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Moody Technology Holdings Limited

滿地科技股份有限公司

(Formerly known as Wang Tai Holdings Limited 宏太控股有限公司)

(Incorporated in the Caymans Islands with limited liability)

(Stock Code: 1400)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- Revenue increased to approximately RMB134.1 million for the six months ended 30 June 2018, representing an increase of 1.13%, as compared with revenue of approximately RMB132.6 million for the six months ended 30 June 2017
- Gross profit for the six months ended 30 June 2018 was approximately RMB2.7 million, compared to a gross loss of RMB6.9 million for the corresponding period in 2017. Gross profit margin for the six months ended 30 June 2018 was 2.01%
- Loss attributable to owners of the Company was approximately RMB62.9 million for the six months ended 30 June 2018, representing an increase of 35.3%, as compared with loss of RMB46.5 million for the six months ended 30 June 2017
- Loss per share for the six months ended 30 June 2018 increased to RMB0.04 as compared with loss per share of RMB0.03 for the six months ended 30 June 2017
- No dividend will be declared for the six months ended 30 June 2018

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Moody Technology Holdings Limited (formerly known as Wang Tai Holdings Limited) (the “**Company**”) announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

*(Expressed in Renminbi (“**RMB**”))*

		Unaudited	
		Six months ended 30 June	
	Notes	2018	2017
		RMB'000	RMB'000
Revenue	5	134,098	132,588
Cost of sales		(131,429)	(139,510)
Gross profit/(loss)		2,669	(6,922)
Selling and distribution costs		(840)	(1,069)
General and administrative expenses		(11,067)	(10,075)
Other income/(loss) – net		49	(175)
Operating loss		(9,189)	(18,241)
Finance costs – net	6	(45,166)	(21,497)
Share of loss of investment accounted for using equity method		(8,528)	(9,645)
Loss before income tax		(62,883)	(49,383)
Income tax credit	7	–	2,854
Loss for the period attributable to the owners of the Company	8	(62,883)	(46,529)

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2018	2017
		RMB'000	RMB'000
Other comprehensive income		—	—
Total comprehensive loss for the period attributable to the owners of the Company		(62,883)	(46,529)
Loss per share for the period attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	9	(0.04)	(0.03)
Dividends	10	—	—

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION*As at 30 June 2018**(Expressed in RMB)*

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2018	2017
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	382,103	396,372
Leasehold land and land use right		23,502	23,781
Investment accounted for using equity method		62,978	71,506
		468,583	491,659
Current assets			
Inventories		65,302	52,213
Trade and other receivables	12	314,305	225,825
Amount due from an associate		–	7,290
Bank and cash balances		28,602	1,254
		408,209	286,582
Total assets		876,792	778,241
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	13	150,158	124,010
Reserves		(316,237)	(253,042)
Total deficit		(166,079)	(129,032)

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2018	2017
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	14	379,302	287,337
Deferred income		17,081	17,237
Deferred income tax liabilities		1,569	1,569
		397,952	306,143
Current liabilities			
Trade and other payables	15	226,117	162,806
Borrowings	14	418,802	438,324
		644,919	601,130
Total liabilities		1,042,871	907,273
Total equity and liabilities		876,792	778,241

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2018**(Expressed in RMB)*

	Unaudited					
	Attributable to the owners of the Company					
	Share capital	Share premium account	Capital reserve	Statutory reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017						
(Audited)	124,010	500,745	113,510	24,151	(158,683)	603,733
Total comprehensive loss for the period	—	—	—	—	(46,529)	(46,529)
At 30 June 2017						
(Unaudited)	<u>124,010</u>	<u>500,745</u>	<u>113,510</u>	<u>24,151</u>	<u>(205,212)</u>	<u>557,204</u>
At 1 January 2018						
(Audited)	124,010	500,745	113,510	24,151	(891,448)	(129,032)
Total comprehensive loss for the period	—	—	—	—	(62,883)	(62,883)
Placing of new shares under general mandate	<u>26,148</u>	<u>(312)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,836</u>
At 30 June 2018						
(Unaudited)	<u>150,158</u>	<u>500,433</u>	<u>113,510</u>	<u>24,151</u>	<u>(954,331)</u>	<u>(166,079)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS*For the six months ended 30 June 2018**(Expressed in RMB)*

