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## **Microware Group Limited**

## **美高域集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1985)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

#### **HIGHLIGHTS**

- Total revenue of the Group amounted to approximately HK\$720.7 million for the Period, representing an increase of approximately HK\$222.2 million or 44.6% as compared to approximately HK\$498.6 million for the Previous Period.
- Profit and total comprehensive income of the Group for the Period was approximately HK\$13.5 million, representing an increase of approximately HK\$1.9 million or 16.7% as compared to approximately HK\$11.5 million for the Previous Period. Such increase was due to the increase in revenue of IT infrastructure solution services.
- Basic earnings per share for the Period was HK\$0.04, as compared to HK\$0.04 for the Previous Period.
- The Board resolved not to declare interim dividend for the Period (Previous Period: HK\$0.02).

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Microware Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023 (the “**Previous Period**”) as follows:

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

*For the six months ended 30 September 2024*

|   |       | Six months ended<br>30 September |             |
|---|-------|----------------------------------|-------------|
|   |       | 2024                             | 2023        |
|   | NOTES | HK\$'000                         | HK\$'000    |
|   |       | (unaudited)                      | (unaudited) |
| Revenue   | 3     | 720,738                          | 498,563     |
| Cost of sales   |       | (654,021)                        | (441,647)   |
| Gross profit  |       | 66,717                           | 56,916      |
| Other income  |       | 2,810                            | 2,227       |
| Impairment losses under expected credit loss (“ECL”) model, net of reversal     |       | 71                               | —           |
| Other gains and losses, net   |       | 7,154                            | 725         |
| Other expenses  |       | (1,641)                          | (1,334)     |
| Distribution and selling expenses   |       | (35,486)                         | (29,396)    |
| Administrative expenses   |       | (21,594)                         | (14,936)    |
| Finance costs   |       | (2,845)                          | (266)       |
| Profit before taxation  |       | 15,186                           | 13,936      |
| Taxation  | 4     | (3,005)                          | (2,407)     |
| Profit for the period attributable to owners of the Company                     | 5     | 12,181                           | 11,529      |
| <b>Other comprehensive income:</b>  |       |                                  |             |
| <i>Item that may be reclassified subsequently to profit or loss:</i>            |       |                                  |             |
| Exchange differences arising on translation of foreign operations               |       | 1,273                            | —           |
| Total comprehensive income for the period attributable to owners of the Company |       | 13,454                           | 11,529      |
| Earnings per share  | 7     |                                  |             |
| Basic (HK\$)  |       | 0.04                             | 0.04        |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

|  |              | At<br>30 September<br>2024<br><i>HK\$'000</i><br>(unaudited) | At<br>31 March<br>2024<br><i>HK\$'000</i><br>(audited) |
|--|--------------|--|--|
|  | <i>NOTES</i> |  |  |
| <b>NON-CURRENT ASSETS</b>  |              |  |  |
| Property, plant and equipment  |              | <b>10,504</b>  | 11,486   |
| Equity instruments at fair value through other<br>comprehensive income |              | <b>55,513</b>  | —  |
| Finance lease receivables  |              | <b>12,246</b>  | —  |
| Prepayments and deposits   | 8            | <b>5,421</b>   | 1,736  |
| Derivative financial instruments                                       |              | <b>2,412</b>   | 400  |
| Deferred tax assets  |              | <b>67</b>  | 68   |
|  |              | <b>86,163</b>  | 13,690   |
| <b>CURRENT ASSETS</b>  |              |  |  |
| Inventories  |              | <b>62,658</b>  | 111,480  |
| Loans to directors   |              | —  | 5,800  |
| Finance lease receivables  |              | <b>13,114</b>  | —  |
| Trade and other receivables, prepayments and deposits                  | 8            | <b>328,433</b>   | 186,106  |
| Financial assets at fair value through profit or loss                  |              | <b>14,456</b>  | —  |
| Pledged bank deposits  |              | <b>56,863</b>  | 34,675   |
| Time deposits  |              | <b>5,560</b>   | 5,384  |
| Cash and cash equivalents  |              | <b>69,707</b>  | 159,804  |
|  |              | <b>550,791</b>   | 503,249  |
| <b>CURRENT LIABILITIES</b>   |              |  |  |
| Trade and other payables and accruals                                  | 9            | <b>222,951</b>   | 212,434  |
| Contract liabilities   |              | <b>74,247</b>  | 95,099   |
| Tax liabilities  |              | <b>5,213</b>   | 3,605  |
| Leases liabilities   |              | <b>21,783</b>  | 9,573  |
| Bank borrowings  |              | <b>96,427</b>  | 11,000   |
|  |              | <b>420,621</b>   | 331,711  |
| <b>NET CURRENT ASSETS</b>  |              | <b>130,170</b>   | 171,538  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                           |              | <b>216,333</b>   | 185,228  |

