and Information Technology of China, total profits of China's major textile enterprises rose 7.2% to RMB180.2 billion year-on-year in 2023. The combined operating revenue of these firms stood at RMB4.70 trillion, edging down 0.8% from 2022. China's textile and garment exports hit US\$293.6 billion in 2023, down 8.1% from the previous year.

BUSINESS REVIEW

During the Year, the Group had four product segments (2022: two), namely fabrics, shoes and clothing, elastic webbings and digital marketing services. The Group's revenue also included sales of elastic webbings upon the completion of acquisition of Leader Elastic Limited and its subsidiaries on 28 April 2023 that their financial results had been consolidated into the Group's consolidated financial statements. In addition, the Group commenced a new business in digital marketing services.

A subsidiary in Fujian was incorporated and commenced to manufacture and sell different types of clothing products including T-shirts, jackets, pants and hoodies, etc. to the customers mainly in the PRC since the second half of 2022. In 2023, the local sales of the products had a stable growth with an increase in average sales amounts per customer (2023: approximately RMB1.0 million; 2022: approximately RMB0.2 million). Based on the performance in the previous years, the profit margins of the local sales are higher than the export sales of the clothing products, the Group hence concentrated on the local markets and did not generate any revenue from the export sales during the Year.

The Group's fabrics business was mainly manufacturing and sales of dyed garment fabrics. The average price of fabrics products was approximately RMB5.2 per meter in 2023 (2022: RMB5.2 per meter). Since the management intended to put more effort and resources on the new business segments of the Group in the second half of 2023, the quantities of fabrics sold decreased from approximately 4.56 million meters in 2022 to approximately 2.61 million meters in 2023 which decreased the overall revenue from this product segment in 2023.

The Group's elastic webbings products comprised of certain types of dyed strap, including jacquard tape, knitted strap and bundle strap, etc. which were mainly manufactured and sold by Zhuhai Sundust Technology Holdings Limited (formerly named as Zhuhai Sundust Apparel Co. Ltd.) ("**Zhuhai Sundust**"), a public company incorporated in the PRC whose shares are listed on the National Equities Exchange and Quotations in the PRC (Stock code: 872634), and its subsidiaries, which were newly acquired by the Group during the Year.

The Group also developed a new business line in digital marketing services which was under the business subgroup of Zhuhai Sundust during the Year. During the period, the Group offers diversified digital marketing services including performance-based advertising services, display-based advertising services and short video exposure services. To fulfill contracts with certain customers, the Group enters into cooperation agreements with third party platforms and places the advertisements of the Group's customers displayed on third party platforms, such as facebook,

TapTap and Google. Through cooperating with the mainstream media and building up an experienced advertising team, the management is confident that such a new business will increase the income source of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly generated from sales of shoes and clothes, manufacturing and sales of fabrics and elastic webbings and provision of digital marketing services. The total revenue increased from approximately RMB90.5 million for the year ended 31 December 2022 to approximately RMB140.3 million for the year ended 31 December 2023.

The manufacturing and sales of clothing products in the PRC, which was commenced by the Group in the second half of 2022, had a stable growth in 2023 with an increase in average sales amounts per customer (2023: approximately RMB1.0 million; 2022: approximately RMB0.2 million), resulting in an increase in revenue from RMB66.8 million in 2022 to approximately RMB83.6 million in 2023. Based on the performance in the previous years, the profit margins of the local sales are higher than the export sales of the clothing products, the Group hence concentrated on the local markets and did not generate any revenue from the export sales during the year.

For the products segments, the average price of fabrics products was approximately RMB5.2 per meter in 2023 (2022: RMB5.2 per meter) and the quantities of fabrics sold decreased from approximately 4.56 million meters in 2022 to approximately 2.61 million meters in 2023 which decreased the overall revenue from approximately RMB23.7 million in 2022 to approximately RMB13.6 million in 2023.

The manufacturing and sales of elastic webbing comprised of sales of certain types of dyed strap, including jacquard tape, knitted strap and bundle strap, etc. The revenue contributed from this product segment was approximately RMB31.8 million for the Year. In addition, the new business segment of digital marketing services was commenced in the second half of 2023, which contributed revenue of approximately RMB11.3 million for the Year.

