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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025;
CLOSURE OF REGISTER OF MEMBERS
AND
RESUMPTION OF TRADING OF THE SHARES**

HIGHLIGHTS

- The total revenue of the Group amounted to approximately HK\$1,491.4 million for the Year, representing an increase of approximately HK\$257.1 million or 20.8% as compared to approximately HK\$1,234.3 million for the Previous Year.
- The profit and total comprehensive income of the Group for the Year was approximately HK\$6.4 million, representing a decrease of approximately HK\$29.8 million or 82.3% as compared to approximately HK\$36.2 million for the Previous Year.
- Basic earnings per Share for the Year was HK\$0.03, as compared to HK\$0.12 for the Previous Year.
- The Board resolved not to recommend the payment of a final dividend for the Year to the Shareholders.

ANNUAL 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 consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Year**”), together with the comparative figures for the year ended 31 March 2024 (the “**Previous Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 March 2025

		2025	2024
	NOTES	HK\$'000	HK\$'000
Revenue	3	1,491,387	1,234,334
Cost of sales		<u>(1,303,131)</u>	<u>(1,089,378)</u>
Gross profit		188,256	144,956
Other income		5,537	4,425
Other gains and losses, net		(2,297)	1,757
Other expenses		(28)	(3,650)
Distribution and selling expenses		(81,381)	(69,085)
Administrative expenses		(80,652)	(33,905)
Research and development expenses		(4,708)	–
Finance cost		<u>(6,618)</u>	<u>(741)</u>
Profit before taxation		18,109	43,757
Taxation	4	<u>(9,952)</u>	<u>(7,529)</u>
Profit for the year attributable to owners of the Company	5	<u><u>8,157</u></u>	<u><u>36,228</u></u>
Other comprehensive expense			
<i>An item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u>(1,737)</u>	–
Profit and total comprehensive income for the year attributable to owners of the Company		<u><u>6,420</u></u>	<u><u>36,228</u></u>
Earnings per share	7		
Basic (HK\$)		<u><u>0.03</u></u>	<u><u>0.12</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		25,401	11,486
Intangible assets		619	–
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		59,837	–
Finance lease receivables		5,951	–
Prepayments and deposits	8	5,164	1,736
Derivative financial instrument		43	400
Deferred tax assets		260	68
		<u>97,275</u>	<u>13,690</u>
CURRENT ASSETS			
Inventories		80,235	111,480
Loans to directors		–	5,800
Finance lease receivables		13,561	–
Trade and other receivables, prepayments and deposits	8	311,103	186,106
Financial assets at fair value through profit or loss (“FVTPL”)		3,856	–
Pledged bank deposits		54,757	34,675
Time deposits		5,627	5,384
Cash and cash equivalents		160,920	159,804
		<u>630,059</u>	<u>503,249</u>
CURRENT LIABILITIES			
Trade and other payables and accruals	9	304,568	212,434
Contract liabilities	10	121,646	95,099
Tax liabilities		4,054	3,605
Lease liabilities		28,359	9,573
Bank borrowings		22,509	11,000
		<u>481,136</u>	<u>331,711</u>
NET CURRENT ASSETS		<u>148,923</u>	<u>171,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>246,198</u>	<u>185,228</u>
NON-CURRENT LIABILITIES			
Contract liabilities	10	4,390	3,921
Lease liabilities		19,191	–
		<u>23,581</u>	<u>3,921</u>
NET ASSETS		<u>222,617</u>	<u>181,307</u>
CAPITAL AND RESERVES			
Share capital	11	3,000	3,000
Reserves		219,617	178,307
		<u>222,617</u>	<u>181,307</u>
Equity attributable to owners of the Company		<u>222,617</u>	<u>181,307</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 20 January 2016. The addresses of the Company's registered office and the principal place of business are at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 1701, 17/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, respectively.