|  |    | At<br>30 September<br>2024<br><i>NOTE</i> <i>HK\$'000</i><br>(unaudited) | At<br>31 March<br>2024<br><i>HK\$'000</i><br>(audited) |
|--|----|--|--|
| NON-CURRENT LIABILITIES                      |    |  |  |
| Contract liabilities                         |    | 4,054  | 3,921  |
| Lease liabilities                            |    | <u>21,025</u>  | <u>—</u>   |
|  |    | <u>25,079</u>  | <u>3,921</u>   |
| NET ASSETS                                   |    | <u><u>191,254</u></u>  | <u><u>181,307</u></u>                                  |
| CAPITAL AND RESERVES                         |    |  |  |
| Share capital                                | 10 | 3,000  | 3,000  |
| Reserves                                     |    | <u>188,254</u>   | <u>178,307</u>   |
| Equity attributable to owners of the Company |    | <u><u>191,254</u></u>  | <u><u>181,307</u></u>                                  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2024*

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Microware Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 20 January 2016. The Group is principally engaged in the provision of information technology (“**IT**”) infrastructure solution services and IT managed services in Hong Kong.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The condensed consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is also the functional currency of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2024.

### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

|                                  |   |
|----------------------------------|---|
| Amendments to HKFRS 16           | Lease Liability in a Sale and Leaseback   |
| Amendments to HKAS 1             | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1             | Non-current Liabilities with Covenants  |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements   |

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### **Sale and leaseback transactions**

#### *The Group as a seller-lessee*

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only. Right-of-use asset and lease liability are subsequently measured in accordance with the general requirements under HKFRS 16 *Leases*. In measuring the lease liability, the Group determines "lease payments" or "revised lease payments" (including both lease payments that are fixed or variable) in a way that the Group would not recognise any amount of the gain or loss that relates to the right-of-use assets retained by the Group.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

- (a) any below-market terms is accounted for as a prepayment of lease payments; and
- (b) any above-market terms is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

The application of the amendments has no material impact on the Group's financial position and performance.

### **Impacts of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements**

The Group will apply amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the Group's consolidated financial statements for the year ending 31 March 2025.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The application of the amendments is expected to affect the disclosures of the Group's liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group in the annual consolidated financial statements for the year ending 31 March 2025.

### **3. SEGMENT INFORMATION**

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision makers (the "CODM") that are used to make strategic decisions. Information reported to the CODM is based on the business lines operating by the Group. No operating segments have been aggregated to form the following reportable segments.

Details of the Group's operating and reportable segments are as follows:

- (1) IT infrastructure solution services business refers to the procurement of semiconductor products, procurement of hardware and software by the Group and such procurement together with provision of design of solutions; and
- (2) IT managed services business refers to the provision of design of solutions, provision of maintenance and/or support services to IT systems of the customers.

