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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)*

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the announcements made by Moody Technology Holdings Limited (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) dated 31 March 2023 in relation to the annual results of the Group for the year ended 31 December 2022 (the “**2022 Annual Results Announcement**”) and the annual report of the Group for the year ended 31 December 2022 (the “**2022 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2022 Annual Results Announcement and 2022 Annual Report.

In addition to the information provided in the 2022 Annual Results Announcement and 2022 Annual Report, the Board would like to provide further information in relation to the continuing action plans of the Company to address the disclaimer of opinion (the “**Audit Qualification**”) issued by the auditor of the Company (the “**Auditor**”) in relation to the consolidated financial statements of the Group for the year ended 31 December 2022.

**DETAILS OF THE AUDIT QUALIFICATION AND MANAGEMENT’S VIEW ON THE  
AUDIT QUALIFICATION**

As detailed in Note 2 to the consolidated financial statements for the year ended 31 December 2022, the conditions existed indicate the existence of material uncertainties which may cast significant doubt regarding the Group’s ability to continue as a going concern. In view of such circumstances, the Board of directors (the “**Directors**”) had assessed the Group’s current liquidity, performance and available sources of financing in considering the Group’s ability to continue as a going concern.

The Directors has also taken or will continue to implement the measures to mitigate the Group's liquidity pressure and improve the conditions of cash flow, and on the assumption of successful and continued implementation of such measures, and taking into account the Group's cash flow projections which covers a period of not less than 12 months from 31 December 2022, the management of the Company and also the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. The Directors are of the view that the Group, based on the continuing effort of the action plan as detailed below, will have sufficient cash resources to satisfy future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date.

The consolidated financial statements have therefore been prepared on a going concern basis, the validity of which however depends on the outcome of the continuing action plan, including:

- (i) the Group's continued ability to negotiate with the creditor banks to renew or extend the existing borrowings as they fall due; and
- (ii) the Group's continued ability to generate operating cash flows and obtain additional resources of financing to finance the Group's businesses and other funding needs.

In this regard, the Auditor had requested for the Company to provide, including but not limited to, (i) the duly signed extension agreements in relation to the existing borrowings entered into between the Group and the creditor banks and (ii) the duly signed agreements in relation to the fund raising activities with any potential investors. Up to the date of the 2022 Annual Report, the Group has not entered into any extension agreements with the creditor banks to renew or extend the existing borrowings as they fall due. In addition, the Company is in discussions with a placing agent and potential investors regarding a potential placing exercise by way of issuance of new Shares, but the major terms have not been concluded and no legally binding agreement has been entered into by the Company with any party for the potential fund raising.

Further to as set out in the 2022 Annual Report, in the view of (i) the extent of the uncertainty relating to the continued support of the Group's bankers, and (ii) the continued ability to general operating cash flows and obtain additional sources of financing, which may constitute the possible cumulative effects on the consolidated financial statements, the Auditor disclaimed their opinion on the consolidated financial statements in respect of the material uncertainty relating to the going concern basis.

## **AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION**

The audit committee of the Company (the “**Audit Committee**”) had critically reviewed the Audit Qualification and also the Directors’ position and Action Plan (as defined below) of the Group to address the Audit Qualification. The Audit Committee is in agreement with the Directors with respect to the Audit Qualification and the Group’s ability to continue as a going concern, and in particular the Action Plan to be implemented by the Directors or the Group. The Audit Committee’s views are based on (i) a critical review of (a) the Directors’ Action Plan to address the Audit Qualification (and the assumption of successful and continued implementation), and (b) a review of the Group’s cash flow projections which covers a period of not less than 12 months from 31 December 2022, and also (ii) discussions between the Audit Committee, the Auditor and the Directors regarding the Audit Qualification. The Audit Committee is also of the view that the Directors shall and keep continued its efforts in implementing the Action Plan set out above with the intention of mitigating the Group’s liquidity pressure and removing the Audit Qualification.