On 26 June 2023, Microware International Holdings Limited ("**Microware International**"), a limited liability company incorporated in the British Virgin Islands (the "**BVI**") and the then immediate and ultimate holding company of the Company, sold 42,500,000 shares of the Company, representing approximately 14.16% of the ordinary share capital of the Company to Weiye Holdings Group Limited ("**Weiye**"), a limited liability company incorporated in the BVI and wholly owned by Mr. Wang Guangbo ("**Mr. Wang**"). On 13 September 2023, Mr. Yang Peter Shun Tsing and through Microware International completed a placing of a total of 114,000,000 ordinary shares to 9 places and ceased to be the immediate and ultimate holding company of the Company. Furthermore, on 28 November 2023, Weiye entered into a sales and purchase agreement with Microware International, such that Microware International agreed to sell and Weiye agreed to purchase 35,000,000 ordinary shares of the Company. On 2 February 2024, Mr. Wang has assumed the rights, obligations, duties and liabilities of Weiye under the sale and purchase agreement through a deed of novation entered into among Weiye, Mr. Wang and Microware International to effect the acquisition of 35,000,000 ordinary shares of the Company by Mr. Wang in his personal capacity instead of via Weiye Holdings. On 8 February 2024, 15 April 2024 and 28 June 2024, Mr. Wang has completed the purchase of 17,500,000, 7,400,000 and 10,100,000 ordinary shares of the Company from Microware International, respectively. Furthermore, on 3 January 2025, Mr. Wang has also vested the 12,000,000 ordinary shares granted under the Group's share award scheme.

As at 31 March 2025, Mr. Wang (personally and via Weiye) is interested in 89,500,000 ordinary shares of the Company, representing approximately 29.83% of the ordinary share capital of the Company. Subsequently, after the year end, Mr. Wang further acquired ordinary shares via a cash offer in the market, and is interested in 165,789,400 ordinary shares, representing approximately 55.26% of the ordinary share capital of the Company.

The Company is an investment holding company. The Group is principally engaged in the provision of information technology ("**IT**") infrastructure solution services and IT managed services in Hong Kong.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the 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 for the amendments to HKAS 7 and HKFRS 7 for supplier finance arrangement which the Group has provided additional disclosure as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

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* ("HKFRS 7") 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.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b) (iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has considered additional disclosures related to the amendments.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and costs.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements* (“**HKFRS 18**”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1 (“**HKAS 1**”), introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Change in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Segment revenue and results

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:

For the year ended 31 March 2025

	Segment of IT infrastructure solution services business HK\$’000	Segment of IT managed services business HK\$’000	Total HK\$’000
Segment revenue	1,348,307	143,080	1,491,387
Segment results	101,292	10,845	112,137
Other income			5,537
Other gains and losses, net			(2,297)
Other expenses			(28)
Certain distribution and selling expenses			(5,262)
Administrative expenses			(80,652)
Research and development expenses			(4,708)
Finance cost			(6,618)
Profit before taxation			<u>18,109</u>

For the year ended 31 March 2024

	Segment of IT infrastructure solution services business <i>HK\$'000</i>	Segment of IT managed services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>1,088,767</u>	<u>145,567</u>	<u>1,234,334</u>
Segment results	<u>64,532</u>	<u>14,179</u>	78,711
Other income			4,425
Other gains and losses, net			1,757
Other expenses			(3,650)
Certain distribution and selling expenses			(2,840)
Administrative expenses			(33,905)
Finance cost			<u>(741)</u>
Profit before taxation			<u><u>43,757</u></u>

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. 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, research and development 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 CODM for review.

4. TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	10,140	7,805
The PRC Enterprise Income Tax	4	–
Deferred tax	(192)	(276)
	<u>9,952</u>	<u>7,529</u>

Hong Kong

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime (i.e. other subsidiaries of the Group) will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the year ended 31 March 2025 and 2024.

