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# MAIYUE TECHNOLOGY LIMITED
# 邁越科技股份有限公司

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

**(Stock Code: 2501)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Maiyue Technology Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 ("**FY2023**"), together with the comparative figures for the year ended 31 December 2022 ("**FY2022**"), as follows:

### FINANCIAL HIGHLIGHTS

- Revenue of the Group increased from approximately RMB243.3 million for FY2022 to approximately RMB259.1 million for FY2023, representing an increase of approximately 6.5%.
- Gross profit of the Group decreased from approximately RMB104.6 million for FY2022 to approximately RMB85.4 million for FY2023, representing a decrease of approximately 18.4%. Gross profit margin of the Group decreased from approximately 43.0% for FY2021 to approximately 33.0% for FY2023, representing a decrease of approximately 10.0 percentage points.
- Profit for the year of the Group decreased from approximately RMB49.1 million for FY2022 to approximately RMB22.6 million for FY2023, representing a decrease of approximately 54.0%. Net profit margin of the Group decreased from approximately 20.2% for FY2022 to approximately 8.7% for FY2023, representing a decrease of approximately 11.5 percentage points.
- Basic earnings per share attributable to shareholders of the Company decreased from approximately RMB0.13 for FY2022 to approximately RMB0.06 for FY2023, representing a decrease of approximately 53.8%.
- As at 31 December 2023, cash and cash equivalents of the Group amounted to approximately RMB47.8 million (31 December 2022: approximately RMB62.6 million).
- The Board does not recommend the payment of any final dividend for FY2023.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the year ended 31 December 2023*
*(Expressed in Renminbi ("RMB"))*

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Revenue** | 2 | **259,085** | 243,255 |
| Cost of sales | | **(173,645)** | (138,624) |
| **Gross profit** | | **85,440** | 104,631 |
| Other income | 3 | **5,731** | 3,955 |
| Selling expenses | | **(7,108)** | (6,828) |
| Administrative expenses | | **(41,713)** | (24,427) |
| Research and development expenses | | **(6,025)** | (5,748) |
| Reversal/(impairment loss) on trade receivables and contract assets | | **1,257** | (6,391) |
| **Profit from operations** | | **37,582** | 65,192 |
| Finance costs | 4(a) | **(10,484)** | (8,907) |
| Share of profit/(loss) of a joint venture | | **288** | (88) |
| **Profit before taxation** | 4 | **27,386** | 56,197 |
| Income tax | 5 | **(4,739)** | (7,141) |
| **Profit for the year** | | **22,647** | 49,056 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **22,881** | 48,774 |
| Non-controlling interests | | **(234)** | 282 |
| **Profit for the year** | | **22,647** | 49,056 |
| **Earnings per share** | | | |
| Basic and diluted *(RMB)* | 6 | **0.06** | 0.13 |

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
*for the year ended 31 December 2023*
*(Expressed in Renminbi ("RMB"))*

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Profit for the year** | **22,647** | 49,056 |
| **Other comprehensive income for the year (after tax and reclassification adjustments)** | | |
| *Items that will not be reclassified to profit or loss:* | | |
| Equity investments at FVOCI – net movement in fair value reserves (non-recycling) | **(959)** | – |
| *Item that may be reclassified subsequently to profit or loss:* | | |
| Exchange differences on translation of financial statements of operations outside the mainland China | **(1,798)** | (936) |
| **Other comprehensive income for the year** | **(2,757)** | (936) |
| **Total comprehensive income for the year** | **19,890** | 48,120 |
| **Attributable to:** | | |
| Equity shareholders of the Company | **20,124** | 47,838 |
| Non-controlling interests | **(234)** | 282 |
| **Total comprehensive income for the year** | **19,890** | 48,120 |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*as at 31 December 2023*