	Unaudited	
	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Cash flows from operating activities		
Cash used in operations	(25,952)	(73,039)
Income tax refunded	—	1,204
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(25,952)</u>	<u>(71,835)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	—	10,000
Purchases of property, plant and equipment	—	(61)
Receipt of government subsidy	187	1,981
Interest received	—	96
	<u> </u>	<u> </u>
Net cash generated from investing activities	<u>187</u>	<u>12,016</u>
Cash flows from financing activities		
Proceeds from borrowings	196,930	156,775
Repayments of borrowings	(124,487)	(55,780)
Net decrease in restricted bank deposits	—	12,960
Interest paid	(45,166)	(21,593)
Proceeds from the placing of new shares	25,836	—
	<u> </u>	<u> </u>
Net cash generated from financing activities	<u>53,113</u>	<u>92,362</u>
Net increase in cash and cash equivalents	27,348	32,543
Cash and cash equivalents at beginning of the period	<u>1,254</u>	<u>25,042</u>
Cash and cash equivalents at end of the period	<u><u>28,602</u></u>	<u><u>57,585</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Unit 02, 15th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together the "Group") are principally engaged in the design, manufacturing and sales of fabrics and yarns in the People's Republic of China (the "PRC"). The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since 25 April 2014.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors for issue on 30 August 2018.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2017 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2017 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

(i) *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(b) *Loss allowances for expected credit losses*

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) *Revenue from contracts with customers*

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except for those mentioned above.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The application of these new and revised IFRSs will not have material impact on the financial statements of the Group.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

5. REVENUE AND SEGMENT INFORMATION

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in one business segment in manufacturing and trading business of fabrics. A single management team reports to the chief operating decision makers who comprehensively manage the entire business. Accordingly, the Group does not have separately reportable segments.

Revenue from major products

	Six months ended 30 June	
	2018 RMB’000 (Unaudited)	2017 RMB’000 (Unaudited)
Interwoven fabric with multi-fibres series	100,621	103,137
Slub series	–	2,807
Blended fabric series	23,605	5,245
Stretch fabric series	3,596	12,407
Pure cotton series	6,276	8,992
	134,098	132,588

Geographical information

The Group's operations and non-current assets are mainly located in the PRC and Hong Kong. The Group's revenue from external customers based on the location of the customers is detailed as below:

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
The PRC	134,098	81,014
Hong Kong	—	51,574
	<u>134,098</u>	<u>132,588</u>

All revenue is recognised at a point in time.

6. FINANCE COSTS – NET

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Finance income:		
Interest income from bank deposits	—	(96)
Finance costs:		
Interest expense of bank borrowings	7,775	5,375
Interest expense of other borrowings and bonds	42,054	15,846
Net interest expense of borrowings	49,829	21,221
Exchange difference, net	(4,696)	81
Bank charges and others	33	291
Finance costs, net	<u>45,166</u>	<u>21,497</u>

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current income tax	—	236
Deferred income tax	—	(3,090)
	<u>—</u>	<u>(2,854)</u>

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following:

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cost of inventories	109,552	112,632
Employee benefit expenses	8,890	7,962
Amortisation of leasehold land and land use right	279	279
Depreciation of property, plant and equipment	14,269	14,626
Loss on disposal of property, plant and equipment	–	17,820
Rental expense	890	464

9. LOSS PER SHARE

(a) Basic

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Loss attributable to the owners of the Company	(62,883)	(46,529)
Weighted average number of ordinary shares in issue (thousands)	1,553,425	1,550,000
Basic loss per share (RMB per share)	(0.04)	(0.03)

(b) Diluted

As there were no potentially dilutive shares for the six months ended 30 June 2018 and 2017, the diluted loss per share was the same as basic loss per share.

10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2018 (30 June 2017: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, there was no material acquisition for property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	789,319	731,359
Less: Allowance for trade receivables	(575,432)	(575,432)
	<u>213,887</u>	<u>155,927</u>
Other receivables:		
Prepayments for purchase of raw materials	193,716	181,716
Less: Allowance for prepayments	(163,990)	(163,990)
	<u>29,726</u>	<u>17,726</u>
Others	<u>70,692</u>	<u>52,172</u>
Total of trade and other receivables	<u><u>314,305</u></u>	<u><u>225,825</u></u>

The ageing analysis of trade receivables as at the balance sheet dates based on invoice date was as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 6 months	60,169	103,998
Over 6 months but less than 12 months	71,730	51,929
Over 12 months	81,988	–
	<u><u>213,887</u></u>	<u><u>155,927</u></u>

13. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK\$'000	RMB'000
As at 1 January 2017, 31 December 2017 and 1 January 2018 (Audited)	1,550,000	155,000	124,010
Issue shares under placing (Unaudited) (note)	<u>310,000</u>	<u>31,000</u>	<u>26,148</u>
As at 30 June 2018 (Unaudited)	<u><u>1,860,000</u></u>	<u><u>186,000</u></u>	<u><u>150,158</u></u>

Note: On 29 June 2018, the Company issued and allotted 310,000,000 ordinary shares at a price of HK\$0.1 per share by way of placing pursuant to the placing agreement dated 17 May 2018.

14. BORROWINGS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Current:		
Secured bank borrowings	222,221	227,475
Unsecured bank borrowings	21,506	24,286
Unsecured bonds	175,075	186,563
	418,802	438,324
Non-current:		
Unsecured bonds	379,302	287,337
	798,104	725,661

Bank borrowings

All bank borrowings are repayable on demand or within one year.

The Group's bank borrowings of approximately RMB222.2 million (31 December 2017: RMB227.5 million) were secured by its property, plant and equipment of approximately RMB180.5 million (31 December 2017: RMB221.4 million) and leasehold land and land use right of approximately RMB23.5 million (31 December 2017: RMB23.8 million).

The effective interest rates on bank borrowings were ranging from 5.60% to 8.00% (31 December 2017: 5.75% to 10.16%) per annum for the six months ended 30 June 2018.

Unsecured bonds

As at 30 June 2018, the Company issued unsecured bonds with an aggregate principal value of approximately HK\$729,438,000 (31 December 2017: HK\$623,548,000). The bonds are unsecured, bearing interest rates at a range of 2.0% to 15.0% (31 December 2017: 1.5% to 14.0%) per annum, and repayable during the period from July 2018 to June 2026.

15. TRADE AND OTHER PAYABLES

	30 June 2018 <i>RMB'000</i> (Unaudited)	31 December 2017 <i>RMB'000</i> (Audited)
Trade payables	106,693	59,270
Contract liabilities	23,066	6,453
Salary payable	23,374	23,783
Payables for purchase of property, plant and equipment	26,845	26,845
Interest payable	23,988	25,109
Other payables and accruals	22,151	21,346
Total of trade and other payables	226,117	162,806

At 30 June 2018, the ageing analysis of the trade payables, based on invoice date, was as follows:

	30 June 2018 <i>RMB'000</i> (Unaudited)	31 December 2017 <i>RMB'000</i> (Audited)
Within 3 months	28,474	4,203
4 to 12 months	34,348	8,505
Over 12 months	43,871	46,562
	106,693	59,270

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Board presents the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2018 to the shareholders of the Company (the “**Shareholders**”). During the six months ended 30 June 2018 under review, the Group’s revenue increased by 1.1% to approximately RMB134.1 million when compared to the six months ended 30 June 2017. The slight increase was mainly attributable to the increase in sales volume of fabrics as well as improvement of the selling price of the fabric products. Loss attributable to the owners of the Company for the six months ended 30 June 2018 increased to approximately RMB62.9 million when compared to the corresponding period last year. Loss per share also increased to RMB0.04 for the six months ended 30 June 2018 from loss per share of RMB0.03 for the corresponding period last year.

INDUSTRY REVIEW

The People’s Republic of China (the “**PRC**”) textile market is highly competitive which limits the growth of the selling prices of the Company of fabric products. Slight increase in the sales of fabric products in the first half year of 2018 was partly due to the decrease in the PRC textile market as a whole. The sales decreased to approximately 2.67 million meters for fabrics products for the six months ended 30 June 2018 in the Mainland China based on the information provided by China Cotton Textile Association.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The Group’s revenue increased from approximately RMB132.6 million for the six months ended 30 June 2017 to approximately RMB134.1 million for the six months ended 30 June 2018 was mainly due to the improving demand for the Group’s fabric products in light of the improvement of market conditions and business environment.

Decrease in cost of sales from approximately RMB139.5 million for the six months ended 30 June 2017 to approximately RMB131.4 million for the six months ended 30 June 2018 was mainly attributable to the decrease in average unit cost of sales of fabrics.

The gross profit turned around from loss of approximately RMB6.9 million for the six months ended 30 June 2017 to profit of approximately RMB2.7 million for the six months ended 30 June 2018 which was mainly due to decrease in average unit cost of fabric products.