An analysis of the Group's operating and reportable segment revenue and segment results is set out as below:

|  | Segment of<br>IT infrastructure<br>solution services<br>business<br>HK\$'000 | Segment of<br>IT managed<br>services business<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|---|-------------------|
| <b>For the six months ended</b>              |  |   |                   |
| <b>30 September 2024 (unaudited)</b>         |  |   |                   |
| Segment revenue                              | <u>649,071</u>   | <u>71,667</u>   | <u>720,738</u>    |
| Segment results                              | <u>27,701</u>  | <u>5,964</u>  | 33,665            |
| Other income                                 |  |   | 2,810             |
| Other gains and losses, net                  |  |   | 7,154             |
| Other expenses                               |  |   | (1,641)           |
| Certain distribution and selling<br>expenses |  |   | (2,363)           |
| Administrative expenses                      |  |   | (21,594)          |
| Finance cost                                 |  |   | <u>(2,845)</u>    |
| Profit before taxation                       |  |   | <u>15,186</u>     |
| <b>For the six months ended</b>              |  |   |                   |
| <b>30 September 2023 (unaudited)</b>         |  |   |                   |
| Segment revenue                              | <u>425,475</u>   | <u>73,088</u>   | <u>498,563</u>    |
| Segment results                              | <u>19,786</u>  | <u>8,448</u>  | 28,234            |
| Other income                                 |  |   | 2,227             |
| Other gains and losses, net                  |  |   | 725               |
| Other expenses                               |  |   | (1,334)           |
| Certain distribution and selling<br>expenses |  |   | (714)             |
| Administrative expenses                      |  |   | (14,936)          |
| Finance cost                                 |  |   | <u>(266)</u>      |
| Profit before taxation                       |  |   | <u>13,936</u>     |



Segment result represents the profit earned by each segment without allocation of other income, other gains and losses, net, other expenses, certain distribution and selling expenses, administrative expenses and finance cost.

No analysis of the Group's assets and liabilities by reportable segments is disclosed as it is not regularly provided to the executive directors of the Company for review.

#### Other segment information

|  | Segment of IT<br>infrastructure<br>solution<br>services<br>business<br>HK\$'000 | Segment of<br>IT managed<br>services<br>business<br>HK\$'000 | Unallocated<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|--|-------------------------|-------------------|
| Amounts included in the measure of<br>segment results: |   |  |                         |                   |
| <b>For the six months ended</b>                        |   |  |                         |                   |
| <b>30 September 2024 (unaudited)</b>                   |   |  |                         |                   |
| Depreciation   | 1,639   | 98   | 5,250                   | 6,987             |
| Allowance for inventories                              | 1,386   | —  | —                       | 1,386             |
| Impairment losses under ECL model,<br>net of reversal  | (71)  | —  | —                       | (71)              |
|  | <u>          </u>   | <u>          </u>  | <u>          </u>       | <u>          </u> |
| <b>For the six months ended</b>                        |   |  |                         |                   |
| <b>30 September 2023 (unaudited)</b>                   |   |  |                         |                   |
| Depreciation   | 2,132   | 253  | 4,380                   | 6,765             |
| Reversals of write-down of inventories                 | (2)   | —  | —                       | (2)               |
|  | <u>          </u>   | <u>          </u>  | <u>          </u>       | <u>          </u> |

#### 4. TAXATION

|                       | <b>Six months ended</b> |                    |
|-----------------------|-------------------------|--------------------|
|                       | <b>30 September</b>     |                    |
|                       | <b>2024</b>             | <b>2023</b>        |
|                       | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|                       | <b>(unaudited)</b>      | <b>(unaudited)</b> |
| Current tax:          |                         |                    |
| Hong Kong Profits Tax | <u>3,005</u>            | <u>2,407</u>       |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period ended 30 September 2024 and 2023.

## 5. PROFIT FOR THE PERIOD

|   | Six months ended |             |
|---|------------------|-------------|
|   | 30 September     |             |
|   | 2024             | 2023        |
|   | HK\$'000         | HK\$'000    |
|   | (unaudited)      | (unaudited) |
| Profit for the period has been arrived at after charging:                               |                  |             |
| Cost of inventories recognised as an expense  | 543,450          | 382,186     |
| Depreciation of property, plant and equipment   | 6,987            | 6,765       |
| Allowance for (reversals of write-down) inventories, net<br>(included in cost of sales) | 1,386            | (2)         |
| And after crediting to other income:  |                  |             |
| Interest income   | (1,272)          | (2,225)     |
| And after crediting to other gains and losses, net:                                     |                  |             |
| Change in fair value of financial assets at fair value through<br>profit of loss        | (4,570)          | —           |

## 6. DIVIDENDS

During the Period, no dividend in respect of the year ended 31 March 2024 (2023: a final dividend of HK\$0.025 per share and special dividend of HK\$0.08 per share in respect for the year ended 31 March 2023), were declared and paid to owners of the Company.