*(Expressed in Renminbi)*

| | Note | **31 December 2023** *RMB'000* | 31 December 2022 *RMB'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **11,169** | 10,942 |
| Intangible assets | | **13,762** | 10,754 |
| Interests in a joint venture | | **2,117** | 1,829 |
| Equity securities designated at fair value through other comprehensive income ("FVOCI") | | **38,999** | – |
| Deferred tax assets | | **3,227** | 3,691 |
| Other non-current assets | | **7,701** | 5,000 |
| | | **76,975** | 32,216 |
| **Current assets** | | | |
| Inventories | | **2,958** | 4,460 |
| Contract assets | | **22,583** | 22,630 |
| Trade and other receivables | 7 | **449,799** | 261,369 |
| Pledged bank deposits | | **9** | 2,743 |
| Cash and cash equivalents | | **47,808** | 62,601 |
| | | **523,157** | 353,803 |
| Non-current assets classified as held for sale | | **–** | 96,192 |
| | | **523,157** | 449,995 |
| **Current liabilities** | | | |
| Trade and other payables | 8 | **89,623** | 75,111 |
| Contract liabilities | | **622** | 3,018 |
| Bank and other loans | | **135,543** | 86,057 |
| Lease liabilities | | **1,272** | 421 |
| Current taxation | | **3,738** | 5,169 |
| | | **230,798** | 169,776 |
| Liabilities directly associated with non-current assets classified as held for sale | | **–** | 58,932 |
| | | **230,798** | 228,708 |
| **Net current assets** | | **292,359** | 221,287 |
| **Total assets less current liabilities** | | **369,334** | 253,503 |

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

*as at 31 December 2023*

*(Expressed in Renminbi)*

| | *Note* | **31 December 2023** **RMB'000** | 31 December 2022 *RMB'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank and other loans | | **47,596** | 71,874 |
| Lease liabilities | | **215** | 126 |
| Deferred revenue | | **2,810** | 2,060 |
| | | **50,621** | 74,060 |
| **NET ASSETS** | | **318,713** | 179,443 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 9(b) | **4,590** | –* |
| Reserves | | **312,388** | 177,474 |
| **Total equity attributable to equity shareholders of the Company** | | **316,978** | 177,474 |
| **Non-controlling interests** | | **1,735** | 1,969 |
| **TOTAL EQUITY** | | **318,713** | 179,443 |

* The balances represent amounts less than RMB500.

## NOTES

*(Expressed in RMB unless otherwise indicated)*

### 1 MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise Maiyue Technology Limited (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment in an equity security is stated at their fair value.

Non-current assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Changes in accounting policies**

*(i) New and amended HKFRSs*

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

HKFRS 17, *Insurance contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. The amendments do not have a material impact on these financial statements as the Group mainly operates in Chinese Mainland, which has not enacted or substantively enacted new tax laws by 31 December 2023 to implement the Pillar Two model rules published by the OECD.

*(ii)* *New Hong Kong Institute of Certified Public Accountants ("HKICPA") guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism*

In June 2022 the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will come into effect from 1 May 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. This change in accounting policy did not have any impact on the opening balance of equity of the Group as at 1 January 2022. It also did not have a material impact on the consolidated financial statements of the Group for the year ended 31 December 2022 and 31 December 2023.

## 2 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are the provision of integrated IT solution services, sales of hardware and software and providing warranty, upgrade, technical guidance and maintenance service for customers in the PRC. Further details regarding the Group's principal activities are disclosed in Note 2(b).

*(i) Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue from contracts with customers within the scope of HKFRS 15 | | |
| Disaggregated by major products or service lines | | |
| – Revenue from provision of integrated IT solution services | **141,094** | 198,491 |
| – Revenue from hardware and software sales | **75,655** | 40,980 |
| – Revenue from provision of standalone IT services | **42,336** | 3,784 |
| | **259,085** | 243,255 |

**(b) Segment reporting**

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segment.

– Provision of integrated IT solution services: the Group acts as an information solution provider under this segment, it includes primarily the design and implementation of the solution, sales of related software and hardware to customers, and follow-up maintenance.