The table below sets out a breakdown of the Group's revenue categorised by products during the year:

	2023 RMB'000	Year ended 31 December		% to total revenue
		% to total revenue	2022 RMB'000	
Shoes, clothes and others	83,620	59.6	66,849	73.8
Fabrics	13,600	9.7	23,695	26.2
Elastic webbings	31,762	22.6	–	–
Digital marketing services	11,314	8.1	–	–
Total	<u>140,296</u>	<u>100.0</u>	<u>90,544</u>	<u>100.0</u>

Cost of sales

The Group's cost of sales increased by 50.9% from approximately RMB83.1 million for the year ended 31 December 2022 to approximately RMB125.5 million for the year ended 31 December 2023. Such increase in cost of sales was in line with the increased turnover during the Year.

The table below sets out a breakdown of the Group's cost of sales categorised by products during the year:

	Year ended 31 December		2022 RMB'000	% to total cost of sales
	2023 RMB'000	% to total cost of sales		
Shoes, clothes and others	72,678	57.9	59,812	71.9
Fabrics	13,315	10.6	23,336	28.1
Elastic webbings	28,967	23.1	–	–
Digital marketing services	10,526	8.4	–	–
Total	<u>125,486</u>	<u>100.0</u>	<u>83,148</u>	<u>100.0</u>

Gross profits

The gross profits of the Group increased from approximately RMB7.4 million, representing a gross profits margin of approximately 8.2% in 2022 to approximately RMB14.8 million, representing a gross profits margin of approximately 10.6% in 2023. An increase in overall gross profits margins was mainly attributable to the stable growth in the local sales of clothing products with higher profits margins (2023: 13.1%; 2022: 10.5%) during the Year.

The table below sets out a breakdown of the Group's gross profits categorised by products during the year:

	Year ended 31 December		2022 RMB'000	Gross profit margin
	2023 RMB'000	Gross profit margin		
Shoes, clothes and others	10,942	13.1%	7,037	10.5%
Fabrics	286	2.1%	359	1.5%
Elastic webbings	2,794	8.8%	–	–
Digital marketing services	788	7.0%	–	–
Total	<u>14,810</u>	<u>10.6%</u>	<u>7,396</u>	<u>8.2%</u>

Other income

An increase in other income by 31.8% from approximately RMB2.1 million for the year ended 31 December 2022 to approximately RMB2.8 million for the year ended 31 December 2023 was mainly attributable to the increase of interest income from placement of fixed deposits as well as an increase in a consultancy fee income of RMB0.7 million (2022: Nil) during the year.

Loss on derecognition of financial liabilities

The Group recognised a loss of approximately HK\$858.1 million (equivalent to RMB756.2 million) for the Year (2022: Nil) from the issue of the Scheme Shares in accordance with the relevant accounting standards. Such loss was one-off and non-cash in nature and did not have any effect on net equity deficit amounts in the consolidated financial position as at 31 December 2023.

The Group recognised a loss on derecognition of financial liabilities of approximately HK\$858.1 million (equivalent to RMB756.2 million) for the year ended 31 December 2023 (2022: nil). Such loss is recognised in accordance with the requirement of HK(IFRIC) Interpretation 19 as a result of the issuance of 3,262,705,241 shares at an issue price of HK\$0.317 per share on 4 January 2023 to the Scheme Creditors. The issue price is at a significant discount to the closing market price on the relevant date i.e. HK\$0.580 per share. Such loss was reflected in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and in the contribution surplus of the Group's consolidated statement of financial position and did not have any impact on the net amount of the Group's capital deficiency as at 31 December 2023.

Net foreign exchange gains/losses

The net foreign exchange gain of approximately RMB9.1 million was affected by the appreciation of RMB against HKD in 2023. The net foreign exchange loss of approximately RMB58.2 million was mainly derived from the bonds principles and interests of approximately RMB913.2 million (equivalent to HKD1,030 million) which were dominated in HKD, as affected by the depreciation of RMB against HKD in 2022.