The aggregate amount of the final and special dividend declared and paid in the last interim period was HK\$31.5 million.

Subsequent to the end of the Period, the directors of the Company have declared that an interim dividend of HK\$Nil per share amounting to HK\$Nil million in aggregate (30 September 2023: an interim dividend of HK\$0.02 per share amounting to HK\$6 million) will be paid to ordinary shareholders of the Company.

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

|   | <b>Six months ended</b> |                        |
|---|-------------------------|------------------------|
|   | <b>30 September</b>     |                        |
|   | <b>2024</b>             | <b>2023</b>            |
|   | <b><i>HK\$'000</i></b>  | <b><i>HK\$'000</i></b> |
|   | <b>(unaudited)</b>      | <b>(unaudited)</b>     |
| Earnings:   |                         |                        |
| Earnings for the period for the purpose of basic earnings per share   | <b><u>12,181</u></b>    | <b><u>11,529</u></b>   |
|   | <b><i>'000</i></b>      | <b><i>'000</i></b>     |
| Number of shares:   |                         |                        |
| Number of ordinary shares for the purpose of basic earnings per share | <b><u>271,484</u></b>   | <b><u>300,000</u></b>  |

No diluted earnings per share for both periods was presented as there were no potential ordinary shares in issue during both periods.

## 8. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

|   | At<br>30 September<br>2024<br><i>HK\$'000</i><br>(unaudited) | At<br>31 March<br>2024<br><i>HK\$'000</i><br>(audited) |
|---|--|--|
| Trade receivables   | 217,693  | 159,381  |
| Less: Allowance for credit losses                           | (9)  | (80)   |
|   | <u>217,684</u>   | <u>159,301</u>   |
| Rental and utilities deposits                               | 2,133  | 166  |
| Prepayments for costs of maintenance services               | 30,789   | 25,538   |
| Prepayments for inventories                                 | 79,565   | —  |
| Others  | <u>3,683</u>   | <u>2,837</u>   |
| Total trade and other receivables, prepayments and deposits | <u><u>333,854</u></u>  | <u><u>187,842</u></u>                                  |
| Analysed as:  |  |  |
| Current   | 328,433  | 186,106  |
| Non-current   | <u>5,421</u>   | <u>1,736</u>   |
|   | <u><u>333,854</u></u>  | <u><u>187,842</u></u>                                  |

Before accepting any new customer, the Group performs a credit review to assess the potential customer's credit quality and defines credit limits by customer. Limits and credit rating to customers are reviewed on a regular basis. The Group allows credit period of 7 to 90 days to its customers.

The following is an ageing analysis of trade receivables from third parties net of allowance for impairment losses presented based on the invoice date at the end of the reporting period:

|                 | At<br>30 September<br>2024<br><i>HK\$'000</i><br>(unaudited) | At<br>31 March<br>2024<br><i>HK\$'000</i><br>(audited) |
|-----------------|--|--|
| 0 to 30 days    | 98,800   | 92,481   |
| 31 to 60 days   | 54,062   | 29,130   |
| 61 to 90 days   | 13,420   | 15,405   |
| 91 to 120 days  | 19,969   | 8,186  |
| 121 to 180 days | 9,116  | 8,169  |
| Over 180 days   | 22,317   | 5,930  |
|                 | <u>217,684</u>   | <u>159,301</u>   |

## 9. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade and other payables and accruals:

|                     | At<br>30 September<br>2024<br><i>HK\$'000</i><br>(unaudited) | At<br>31 March<br>2024<br><i>HK\$'000</i><br>(audited) |
|---------------------|--|--|
| Trade payables      | 149,333  | 170,455  |
| Accrued staff costs | 19,379   | 18,569   |
| Accrued purchases   | 21,134   | 8,320  |
| Others              | 33,105   | 15,090   |
|                     | <u>222,951</u>   | <u>212,434</u>   |

