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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)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

### **HIGHLIGHTS**

- The Group's total revenue from continuing operations was approximately RMB112.7 million in 2024, decreased from the total revenue from continuing operations of approximately RMB126.7 million in 2023.
- The Group's gross profit was approximately RMB9.0 million in 2024, as compared to a gross profit of approximately RMB14.9 million in 2023.
- The Group recognised a loss on derecognition of financial liabilities of approximately RMB Nil (2023: RMB756.2 million).
- The Group's total comprehensive loss attributable to the owners of the Company decreased to approximately RMB90.3 million in 2024, from approximately RMB812.8 million in 2023. Basic and diluted loss per share decreased from loss per share of RMB0.24 in 2023 to loss per share of RMB0.02 in 2024.
- As at 31 December 2024, the Group's total bank and cash balances amounted to approximately RMB8.3 million (2023: approximately RMB17.4 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 2024 (the “**Year**”).

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

	Notes	2024 RMB'000	2023 RMB'000 (Represented)
<b>Continuing operations</b>			
Revenue	4	112,716	126,696
Cost of sales		(103,734)	(111,816)
<b>Gross profit</b>		<b>8,982</b>	14,880
Other income		2,220	1,217
Loss on derecognition of financial liabilities	7	–	(756,228)
Impairment losses of trade and other receivables		(323)	(4,770)
Net foreign exchange gains		1,805	3,495
Selling and distribution costs		(7,727)	(10,805)
General and administrative expenses		(33,827)	(27,037)
<b>Loss from operations</b>		<b>(28,870)</b>	(779,248)
Finance costs	5	(1,937)	(2,277)
<b>Loss before tax</b>		<b>(30,807)</b>	(781,525)
Income tax credit	6	654	111
<b>Loss for the year from continuing operations</b>	7	<b>(30,153)</b>	(781,414)
<b>Discontinued operations</b>			
Loss for the year from discontinued operations, net of tax		(63,198)	(34,906)
<b>Loss for the year</b>		<b>(93,351)</b>	(816,320)

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000 (Represented)
<b>Other comprehensive loss, net of tax</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(2,281)</u>	<u>(2,318)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>(2,281)</u>	<u>(2,318)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(95,632)</b></u>	<u><b>(818,638)</b></u>
<b>Loss for the year attributable to:</b>			
The owners of the Company		<b>(88,389)</b>	(811,388)
Non-controlling interest		<u><b>(4,962)</b></u>	<u>(4,932)</u>
		<u><b>(93,351)</b></u>	<u>(816,320)</u>
<b>Total comprehensive loss for the year attributable to:</b>			
The owners of the Company		<b>(90,267)</b>	(812,770)
Non-controlling interest		<u><b>(5,365)</b></u>	<u>(5,868)</u>
		<u><b>(95,632)</b></u>	<u>(818,638)</u>
<b>For continuing and discontinued operations</b>			
<b>Loss per share</b>			
Basic (RMB)	8(a)	<u><b>(0.02)</b></u>	<u>(0.24)</u>
Diluted (RMB)	8(b)	<u><b>(0.02)</b></u>	<u>(0.24)</u>
<b>For continuing operations</b>			
<b>Loss per share</b>			
Basic (RMB)	8(a)	<u><b>(0.01)</b></u>	<u>(0.23)</u>
Diluted (RMB)	8(b)	<u><b>(0.01)</b></u>	<u>(0.23)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		27,110	178,589
Right-of-use assets		12,805	31,677
		<u>39,915</u>	<u>210,266</u>
<b>Current assets</b>			
Inventories		40,237	46,598
Other current assets		7,461	1,136
Trade and other receivables	10	26,242	35,042
Bank and cash balances		8,267	17,377
		<u>82,207</u>	<u>100,153</u>
<b>Current liabilities</b>			
Trade and other payables	11	219,490	236,833
Borrowings	12	103,469	200,371
Lease liabilities		1,489	2,711
Current tax liabilities		28	26
		<u>324,476</u>	<u>439,941</u>
<b>Net current liabilities</b>		<u>(242,269)</u>	<u>(339,788)</u>
<b>Total assets less current liabilities</b>		<u>(202,354)</u>	<u>(129,522)</u>
<b>Non-current liabilities</b>			
Borrowings	12	18,691	–
Lease liabilities		864	2,295
Deferred tax liabilities		1,469	2,147
Deferred income		–	12,162
		<u>21,024</u>	<u>16,604</u>
<b>Net liabilities</b>		<u>(223,378)</u>	<u>(146,126)</u>
<b>Equity</b>			
Share capital	13	336,995	318,424
Reserves		(567,735)	(477,277)
		<u>(230,740)</u>	<u>(158,853)</u>
Equity attributable to owners of the Company		7,362	12,727
Non-controlling interest		<u>7,362</u>	<u>12,727</u>
<b>Capital deficiency</b>		<u>(223,378)</u>	<u>(146,126)</u>

# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 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. During the year, there were no material changes in the principal activities of the Group, except that the segment of sales of fabrics has been reclassified as a discontinued operation of the Group.

The continuing operations of the Group comprised of sales of shoes, clothes and others, sales of elastic webbings and provision of digital marketing services. The discontinued operation of the Group was mainly sales of fabrics.

### **Going concern**

The Group incurred a loss of approximately RMB93.4 million for the year ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities and capital deficiency of approximately RMB242.3 million and RMB223.4 million respectively. Furthermore, as at 31 December 2024, the Group’s borrowings of approximately RMB103.5 million are subject to renewal or to be fully repaid within the next twelve months, of which approximately RMB97.0 million were overdue. Furthermore, the Group recorded net operating cash outflow of approximately RMB6.4 million for the year ended 31 December 2024 with the Group’s total bank and cash balance remaining at a low level of approximately RMB8.3 million as at 31 December 2024. These conditions indicate the existence of multiple material uncertainties 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 2024. 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 IFRS ACCOUNTING STANDARDS

### (a) Application of new and revised IFRS Accounting Standards

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The above amendments to IFRS Accounting Standards effective for the current year beginning on 1 January 2024 do not have a material impact on the Group's consolidated financial statement.

**(b) New and amendments to IFRS Accounting Standards in issue but not yet effective**

The Group has not early applied new and amendments to IFRS Accounting Standards that have been issued but are not yet effective for the financial year beginning 1 January 2024. These revised IFRS Accounting Standards include the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 21 and IFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
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 except for the following:

*IFRS 18 “Presentation and Disclosure in Financial Statements”*

IFRS 18 will replace IAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

### 3. SEGMENT INFORMATION

For the years ended 31 December 2024, the Group has three (2023: four) reportable segments as follows:

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

Due to the reportable segment representing the sales of fabrics was discontinued during the report period. The segment information reported does not include any amounts for the discontinued operation.

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 (“**Zhuhai Sundust**”), a company established in the People’s Republic of China (the “**PRC**”) whose shares were listed on the National Equities Exchange and Quotations in the PRC (stock code: 832674) (collectively, the “**Leader Elastic Group**”) and delisted on 9 October 2024. The principal activities of Leader Elastic Group are sales of elastic webbings used for bras and underwear in the PRC and provision of digital marketing services. Its revenue and results are separate into two new reportable segment, being sales of elastic webbings and provision of digital marketing services.

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.

	Shoes, clothes and others RMB'000	Elastic webbings RMB'000	Digital marketing services RMB'000	Unallocated RMB'000	Total RMB'000
<b>Segment results</b>					
<b>Year ended 31 December 2024:</b>					
Reportable revenue from external customers	48,788	35,577	28,351	–	112,716
Reportable segment profit	8,211	445	3	–	8,659
Other income					2,220
Net foreign exchange gains					1,805
Selling and distribution costs					(7,727)
General and administrative expenses					(33,827)
Finance costs					(1,937)
Loss before tax					(30,807)
<b>Other segment items</b>					
Depreciation of property, plant and equipment	16	1,646	556	12	2,230
Depreciation of right-of-use assets	141	396	–	2,121	2,658
Gain on the termination of right-of-use assets	–	(14)	(19)	–	(33)
Impairment loss of inventories	–	5,028	–	–	5,028
Impairment losses of trade receivables	90	120	213	–	423
(Reversal of impairment losses)/ impairment losses of other receivables	(108)	6	3	(1)	(100)
Write-off of property, plant and equipment	–	959	–	142	1,101