The PRC

The Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25% for the Group's financial year ended 31 March 2025.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before taxation	<u>18,109</u>	<u>43,757</u>
Taxation at Hong Kong Profits Tax rate of 16.5%	2,988	7,220
Tax effect of income not taxable for tax purposes	(409)	(674)
Tax effect of expenses not deductible for tax purposes	6,107	891
Tax effect of tax losses not recognised	2,304	253
Effect of different tax rates of subsidiaries operating in other jurisdictions	(752)	–
Tax effect of two-tiered tax rates	(165)	(165)
Others	(121)	4
Taxation for the year	<u>9,952</u>	<u>7,529</u>

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Staff costs:		
Directors' remuneration	29,655	9,901
Equity-settled share-based payments (excluding directors)	15,357	–
Other staff costs	133,401	108,054
Retirement benefits scheme contributions (excluding directors)	3,682	3,476
	<u>182,095</u>	<u>121,431</u>
Auditor's remuneration		
– Audit services	3,200	1,540
– Non-audit services	735	258
Cost of inventories recognised as an expense (<i>note a</i>)	1,175,660	968,940
Depreciation of property, plant and equipment	14,425	13,089
Interest expenses on lease liabilities	2,972	392
Interest expenses on bank borrowings	3,646	349
	<u>1,197,675</u>	<u>1,056,008</u>

note:

- (a) During the year ended 31 March 2025, reversal of allowance for inventories of HK\$113,000 is credited (2024: allowance for inventories of HK\$151,000 is charged) to profit or loss.

6. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 Interim dividend – Nil		
(2024: 2024 interim dividend HK\$0.02) per share	–	6,000
2024 Final dividend – Nil		
(2024: 2023 final dividend HK\$0.025) per share	–	7,500
2024 Special dividend – Nil		
(2024: 2023 special dividend – HK\$0.08) per share	–	24,000
	<u>–</u>	<u>37,500</u>

The Board decided not to declare a dividend for the year ended 31 March 2025.

7. EARNINGS PER SHARE

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>8,157</u>	<u>36,228</u>
	2025	2024
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>270,746</u>	<u>295,505</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the treasury shares repurchased during the year.

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

8. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from contracts with customers	189,497	159,381
Less: Allowance for credit losses	<u>(153)</u>	<u>(80)</u>
	189,344	159,301
Rental and utilities deposits	1,756	166
Prepayments for costs of maintenance services	32,669	25,538
Prepayment for procurement of semiconductor products (<i>note</i>)	45,113	–
Prepayment to suppliers	39,312	–
Others	<u>8,073</u>	<u>2,837</u>
Total trade and other receivables, deposits and prepayments	<u>316,267</u>	<u>187,842</u>
Analysed as:		
Current	311,103	186,106
Non-current (including prepayments for costs of maintenance services, rental and utilities deposits)	<u>5,164</u>	<u>1,736</u>
	<u>316,267</u>	<u>187,842</u>

As at 1 April 2023, trade receivables from contracts with customers amounted to HK\$117,619,000.

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:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	105,169	92,481
31 to 60 days	30,193	29,130
61 to 90 days	11,140	15,405
91 to 120 days	24,467	8,186
121 to 180 days	11,062	8,169
Over 180 days	7,313	5,930
	<u>189,344</u>	<u>159,301</u>

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$90,511,000 (2024: HK\$71,029,000) which are past due as at the reporting date. Out of the past due balances, HK\$31,808,000 (2024: HK\$14,167,000) has been past due 90 days or more and is not considered as in default as these debtors have a good business relationship with the Group and recurring overdue records of these debtors with satisfactory settlement history.

