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智數科技集團有限公司
SMART DIGITAL TECHNOLOGY GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1159)

UPDATES IN RELATION TO THE DISCLAIMER OF OPINION SET OUT IN THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to (i) the annual report for the year ended 31 December 2024 (the "**Annual Report**") of Smart Digital Technology Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") and (ii) the announcement of the Company dated 23 May 2025 in relation to the Disclaimer of Opinion (the "**Announcement**"). Unless otherwise specified, capitalised terms used herein shall have the same meaning as defined in the Annual Report and the Announcement.

The Board would like to provide further details on the steps and measures implemented by the Company as set out in the Announcement and provide the latest update thereof since 23 May 2025, being the date of the Announcement:

(1) The Company completed the placing of new shares under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 31 May 2024. The gross proceeds from the placing are approximately HK$7.1 million and the net proceeds, after deducting the placing commission, professional fees and all related expenses borne by the Company, from the placing are approximately HK$6.9 million. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group by approximately September 2025. For details, please refer to the announcements of the Company dated 9 May 2025, 12 May 2025 and 2 June 2025;

(2) The Company completed another round of placing of new shares under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 27 June 2025. The gross proceeds from the placing are approximately HK$39.9 million and the net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the placing are approximately HK$38.7 million. The Company intends to use such net proceeds for (i) repayment of debts of approximately HK$22.9 million; (ii) development of new business opportunities of approximately HK$11.8 million; and (iii) replenishment of working capital of approximately HK$4.0 million. For details, please refer to the announcements of the Company dated 4 July 2025, 16 July 2025, 24 July 2025 and 25 July 2025;

(3) The Group has been actively negotiating with lenders for the renewal and/or extension for repayment of various loans. A total amount of approximately HK$12.2 million of outstanding loans has been extended to early 2025 and such amount has been fully settled as of the date of this announcement. In 2024 and 2025 (up to the date of this announcement), the Group has repaid loans in the amount of approximately HK$76.1 million and approximately HK$12.2 million respectively;

(4) The Group has been exploring new business opportunities, including but not limited to the production of short videos and web series drama, new metaverse business and new energy business, to broaden the Group's client and revenue base and increase investment returns to the shareholders of the Company. Details of the new businesses are outlined below;

(5) The Group has obtained certain copyrights of a novel in the PRC for producing short videos and a web series drama, and developing related products. The Group is currently searching for a director and screenwriter to develop the script and will begin auditions for actors of the web-series. In addition, the Group is in the process of obtaining approvals from regulators (where necessary). The Group has cooperated with a media company to produce two web-series and expects to release the two web-series in the second half of 2025;

(6) In relation to the new energy business, the Group has signed an additional agreement with a strategic partner in January 2025, whereby the Group is responsible for providing technical support and developing energy saving equipment for the strategic partner. The Group will recognize an one-off construction revenue and quarterly service fees thereafter. The Group expects to commence the new energy business in the second half of 2025 and expects that the revenue to be generated therein will improve the cash flow of the Group;

(7) In relation to the new metaverse business, it was disclosed in the Annual Report that the Company entered into a strategic cooperation framework agreement with a global leader in providing strategic digital advices and technology to improve business operations, pursuant to which the Company as a partner, is entitled to, inter alia, advance its digital product platform construction. Due to the recent rapid development of artificial intelligence, the Company and the strategic partner intends to incorporate AI technology into its digital product platform, which would require additional technological expertise for product development and further testing. The Group expects to commence the testing phase of the new metaverse business in or around late 2025;

(8) The Group has been maintaining and implementing cost control strategies relating to the selling, distribution and administrative costs and film investment expenditures to reduce cash outflows of the Group. The selling and distribution and administrative expenses recorded a decrease of approximately 34% in the year of 2024 as compared with that in the year of 2023; and

(9) In terms of the recovery of trade receivables and contract assets, in 2024 and 2025 (up to the date of this announcement), the Company has recovered approximately HK$62.3 million and approximately HK$14.3 million respectively of trade receivables and contract assets.

The Company will publish further announcements for updates regarding the above measures as and when appropriate in accordance with Listing Rules.

By Order of the Board
Smart Digital Technology Group Limited
Sang Kangqiao
Co-Chairman

Hong Kong, 29 July 2025

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Sang Kangqiao, Mr. Jing Xufeng, Mr. Luo Lei, Ms. Wu Xiaoli and Mr. Hu Fanghui; and three independent non-executive directors, namely Mr. Wu Hongliang, Mr. Niu Zhongjie, and Mr. Xu Zhihao.