	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>
<b>Segment results</b>					
<b>Year ended 31 December 2023:</b>					
Reportable revenue from external customers	83,620	31,762	11,314	–	126,696
Reportable segment profit	6,109	3,215	786	–	10,110
Other income					1,217
Net foreign exchange gains					3,495
Selling and distribution costs					(10,805)
General and administrative expenses					(27,037)
Finance costs					(2,277)
Loss on derecognition of financial liabilities					(756,228)
Loss before tax					(781,525)
<b>Other segment items</b>					
Depreciation of property, plant and equipment	25	3,618	–	5	3,648
Depreciation of right-of-use assets	–	353	–	2,269	2,622
Gain on the termination of right-of-use assets	–	–	–	(8)	(8)
(Reversal of impairment losses)/impairment losses of trade receivables	(3)	(51)	2	–	(52)
Impairment losses/(reversal of impairment losses) of other receivables	4,828	(6)	–	–	4,822
	<u>4,828</u>	<u>(6)</u>	<u>–</u>	<u>–</u>	<u>4,822</u>
	<b>Shoes, clothes and others <i>RMB'000</i></b>	<b>Elastic webbings <i>RMB'000</i></b>	<b>Digital marketing services <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>	
<b>Segment assets and liabilities</b>					
<b>At 31 December 2024:</b>					
<b>Segment assets</b>	<b>9,735</b>	<b>75,464</b>	<b>16,955</b>		<b>102,154</b>
Unallocated assets					11,953
Assets related to discontinued operations					8,015
<b>Total assets</b>					<b>122,122</b>
<b>Segment liabilities</b>	<b>5,774</b>	<b>8,897</b>	<b>16,037</b>		<b>30,708</b>
Unallocated liabilities					42,069
Liabilities related to discontinued operations					272,723
<b>Total liabilities</b>					<b>345,500</b>

	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>
<b>Segment assets and liabilities</b>				
<b>At 31 December 2023:</b>				
<b>Segment assets</b>	8,962	87,906	4,847	101,715
Unallocated assets				27,812
Assets related to discontinued operations				180,892
<b>Total assets</b>				<b>310,419</b>
<b>Segment liabilities</b>	9,774	7,216	54	17,044
Unallocated liabilities				56,506
Liabilities related to discontinued operations				382,995
<b>Total liabilities</b>				<b>456,545</b>

### Geographical information

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

	<b>2024</b> <b><i>RMB'000</i></b>	<b>2023</b> <b><i>RMB'000</i></b> (Represented)
The PRC	<b>88,643</b>	124,450
Hong Kong	<b>21,732</b>	1,184
Others	<b>2,341</b>	1,062
	<b>112,716</b>	126,696

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 years ended 31 December 2024 and 2023.

#### 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Represented)
<b>Continuing operations</b>		
Contracts with customers recognised at a point in time within the scope of IFRS 15:		
Sales of shoes, clothes and others	48,788	83,620
Sales of elastic webbings	35,577	31,762
Provision of digital marketing services	28,351	11,314
	<u>112,716</u>	<u>126,696</u>

#### 5. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Represented)
<b>Continuing operations</b>		
Interest expenses on borrowings	1,753	2,051
Interest expenses on lease liabilities	184	226
	<u>1,937</u>	<u>2,277</u>

#### 6. INCOME TAX CREDIT

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Represented)
<b>Continuing operations</b>		
Current tax – provision for the year		
– PRC Enterprise Income Tax (“ <b>PRC EIT</b> ”)	24	–
(Over)/under – provision in prior years		
– Hong Kong Profits Tax	–	(218)
– PRC EIT	–	107
Deferred tax	(678)	–
	<u>(654)</u>	<u>(111)</u>

No provision for Hong Kong Profits Tax are required since the Group has no assessable profit for the year ended 31 December 2024 (2023: Nil).

For the Group's subsidiaries established and operated in the PRC are subject to PRC EIT at the rate of 25% (2023: 25%) for the year ended 31 December 2024.