Note: Included in balances of HK\$32,113,000 related to the deposit paid to suppliers for the procurement of semiconductor products, which the orders were subsequently cancelled and the amounts were fully refunded by suppliers. For the remaining balance of HK\$13,000,000, semiconductor products have been subsequently delivered by the suppliers.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	248,769	170,455
Accrued staff costs	25,082	18,569
Accrued purchases	11,760	8,320
Others	18,957	15,090
	<u>304,568</u>	<u>212,434</u>

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	134,430	84,599
31 to 60 days	74,310	62,955
61 to 90 days	38,637	19,132
Over 90 days	1,392	3,769
	<u>248,769</u>	<u>170,455</u>

10. CONTRACT LIABILITIES

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	121,646	95,099
Non-current	4,390	3,921
	<u>126,036</u>	<u>99,020</u>

As at 1 April 2023, contract liabilities amounted to HK\$87,209,000.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

During the year ended 31 March 2025, the Group has recognised revenue of HK\$95,099,000 (2024: HK\$82,575,000) that was included in the contract liabilities balance at the beginning of the year.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Procurement of hardware and software, design of solution/maintenance and/or support services

The Group typically receives 20% – 30% of the contract value as deposits and advance payments for the procurement of hardware and software, design of solution/maintenance and/or support services when the purchase order is entered into, while the amount of deposits may be varied depending on the business relationship with the customers. The deposits and advance payments result in contract liabilities being recognised until the customer obtains control of hardware and software, or until revenue recognised on the relevant contract exceeds the amounts of deposit and advance payments.

The significant increase (2024: increase) in contract liabilities in the current year was mainly due to the increase in sales order from customers resulting an increase in contract liabilities.

11. SHARE CAPITAL

The share capital as at 31 March 2024 and 2025 represented the share capital of the Company with the details as follows:

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2023, 31 March 2024 and 2025	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 April 2023, 31 March 2024 and 2025	<u>300,000,000</u>	<u>3,000</u>

There was no movement in the Company's share capital for both years.

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

2025

Month of repurchases	No. of ordinary shares of HK\$0.01 each	Price paid per share		Aggregate consideration paid (including expenses) <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
July 2024	<u>2,740,000</u>	1.28	1.28	<u>3,507</u>

2024

Month of repurchases	No. of ordinary shares of HK\$0.01 each	Price paid per share		Aggregate consideration paid (including expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
January 2024	13,566,000	1.10	1.10	14,905
February 2024	13,692,000	1.10	1.09	14,987
	<u>27,258,000</u>			<u>29,892</u>

The repurchased ordinary shares are not cancelled and are deemed as treasury shares to satisfy the share award scheme adopted by the Company on 16 January 2024.

As at 31 March 2024, there are 2,740,000 treasury shares held by the Company (2025: Nil).

12. PERFORMANCE GUARANTEES

As at 31 March 2025, the performance guarantees of the Group of HK\$20,295,000 (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 31 March 2025 and 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 solutions services and IT managed services in Hong Kong and China. The Group strives to provide one-stop IT experience which begins with (i) consultation and advice; (ii) semiconductor products, hardware and/or software procurement; (iii) implementation; and (iv) management and maintenance of the IT infrastructure solutions.

The Group is a well-established IT infrastructure solutions provider based in Hong Kong. As at 31 March 2025, the Group has maintained qualified technical and sales staff to ensure that the Group keeps abreast of the advanced technology development with its vendors. In addition, the Group has received a numerous of remarkable awards of top performance and enterprise solutions from the vendors and charity organisation as set out below:

Presented by	Awards
Adobe	2024 Top Acquisition Reseller of the Year
Alibaba Cloud	2024 Database Partner of the Year
APC	2024 Outstanding GOV Segment Partner Award
Blackpanda	2024 Best Public-Sector Partner Hong Kong
H3C	2024 Cloud Elite Partner 2024 Valuable Partner
Hewlett Packard Enterprise	FY24 Best Performer Award – Compute Business FY24 Best Performer Award – Renewal and Professional Services FY24 Best Performer Award – Storage Business
HUAWEI	FY23 Excellent Partner Award – IT Solutions (HK & Macau)
HUAWEI ekit	Outstanding Contribution Partner in Distribution Market Award
Lenovo	FY24 Top ISG Partner Champion
NetApp	FY25 Best Partner (Commercial)

The IT infrastructure solutions industry in Hong Kong is highly competitive and fragmented. In particular, the Board believes that the business environment of Hong Kong is challenging. The Group's management team will continuously take proactive actions with an aim to improve the Group's operations and results.