## **STATUS AND RESULTS OF THE ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT QUALIFICATION FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the Company’s announcements dated 23 October 2020, 9 September 2021 and 30 June 2022 in relation to, among others, the action plans (the “**Action Plan**”) of the Company to address and remove the audit modification for the years ended 31 December 2020, 2021 and 2022, and the announcements dated 11 November 2020, 11 April 2022, 18 May 2022, 9 June 2022, 28 June 2022, 5 September 2022 and 4 January 2023 and the circular of the Company dated 21 July 2022 (the “**Circular**”) in relation to, inter alia, the Scheme. Unless otherwise defined, terms used herein shall bear the same meanings as defined in the aforementioned announcements.

### **Status and results of the Action Plan**

#### **(i) Implementation of the Scheme**

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. As disclosed in the announcement of the Company dated 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 the Admitted Claims of the Scheme Creditors totaling 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), have been discharged and released in full.

Upon completion of the issuance of the Scheme Shares in January 2023, the impact on the consolidated statement of financial position of the Group and the statement financial position of the Company are as followings:

(a) *Impact on the consolidated statement of financial position of the Group*

	<b>Before completion of issuance of the Scheme Shares</b>	<b>Effect of the issuance of the Scheme Shares</b>	<b>Immediately after completion of issuance of the Scheme Shares</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>	185,152	–	185,152
<b>Current assets</b>	58,006	–	58,006
<b>Current liabilities</b>			
Trade and other payables	328,831	(3,682)	325,149
Borrowings	955,030	(792,056)	162,974
Lease liabilities	213	–	213
Current tax liabilities	681	–	681
	<u>1,284,755</u>	<u>(795,738)</u>	<u>489,017</u>
<b>Net current liabilities</b>	(1,226,749)	(795,738)	(431,011)
<b>Non-current liabilities</b>			
Borrowings	121,093	(121,093)	–
Lease liabilities	171	–	171
Deferred income	12,474	–	12,474
	<u>133,738</u>	<u>(121,093)</u>	<u>12,645</u>
<b>Net liabilities</b>	<u>(1,175,335)</u>	<u>916,831</u>	<u>(258,504)</u>
<b>Equity</b>			
Share capital	7,753	295,500	303,253
Reserves	(1,183,088)	621,331	(561,757)
<b>Capital deficiency</b>	<u>(1,175,335)</u>	<u>916,831</u>	<u>(258,504)</u>

(b) *Impact on the statement of financial position of the Company*

	<b>Before completion of issuance of the Scheme Shares</b>	<b>Effect of the issuance of the Scheme Shares</b>	<b>Immediately after completion of issuance of the Scheme Shares</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>	–	–	–
<b>Current assets</b>	11,664	–	11,664
<b>Current liabilities</b>			
Other payables	8,453	(3,682)	4,771
Amounts due to subsidiaries	17,228	–	17,228
Borrowings	792,056	(792,056)	–
	<u>817,737</u>	<u>(795,738)</u>	<u>21,999</u>
<b>Net current liabilities</b>	(806,073)	795,738	(10,335)
<b>Non-current liabilities</b>	<u>121,093</u>	<u>(121,093)</u>	<u>–</u>
<b>Net liabilities</b>	<u>(927,166)</u>	<u>916,831</u>	<u>(10,335)</u>
<b>Equity</b>			
Share capital	7,753	295,500	303,253
Reserves	<u>(934,919)</u>	<u>621,331</u>	<u>(313,588)</u>
<b>Capital deficiency</b>	<u>(927,166)</u>	<u>916,831</u>	<u>(10,335)</u>

(ii) *Negotiation with the local creditor banks in the PRC to renew or extend the existing bank borrowings owed by the PRC subsidiaries of the Group in Hubei and Fujian*

As disclosed in the 2022 Annual Report, the secured bank borrowings and unsecured bank borrowings amounted to approximately RMB110.3 million and RMB52.7 million, respectively, which includes the current bank borrowings (the “**Current Bank Borrowing**”) of approximately RMB60 million (2021: RMB100 million) and the overdue bank borrowings (the “**Overdue Bank Borrowing**”) of Shishi City Yingfeiling Supply Chain Management Limited (“**Yingfeiling**”), the Company’s subsidiary in Fujian, Fengtai (Hubei) Textile Co. Limited (“**Fengtai Hubei**”), the Company’s subsidiary in Hubei, amounted to approximately RMB103.0 million (2021: RMB63.3 million) due to temporary shortage of funds. The Overdue Borrowings in relation to Yingfeiling and Fengtai Hubei have become overdue since the financial year ended 31 December 2017.