The following is an ageing analysis of trade payables presented based on the invoice date:

|               | At<br>30 September<br>2024<br><i>HK\$'000</i><br>(unaudited) | At<br>31 March<br>2024<br><i>HK\$'000</i><br>(audited) |
|---------------|--|--|
| 0 to 30 days  | 66,595   | 84,599   |
| 31 to 60 days | 47,839   | 62,955   |
| 61 to 90 days | 32,649   | 19,132   |
| Over 90 days  | 2,250  | 3,769  |
|               | <u>149,333</u>   | <u>170,455</u>   |

## 10. SHARE CAPITAL

|   | Number of<br>shares  | Amount<br><i>HK\$'000</i> |
|---|----------------------|---------------------------|
| Ordinary shares of HK\$0.01 each  |                      |                           |
| Authorised:   |                      |                           |
| At 1 April 2023, 30 September 2023, 1 April 2024<br>and 30 September 2024 | <u>5,000,000,000</u> | <u>50,000</u>             |
| Issued and fully paid:  |                      |                           |
| At 1 April 2023, 30 September 2023, 1 April 2024<br>and 30 September 2024 | <u>300,000,000</u>   | <u>3,000</u>              |

All issued shares of the Company rank pari passu in all respects with each other.

## **11. PERFORMANCE GUARANTEES**

As at 30 September 2024, the performance guarantees of the Group of approximately HK\$17,046,000 (31 March 2024: HK\$20,477,000) were given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantees have been given, such customers may demand the bank to pay them the sum or sum stipulated in such demand. The Group will become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the contract works.

As at 30 September 2024 and 31 March 2024, the directors of the Company did not consider that it is probable that a claim will be made against the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the provision of IT infrastructure solution services and IT managed services in Hong Kong. The Group strives to provide one-stop IT experience which begins with (i) consultation and advice; (ii) hardware and/or software procurement; (iii) implementation; (iv) management and maintenance of the IT infrastructure solutions.

The Group is a well-established IT infrastructure solutions provider based in Hong Kong. During the Period, the total revenue of the Group was approximately HK\$720.7 million, representing an increase of approximately HK\$222.2 million or 44.6% from approximately HK\$498.6 million as compared to the Previous Period. Such increase was due to the increase in revenue generated from the IT infrastructure solution services and IT managed services of the Group. Gross profit of the Group for the Period was approximately HK\$66.7 million, representing an increase of approximately HK\$9.8 million or 17.2% from approximately HK\$56.9 million for the Previous Period. Such increase was mainly due to the increase in revenue from sales of IT infrastructure solution services and IT managed services of the Group.

For this Period, the Board of the Company considers that the economy of Hong Kong for the second half of this year is still challenging given the high operating costs and the ongoing tensions between the United States and China. The Group will continue to monitor the development of the aforementioned and react actively to its impact (if any) on the financial position and operating results of the Group.



## **FINANCIAL REVIEW**

### **Revenue**

Total revenue of the Group amounted to approximately HK\$720.7 million for the Period, representing an increase of approximately HK\$222.2 million or 44.6% as compared to approximately HK\$498.6 million for the Previous Period. The increase in total revenue was mainly due to the increase in revenue of the business segment of IT infrastructure solution services which was approximately HK\$649.1 million for the Period, representing an increase of approximately HK\$223.6 million or 52.6% as compared to approximately HK\$425.5 million for the Previous Period. However, the revenue of the business segment of IT managed services which was approximately HK\$71.7 million, representing a decrease of approximately HK\$1.4 million or 1.9% as compared to approximately HK\$73.1 million for the Previous Period. For the Period, the business segments of IT infrastructure solution services and IT managed services contributed approximately 90.1% and 9.9% to the total revenue of the Group, respectively.

### **Cost of sales**

The cost of sales of the Group for the Period was approximately HK\$654.0 million, representing an increase of approximately HK\$212.4 million or 48.1% from approximately HK\$441.6 million for the Previous Period. Such increase was mainly due to the increase in cost of IT infrastructure solution services for the Period which was approximately HK\$595.9 million, representing an increase of approximately HK\$211.7 million or 55.1% from approximately HK\$384.3 million for the Previous Period. The cost of IT managed services was approximately HK\$58.1 million for the Period, representing an increase of approximately HK\$0.7 million or 1.3% as compared to approximately HK\$57.4 million for the Previous Period.