– Sales of hardware and software: this segment includes solely the sales of hardware and the sales of self-developed software.

– Provision of standalone IT services: this segment includes primarily maintenance service, system upgrade and enhancement service, warranty service, software installation, data migration and technology consulting service.

*(i) Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating expenses, such as staff costs, depreciation and other operation expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

| | Provision of integrated IT solution services | Sales of hardware and software | Provision of standalone IT services | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2023** | | | | |
| Revenue | 141,094 | 75,655 | 42,336 | 259,085 |
| Cost of sales | (85,166) | (61,893) | (26,586) | (173,645) |
| Gross profit | 55,928 | 13,762 | 15,750 | 85,440 |
| **Year ended 31 December 2022** | | | | |
| Revenue | 198,491 | 40,980 | 3,784 | 243,255 |
| Cost of sales | (103,716) | (33,634) | (1,274) | (138,624) |
| Gross profit | 94,775 | 7,346 | 2,510 | 104,631 |

*(ii) Geographic information*

The Group's revenue is generated in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

## 3 OTHER INCOME

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest income | **1,781** | 63 |
| Government grants *(Note (i))* | **2,423** | 2,585 |
| Net foreign exchange gain | **827** | 986 |
| Net (loss)/gain on disposal of property, plant and equipment | **(3)** | 294 |
| Net gain on disposals of assets and liabilities held for sale | **676** | – |
| Others | **27** | 27 |
| | **5,731** | 3,955 |

*Note:*

(i) The government grants mainly represent awards from Guangxi government authorities and VAT refund upon collection.

## 4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

| | | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **(a)** | **Finance costs** | | |
| | Interest on bank and other loans | **10,415** | 8,845 |
| | Interest on lease liabilities | **69** | 62 |
| | | **10,484** | 8,907 |
| **(b)** | **Staff costs** | | |
| | Salaries, wages and other benefits | **27,762** | 24,301 |
| | Contributions to defined contribution retirement plan | **1,484** | 1,339 |
| | | **29,246** | 25,640 |
| **(c)** | **Other items** | | |
| | Amortisation of intangible assets | **6,181** | 6,685 |
| | Depreciation | | |
| | – property, plant and equipment owned | **1,032** | 921 |
| | – right-of-use assets | **993** | 532 |
| | (Reversal)/impairment loss | | |
| | – contract assets | **(376)** | (1,906) |
| | – trade and other receivables | **(881)** | 8,297 |
| | | **(1,257)** | 6,391 |
| | Auditors' remuneration | | |
| | – audit services | **1,813** | – |
| | – Initial public offering related services# | **2,196** | 2,714 |
| | – other services | **112** | 97 |
| | | **4,121** | 2,811 |
| | Cost of inventories | **128,147** | 124,094 |
| | Listing expenses | **15,070** | 6,218 |

# Initial public offering related services include RMB1,647,000 (2022: RMB2,035,000) which is charged to profit or loss and also included in the listing expenses disclosed separately below.

## 5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### (a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current tax – PRC Corporate Income Tax** | | |
| Provision for the year | **3,856** | 7,718 |
| Under-provision in prior years | **419** | – |
| | **4,275** | 7,718 |
| **Deferred tax – PRC Corporate Income Tax** | | |
| Origination and reversal of temporary differences | **464** | (577) |
| | **4,739** | 7,141 |

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Profit before taxation | **27,386** | 56,197 |
| Notional tax on profit before taxation, calculated at the rates applicable to profits in the respective tax jurisdictions *(Notes (i), (ii) and (iii))* | **10,348** | 14,825 |
| Tax effect of PRC preferential tax treatments *(Notes (iv) & (v))* | **(4,410)** | (6,206) |
| Tax effect of additional deduction on research and development costs *(Note (vi))* | **(1,818)** | (1,303) |
| Tax effect of non-deductible expenses | **192** | 158 |
| Tax effect of tax losses not recognised | **8** | 91 |
| Effect on deferred tax balances at 1 January resulting from a change in tax rate | **–** | (424) |
| Under-provision in prior years | **419** | – |
| Actual tax expense | **4,739** | 7,141 |

*Notes:*

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) For the years ended 31 December 2022 and 2023, no provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax.