## 7. LOSS FOR THE YEAR

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

	2024 RMB'000	2023 RMB'000 (Represented)
<b>Continuing operations</b>		
Auditor's remuneration	923	996
Cost of inventories sold	74,398	85,869
Depreciation of property, plant and equipment ( <i>note (a)</i> )	2,230	3,648
Depreciation of right-of-use assets ( <i>note (a)</i> )	2,658	2,622
Gain on termination of right-of-use assets	(33)	(8)
Loss on disposal of property, plant and equipment	–	8
Loss on derecognition of financial liabilities ( <i>note (b)</i> )	–	756,228
Loss on written-off of property, plant and equipment	1,101	–
Impairment losses/(reversal of impairment losses) of trade receivables	423	(52)
(Reversal of impairment losses)/impairment losses of other receivables	(100)	4,822
Impairment loss of inventories	5,028	–
Expenses relating to short-term lease (included in cost of sales and general and administrative expenses)	24	201
Staff costs (including Directors' emoluments) ( <i>note (a)</i> )		
– Salaries, bonuses and allowances	25,114	24,332
– Retirement benefit scheme contributions	5,046	5,534
	<b>30,160</b>	<b>29,866</b>

*Notes:*

- (a) Depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs of approximately RMB1,663,000, RMB459,000 and RMB14,058,000 (2023: RMB20,000, RMB63,000 and RMB9,791,000) were included in the cost of sales.
- (b) As disclosed in note 13(a) 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

*From continuing and discontinued operations*

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

	2024 RMB'000	2023 RMB'000
Loss for the year attributable to owners of the Company used in the basic and diluted loss per share calculation	<u>(88,389)</u>	<u>(811,388)</u>
	<b>Number of shares</b>	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in basic and diluted loss per share calculation	<u>3,716,287,912</u>	<u>3,424,865,075</u>

*From continuing operations*

The calculation of the basic and diluted earnings per share from continuing operations is based on the following:

	2024 RMB'000	2023 RMB'000
Loss for the purpose of calculating basic loss per share	(88,389)	(811,388)
Less: Loss for the year from discontinued operations	<u>63,198</u>	<u>34,906</u>
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	<u>(25,191)</u>	<u>(776,482)</u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same.

*From discontinued operation*

Basic and diluted loss per share from the discontinued operations is RMB0.02 per share (2023: RMB0.01 per share) , based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately RMB63,198,000 (2023: approximately RMB34,906,000) and the denominators used are the same as those detailed above for both basic and diluted loss per share.

### (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 2024 and 2023.

## 9. DIVIDEND

No dividend to respect of the years ended 31 December 2024 and 2023 were declared and approved by the directors.

## 10. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables ( <i>note (a)</i> )	15,770	18,993
Less: Impairment losses for trade receivables ( <i>note (a)</i> )	<u>(645)</u>	<u>(535)</u>
	<u>15,125</u>	<u>18,458</u>
Prepayments	87,746	87,753
Less: Impairment losses for prepayments	<u>(86,574)</u>	<u>(86,574)</u>
	<u>1,172</u>	<u>1,179</u>
Other receivables	25,531	23,679
Less: Impairment losses for other receivables	<u>(16,521)</u>	<u>(9,519)</u>
	<u>9,010</u>	<u>14,160</u>
Deposits	<u>935</u>	<u>1,245</u>
	<u><u>26,242</u></u>	<u><u>35,042</u></u>

### (a) Trade receivables

The Group's trading terms customers are mainly on credit. The credit terms generally 90 days (2023: 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:

	2024 RMB'000	2023 RMB'000
Within 1 month	7,392	9,994
Over 1 month but less than 3 months	5,318	7,807
Over 3 months but less than 6 months	719	239
Over 6 months but less than 9 months	709	418
Over 9 months but less than 12 months	<u>987</u>	<u>—</u>
	<u><u>15,125</u></u>	<u><u>18,458</u></u>

As of 31 December 2024, trade receivables of approximately RMB2,262,000 (2023: RMB657,000) 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 expected credit loss as prescribed by IFRS 9.

