

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023**

HIGHLIGHTS

- Total revenue of the Group amounted to approximately HK\$498.6 million for the Period, representing a decrease of approximately HK\$70.4 million or 12.4% as compared to approximately HK\$569.0 million for the Previous Period.
- Profit and total comprehensive income of the Group for the Period was approximately HK\$11.5 million, representing a decrease of approximately HK\$4.8 million or 29.4% as compared to approximately HK\$16.3 million for the Previous Period. Such decrease was due to the absence of government subsidies from the Employment Support Scheme implemented by the Hong Kong Government during the Period (Previous Period: HK\$5.9 million). Excluding the effect arising from the government subsidies, the profit and total comprehensive income of the Group remained stable.
- Basic earnings per share for the Period was HK\$0.04, as compared to HK\$0.05 for the Previous Period.
- The Board has declared the payment of an interim dividend of HK\$0.02 per share for the Period (Previous Period: HK\$0.045).

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 2023 (the “**Period**”), together with the comparative figures for the corresponding period in 2022 (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
	NOTES	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	498,563	568,984
Cost of sales		<u>(441,647)</u>	<u>(510,296)</u>
Gross profit		56,916	58,688
Other income		2,227	6,258
Other gains and losses, net		725	1,025
Other expenses		(1,334)	(1,862)
Distribution and selling expenses		(29,396)	(29,694)
Administrative expenses		(14,936)	(15,462)
Finance costs		<u>(266)</u>	<u>(374)</u>
Profit before taxation		13,936	18,579
Taxation	4	<u>(2,407)</u>	<u>(2,255)</u>
Profit and total comprehensive income for the period	5	<u>11,529</u>	<u>16,324</u>
Profit and total comprehensive income for the period attributable to:			
— owners of the Company		11,529	16,325
— non-controlling interest		<u>—</u>	<u>(1)</u>
		<u>11,529</u>	<u>16,324</u>
Earnings per share	7		
Basic (HK\$)		<u>0.04</u>	<u>0.05</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		9,676	16,955
Prepayments and deposits	8	1,289	1,944
Derivative financial instruments		98	177
		11,063	19,076
CURRENT ASSETS			
Inventories		68,031	58,220
Trade and other receivables, prepayments and deposits	8	180,438	146,202
Pledged bank deposits		34,197	39,900
Time deposits		—	5,161
Bank balances and cash		120,215	248,272
		402,881	497,755
CURRENT LIABILITIES			
Trade and other payables and accruals	9	150,706	203,350
Contract liabilities		56,972	82,575
Tax liabilities		1,855	984
Leases liabilities		7,152	10,970
		216,685	297,879
NET CURRENT ASSETS		186,196	199,876
TOTAL ASSETS LESS CURRENT LIABILITIES		197,259	218,952
NON-CURRENT LIABILITIES			
Contract liabilities		4,551	4,634
Lease liabilities		—	1,639
Deferred tax liabilities		208	208
		4,759	6,481
NET ASSETS		192,500	212,471
CAPITAL AND RESERVES			
Share capital	10	3,000	3,000
Reserves		189,500	209,471
		192,500	212,471
Equity attributable to owners of the Company		192,500	212,471
Non-controlling interest		—	—
		192,500	212,471

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

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 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 IT infrastructure solution services business HK\$'000	Segment of IT managed services business HK\$'000	Total HK\$'000
For the six months ended			
30 September 2023 (unaudited)			
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 expenses			(714)
Administrative expenses			(14,936)
Finance cost			(266)
Profit before taxation			<u>13,936</u>
For the six months ended			
30 September 2022 (unaudited)			
Segment revenue	<u>504,651</u>	<u>64,333</u>	<u>568,984</u>
Segment results	<u>23,110</u>	<u>6,506</u>	29,616
Other income			6,258
Other gains and losses, net			1,025
Other expenses			(1,862)
Certain distribution and selling expenses			(622)
Administrative expenses			(15,462)
Finance cost			(374)
Profit before taxation			<u>18,579</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 infrastructure solution services business <i>HK\$'000</i>	Segment of IT managed services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results:				
For the six months ended				
30 September 2023 (unaudited)				
Depreciation	2,132	253	4,380	6,765
Reversals of write-down of inventories	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>(2)</u>
For the six months ended				
30 September 2022 (unaudited)				
Depreciation	2,018	484	4,322	6,824
Write-down for inventories	<u>218</u>	<u>—</u>	<u>—</u>	<u>218</u>

4. TAXATION

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	<u>2,407</u>	<u>2,255</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period ended 30 September 2023 and 2022.

5. PROFIT FOR THE PERIOD

Six months ended 30 September	
2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)

Profit for the period has been arrived at after charging:

Cost of inventories recognised as an expense	382,186	456,450
Depreciation of property, plant and equipment	6,766	6,824
(Reversals of write-down) write down of inventories, net (included in cost of sales)	<u>(2)</u>	<u>218</u>

6. DIVIDENDS

During the period, a final dividend of HK\$0.025 per share (2022: HK\$0.06 per share) and special dividend of HK\$0.08 (2022: nil) in respect of 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 interim period amounted to HK\$31.5 million (2022: HK\$18 million).