The gross profit margin also turned around from loss of 5.2% to profit of 2.0% which was mainly due to the decrease in average unit cost of fabrics and improved market condition.

The Group's fabric products are classified into five series primarily according to their features. The following table sets forth a breakdown of the revenue and gross profit by product series in business segments for the periods indicated:

	For the six months ended 30 June					
	2018			2017		
			Gross			Gross
	Revenue	Profit/(Loss)	Profit/(Loss)	Revenue	(Loss)/Profit	(Loss)/Profit
	<i>RMB'000</i>	<i>RMB'000</i>	Margin %	<i>RMB'000</i>	<i>RMB'000</i>	Margin %
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Fabrics						
Interwoven fabric with multi-fibres series	100,621	3,756	3.7	103,137	(2,050)	(2.0)
Slub series	–	–	–	2,807	86	3.1
Blended fabric series	23,605	(1,429)	(6.1)	5,245	(294)	(5.6)
Stretch fabric series	3,596	155	4.3	12,407	(2,493)	(20.1)
Pure cotton series	6,276	187	3.0	8,992	(2,171)	(24.1)
Total	134,098	2,669	2.0	132,588	(6,922)	(5.2)

Decrease in revenue from interwoven fabric with multi-fibres series from approximately RMB103.1 million for the six months ended 30 June 2017 to approximately RMB100.6 million for the six months ended 30 June 2018 was mainly due to the decreasing demand for the products.

Turn around in gross profit margin of interwoven fabric with multi-fibres series from (2.0)% for the six months ended 30 June 2017 to profit margin of 3.7% for the six months ended 30 June 2018 was mainly due to the decrease in the average unit cost from RMB7.9 per meter to RMB5.8 per meter.

Sales in slub series were suspended in the first half of year 2018.

Increase in revenue from blended fabric series from approximately RMB5.2 million for the six months ended 30 June 2017 to approximately RMB23.6 million for the six months ended 30 June 2018 was mainly due to the increase in demand for the product from 755.7 km to 3,740.0 km.

Increase in gross loss margin of blended fabric series from (5.6)% for the six months ended 30 June 2017 to (6.1)% for the six months ended 30 June 2018 mainly because the decrease ratio in the average unit selling price from RMB6.9 per meter to RMB6.3 per meter outweighed the decrease ratio in the average unit cost from RMB7.3 per meter to RMB6.7 per meter between the six months ended 30 June 2017 and the six months ended 30 June 2018.

Decrease in revenue from stretch fabric series from approximately RMB12.4 million for the six months ended 30 June 2017 to approximately RMB3.6 million for the six months ended 30 June 2018 was mainly due to the increase in average unit selling price from RMB6.4 per meter to RMB10.2 per meter.

Turn around in gross profit margin of stretch fabric series from loss of (20.1)% for the six months ended 30 June 2017 to profit to 4.3% for the six months ended 30 June 2018 was mainly due to the increase in the average unit selling price from RMB6.4 per meter for the six months ended 30 June 2017 to RMB10.2 per meter for the six months ended 30 June 2018.

Decrease in revenue from pure cotton series from approximately RMB9.0 million for the six months ended 30 June 2017 to approximately RMB6.3 million for the six months ended 30 June 2018 was mainly due to the decrease in demand from the product from 1,065.5 km to 952.6 km.

Turn around in gross profit margin of pure cotton series from loss of (24.1)% for the six months ended 30 June 2017 to profit of 3.0% for the six months ended 30 June 2018 was mainly due to decrease in average unit cost for the six months ended 30 June 2018.

Selling expenses

Decrease in selling expenses by 21% to approximately RMB0.8 million was mainly due to decrease in freight charges during the six months ended 30 June 2018.

Administrative expenses

Administrative expenses increased by 9.8% from approximately RMB10.1 million for the six months ended 30 June 2017 to approximately RMB11.1 million for the six months ended 30 June 2018, which represented 7.6% and 8.3% of the Group's revenue during the corresponding period, respectively. Increase in administrative expenses was mainly due to increase in profession fees incurred for share placing and negotiation with the creditors.

Finance costs

The increase in finance costs from approximately RMB21.5 million for the six months ended 30 June 2017 to approximately RMB45.2 million was mainly because of increase in the average balance of borrowings during the six months ended 30 June 2018 for the general working capital purpose.