## 11. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	34,584	32,445
Salary payables	26,147	29,822
Interest payables	88,218	120,033
Other payables and accruals	70,541	54,533
	<u>219,490</u>	<u>236,833</u>

### (a) Trade payables

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	6,780	4,541
Over 3 months but less than 12 months	–	3,289
Over 12 months	27,804	24,615
	<u>34,584</u>	<u>32,445</u>

## 12. BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current:		
Secured borrowings	6,439	147,662
Unsecured borrowings	97,030	52,709
	<u>103,469</u>	<u>200,371</u>
Non-current:		
Secured borrowings	18,691	–
	<u>122,160</u>	<u>200,371</u>

### 13. SHARE CAPITAL

	Number of ordinary shares '000	HK\$'000
<b>Authorised:</b>		
<b>At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 at HK\$0.1 per share</b>	<b>20,000,000</b>	<b>2,000,000</b>
At 1 January 2023 at HK\$0.1 per share	90,332	9,033
Issue of scheme shares under specific mandate ( <i>note (a)</i> )	3,262,705	326,271
Placing of new shares under general mandate ( <i>note (b)</i> )	133,690	13,369
Placing of new shares under general mandate ( <i>note (c)</i> )	64,230	6,423
Placing of new shares under general mandate ( <i>note (d)</i> )	50,810	5,081
At 31 December 2023 and 1 January 2024 at HK\$0.1 per share	3,601,767	360,177
<b>Placing of new shares under general mandate (<i>note (e)</i>)</b>	<b>200,000</b>	<b>20,000</b>
<b>At 31 December 2024 and HK\$0.1 per share</b>	<b>3,801,767</b>	<b>380,177</b>
<b>Equivalent to RMB'000:</b>		
At 31 December 2023		318,424
<b>At 31 December 2024</b>		<b>336,995</b>

*Notes:*

- (a) 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.



- (b) 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.
- (c) 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.
- (d) 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.
- (e) On 20 May 2024, 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 300,000,000 placing shares of a price of HK\$0.10 per placing share under general mandate. The Placing was completed on 5 June 2024 and an aggregate of 200,000,000 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\$0.20 million, was approximately HK\$19.79 million (equivalent to approximately RMB18.38 million). Details of the Placing were disclosed in the announcements of the Company dated 20 May 2024 and 5 June 2024.

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 2024 and 2023.

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

For the year ended 31 December 2024, operating lease relate to motor vehicles owned by the Group with lease terms of 3 years. The lessee does not have options to extend the lease term and to purchase the motor vehicles at the expiry of the lease period.

Minimum lease payments receivables on leases are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Represented)
Within 1 year	385	—
In the second year	385	—
In the third year	240	—
	<u>1,010</u>	<u>—</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Represented)
<b>Continuing operations</b>		
Lease income on operating lease	<u>326</u>	<u>81</u>

## 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, a company established in the PRC whose shares were listed on the National Equities Exchange and Quotations in the PRC (stock code: 832674) and delisted on 9 October 2024. The principal activity of Leader Elastic and its subsidiaries is investment holding sales of elastic webbing used for bras, underwear in the PRC and provision of digital marketing services. 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 as well as provision of digital marketing services, 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	18,546
	<hr/> <hr/>
<b>Analysis of cash flows on acquisition:</b>	
Cash and cash equivalent acquired	15,689
Purchase consideration transferred	(18,546)
	<hr/>
Net cash flow on acquisition	(2,857)
	<hr/> <hr/>

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 31 December 2023. 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 ended 31 December 2023, nor is intended to be a projection of future results.

#### **17. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. IFRS Accounting Standards comprise IFRS Accounting Standards, IAS Standards; and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). Material accounting policies information adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial amendments to IFRS Accounting Standards to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

#### **18. COMPARATIVE FIGURE**

Following the discontinued operation, certain comparative figures were represented so as to reflect the results of the continuing operations and discontinued operation.

## **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 2024. 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 2024.