Subsequent to the end of the period, the directors of the Company have declared that an interim dividend of HK\$0.02 per share amounting to HK\$6.0 million in aggregate (30 September 2022: an interim dividend of HK\$0.045 per share amounting to HK\$13.5 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:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Earnings:		
Earnings for the period for the purpose of basic earnings per share	<u>11,529</u>	<u>16,325</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	<u>300,000</u>	<u>300,000</u>

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 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Trade receivables	155,044	117,628
Less: Allowance for credit losses	<u>(9)</u>	<u>(9)</u>
	155,035	117,619
Rental and utilities deposits	166	320
Prepayments for costs of maintenance services	23,239	26,945
Others	<u>3,287</u>	<u>3,262</u>
Total trade and other receivables, prepayments and deposits	<u><u>181,727</u></u>	<u><u>148,146</u></u>
Analysed as:		
Current	180,438	146,202
Non-current	<u>1,289</u>	<u>1,944</u>
	<u><u>181,727</u></u>	<u><u>148,146</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 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
0 to 30 days	76,457	72,841
31 to 60 days	44,130	23,488
61 to 90 days	16,933	6,906
91 to 120 days	5,908	4,388
121 to 180 days	8,352	6,515
Over 180 days	3,255	3,481
	<u>155,035</u>	<u>117,619</u>

9. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Trade payables	105,949	165,958
Accrued staff costs	16,670	14,522
Accrued purchases	16,125	11,327
Others	11,962	11,543
	<u>150,706</u>	<u>203,350</u>

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

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
0 to 30 days	44,331	90,102
31 to 60 days	40,830	59,693
61 to 90 days	18,673	13,441
Over 90 days	2,115	2,722
	<u>105,949</u>	<u>165,958</u>

10. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	<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 2023, the performance guarantees of the Group of approximately HK\$20,240,000 (31 March 2023: HK\$29,591,000) 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 2023 and 31 March 2023, 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\$498.6 million, representing a decrease of approximately HK\$70.4 million or 12.4% from approximately HK\$569.0 million as compared to the Previous Period. Such decrease was due to the decrease in revenue generated from the IT infrastructure solution services of the Group. Gross profit of the Group for the Period was approximately HK\$56.9 million, representing a decrease of approximately HK\$1.8 million or 3.0% from approximately HK\$58.7 million for the Previous Period. Such decrease was mainly due to the decrease in revenue from sales of IT infrastructure solution services.

For the Period, the Group did not receive subsidies from the Employment Support Scheme implemented by the Hong Kong Government as a result of the outbreak of the coronavirus disease (COVID-19) as compared to HK\$5.9 million for the Previous Period. Excluding such subsidies, the financial performance of the Group remained stable. However, the Board 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\$498.6 million for the Period, representing a decrease of approximately HK\$70.4 million or 12.4% as compared to approximately HK\$569.0 million for the Previous Period. The decrease in total revenue was mainly due to the decrease in revenue of the business segment of IT infrastructure solution services which was approximately HK\$425.5 million for the Period, representing a decrease of approximately HK\$79.2 million or 15.7% as compared to approximately HK\$504.7 million for the Previous Period. However, the revenue of the business segment of IT managed services which was approximately HK\$73.1 million, representing an increase of approximately HK\$8.8 million or 13.6% as compared to approximately HK\$64.3 million for the Previous Period. For the Period, the business segments of IT infrastructure solution services and IT managed services contributed approximately 85.3% and 14.7% to the total revenue of the Group, respectively.

Cost of sales

The cost of sales of the Group for the Period was approximately HK\$441.6 million, representing a decrease of approximately HK\$68.6 million or 13.5% from approximately HK\$510.3 million for the Previous Period. Such decrease was mainly due to the decrease in cost of IT infrastructure solution services for the Period which was approximately HK\$384.3 million, representing a decrease of approximately HK\$75.0 million or 16.3% from approximately HK\$459.3 million for the Previous Period. The cost of IT managed services was approximately HK\$57.4 million for the Period, representing an increase of approximately HK\$6.4 million or 12.5% as compared to approximately HK\$51.0 million for the Previous Period.

Gross profit

Gross profit of the Group for the Period was approximately HK\$56.9 million, representing a decrease of approximately HK\$1.8 million or 3.0% from approximately HK\$58.7 million for the Previous Period. Such decrease was mainly due to the decrease in revenue of IT infrastructure solution services.

Operating expenses

Total operating expenses of the Group for the Period was approximately HK\$44.3 million, representing a decrease of approximately HK\$0.8 million or 1.8% as compared to approximately HK\$45.2 million for the Previous Period. Such decrease was due to the decrease 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\$11.5 million, representing a decrease of approximately HK\$4.8 million or 29.4% from approximately HK\$16.3 million for the Previous Period. Such decrease was primarily due to the absence of government subsidies from the Employment Support Scheme under Anti-Epidemic Fund during the Period while such government subsidies amounted to HK\$5.9 million were received during the Previous Period under Other Income.

