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**MODERN INNOVATIVE DIGITAL TECHNOLOGY  
COMPANY LIMITED**

**新質數字科技有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2322)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL  
REPORT FOR THE YEAR ENDED 31 MARCH 2025**

Reference is made to the annual report dated 26 June 2025 (the “Annual Report”) of Modern Innovative Digital Technology Company Limited (the “Company”, together with its subsidiaries, the “Group”) for the year ended 31 March 2025. Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Annual Report.

The Board would like to provide the following additional information in relation to the impairment losses on trade and account receivables (receivables arising from securities broking business) which amounted to approximately HK\$3.0 million with a net balance of approximately HK\$11.2 million as at 31 March 2025, and on finance lease receivables which amounted to approximately HK\$4.2 million with a net balance of approximately HK\$19.3 million as at 31 March 2025.

**Valuation conducted in relation to the impairment losses**

The Company engaged an independent professional valuer to perform impairment assessment on the receivables. The independent valuer is AP Appraisals Limited who has extensive experiences in conducting valuations for listed clients across various industries, including financial instruments, intangible assets, investment properties and biological assets for financial reporting and notifiable transactions.

The value of inputs in the valuation mainly include the probability of default, the loss given default and forward-looking adjustments, and all of the above inputs were sourced from latest market data. Assumptions used include there will be no significant changes in market trends and conditions and the Group's operations will not deviate significantly from general economic forecasts, among others.

The impairment losses were calculated by the expected credit loss model in accordance with HKFRS, which includes (a) identifying scenarios in which a receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events on a discounted basis, and such model was adopted as it simulates the probability of default inherent in the receivables and conforms with the relevant accounting standards.

There were no changes in the valuation method used subsequently.

### **Factors and circumstances leading to the recognition of the impairment losses**

The impairment loss of margin loans (receivables arising from securities broking business) was mainly related to certain individual clients.

Margin loans were granted to clients on various margin ratios which took into account, including but not limited to, the general market conditions, price volatility, liquidity and financials of the pledged stocks. The margin ratios were approved by the credit committee to control credit risks while keeping marginable stocks and marginable ratios competitive among other brokers on the market.

Despite the above measures, the impaired margin loans were granted before 2020 when the stock market was flourishing and the Hang Seng Index has just reached a historic high in 2018. More importantly, in the past few years, the economy of China is getting worse that have affected not only the local companies also the public since the COVID-19 pandemic.

Regarding finance lease receivables, the impairment loss of approximately HK\$4.2 million mainly arose from one client of the Group which was severely impacted by the COVID-19 pandemic and encountered financial difficulties in the pursuing economic downturn and as such defaulted on repayments to the Group. The impairment loss attributable to this client amounted to approximately HK\$3.6

million and the net balance due from this client amounted to approximately HK\$18.4 million as at 31 March 2025.

The above-mentioned client was a renowned group in the PRC with a focus on hotel management. The management performed credit assessment procedures on this client which included identity checks on the client and the ultimate beneficial owner(s) of the client, background checks by understanding the business operation and the source and origin of funds, repayment ability of the client and the related bankruptcy or winding up or litigation searches, and media and news searches and any other available information.

The credit line was granted to this client in early 2020, when the impacts of COVID-2019 was not yet fully understood by the public and the management could not have anticipated the subsequent decline in the PRC real estate market which this client could have relied upon for repayments if the real estate prices were at similar levels when the credit line was granted.

#### **Due diligence, credit assessment and internal control systems**

In addition to the above measures, the management team regularly reviews the status of the margin loans with reference to the amounts due and the loan to margin ratios. Possible actions include compulsory prohibition from further purchasing stocks for a particular client, issuing margin call reminder, requests for deposits and force liquidating of clients stock positions.

Regarding finance lease receivables, the management team will be notified of any defaults in monthly repayments from the clients. The management team will first approach the clients to understand the reasons leading to defaults in repayments and discuss with the clients any possible repayment plans. If such plans could not be agreed between the Group and the clients, the management team may force liquidate the pledged and seized assets.

Regardless of the types of receivables, besides the above procedures, the respective management teams will consider taking legal actions against the clients if considered appropriate.

The Board is of the opinion that the due diligence and credit assessment is sufficient and appropriate given that significant grants of credit facilities to any clients shall go through scrutinization of the management team at headquarters and that the Group has engaged both external and internal auditors to perform their own

assessments and report to the Board should they found any deficiencies in the management's credit assessment and that the reasons leading to the recognition of impairment as above-mentioned, was beyond the management's reasonable expectations when those loans were granted.

### **Actions taken or to be taken by the Company**

The Group communicated with the clients on possible repayment schedules and issued demand letters and legal letters to the respective clients. The management also took legal actions against certain clients and seized their assets when considered appropriate. During the course of collection, the Group has successfully recovered approximately HK\$12.5 million from the clients, but as the general economic conditions over these years was not satisfactory, the Group has not yet fully recovered the amounts due from those clients. The management will review regularly the status of such receivables, discuss with the clients for further repayment plans and consider taking further legal actions for recovery.

By order of the Board  
**Modern Innovative Digital  
Technology Company Limited**  
**Mr. Ma Weihua**  
Chairman

Hong Kong, 2 March 2026

*As at the date of this announcement, the Board comprises Mr. Ma Weihua as the Chairman and the non-executive Director; Ms. Zheng Juhua, Mr. Gong Huanghui, Ms. Cao Li and Mr. Lau Hoi Kit as the executive Directors; and Mr Han Zhenghai (Deputy Chairman), Mr. Chi Chi Hung, Kenneth, Mr. Yeung Yat Chuen and Mr. Chen Chao as the independent non-executive Directors.*