FINANCIAL REVIEW

Revenue

The total revenue of the Group amounted to approximately HK\$1,491.4 million for the Year, representing an increase of approximately HK\$257.1 million or 20.8% as compared to approximately HK\$1,234.3 million for the Previous Year. 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\$1,348.3 million for the Year, representing an increase of approximately HK\$259.5 million or 23.8% as compared to approximately HK\$1,088.8 million for the Previous Year. The revenue of the business segment of IT managed services was approximately HK\$143.1 million, representing a decrease of approximately HK\$2.5 million or 1.7% as compared to approximately HK\$145.6 million for the Previous Year. For the Year, the business segments of IT infrastructure solutions services and IT managed services contributed approximately 90.4% and 9.6% to the total revenue of the Group, respectively.

Cost of sales

The total cost of sales of the Group for the Year was approximately HK\$1,303.1 million, representing an increase of approximately HK\$213.7 million or 19.6% from approximately HK\$1,089.4 million for the Previous Year. The increase in total cost of sales was mainly due to the increase in cost of the business segment of IT infrastructure solution services which was approximately HK\$1,186 million for the Year, representing an increase of approximately HK\$212.6 million or 21.8% as compared to approximately HK\$973.4 million for the Previous Year. The cost of the business segment of IT managed services was approximately HK\$117.0 million, representing an increase of approximately HK\$1.0 million or 0.9% as compared to approximately HK\$116.0 million for the Previous Year.

Gross profit and gross profit margin

The gross profit of the Group for the Year was approximately HK\$188.3 million, representing an increase of approximately HK\$43.3 million or 29.9% from approximately HK\$145.0 million for the Previous Year. Such increase was due to the increase in gross profit of the business segments of IT infrastructures solution services.

The gross profit of the business segment of IT infrastructure solution services was approximately HK\$162.2 million, representing an increase of approximately HK\$46.8 million or 40.6% as compared to approximately HK\$115.4 million for the Previous Year. The gross profit of the business segment of IT managed services was approximately HK\$26.1 million, representing a decrease of approximately HK\$3.5 million or 11.8% as compared to approximately HK\$29.6 million for the Previous Year.

Operating expenses

The total operating expenses of the Group for the Year was approximately HK\$166.7 million, representing an increase of approximately HK\$63.7 million or 61.8% as compared to approximately HK\$103.0 million for the Previous Year. Such increase was due to the net impact of increase in distribution and selling expenses and increase in administrative expenses of approximately HK\$12.3 million or 17.8% and HK\$46.7 million or 137.9% respectively.

Profit for the Year

The profit and total comprehensive income of the Group for the Year was approximately HK\$6.4 million, representing a decrease of approximately HK\$29.8 million or 82.3% as compared to approximately HK\$36.2 million for the Previous Year.

Such decrease was mainly due to the share-based compensation expenses of approximately HK\$38.4 million primarily attributable to the share award scheme adopted by the Company on 16 January 2024, certain terms of which were amended on 23 December 2024.

Exclude the share-based compensation expenses, the profit and total comprehensive income of the Group for the Year was approximately HK\$44.8 million, representing an increase of approximately HK\$8.6 million or 23.8% as compared to approximately HK\$36.2 million for the Previous Year.

Liquidity and financial resources

Capital Structure

As at 31 March 2025, the Group's total bank borrowings amounted to approximately HK\$22.5 million (31 March 2024: HK\$11.0 million). The bank borrowings of the Group as at 31 March 2025 were denominated in Hong Kong Dollars, and carried interest rate of 5.92% per annum.

The details of the share capital of the Company during the Year and the Previous Year are set out in note 11 on page 17 of this announcement.