Share of loss of investment accounted for using equity method

By application of equity method, the Group incurred a share of loss of investment in an associate of approximately RMB8.5 million for the six months ended 30 June 2018 as the market demand for the associate's products decreased.

Income tax credit

The income tax credit decreased from income tax credit of approximately RMB2.9 million for the six months ended 30 June 2017 to income tax credit of zero for the six months ended 30 June 2018, mainly because no tax provision or credit was recognised during the six months ended 30 June 2018.

Loss for the period attributable to the owners of the Company

As a result of the above factors, the loss attributable to the owners of the Company increased from loss of approximately RMB46.5 million for the six months ended 30 June 2017 to loss of approximately RMB62.9 million for the six months ended 30 June 2018.

Liquidity and financial resources

As at 30 June 2018, the Group's bank and cash balances amounted to approximately RMB28.6 million (as at 31 December 2017: approximately RMB1.3 million). The increase was mainly due to increase in issue of bonds of approximately RMB196.9 million and the proceeds from placing of new shares under general mandate of approximately HK\$25.8 million for the period ended 30 June 2018.

As at 30 June 2018, the Group's inventories increased by approximately RMB13.1 million to approximately RMB65.3 million (as at 31 December 2017: approximately RMB52.2 million), and trade and other receivables increased by approximately RMB88.5 million to approximately RMB314.3 million (as at 31 December 2017: approximately RMB225.8 million).

The working capital turnover days were as follows:

	For the six months ended 30 June 2018	For the year ended 31 December 2017
Inventory turnover days ¹	80.9 days	64.6 days
Trade receivables turnover days ²	249.6 days	460.6 days
Trade payables turnover days ³	114.3 days	79.9 days

¹ Inventory turnover days is equal to the average of the opening and closing inventory balances divided by cost of sales for the period of 181 days for the six months ended 30 June 2018.

² Trade receivables turnover days is equal to the average of the opening and closing trade receivables balances divided by revenue for the period of 181 days for the six months ended 30 June 2018.

³ Trade payables turnover days is equal to the average of the opening and closing trade payable balances divided by cost of sales for the period of 181 days for the six months ended 30 June 2018.

During the six months ended 30 June 2018, when compared to that of last year, the inventory turnover days were comparable. Decrease in trade receivables turnover days was mainly due to decrease in average trade receivables balances as compared with last year. Increase in trade payables turnover days was mainly due to increase in average trade payable balances as compared with last year.

The Group's borrowings increased to approximately RMB798.1 million, mainly as a result of issuance of corporate bonds for the period (as at 31 December 2017: approximately RMB725.7 million). All the borrowings are denominated in RMB and Hong Kong dollar ("HKD"). The interest rates ranged from 2.0% to 15.0% (as at 31 December 2017: 1.5% to 14.0%). The Group did not use any financial instruments for hedging purposes.

The Group's financial ratios were as follows:

	As at 30 June 2018	As at 31 December 2017
Current ratio (%) ¹	63.30	47.67
Gearing ratio (%) ²	N/A	N/A

¹ Based on current assets to current liabilities

² Based on total borrowings net of cash and cash equivalents and restricted bank deposits over total equity

Increase in current ratio was mainly due to the increase in trade and other receivables during the period.

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 United States dollar, and the bonds denominated in HKD. The functional currency of the Company and its subsidiaries is RMB.

Capital expenditure

For the six months ended 30 June 2018, the Group had no capital expenditure (for the six months ended 30 June 2017: approximately RMB61,000).

Pledge of assets

As at 30 June 2018, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB204 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2017: approximately RMB245.1 million).

Contingent liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (2017: nil).

SIGNIFICANT INVESTMENTS

The Group did not have significant investments during the six months ended 30 June 2018.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2018.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Board currently does not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the best interests of the Group and the Shareholders.

USE OF PROCEEDS

On 17 May 2018 (after trading hours), the Company and Brilliant Norton Securities Company Limited (the “**Placing Agent**”) entered into the placing agreement pursuant to which the Placing Agent agreed to place, on a best efforts basis, to not less than six placees for up to 310,000,000 new Shares at a price of HK\$0.10 per placing share (the “**Placing**”).

On 29 June 2018, the conditions of the Placing have been fulfilled and the completion of the Placing took place, where a total of 310,000,000 placing shares have been successfully placed by the Placing Agent to not less than six placees pursuant to the terms and conditions of the placing agreement.