### **Gross profit**

Gross profit of the Group for the Period was approximately HK\$66.7 million, representing an increase of approximately HK\$9.8 million or 17.2% from approximately HK\$56.9 million for the Previous Period. Such increase was mainly due to the increase in revenue of IT infrastructure solution services.

## **Operating expenses**

Total operating expenses of the Group for the Period was approximately HK\$57.1 million, representing an increase of approximately HK\$12.8 million or 28.8% as compared to approximately HK\$44.3 million for the Previous Period. Such increase was due to the increase in selling and distribution expenses and the administrative expenses for the Period.

## **Profit for the Period**

As a result of the foregoing, the profit and total comprehensive income of the Group for the Period was approximately HK\$13.5 million, representing an increase of approximately HK\$1.9 million or 16.7% from approximately HK\$11.5 million for the Previous Period. Such increase was mainly due to the increase in revenue of IT infrastructure solution services.

## **Liquidity and financial resources**

### ***Capital structure***

As at 30 September 2024, the Group's total bank borrowings amounted to approximately HK\$96.4 million (31 March 2024: HK\$11.0 million). The bank borrowings of the Group as at 30 September 2024 were denominated in Hong Kong Dollars, and carried interest rate of 6.06% per annum.

The details of the share capital of the Company during the Period and the Previous Period are set out in note 10 on page 14 of this announcement.

### ***Cash position***

The Group recorded net current assets of approximately HK\$130.2 million as at 30 September 2024 (31 March 2024: approximately HK\$171.5 million). As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$69.7 million (31 March 2024: approximately HK\$159.8 million). Most of the cash and cash equivalents of the Group were denominated in HK\$ and US\$.

### ***Capital expenditure***

During the Period, the Group total capital expenditure amounted to approximately HK\$3 million (the Previous Period: Nil), which was mainly incurred for acquisition of office equipment.

### ***Gearing ratio***

The net gearing ratio was 50.42% which is total interest-bearing bank loans divided by the total equity and multiplied by 100% as at 30 September 2024 (31 March 2024: 6.07%).

### ***Performance guarantees***

The Group's performance guarantees as at 30 September 2024 are set out in note 11 of page 15 of this announcement.

### ***Contingent liabilities***

As at 30 September 2024, the Group had no material contingent liabilities (as at 31 March 2024: Nil).

### ***Pledge of assets***

As at 30 September 2024, certain of the Group's bank deposits totaling HK\$56.9 million (31 March 2024: HK\$34.7 million) were pledged for securing banking facilities granted to the Group.

### ***Foreign exchange risk***

The Group's transactions are mainly denominated and settled in HK\$ and the US\$. Foreign exchange exposure of the Group to US\$ will continue to be minimal as long as the policy of The Government of the Hong Kong Special Administrative Region to link HK\$ to US\$ remains in effect. During the Period, the Group has entered into HK\$/US\$ net-settled structured foreign currency forward contracts with banks in Hong Kong in order to mitigate foreign exchange exposure as a result of purchases made from certain suppliers in its regular course of business. The fair value changes of the derivative financial instruments comprised realized gain (loss) and unrealized fair value gain (loss) on the HK\$/US\$ net-settled structured foreign currency forward contracts entered into by the Group.

## HUMAN RESOURCES

As at 30 September 2024, the Group had a total of 273 employees (30 September 2023: 246 employees). For the Period, the total staff costs including Directors' emoluments amounted to approximately HK\$64.8 million (Previous Period: HK\$53.6 million). The remuneration policy of the Group is to offer a competitive remuneration package to its employees, including mandatory provident funds in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and medical insurance coverage to employees who are retained after the probation period. The Group will review the performance of its employees and make reference to such performance reviews in its salary and/or promotional reviews according to its remuneration policy in order to attract and retain talented employees.