(iii) The subsidiary of the Group established in the PRC is subject to PRC Corporate Income Tax rate at the statutory rate of 25%.

(iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Nanning Maiyue Software Company Limited ("Nanning Maiyue") was qualified as a HNTE in 2016 and the qualification was valid for three years from 2016 to 2018. The qualification was renewed in 2019 and 2022, and the valid period was extended to 2024. Accordingly, Nanning Maiyue is entitled to a preferential income tax rate of 15%.

(v) According to the announcement [2020] No.23 from the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise which is located in the PRC western region and engaged in the national encouraged industries could apply to enjoy the preferential income tax rate of 15% before 31 December 2030. Guangxi Silunjie Information Technology Company Limited ("Guangxi Silunjie") and Nanning Maiyue meet the above criteria and be entitled to a preferential income tax rate of 15% for the year.

(vi) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 75% of the qualified research and development costs could be deemed as deductible expenses for the nine months ended 30 September 2022. The additional tax deduction ratio is increased to 100% since 1 October 2022. The Company applies the above preferential policies during the year.

(vii) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

The provision of the related deferred tax liabilities, if any, are based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008. Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of the retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

## 6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB22,881,000 (2022: RMB48,774,000) and the weighted average of 403,082,000 ordinary shares (2022: 375,000,000 shares after adjusting for the capitalisation issue in 2023) in issue during the year, calculated as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***'000*** | *'000* |
| Issued ordinary shares at 1 January | **10** | 10 |
| Effect of capitalisation issue | **374,990** | 374,990 |
| Effect of issue of ordinary shares by initial public offering | **28,082** | – |
| Weighted average number of ordinary shares at 31 December | **403,082** | 375,000 |

There were no dilutive potential ordinary shares for the years ended 31 December 2023 and 2022, therefore the diluted earnings per share were the same as the basic earnings per share.

## 7 TRADE AND OTHER RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | | |
| – third parties | **339,030** | 209,469 |
| – related parties | **1,930** | 7,672 |
| Less: loss allowance | **(17,600)** | (18,481) |
| | **323,360** | 198,660 |
| Amounts due from shareholders | **15** | – |
| Amounts due from other related parties | **6,128** | 6,093 |
| Other deposits, prepayments and receivables | **120,296** | 56,616 |
| | **449,799** | 261,369 |

(i) Trade receivables amounting to RMB17,673,000 (2022: RMB40,617,000) are expected to be recovered after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

(ii) Trade receivables with gross carrying amount of RMB78,395,000 (2022: RMB75,665,000) were pledged as collateral for the Group's bank and other loans of RMB63,588,000 (2022: RMB89,775,000).

**Ageing analysis**

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date/transaction date and after the recognition of impairment loss, are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current (not past due) | **211,281** | 126,887 |
| Less than 3 months past due | **31,579** | 45,026 |
| More than 3 months but less than 6 months past due | **34,192** | 2,244 |
| More than 6 months but less than 12 months past due | **23,754** | 18,585 |
| More than 1 year past due | **22,554** | 5,918 |
| | **323,360** | 198,660 |

Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the year, some trade receivables (other than retention money) are due over one year upon completion of work, which are negotiated on a case-by-case basis with customers. Retention money is due within one to seven years upon the completion of work. Retention money is included in contract assets until the end of the retention period and is transferred into trade receivables when the rights become unconditional.

## 8 TRADE AND OTHER PAYABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **43,551** | 46,448 |
| Accrued payroll | **1,993** | 2,046 |
| Amounts due to a joint venture *(Note (i))* | **860** | 1,342 |
| Amounts due to shareholders | **–** | 109 |
| Payables for construction of a business park | **3,848** | 84 |
| Other payables and accruals | **39,371** | 25,082 |
| | **89,623** | 75,111 |

*Notes:*

(i) Amounts due to a joint venture the balance is due to Fangchenggang City Investment Digital Technology Limited, which is non-trade in nature, interest-free and repayable within 12 months or on demand.