For details, please refer to the Company's announcements dated 17 May 2018 and 29 June 2018 respectively.

As at 30 June 2018, the net proceeds of approximately HK\$30.53 million is not yet utilised which will be used for general working capital for the year ending 31 December 2018.

FUTURE OUTLOOK

A relatively more stable environment in terms of the prices of raw materials and the improvement of internal consumption in domestic economy in the PRC has contributed to favourable market conditions for the industry. However, unfavourable factors including the impact of environment protection regulations, keen domestic competition and escalation in trade conflict between the United States and the PRC have introduced risk and uncertainties in the industry.

In the first half of 2018, the Group has resolved the risk of being liquidation and successfully negotiated with the creditors and the financial institutions on feasible repayment schedules. Change of directors brings new force to the Group to move forward and resolve the current and foreseeable challenges and problems the Group faces. The performance of the textile business improved slightly but is expected to be difficult to turn around in great extent shortly in the second half of 2018.

Looking forward, the sluggish demand, fierce domestic and overseas competition and external uncertainties will continue to pose challenges to the textile industry in the PRC. The Group will explore more businesses not only on trading of textile, fashion and clothing products, but also on other unrelated businesses to diversify the risk of single industry and enhance the profitability of the Group. The Company completed the placing on late June 2018 and will carry on to search for the other sources of finance to improve the liquidity and ensure the sustainability of the Group.

Further announcement(s) will be made by the Company to keep its Shareholders and investors informed of any significant development in due course.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the passing of the special resolution approving the proposed change of company name by the Shareholders at the extraordinary general meeting of the Company which was held on 13 August 2018, the Certificate of Incorporation on Change of Name and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company were issued by the Registrars of Companies in the Caymans Islands and Hong Kong on 13 August 2018 and 28 August 2018 respectively. The English name of the Company has been changed from “Wang Tai Holdings Limited” to “Moody Technology Holdings Limited” and the dual foreign name in Chinese of the Company has been changed from “宏太控股有限公司” to “滿地科技股份有限公司”. The stock short name of the Company for trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has been changed from “WANG TAI HLDG” to “MOODY TECH HLDG” in English and from “宏太控股” to “滿地科技股份” in Chinese with effect from 4 September 2018. Details of the change of the name of Company were set out in the circular of the Company dated 19 July 2018 and the announcements of the Company dated 13 July 2018, 13 August 2018 and 28 August 2018.

Save as disclosed above, the Group had no significant events after 30 June 2018 up to the date of this announcement.

HUMAN RESOURCES

As at 30 June 2018, the Group had a total workforce of 478 (as at 31 December 2017: 455). The Group successfully follows a higher ratio of the number of operating staff to the number of machines to scale down the total workforce. New employees were recruited to cater for the Group's business expansion during the six months ended 30 June 2018. 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 has resolved not to declare any dividend for the six months ended 30 June 2018 (2017: Nil).

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company was committed to maintaining high level of corporate governance and has steered its development and protected the interests of the Shareholders in an enlightened and open manner. Throughout the six months ended 30 June 2018, the Company had complied with the code provisions prescribed in the Corporate Governance Code (the “**CG Code**”) set out in the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except the following code provisions.

Code provision A.1.8

The code provision A.1.8 of the CG Code stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not consider necessary to have insurance cover for legal action against its Directors and will monitor any changes to the situation and make necessary action. The Board believes with the current internal control system and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors is relatively low.

Code Provision A.6.7

The code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was unable to attend the Company's annual general meeting held on 30 May 2018 due to his other business engagement.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the period under review.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) which comprises all the three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Liu Shungang and Mr. Lin Yugang. Mr. Chan Sui Wa is the chairman of the Audit Committee. The terms of reference of the Audit Committee comply with the code provisions of the CG Code. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and overseeing the risk management and internal control systems and providing advice and recommendations to the Board.

REVIEW OF INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.texitm.com). An interim report for the six months ended 30 June 2018 will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board
Moody Technology Holdings Limited
Li Jia Yin
Acting Chairlady and executive Director

Hong Kong, 30 August 2018

As at the date of this announcement, the executive Directors are Ms. Li Jia Yin, Mr. Wu Jianxiong and Mr. Lin Qingxiong; and the independent non-executive Directors are Mr. Chan Sui Wa, Mr. Lui Shungang and Mr. Lin Yugang.