Selling and distribution expenses

The increase in selling and distribution expenses by 82.5% from approximately RMB5.9 million for the year ended 31 December 2022 to approximately RMB10.8 million for the year ended 31 December 2023 mainly because more staff cost, travelling and entertainment expenses were incurred during the Year.

General and administrative expenses

The increase in general and administrative expenses by 27.3% from approximately RMB32.0 million for the year ended 31 December 2022 to approximately RMB40.8 million for the year ended 31 December 2023 was mainly attributable to (i) an increase in research and development of RMB3.4 million from elastic webbings business; (ii) an increase in legal and professional fees from approximately RMB4.7 million in 2022 to approximately RMB6.7 million in 2023.

Finance costs

The decrease in finance costs by 61.0% from approximately RMB52.6 million for the year ended 31 December 2022 to approximately RMB20.5 million for the year ended 31 December 2023 was mainly because of the Group did not incur any interests on bonds during the year as compare to the accrual of the interest expenses for the bonds in last year until the creditor's scheme (the "Scheme") has become effective on 5 September 2022.

Income tax credit/(expense)

Income tax credit of approximately RMB31,000 was recognised for the Year as compared to income tax expenses of approximately RMB0.7 million recognised in 2022.

CAPITAL STRUCTURE, LIQUIDITIES AND FINANCIAL RESOURCES

During the Year, the cash of the Group was mainly used in the operating activities and generated from financing activities. For the year ended 31 December 2023, net cash used in operating activities of the Group amounted to RMB120.3 million as compared to RMB12.5 million in 2022. Net cash generated from financing activities of the Group amounted to approximately RMB140.0 million in 2023 as compared to approximately RMB12.2 million in 2022 mainly due to increased proceeds from three placing of new shares completed during the year.

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, and borrowings. The Group adopts a prudent cash and financial management policy.

In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities and cash and cash equivalents are generally deposited with certain financial institutions such as banks denominated mostly in Renminbi and Hong Kong dollars.

During the Year, the Company had completed the issue of scheme shares and three placing of new shares.

Issue of Scheme Shares

Pursuant to the resolution to approve the Scheme was duly passed on 8 June 2022 and the Scheme has been sanctioned by the Hong Kong Court on 28 June 2022, the Scheme has become effective on 5 September 2022. The completion of issue of Scheme Shares under specific mandate (the "Completion") took place on 4 January 2023. An aggregate of 3,262,705,241 Scheme Shares were allotted and issued to the Scheme Creditors at the issue price of HK\$0.317 per Scheme Share for settlement of the all Admitted Claims of the Scheme Creditors totalling approximately HK\$1,034.3 million.

Upon Completion, all the Admitted Claims owing by the Company to the Scheme Creditors, including all amount owing by the Company under the Bonds (including the Notes), were discharged and released in full.

Details of the above are set out in the Company's announcements and circulars dated 11 November 2020, 11 April 2022, 18 May 2022, 9 June 2022, 28 June 2022, 21 July 2022, 5 September 2022 and 4 January 2023 respectively.

The First Placing

On 8 June 2023, after trading hours of the Stock Exchange, the Company entered into the placing agreement (the "**Placing Agreement**") with China Sky Securities Limited (the "**Placing Agent**") pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six placees to subscribe up to 200,000,000 placing shares (the "**Placing Shares**") at a price of HK\$0.490 per Placing Share on a best effort basis on the terms and subject to the condition of the Placing Agreement.

The Directors considered that the First Placing offered a good opportunity to raise further capital of the Company thereby increasing the liquidity of the shares as well as to strengthen the financial position of the Group. The Directors considered that the terms of Placing Agreement were fair and reasonable and the First Placing is in the interests of the Company and its Shareholders as a whole.

On 3 July 2023, the First Placing was completed and an aggregate of 133,690,000 Placing Shares were successfully placed by the Placing Agent to not less than six placees at the placing price of HK\$0.490 per Placing Share. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the placees are third parties independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates.