(ii) As at 31 December 2023, trade payables amounting to RMB1,703,000(2022: RMB1,827,000) are expected to be settled after more than one year. All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date/transaction date, is as follows:

| | **2023** | 2022 |
|---|---:|---:|
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **38,765** | 27,582 |
| Over 1 year but within 2 years | **2,006** | 8,309 |
| Over 2 years but within 5 years | **2,592** | 10,557 |
| Over 5 years | **188** | – |
| | **43,551** | 46,448 |

## 9 CAPITAL AND DIVIDENDS

### *(a) Dividends*

(i) Dividends payable to equity shareholders of the Company attributable for the year

The directors of the Company did not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No dividends in respect of the previous financial year, approved and paid during the financial year ended 31 December 2023 and 2022.

### *(b) Share capital*

| | **2023** | | 2022 | |
|---|---:|---:|---:|---:|
| | **No. of shares** | **Amount** | No. of shares | Amount |
| | ***('000)*** | ***HK$'000*** | *('000)* | *HK$'000* |
| Ordinary shares: | | | | |
| In issue at 1 January | **10** | **–*** | 10 | –* |
| Capitalisation issue | **374,990** | **3,750** | – | – |
| Issue of ordinary shares by initial public offering | **125,000** | **1,250** | – | – |
| In issue at 31 December – fully paid | **500,000** | **5,000** | 10 | –* |
| Authorised – par value HK$0.01 | **1,000,000** | **10,000** | 38,000 | 380 |

* The balances represent amounts less than HK$500.

(i) Authorised share capital

Pursuant to the written resolution passed by the shareholders of the Company on 18 September 2023, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares with effect from the Listing Date.

(ii) Capitalisation issue

Pursuant to the written resolution passed by the shareholders of the Company on 18 September 2023, the capitalisation issue of an amount of HK$3,750,000 standing to the credit of the share premium account of the Company and the appropriation of such amount to pay up in full at par 374,990,000 shares for allotment and issue to the existing shareholders with effect from the Listing Date.

(iii) Issue of ordinary shares by initial public offering

On 11 October 2023, the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 125,000,000 shares of HK$0.01 each were issued and subscribed at a price of HK$1.18 each. The Company received the net proceeds of HK$130,046,000 (equivalent to approximately RMB119,380,000), after deducting all capitalized listing expenses. Out of the net proceeds from the listing, RMB1,148,000 and RMB118,232,000 were recorded in share capital and share premium accounts, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group continued to be an active integrated IT solutions services provider in the education and government IT solutions markets in Guangxi, which principally engaged in the provision of customised integrated IT solutions services to customers in the education sector, primarily formal public education institutions, for the purpose of their digitalised campus development.

In FY2023, the Group's revenue stood at approximately RMB259.1 million, representing a growth of 6.5% as compared to that for FY2022. The Group had an increase in demand from customers for the sales of hardware and/or software and standalone IT services segments, while the Group recorded a decrease in the number of integrated IT solutions projects undertaken by the Group during FY2023, which was primarily due to the delay of the tendering progress of certain potential projects. Yet, the Group has successfully expanded its presence through undertaking projects in Hunan, Sichuan, Shaanxi and other provinces in the PRC. The Group also continued to invest in research and development and enrich its self-developed product portfolio. In particular, the Group had begun to set up the research and development centre in Shenzhen and started research & development projects in cloud computing and artificial intelligence during the year.