The Company is currently negotiating with the banks to extend the repayment of Current Bank Borrowings of approximately RMB11 million and RMB49 million, which were due in January 2023 and February 2023, to January 2024 and February 2024, respectively. Up to the date of this announcement, the Company is still in the process of negotiating with the relevant banks on the terms of extension of the Current Bank Borrowings and has yet to receive any updates as to the expected timeline of entering into of the extension agreement. As at the date of this announcement, the Company has not received any demand for immediate payment of the Current Bank Borrowings, and is not expecting to receive any of such demand given the past communications with the relevant banks. The Company will continue to follow up with the banks in relation to a further extension of the repayment of the Current Bank Borrowing by their due dates and will try to convince the relevant banks not to demand for repayment of the Current Bank Borrowings and Overdue Borrowings until the entering into of the relevant extension agreements. In addition, the Company is also considering to negotiate with the banks to settle the Overdue Bank Borrowing by the Company's fund raising activities.

The following table demonstrates the Overdue Bank Borrowings and penalty interests payable of the Group as at 31 December 2022:

	<i>RMB'000</i>
Principal owed by Yingfeiling	45,729
Principal owed by Fengtai Hubei	57,246
Penalty interests	15,551
	<hr/>
Total	<u>118,526</u>

#### *Fengtai Hubei*

On 13 May 2020, a claim was brought by Industrial and Commercial Bank of China Limited Huanggang Huangmei Branch (中國工商銀行股份有限公司黃岡黃梅支行) (“**ICBC Branch**”) against Fengtai Hubei for payment of an outstanding principal of approximately RMB6.3 million together with an outstanding interest of approximately RMB2.2 million. On 3 December 2020, the Huanggang Intermediate People's Court of Hubei Province (湖北省黃岡市中級人民法院) issued a civil judgment (民事判決書), pursuant to which the court ordered Fengtai Hubei to repay the outstanding principal and all outstanding interest accrued thereon. As per the agreement with the ICBC Branch, Fengtai Hubei is currently repaying the debts by installment. Since 1 January 2022 to the date of this announcement, Fengtai Hubei had repaid the outstanding sum amounted to approximately RMB0.2 million to ICBC Branch.

Fengtai Hubei will continue to repay the Overdue Bank Borrowings (including the outstanding sum mentioned in the legal action above) by installment depending on its liquidity. Pursuant to the bank loan agreements entered between Fengtai Hubei and the creditor banks, Fengtai Hubei is subject to penalty interest expenses until the full repayment of the overdue loans.

Save as disclosed above and up to the date of this announcement, the local creditor banks have not demanded immediate repayment for its overdue loans, and the Company has not been informed of any further legal actions taken by the banks in relation to the Overdue Borrowings.

### *Yingfeiling*

Upon the forced sale of the buildings in Shishi (details of which are set out in the Company's announcement dated 20 April 2020), the operation of Yingfeiling had been suspended since April 2020. Based on the audited financial information as at 31 December 2022, Yingfeiling had net current liabilities of approximately RMB170.4 million and net liabilities of approximately RMB118.4 million. Based on the above, Yingfeiling does not have sufficient funds to repay the Overdue Bank Borrowings. Up to the date of this announcement, the Company has not been informed of and there are no further legal actions taken by the banks in relation to the Overdue Borrowings. The Group will continue its effort to negotiate with the banks for the extension of the Overdue Borrowings.