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 RMB93,351,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities and capital deficiency of approximately RMB242,269,000 and RMB223,378,000 respectively. Furthermore, as at 31 December 2024, the Group's borrowings of approximately RMB103,649,000 are subject to renewal or to be fully repaid within the next twelve months, of which approximately RMB97,030,000 were overdue. Furthermore, the Group recorded net operating cash outflow of approximately RMB6,364,000 for the year ended 31 December 2024 with the Group's total bank and cash balance remaining at a low level of approximately RMB8,267,000 as at 31 December 2024. These conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

## **OUTLOOK**

According to the data from the National Bureau of Statistics of China, the gross domestic product (GDP) was RMB134,908.4 billion in 2024, an increase of 5.0 percent over the previous year at constant prices. The GDP growth target is also set at around 5.0 percent in 2025, which remains the same goal as 2024. According to the "Statistical Bulletin on National Economic and Social Development of the People's Republic of China 2024", final consumption expenditure in 2024 drove the growth of GDP by 2.2 percentage points. As such, the Group expects to continue its development in new industry in addition to its traditional main business.

According to the data from China Internet Network Information Center, the scale of online e-commerce shopping users brought by Internet advertising marketing was approximately 974 million in 2024, a 6.5% increase from 2023. Following our country's trend and after more than one year of development, the Group had built up a team with creative and innovative in its digital marketing business. In 2025, the Group will proceed with its expansion to the digital marketing business in a prudent manner.

Furthermore, the management will continue our effort to explore various business opportunities 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**

#### **Textile and apparel industry**

According to the General Administration of Customs, China's textile and apparel exports in 2024 amounted to US\$301.1 billion, with a year-on-year growth of 2.8%. Among them, textile exports amounted to US\$141.96 billion, up 5.7% year-on-year, while apparel exports reached US\$159.14 billion, increasing by 0.3% year-on-year.

In RMB-denominated terms, the textile and garment exports totaled RMB2.14 trillion, up 4% year-on-year. Thereinto, textile exports were RMB1.01 trillion and apparel exports amounted to RMB113 billion, up by 7% and 1.4% year-on-year, respectively.

#### **Digital Industry**

According to the Ministry of Industry and Information Technology, the digital industry's business revenue reached RMB35 trillion yuan (about US\$4.9 trillion) in 2024, representing a 5.5% year-on-year increase.

Total profits grew 3.5 percent year on year to RMB2.7 trillion. The added value of major manufacturers of computers, communication devices and other electronic devices grew 11.8%, up 8.4 percentage points from the previous year.

Boosted by artificial intelligence, cloud platforms and other emerging business activities, the country's software sector recorded 10 percent growth in business revenue, which reached RMB13.7 trillion.

### **BUSINESS REVIEW**

During the Year, the Group had three product segments (2023: four), namely sales of shoes and clothing, elastic webbings and provision of digital marketing services. During the year, the Group's factory lands and buildings located in Huangmei Town of Huangmei County, Hubei Province, the PRC (the "**Huangmei Properties**"), which have been pledged as collateral for certain bank borrowings with a local bank, were transferred to the bank following two unsuccessful auctions (the "**Forced Sales**"). The Huangmei Properties were plants for the fabric manufacturing business of the Group. After the Forced Sales, the Group ceases to carry on the fabric manufacturing business. Accordingly, the fabric segment have been included in the discontinued operation during the year.

During the year, the Group mainly engaged in manufacturing and sales of clothes as well as elastic webbings products. The Group's clothing products comprised of T-shirt, jackets, pants and hoodies, etc and the Group's elastic webbings products comprised of certain types of dyed strap, including jacquard tape, knitted strap and bundle strap, etc.

The Group also engaged in provision of 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.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue from continuing operations mainly generated from sales of shoes and clothes, manufacturing and sales of elastic webbings and provision of digital marketing services. The total revenue decreased from approximately RMB126.7 million for the year ended 31 December 2023 to approximately RMB112.7 million for the year ended 31 December 2024.

The revenue generated from manufacturing and sales of clothing products in the PRC, decreased from RMB83.6 million in 2023 to approximately RMB48.8 million in 2024. Such decrease was mainly due to the decrease in market demands from the customers during the year. The sales quantities of clothing products were approximately 1,017,000 pieces in 2024, decrease from approximately 1,691,000 pieces 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 RMB35.6 million (2023: RMB31.8 million) for the Year.