The Placing shares represented approximately 3.99% of the issued share capital of the Company immediately before the First Placing and approximately 3.83% of the issued share capital of the Company as enlarged by the issue of the subscription shares immediately upon completion of the First Placing. The net proceeds from the 2022 Placing of approximately HK\$64.3 million were used as intended for general working capital of the Group.

As at 31 December 2022, the net proceeds from the First Placing of approximately HK\$64.9 million was fully utilized for general working capital of the Group, of which (i) approximately HK\$42.8 million for settlement of trade and other payables of the Group; (ii) approximately HK\$15.5 million for repayment of bank borrowings; (iii) approximately HK\$1.6 million for staff costs; (iv) approximately HK\$3.4 million for legal and professional fees; (v) approximately HK\$1.0 million for outstanding tax payables; and (vi) approximately HK\$0.6 million for other administrative expenses of the Group.

Details of the First Placing are set out in the Company's announcements dated 8 June 2023 and 3 July 2023.

The Second Placing

On 7 August 2023, after trading hours of the Stock Exchange, the Company entered into the placing agreement (the "**Placing Agreement**") with China Sky Securities Limited (the "**Placing Agent**") pursuant to which the Company appointed the Placing Agent as its agent to procure

not less than six placees to subscribe up to 100,000,000 placing shares (the “**Placing Shares**”) at a price of HK\$0.950 per Placing Share on a best effort basis on the terms and subject to the condition of the Placing Agreement.

The Directors considered that the Second Placing offered a good opportunity to raise further capital of the Company thereby increasing the liquidity of the shares as well as to strengthen the financial position of the Group. The Directors considered that the terms of Placing Agreement were fair and reasonable and the Second Placing is in the interests of the Company and its Shareholders as a whole.

On 30 August 2023, the Second Placing was completed and an aggregate of 64,230,000 Placing Shares were successfully placed by the Placing Agent to not less than six placees at the placing price of HK\$0.950 per Placing Share. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the placees are third parties independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates.

The Placing shares represented approximately 1.84% of the issued share capital of the Company immediately before the Second Placing and approximately 1.81% of the issued share capital of the Company as enlarged by the issue of the subscription shares immediately upon completion of the Second Placing. The net proceeds from the Second Placing of approximately HK\$60.6 million were used as intended for general working capital of the Group.

As at 31 December 2023, the net proceeds from the Second Placing of approximately HK\$60.6 million was fully utilized for general working capital of the Group, of which (i) approximately HK\$41.3 million for settlement of trade and other payables of the Group; (ii) approximately HK\$15.3 million for repayment of bank borrowings and interest expenses; (iii) approximately HK\$1.7 million for staff costs; and (iv) approximately HK\$2.3 million for legal and professional fees.

Details of the Second Placing are set out in the Company’s announcements dated 7 August 2023 and 30 August 2023.

The Third Placing

On 27 September 2023, after trading hours of the Stock Exchange, the Company entered into the placing agreement (the “**Placing Agreement**”) with China Sky Securities Limited (the “**Placing Agent**”) pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six placees to subscribe up to 100,000,000 placing shares (the “**Placing Shares**”) at a price of HK\$0.950 per Placing Share on a best effort basis on the terms and subject to the condition of the Placing Agreement.

The Directors considered that the Third Placing offered a good opportunity to raise further capital of the Company thereby increasing the liquidity of the shares as well as to strengthen the financial position of the Group. The Directors considered that the terms of Placing Agreement were fair and reasonable and the Third Placing is in the interests of the Company and its Shareholders as a whole.

On 20 October 2023, the Third Placing was completed and an aggregate of 50,810,000 Placing Shares were successfully placed by the Placing Agent to not less than six placees at the placing price of HK\$0.950 per Placing Share. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the placees are third parties independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates.

The Placing shares represented approximately 1.43% of the issued share capital of the Company immediately before the Second Placing and approximately 1.41% of the issued share capital of the Company as enlarged by the issue of the subscription shares immediately upon completion of the Third Placing. The net proceeds from the Third Placing of approximately HK\$48.0 million were used as intended for general working capital of the Group.