In order to promote overall efficiency, employee loyalty and retention, employees of the Group are required to attend orientation sessions when they first join the Group and may be required to attend other training courses held onsite or externally. The Group has also implemented (i) an educational subsidy programme to its employees to allow them to enrol courses relating to IT services from external organisations; (ii) an university education subsidy programme for children of its employees; and (iii) a medical check programme for its employees.

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 15 February 2017 and a share award scheme (the “**Share Award Scheme**”) on 16 January 2024. As such, share options or awards may be granted to eligible employees of the Group pursuant to the Share Option Scheme or the Share Award Scheme. Since the adoption of these schemes and up to the date of this announcement, no share options or share awards have been granted.

## INTERIM DIVIDEND

The Board resolved not to declared interim dividend (the “**Interim Dividend**”) for the Period (six months ended 30 September 2023: HK\$0.02 per share).

## SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the Period.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period and no future plans for material investments or capital assets as at 30 September 2024.

## **IMPORTANT EVENTS AFTER THE PERIOD**

The Group did not have any other material subsequent events after the Period.

## **FUTURE OUTLOOK**

The Group is pleased to announce that it recorded a substantial increase in the revenue of the Group for the Period because the significant increase in the revenue of IT infrastructure solution services. Despite the Hong Kong's economic environment is uncertain and the ongoing tensions between the United States and China are unpredictable, the Group is confident for the performance in the year.

Despite the challenges, the Group may catch the great opportunities ahead. In line with market trend and demand, the Group actively expands and develops artificial intelligence (“**AI**”) business. The Group believed that AI would bring intelligent and efficient solutions to our customers.

The Group will continue to focus on core business and partnerships with key vendors. To strengthen the competition ability and maintain leadership of industry, the Group will proactively and widen the business opportunities and looking for new market offerings and demands.

## **PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to achieving good corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company's corporate governance practices are based on the principles and code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company has adopted the CG Code as its own code on corporate governance. Save for the Code Provision C.2.1 of the CG Code as disclosed below, to the best knowledge of the Directors, the Company had complied with all other applicable code provisions set out in the CG Code during the Period.

The chairman of the Board (the "**Chairman**") is responsible for overseeing the strategic planning and leadership of the Group and for ensuring that the entire Board members are properly briefed on issues at Board meetings and receive adequate and reliable information on a timely basis. The chief executive officer of the Group (the "**Chief Executive Officer**") is responsible for the strategic development and maintaining the Company's relationship with companies outside of the Group. Senior management is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Code Provision C.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and Chief Executive Officer. Mr. Wang Guangbo, executive Director and chairman of the Board, together with Mr. Huang Tianlei, executive Director, assumed the duties and responsibilities of the chief executive officer of the Company in the overall management, strategic planning and the day-to-day business operation of the Group. Given their extensive experience and knowledge in the information technology industry, the Board believes that Mr. Wang Guangbo and Mr. Huang Tianlei will provide a broader perspective on strategic matters and enable efficient decision-making to meet the dynamic needs of the Group's business. Therefore, the Directors consider that the deviation from Code Provision C.2.1 of the CG Code is appropriate in such circumstance. Notwithstanding the deviation, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the securities dealing code for its Directors.

Specific enquiry had been made to all Directors and all of the Directors have confirmed that they have fully complied with the required standards and provisions as set out in the Model Code during the Period. No incident of non-compliance was noted by the Company during the Period. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees who are likely to be in possession of unpublished inside information of the Group. No incident of non-compliance of the written guidelines by the employees was noted by the Company during the Period.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results of the Group for the Period have been reviewed by the Audit Committee and the Audit Committee has no disagreement with the accounting treatment adopted by the Company and considered that such information has been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.microware1985.com](http://www.microware1985.com). The interim report of the Company for the Period containing all the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and also published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Microware Group Limited**  
**Wang Guangbo**  
*Chairman and executive Director*

Hong Kong, 25 November 2024

*As at the date of this announcement, the executive Directors are Mr. Wang Guangbo and Mr. Huang Tianlei; non-executive Director is Mr. Wang Zhi; and the independent non-executive Directors are Mr. Dai Bin, Mr. Xu Jianwen and Ms. Lan Jia.*