For the year ended 31 December 2024, the production and sales quantities of the shoulder straps and bundle straps were approximately 45,600 kilograms (2023: 71,500 kilograms) and approximately 178,000 kilograms (2023: 211,000 kilograms), respectively.

In addition, the business segment of digital marketing services was commenced in the second half of 2023, which contributed revenue of approximately RMB28.4 million (2023: RMB11.3 million) for the Year.



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

	<b>Year ended 31 December</b>			
	<b>2024</b>	<b>% to total</b>	<b>2023</b>	<b>% to total</b>
	<b>RMB'000</b>	<b>revenue</b>	<b>RMB'000</b>	<b>revenue</b>
Shoes, clothes and others	<b>48,788</b>	<b>43.3</b>	83,620	66.0
Elastic webbings	<b>35,577</b>	<b>31.5</b>	31,762	25.1
Digital marketing services	<b>28,351</b>	<b>25.2</b>	11,314	8.9
Total	<b>112,716</b>	<b>100.0</b>	126,696	100.0

### Cost of sales

The Group's cost of sales from continuing operations decreased by 7.2% from approximately RMB111.9 million for the year ended 31 December 2023 to approximately RMB103.7 million for the year ended 31 December 2024. Such decrease in cost of sales was in line with the decreased turnover during the Year.

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

	<b>Year ended 31 December</b>			
	<b>2024</b>	<b>% to total</b>	<b>2023</b>	<b>% to total</b>
	<b>RMB'000</b>	<b>cost of sales</b>	<b>RMB'000</b>	<b>cost of sales</b>
Shoes, clothes and others	<b>40,597</b>	<b>39.1</b>	72,678	65.0
Elastic webbings	<b>35,001</b>	<b>33.8</b>	28,612	25.6
Digital marketing services	<b>28,136</b>	<b>27.1</b>	10,526	9.4
Total	<b>103,734</b>	<b>100.0</b>	111,816	100.0

### Gross profits

The gross profits of the Group from continuing operations decreased from approximately RMB14.8 million, representing a gross profits margin of approximately 11.7% in 2023 to approximately RMB9.0 million, representing a gross profits margin of approximately 8.0% in 2024. A decrease in overall gross profits margins was mainly attributable to an increase in costs of production for elastic webbings during the year.



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

	<b>Year ended 31 December</b>		
	<b>2024</b>	<b>Gross profit margin</b>	<b>Gross profit margin</b>
	<b>RMB'000</b>		<b>2023</b>
			<b>RMB'000</b>
Shoes, clothes and others	<b>8,191</b>	<b>16.8</b>	10,942
Elastic webbings	<b>576</b>	<b>1.6</b>	3,150
Digital marketing services	<b>215</b>	<b>0.8</b>	788
Total	<b>8,982</b>	<b>8.0</b>	14,880

### **Other income**

An increase in other income from continuing operations by 82.4% from approximately RMB1.2 million for the year ended 31 December 2023 to approximately RMB2.2 million for the year ended 31 December 2024 was mainly attributable to the increase of rental income of RMB0.3 million (2023: RMB0.1 million) as well as an increase in a consultancy fee income of RMB1.6 million (2023: 0.7 million) 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 ended 31 December 2023 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. 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**

The net foreign exchange gain from continuing operations of approximately RMB1.8 million (2023: RMB3.5 million) was affected by the depreciation of RMB against HKD in 2024.

**Selling and distribution expenses**

The decrease in selling and distribution expenses by 28.5% from approximately RMB10.8 million for the year ended 31 December 2023 to approximately RMB7.7 million for the year ended 31 December 2024 mainly because less staff cost, logistics and advertising expenses were incurred during the Year.

**General and administrative expenses**

The increase in general and administrative expenses by 25.1% from approximately RMB27.0 million for the year ended 31 December 2023 to approximately RMB33.8 million for the year ended 31 December 2024 was mainly attributable to (i) an increase in impairment loss of inventories of approximately RMB5.0 million (2023: Nil); and (ii) an increase in a loss on written-off of property, plant and equipment of approximately RMB1.1 million (2023: Nil).

