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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

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 2025 in relation to the annual results of the Group for the year ended 31 December 2024 (the "**2024 Annual Results Announcement**") and the annual report of the Group for the year ended 31 December 2024 (the "**2024 Annual Report**"). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2024 Annual Results Announcement and the 2024 Annual Report.

In addition to the information provided in the 2024 Annual Results Announcement and the 2024 Annual Report, the Company would like to provide further information in relation to the Action Plan of the Company to address the Audit Qualification.

Progress of the Action Plan

(i) The Disposal

The 2024 Annual Report mentions that the Company is currently actively pursuing opportunities for the disposal of Fengtai Hubei and Yingfeiling. The Board announces that on 29 July 2025 (after trading hours), the Group entered into a sales and purchase agreement (the "**Agreement**") with Dr. Chang Cheng Hui ("**Dr. Chang**"), a businessman and an independent third party to the Group, pursuant to which Potent Union Holding Limited, a wholly owned subsidiary of the Company, agreed to sell, and Dr. Chang agreed to buy, the entire share capital of Moody Group (Int') Holding Limited ("**Moody Group**"), at the consideration of HK$1, which will be satisfied by cash (the "**Disposal**"). In addition, the amounts due to the Company by Moody Group will also be assigned to Dr. Chang at HK$1.

As at the date of this announcement, Moody Group owns directly and indirectly 100% of the equity interests of Yingfeiling, Fengtai Hubei, Hongtai (Hubei) Marketing Co., Limited* (宏太(湖北)營銷有限公司) and Shishi Hongtai Supply Chain Management Co., Limited* (石獅市宏太供應鏈管理有限公司) (collectively the "**Disposal Group**"). Upon completion of the Disposal, the Disposal Group will no longer be the subsidiaries of the Company and will not be consolidated into the Group's consolidated financial statements.

The consideration of the Disposal was arrived at based on normal commercial terms, and was determined after arm's length negotiation between the Group and Dr. Chang after considering the net liabilities position of the Disposal Group based on the unaudited management accounts of the Disposal Group as at 31 May 2025. The Company considers that the consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Disposal Group were mainly engaged in the fabric manufacturing business. Based on the unaudited consolidated management accounts of the Disposal Group, the Disposal Group incurred a net loss of approximately RMB7.3 million for the five months ended 31 May 2025; and had net current liabilities of approximately RMB274.4 million as at 31 May 2025, including bank borrowings and accrued interests of approximately RMB192.5 million in aggregate but excluding any intercompany balances with the Group's entities other than the Disposal Group.

As the Disposal Group did not generate any revenue for each of the year ended 31 December 2024 and the five months ended 31 May 2025, the Company considers that the Disposal will not have material adverse impact on the operations of the Group. On the other hand, in view of the net liabilities position of the Disposal Group mentioned above, the Disposal will have a positive impact to the financial position of the Group.

(ii) Future fundraising activities

While the Company is aware of that the resolution to approve the Capital Reorganisation was not passed at the special general meeting of the Company on 7 February 2025, the Company is actively seeking the support of the shareholders and anticipates to conduct another share consolidation and change in the board lot size of the Company's shares in the fourth quarter of the year 2025 to address the share price extremity issue and enhance the feasibility and flexibility of future fundraising activities of the Company.

The Company is also exploring any opportunities of debt financing in order to obtain sufficient working capital for its operations. As at the date of this announcement, the Company has not concluded any new debt financing.

(iii) Cost control measures

As a result of the cost control measures implemented by the Group during the year ended 31 December 2024, the Group's selling and distribution costs decreased by approximately RMB3.1 million from approximately RMB10.8 million for the year ended 31 December 2023 to approximately RMB7.7 million for the year ended 31 December 2024, of which there was a decrease of approximately RMB1.2 million in staff costs, a decrease of approximately RMB0.5 million in logistics expenses and a decrease of approximately RMB0.7 million in advertising expenses.

In addition, the legal and professional fees incurred by the Group also decreased from approximately RMB5.2 million for the year ended 31 December 2023 to approximately RMB2.4 million for the year ended 31 December 2024; and the research and development expenses decreased from approximately RMB3.4 million for the year ended 31 December 2023 to approximately RMB1.9 million for the year ended 31 December 2024.

The above decreases in costs and expenses reflect the effectiveness of the implementation of cost control measures by the Group during the year ended 31 December 2024.

Latest business development

Further, the Company would like to provide an update on its business development.

The Group's business segment of sales of shoes, clothes and others primarily represents sales of clothing products in the PRC.

The Group sources textiles, packaging materials and other clothing accessories from its suppliers for the manufacture of its clothing products and supplies, and distributes such clothing products to a diverse network of retailers in the PRC. This business segment leverages the Company's established industry relationships and market knowledge to create value through product selection, quality assurance and efficient logistics.

For the year ended 31 December 2024, over 95% of such clothing products are manufactured by the Group, while approximately 5% of the clothing products are trading in nature.

The decrease in revenue and fluctuation in profit margin of this segment for the year ended 31 December 2024 as compared with that for the year ended 31 December 2023 was primarily attributable to the loss of certain large customers. Notwithstanding the above, the total number of customers in this business segment had conversely increased during the year ended 31 December 2024, indicating that the Group's customer base in this segment remains stable and reflecting the Group's effort in locating new customers.

This business segment currently faces challenges amidst various factors, including but not limited to the current market, geopolitical and economic conditions. The Board is fully aware of and has assessed the challenges in this segment, and the Group will use its best endeavors in continuing the operation of this segment and address such challenges.

The Company has been (i) actively seeking and identifying new customers and other opportunities to further expand its customer base; (ii) conducting further advertisement and marketing in respect of this business segment, in particular, leveraging on the Group's existing expertise in digital marketing; and (iii) implementing further cost control measures to address the profit margin fluctuation.

Besides, the Group will continue the operation of its other two business segments, namely (i) the segment of sales of elastic webbings, which primarily engages in manufacturing and sales of certain types of dyed strap, including jacquard tape, knitted strap and bundle strap; and (ii) the segment of provision of digital marketing services, which was commenced in 2023 and primarily engages in design and production of performance-based advertising and display-based advertising and provision of short video exposure services to its customers, which include but not limited to certain online game distributors.

Quarterly update announcement(s) will be made by the Company to keep its shareholders and investors informed of any significant development of the above matters, as and when necessary

By order of the Board of
Moody Technology Holdings Limited
Li Wanyuan
Acting Chairman and Executive Director

Hong Kong, 29 July 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.

* *for identification only*