In terms of honour, the Group won multiple recognitions such as Guangxi Strategic Emerging Industry Enterprises in 2022 (2022年廣西戰略性新興產業企業認定) and Nanning SME Credit Rating A-class Enterprises in 2023 (2023年南寧市中小企業信用評級A級企業認定). In terms of research and development achievements, the Group's projects were awarded as one of the Top 100 Excellent Cases of Data Management in 2023 (2023年數據管理百項優秀案例), and won the second prize of the Achievement Award granted by Guangxi Computer Society in 2023 (2023年廣西計算機學會成果獎二等獎). These honour and awards demonstrated the Group's technical strength and market competitiveness.

**Financial Review**

*Revenue*

The following table sets forth the breakdown of revenue by business segments for FY2023 and the comparative figures for FY2022:

| | **FY2023** | FY2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| – Integrated IT solutions services | **141,094** | 198,491 |
| – Sales of hardware and/or software | **75,655** | 40,980 |
| – Standalone IT services | **42,336** | 3,784 |
| | **259,085** | 243,255 |

The Group's Revenue increased by approximately RMB15.8 million or 6.5% from approximately RMB243.3 million for FY2022 to approximately RMB259.1 million for FY2023. This increase was mainly attributable to the increase in revenue derived from the sales of hardware and/or software and standalone IT services segments, as a result of the increasing demand from customers, which was partially offset by the decrease in revenue derived from the integrated IT solutions services segment, due to the decrease in the number of integrated IT solutions projects, particularly those which contributed over RMB5.0 million of revenue, undertaken by the Group during FY2023. To the best knowledge of the Directors after reasonable enquiries, such decrease in number of integrated IT solutions projects undertaken by the Group was primarily due to delay of the tendering progress of certain potential integrated IT solutions projects during the year.

*Cost of sales*

The cost of sales mainly comprises procurement costs for hardware and software, service costs for IT and supporting services, staff costs and others. The cost of sales increased by approximately RMB35.0 million or 25.3% from approximately RMB138.6 million for FY2022 to approximately RMB173.6 million for FY2023.

*Gross profit and gross profit margin*

The following table sets forth the breakdown of gross profit and gross profit margin by business segments for FY2023 and the comparative figures for FY2022:

| | **FY2023** | | FY2022 | |
|---|---|---|---|---|
| | **Gross profit** | **Gross profit margin** | Gross profit | Gross profit margin |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| – Integrated IT solutions services | **55,928** | **39.6** | 94,775 | 47.7 |
| – Sales of hardware and/or software | **13,762** | **18.2** | 7,346 | 17.9 |
| – Standalone IT services | **15,750** | **37.2** | 2,510 | 66.3 |
| | **85,440** | **33.0** | 104,631 | 43.0 |

The gross profit decreased by approximately RMB19.2 million or 18.4% from approximately RMB104.6 million for FY2022 to approximately RMB85.4 million for FY2023. The gross profit margin also decreased by approximately 10.0 percentage points from approximately 43.0% to approximately 33.0%. Such decrease was mainly due to (i) the decrease in gross profit from the integrated IT solutions services segment, as a result of the decrease in revenue from the segment as stated above; and (ii) the decrease in gross profit margin from the the integrated IT solutions services and standalone IT services segment, which was attributable to the lower gross profit margin of certain projects undertaken due to different project requirements and circumstances. Particularly, the number of integrated IT solutions projects with its self-developed products involved and projects under which the Group was directly engaged by end-users, both of which usually have higher gross profit margin, in FY2023 was fewer than in FY2022 and thus led to a decrease in gross profit margin.

*Selling expenses*

The selling expenses mainly comprises of staff costs, tendering fees, warranty expenses and others. The selling expenses increased by approximately RMB0.3 million or 4.4% from approximately RMB6.8 million for FY2022 to approximately RMB7.1 million for FY2023, which were generally in line with the increase in revenue of the Group during the year.

*Administrative expenses*

The administrative expenses mainly comprises staff costs, listing expenses, depreciation and amortisation, travelling expenses, legal and professional fee and others. The administrative expenses increased by approximately RMB17.3 million or 70.9% from approximately RMB24.4 million for FY2022 to approximately RMB41.7 million for FY2023, which was mainly due to the increase in the listing expenses and the legal and professional fees incurred after the listing.