**Finance costs**

The decrease in finance costs by 14.9% from approximately RMB2.3 million for the year ended 31 December 2023 to approximately RMB1.9 million for the year ended 31 December 2024 was mainly because of the Group had repaid certain bank borrowings during the year.

**Income tax credit**

Income tax credit of approximately RMB0.6 million was recognised for the Year as compared to income tax credit of approximately RMB0.1 million recognised in 2023.

**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 2024, net cash used in operating activities of the Group amounted to RMB6.4 million as compared to RMB120.3 million in 2023. Net cash generated from financing activities of the Group amounted to approximately RMB3.4 million in 2024 as compared to approximately RMB140.0 million in 2023 mainly due to decreased proceeds from one placing (2023: three placings) 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 a placing of new shares.

Reference is made to the announcements of the Company dated 22 November 2024, 31 December 2024, 2 January 2025 and 7 February 2025 and the circular of the Company dated 13 December 2024 in relation to, among other things, the proposed Capital Reorganisation which included the implementation of the proposed Share Consolidation, proposed Change in Board Lot Size and the Capital Reduction. The proposed resolution (the “**Resolution**”) as set out in the notice of the special general meeting (the “**SGM**”) dated 13 December 2024 was not passed by the shareholders of the Company (the “**Shareholders**”) by way of poll at the SGM held on 7 February 2025. As the Resolution was not approved by the Shareholders at the SGM, which is one of the conditions of the Capital Reorganisation, the Capital Reorganisation will not become effective. As a result, the authorised share capital and the issued share capital of the Company remained unchanged during the Year.

### **The Placing**

On 20 May 2024, 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 300,000,000 placing shares (the “**Placing Shares**”) at a price of HK\$0.10 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 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 Placing is in the interests of the Company and its Shareholders as a whole.

On 5 June 2024, the Placing was completed and an aggregate of 200,000,000 Placing Shares were successfully placed by the Placing Agent to not less than six placees at the placing price of HK\$0.10 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 5.55% of the issued share capital of the Company immediately before the Placing and approximately 5.26% of the issued share capital of the Company as enlarged by the issue of the subscription shares immediately upon completion of the Placing. The net proceeds from the Placing of approximately HK\$19.79 million were used as intended for general working capital of the Group.

As at 31 December 2024, the net proceeds from the Placing of approximately HK\$19.79 million was fully utilized for general working capital of the Group, of which (i) approximately HK\$6.49 million for settlement of trade and other payables of the Group; (ii) approximately HK\$9.00 million for repayment of bank borrowings; (iii) approximately HK\$3.20 million for staff costs; and (iv) approximately HK\$1.10 million for legal and professional fees.

Details of the Placing are set out in the Company's announcements dated 20 May 2024 and 5 June 2024.

### 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 2024 and 2023:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	82,207	100,153
Current liabilities	324,476	439,941
Net current liabilities	(242,269)	(339,788)
Current ratio	25.3%	22.8%
Quick ratio	12.9%	12.2%
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 2024 are set out in note 12 to this results announcement.

## **PLEDGE OF ASSETS**

As at 31 December 2024, the Group's rights-of-use assets and buildings, machinery and equipment with an aggregate net book value of approximately RMB25.3 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2023: approximately RMB165.4 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\$. 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 2024.

## **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 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 2024, the Group had a total workforce of 165 (as at 31 December 2023: 190). The decrease in staff was mainly attributable to the discontinued fabrics businesses during the year. The total staff costs from continuing operations, including Directors' emoluments and retirement benefit scheme contributions, of the Group were approximately RMB30.2 million for the year ended 31 December 2024 (2023: approximately RMB29.9 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 2024 (2023: 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 2024.

## **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 2024 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, McMillan 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 2024. The audit committee considered that the consolidated results of the Group for the year ended 31 December 2024 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 2024 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 2024. 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](http://www.hkexnews.hk)), and the 2024 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**  
**Li Wanyuan**  
*Acting Chairman and Executive Director*

Hong Kong, 31 March 2025

*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. Li Gang and Mr. Guo Xianwang.*