### **(iii) Fundraising from the financing activities**

Set out below is the summary of equity fund raising activities of the Company during the past twelve months immediately preceding the date of this announcement:

Date of announcements	Fundraising activities	Net proceeds raised	Intended use of proceeds	Actual use of proceeds	Unutilised proceeds
13 April 2022 and 11 May 2022	Allotment and issue of new shares under general mandate	Approximately HK\$2.42 million	General working capital of the Group and cost of debt restructuring	Use as intended	Nil
5 July 2022 and 27 July 2022	Allotment and issue of new shares under general mandate	Approximately HK\$4.59 million	General working capital of the Group and cost of debt restructuring	Use as intended	Nil
23 November 2022 and 15 December 2022	Placing of new shares under general mandate	Approximately HK\$7.60 million	General working capital of the Group and cost of debt restructuring	Use as intended	Nil
11 November 2020, 11 April 2022, 18 May 2022, 9 June 2022, 28 June 2022, 5 September 2022 and 4 December 2022	Issue of scheme shares under specific mandate	Approximately HK\$1,034.28 million	Settlement of the Scheme Claims	No actual cash proceeds, the proceeds were fully utilised for the settlement of the admitted claims of approximately HK\$1,034.3 million	Nil

The Group will continue generating operating cash flows and seeking other alternative financing, including but not limited to the placing of new shares by general mandate and/or specific mandate if necessary.



***(iv) Exploring new business opportunities***

Reference is made to the announcements of the Company dated 14 October 2022 and 12 April 2023 and the circular of the Company dated 3 April 2023 in relation to the Acquisition. Since the SGM will be held on 24 April 2023, the Company, the Vendors and the Target Company entered into a supplemental agreement on 12 April 2023 to extend the Completion Date from 14 April 2023 to 28 April 2023. Further announcement(s) will be made by the Company to keep its shareholders and investors informed.

Further to the Acquisition, the Company has been approaching other various potential business partners for the development of the Group's new business, such business partners are engaged in various industries including but not limited to information technology and artificial intelligence, etc. When evaluating the potential business development opportunities, the Company take into account of the profitability, assets and liabilities level, cash flows as well as industry prospects of such businesses, with an objective to enhance the Company's financial performance. Up to the date of this announcement, the Company is still in preliminary negotiations with these business partners and no agreements has been made between the Company and any of these business partners. The Company will publish an announcement to as and when appropriate should any formal agreements has been made by the Company.

**Impact of the Audit Qualification on the Company's financial position**

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2022.

**AUDITOR'S VIEW ON REMOVAL OF AUDIT QUALIFICATION**

Based on the Company's discussion with the Auditor, the Board is given to understand that if all of the above Action Plan had been completed as at 31 December 2023, the Audit Qualification would not have been issued. The Auditor has advised the Directors that as the Audit Qualification relates to a going concern issue, in preparing the financial statements for the year ending 31 December 2023, the Directors are responsible for assessing the Company's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis, based on the conditions and circumstances as at 31 December 2023. In accordance with the Hong Kong Standards on Auditing, the Auditor needs to obtain sufficient appropriate audit evidence regarding the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the Group's consolidated financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists regarding the Company's ability to continue as a going concern.



The Directors' assessment of the Company's ability to continue as a going concern as at 31 December 2023 would need to take into consideration of the then conditions and circumstances and also include cash flow projections covering a period of not less than 12 months from 31 December 2023. As such, the Auditor is unable to ascertain whether the Audit Qualification can be removed in the next financial year based purely on the Action Plan, given sufficient appropriate audit evidence is yet to be obtained regarding the Directors' future assessment as at 31 December 2023.

Having said that, the audit committee of the Company considers that the proposed Action Plan would still be effective in assisting the Company to remove the Audit Qualification in the next financial year given that, in particular, the Company is contemplating to conduct further fund-raising activities to generate cash flows, and the proceeds generated thereof can be used by the Company to fully or partially to settle the Current Borrowings and Overdue Borrowings. Therefore, assuming if (i) the Company and the creditors (including the local creditor banks in the PRC) have come up with a preliminary plan in settling the outstanding debts, and/or the Current Borrowings and Overdue Borrowings can be settled by the proceeds generated from the future fund-raising activities conducted by the Company; and (ii) there is a satisfactory completion of review of the Directors' assessment of the Company's going concern by the Auditor together with sufficient and appropriate evidence, the Audit Qualification is expected to be removed in connection with the audit of the consolidated financial statements of the Group for the year ending 31 December 2023.

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

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, 24 May 2023

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