*Research and development expenses*

The research and development expenses refers to the research and development expenditure expensed for the year, which mainly comprises staff costs, project development expenses, depreciation and amortisation and others. These expenses increased by approximately RMB0.3 million or 5.3% from approximately RMB5.7 million for FY2022 to approximately RMB6.0 million for FY2023, as a result of the Group's continuous investment in research and development.

*Reversal/(impairment loss) on trade receivables and contract assets*

The Group assesses the recoverability of trade receivables and performs impairment analysis at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of ageing. The Group develops loss rate statistics on the basis of actual loss experience over the recent past years. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, the Group writes off trade receivables when there is any information indicating that the customer is in severe financial difficulty and there is no realistic prospect of future recovery.

The reversal of impairment loss on trade receivables and contract assets of approximately RMB1.3 million was recognised for FY2023, as compared to the impairment loss on trade receivables and contract assets of RMB6.4 million recognised for FY2022. The reversal of impairment loss on trade receivables and contract assets was mainly due to the settlement of certain long-aged trade receivables.

Nonetheless, the Group recorded trade receivable balance of approximately RMB323.4 million as at 31 December 2023 (31 December 2022: approximately RMB198.7 million). The increase in trade receivables balance was mainly due to (i) the increase in revenue for FY2023 and a significant portion of projects were merely completed around the 2023 year end and such trade receivables were not yet due as at 31 December 2023; (ii) the increase in long-aged trade receivables as a result of the extended payment period granted by the Group for certain projects and the delay in settlement of trade receivables due from certain customers for FY2023.

*Finance costs*

The finance costs mainly consisted of interest expenses for bank and other loans and lease liabilities. The Group's finance costs increased by approximately RMB1.6 million or 18.0% from approximately RMB8.9 million for FY2022 to approximately RMB10.5 million for FY2023, which was mainly due to the increase in the average bank and other loans balances for the year.

*Income tax*

The Group is subject to income tax on an entity basis for profit arising in or derived from the jurisdiction in which members of the Group domicile or operate.

The income tax expense decreased by approximately RMB2.4 million or 33.8% from approximately RMB7.1 million for FY2022 to approximately RMB4.7 million for FY2023. Such decrease was mainly due to the decrease in profit before income tax for the year. The increased amount of listing expenses, being the non-deductible items for the calculation of assessable profit, led to a higher effective tax rate of approximately 17.30% for FY2023, as compared to approximately 12.7% for FY2022.

*Profit for the year*

In light of the above factors, the Group's profit for the year decreased by approximately RMB26.5 million or 54.0% from approximately RMB49.1 million for FY2022 to approximately RMB22.6 million for FY2023.

The Board believes that the financial data and comparison analysis contained in this announcement could effectively demonstrate the financial performance and position of the Group for FY2023 and FY2022.

**Outlook**

In the years ahead, the Group will continue to devote its resources in the area of research and development and particularly, complete the establishment of its research and development centre in Shenzhen, which will focus on research and development of products relating to cloud computing and artificial intelligence, with a view to enhancing the Group's technology capabilities. The Group will further improve the quality and competitiveness of its self-developed products through collaborations with tertiary institutions and marketing campaigns and actively explore business opportunities through cooperations with reputable customers and/or business partners so as to enhance the Group's brand awareness and expand its market presence in different segments or regions in the PRC.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save for the reorganisation of the Group in preparation for the listing, there were no significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2023.

## FOREIGN EXCHANGE RISK

The Company conducts most of the businesses in RMB. Certain bank balances, other receivables and accruals and other payables of the Company are denominated in foreign currencies, including Hong Kong Dollar, and are exposed to foreign currency risk. The Company currently does not have a foreign currency hedging policy. The management will continue to monitor foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group employed approximately 200 employees. The Group offers comprehensive and competitive remuneration, retirement plans and benefit packages to its employees, and offers discretionary bonuses to its employees based on their performance. In addition, the Group regularly evaluates employee performance and rewards good performers with higher compensation or promotions. The Group is obligated to make contributions to the social insurance schemes for its employees in the PRC.