Liquidity and financial resources

Capital structure

The Group did not have any borrowings as at 30 September 2023 (31 March 2023: nil). The details of the share capital of the Company during the Period and the Previous Period are set out in note 10 on page 12 of this announcement.

Cash position

The Group recorded net current assets of approximately HK\$186.2 million as at 30 September 2023 (31 March 2023: approximately HK\$199.9 million). As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$120.2 million (31 March 2023: approximately HK\$248.3 million). Most of the cash and cash equivalents of the Group were denominated in HK\$ and US\$.

Capital expenditure

During the Period, the Group did not have material capital expenditure (Previous Period: approximately HK\$1.7 million).

Gearing ratio

The gearing ratio was not applicable to the Group since it did not have any interest-bearing liabilities as at 30 September 2023 (31 March 2023: nil).

Performance guarantees

The Group's performance guarantees as at 30 September 2023 are set out in note 11 of page 13 of this announcement.

Contingent liabilities

As at 30 September 2023, the Group had no material contingent liabilities (as at 31 March 2023: Nil).

Pledge of assets

As at 30 September 2023, certain of the Group's bank deposits totaling HK\$34.2 million (31 March 2023: HK\$39.9 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 United States Dollars ("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 2023, the Group had a total of 246 employees (30 September 2022: 252 employees). For the Period, the total staff costs including Directors' emoluments amounted to approximately HK\$53.6 million (Previous Period: HK\$53.5 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 (the “**Adoption Date**”). As such, share options may be granted to eligible employees of the Group pursuant to the Share Option Scheme. Since the Adoption Date to the date of this announcement, no share options have been granted under the Share Option Scheme.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$6.0 million of HK\$0.02 per share (the “**Interim Dividend**”) for the Period (six months ended 30 September 2022: HK\$0.045 per share) on Monday, 27 November 2023, which will be payable to the shareholders of the Company in cash on or before Friday, 29 December 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the shareholders’ entitlement to the Interim Dividend for the Period, the register of members of the Company will be closed on Friday, 15 December 2023, on which day no transfer of shares of the Company (the “**Shares**”) will be registered. In order to be eligible for the proposed Interim Dividend for the Period, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration no later than 4:30 p.m. on Thursday, 14 December 2023.

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 2023.

IMPORTANT EVENTS AFTER THE PERIOD

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

FUTURE OUTLOOK

The Group recorded a decrease in the profit and total comprehensive income for the Period due to the absence of government subsidies from the Employment Support Scheme implemented by the Hong Kong Government during the Period. During the Period, most countries reopened the international borders and the supply chains are recovering, the results of rebound is expecting in the second half of the year. However, the inflation of Hong Kong was getting worse and pointing towards a more difficult economy in Hong Kong. Labour cost was increasing due to the IT talents remained shortage. The Group's performance is affected by these factors and will remain continuously for coming months. The ongoing tensions between the United States and China is unpredictable, and the influence of the economic environment is equivocal.

Despite the challenges, the Group may catch the great opportunities ahead. Manpower shortage, and data management and cybersecurity challenges in different industries will benefit business growth momentum. The massive digitization throughout the past few years has created greater long-term demand for cybersecurity, cloud security for remote operation, and other IT solutions upgrade. The Group will focus on industries in which it has a competitive edge and deeply cultivate these industries by providing specific solutions to meet customers' requirements.

With its stable and highly experienced management team, the Group maintained long-term core partnership with key vendors and work with various business partners to expand its business offerings. Moreover, the Group will continue to diversify and broaden its expertise, and it will widen up the skills and solution services for different businesses sectors. The Group will look for new market opportunities, optimise operational efficiencies and leverage its industry leadership to achieve long-term sustainable growth.

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 14 to the Listing Rules.

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.

Paragraph 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. Mr. Chu Ming Ho (“**Mr. Chu**”) was the Chairman and the Chief Executive Officer until his retirement as the Chairman on 11 September 2023. As Mr. Chu had been assuming the day-to-day responsibilities in operating and managing the Company since April 2000, the Board believed that it was in the best interest of the Company to have Mr. Chu taking up both roles for effective management and business development. Since 11 September 2023, Mr. Wang Guangbo, the executive Director, has been appointed as the Chairman while Mr. Chu has remained as the Chief Executive Officer. Therefore, at present, the roles of the Chairman and Chief Executive Officer are separate.

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 10 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 of the Company (the “**Audit Committee**”), which comprises three independent non-executive Directors in accordance with the requirements under Rule 3.21 of the Listing Rules. The Audit Committee has no disagreement with the accounting treatment adopted by the Company and considered that such information have 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 and on the Company’s website at 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, 27 November 2023

As at the date of this announcement, the executive Directors are Mr. Wang Guangbo, Mr. Chu Ming Ho, Mr. Yang Peter Shun Tsing, Mr. Cheng Wing Fai, Mr. Au Man Wah and Mr. Huang Tianlei; and the independent non-executive Directors are Mr. Cheng Tak Chung, Ms. Li Wai Man, Mr. Li Richard King Hang and Mr. Lu Junbo.