As at 31 December 2023, the net proceeds from the Third Placing of approximately HK\$48.0 million was utilized for general working capital of the Group, of which (i) approximately HK\$34.3 million for settlement of trade and other payables of the Group; (ii) approximately HK\$6.0 million for setting up a new subsidiary for fabrics and textile business in Suzhou; (iii) approximately HK\$0.6 million for staff costs; (iv) approximately HK\$2.0 million for legal and professional fees; and approximately HK\$5.1 million for other general working capital of the Group.

Details of the Third Placing are set out in the Company's announcements dated 27 September 2023 and 20 October 2023.

Net current assets and working capital

The following table sets forth the Group's current ratio, quick ratio, gearing ratio and debt to equity as at 31 December 2023 and 2022:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	100,153	58,006
Current liabilities	439,941	1,284,755
Net current liabilities	(339,788)	(1,226,749)
Current ratio	22.8%	4.5%
Quick ratio	12.2%	3.7%
Gearing ratio	N/A	N/A
Debt to equity ratio	N/A	N/A

BORROWINGS

Particulars of borrowings of the Company and the Group as at 31 December 2023 are set out in note 12 to this results announcement.

PLEDGE OF ASSETS

As at 31 December 2023, the Group's rights-of-use assets and buildings, machinery and equipment with an aggregate net book value of approximately RMB165.4 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2022: approximately RMB147.4 million).

FOREIGN EXCHANGE RISK

The Group mainly operates in the mainland China with most of the revenue and expenditure transactions denominated and settled in RMB, where its foreign exchange risk is limited. The Group's exposure to foreign exchange risk is mainly on its sales and purchase transactions (i.e. export or import of products) in Hong Kong which are mainly denominated in US\$, and the bonds denominated in HKD. The functional currency of the Company and its subsidiaries is RMB and HKD.

CONTINGENT LIABILITIES

Save as those disclosed in note 15 to this announcement, the Group did not have any material contingent liabilities as at 31 December 2023.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF ASSOCIATED COMPANIES

Save as those disclosed in note 16 to this announcement, the Group did not have any material investment, acquisitions and disposal of subsidiaries and associated companies during the Year.

EVENTS AFTER THE REPORTING PERIOD

Save as those disclosed in note 17 to this announcement, there were no important events affecting the Group, which occurred after the end of the reporting period and up to the date of this announcement.

HUMAN RESOURCES

As at 31 December 2023, the Group had a total workforce of 190 (as at 31 December 2022: 167). The increase in staff was mainly the net effect in (i) increase in staff from Zhuhai Sundust, (ii) increase in recruited staff for digital marketing services, and (iii) decrease in staff in both downsizing fabrics and clothing businesses during the year. The total staff costs, including Directors' emoluments and retirement benefit scheme contributions, of the Group were approximately RMB31.8 million for the year ended 31 December 2023 (2022: approximately RMB10.7 million).

The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated staff.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil) to the shareholders.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or its subsidiaries during the Year.

CORPORATE GOVERNANCE

The directors believe that the Company complied with the code provisions of the "Corporate Governance Code" as set out in Appendix C1 to the Listing Rules for the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors.

Having made specific enquiries, all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Year. Employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee, comprising of the independent non-executive Directors, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2023 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to risk management and internal control systems and financial reporting of the Group. The chairman of the audit committee has professional qualification and experience in financial matters in compliance with the requirement of the Listing Rules. The audit committee of the Company has agreed with the external auditors of the Group, McMillian Woods (Hong Kong) CPA Limited, and has reviewed the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 31 December 2023. The audit committee considered that the consolidated results of the Group for the year ended 31 December 2023 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2023. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this annual results announcement.

PUBLICATIONS OF THE FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (<http://moodytech-holdingltd.com>) and the Stock Exchange (www.hkexnews.hk), and the 2023 annual report of the Company continuing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the Year.

By order of the Board of
Moody Technology Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Li Wanyuan
Acting Chairman and Executive Director

Hong Kong, 28 March 2024

As of the date of this announcement, the executive Directors are Mr. Li Wanyuan, Mr. Liu Junting and Ms. Lin Yuxi; and the independent non-executive Directors are Mr. Chow Yun Cheung, Mr. Lin Yugang and Mr. Li Gang.