The Group adopts high standards and strict procedures in job market recruitments to meet its needs for different types of talents.

The Group provides regular and specialised trainings on the basis of the needs of employees in different departments. Employees can also improve their skills through provision of services for the Group's customers and mutual learning among colleagues.

Emoluments of Directors are decided by the Board as recommended by the Remuneration Committee of the Company, having regard to the Group's operating results, individual performance and comparable market statistics.

## CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the shareholders of the Company (the "**Shareholders**"), enhance corporate value and strengthen accountability.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Except for the below, the Company has fully complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") set forth in Appendix C1 to the Rules Governing the listing of securities on The Stock Exchange of Hong Kong (the "**Listing Rules**") during the period from 11 October 2023 (the "**Listing Date**") to 31 December 2023.

Provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Li Changqing ("**Mr. Li**") is the chairman and the chief executive officer of the Company. Since Mr. Li has been operating and managing the main operating subsidiaries of the Company since their incorporation and due to his familiarity with the operations of the Group, the Board is of the view that it is in the best interest of the Group to have Mr. Li taking up both roles for effective management and business development of the Group and Mr. Li will provide a strong and consistent leadership to the Group. This arrangement ensures a more effective and efficient overall strategic planning of the Group as this structure enables the Company to make and implement decisions promptly and effectively. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. The independent non-executive Directors are able to retain independence of character and judgement and are able to express their views without any constraint. In addition, the Board also consists of other executive Directors, who are familiarised with the day-to-day business of the Company. The Company will consult the Board for any major decisions. Therefore, the Board considers that the balance of power and authority of the present arrangement with the Board and the independent non-executive Directors will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from provision C.2.1 of the CG Code is appropriate in such circumstance.

The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code and the Company's code of conduct regarding directors' securities transactions during the period from Listing Date to 31 December 2023.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of such guidelines by the employees was noted by the Company.

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

Shares of the Company were listed on the Stock Exchange on the Listing Date. During the period from the Listing Date to the date of this announcement, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of listed securities of the Company.

## REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit.

As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Lin Peigan, Mr. Hou Chang, Mr. Hu Zhongqiang, and Mr. Lin Peigan is the chairman of the Audit Committee.

The Audit Committee has reviewed and confirmed the accounting principles and policies adopted by the Group and discussed the auditing and financial reporting matters of the Group. The annual results of the Group for FY2023 have also been reviewed by the Audit Committee.

## SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2023 as set out in this annual results announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for FY2023 as required under Rule13.49(2) of the Listing Rules. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by KPMG on this annual results announcement.

## DIVIDENDS

The Board does not recommend the payment of any final dividend for FY2023.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float of the issued shares (i.e. at least 25% of the issued Shares in public hands) as required under the Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

There were no other significant events subsequent to the end of the reporting period and up to the date of this announcement which require adjustment to the financial statements or which are material to the understanding of the Group's current position.

## ANNUAL GENERAL MEETING

As of the date of this announcement, the Company had not fixed a date for its forthcoming annual general meeting. When such date is fixed, a circular containing the notice of annual general meeting, together with the proxy form and annual report of the Company for the year ended 31 December 2023, will be despatched to the Shareholders in due course.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maiyuesoft.com). The annual report of the Company will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

By Order of the Board
**Maiyue Technology Limited**
**Li Changqing**
*Chairman*

Nanning, the People's Republic of China, 28 March 2024

*As at the date of this announcement, the Board comprises executive Directors, namely Mr. Li Changqing, Mr. Wang Yufei, Mr. Hui Chi Chung Nevin, Ms. Deng Caidie and Mr. Zhang Guangbai; and independent non-executive Directors, namely Mr. Hou Chang, Mr. Hu Zhongqiang and Mr. Lin Peigan.*