Cash position

The Group recorded net current assets of approximately HK\$148.9 million as at 31 March 2025, while the net current assets of the Group as at 31 March 2024 was approximately HK\$171.5 million. As at 31 March 2025, the Group had cash and cash equivalents of approximately HK\$160.9 million (31 March 2024: HK\$159.8 million). Most of the cash and cash equivalents of the Group were denominated in HK\$, United States Dollars (“US\$”) and Renminbi (“RMB”).

Capital expenditure

During the Year, the Group’s total capital expenditure amounted to approximately HK\$7.0 million (the Previous Year: HK\$0.2 million), which was mainly incurred for acquisition of certain non-current assets.

Gearing ratio

The net gearing ratio was 10.11% which is total interest-bearing bank loans divided by the total equity and multiplied by 100% as at 31 March 2025, and it was 6.17% as at 31 March 2024.

Performance guarantees

The Group’s performance guarantees as at 31 March 2025 are set out in note 12 on page 18 of this announcement.

Contingent liabilities

The Group had no contingent liabilities as at 31 March 2025 (as at 31 March 2024: Nil).

Pledge of assets

As at 31 March 2025, certain of the Group’s bank deposits totaling HK\$54.8 million (31 March 2024: HK\$34.7 million) were pledged to secure derivative financial instruments and performance guarantees which will be released upon the maturity of the derivative financial instruments and completion of the contract works, respectively.

Foreign exchange risk

The Group's transactions are mainly denominated and settled in HK\$, US\$ and RMB. Foreign exchange exposure of the Group to US\$ will continue to be minimal as long as the policy of the Hong Kong Government to link HK\$ to US\$ remains in effect. During the Year, the Group has entered into the 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 realised gain (loss) and unrealised fair value gain (loss) on the HK\$/US\$ net-settled structured foreign currency forward contracts entered into by the Group.

As a portion of the Group's revenues and expenses are denominated in RMB, fluctuations in the RMB exchange rate against other currencies may affect the Group's financial results and cash flows.

HUMAN RESOURCES

As at 31 March 2025, the Group had a total of 271 employees (31 March 2024: 259 employees). For the Year, the total staff costs including Directors' emoluments was approximately HK\$182.1 million (Previous Year: HK\$121.4 million). The Group offers 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 review 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 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 the 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 on 16 January 2024 (the "**Share Award Scheme**"). 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 the Share Option Scheme and up to the date of this announcement, no share options have been granted. On 3 January 2025, an aggregate of 29,998,000 Shares, representing approximately 10% of the issued shares of the Company, were granted to ten awardees, including the Directors, senior management of the Company and its subsidiaries, under the Share Award Scheme.

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Year to the Shareholders (Previous Year: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of the shareholders of the Company to attend and vote at the annual general meeting of the Company (“**AGM**”), the register of members of the Company will be closed from Tuesday, 19 August 2025 to Friday, 22 August 2025, both days inclusive, during which period no transfer of shares of the Company (the “**Shares**”) will be registered. In order to be eligible to attend and vote at the AGM, 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 Monday, 18 August 2025.

SIGNIFICANT INVESTMENTS HELD

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

FUTURE OUTLOOK

In the coming year, the external environment remains fraught with uncertainties, including geopolitical shifts, supply chain realignments, and intensifying competition. To address these challenges, the Group has proactively implemented measures such as diversifying its talent strategy, enhancing employee training programs, and fostering an inclusive corporate culture to elevate workforce quality and collaborative efficiency. Simultaneously, the Group has widely adopted AI tools to optimize internal workflows and improve operational effectiveness, laying a solid foundation for sustainable growth. In the face of talent challenges, we will give full play to our multi-locational synergy model to control costs and attract top talents, while continuing to provide training to employees and advancing the construction of an open and inclusive corporate culture.

The Group will continue to focus on core business and partnerships with key vendors. Moreover, the Group had a good capital structure and prudent financial policy, it would minimize financial risk in the future. To strengthen the competition ability and maintain the leadership of industry, the Group will proactively seek and widen the business opportunities and looking for new market offerings and demand, leverage its industry leadership to achieve long-term sustainable growth.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

EVENT AFTER THE REPORTING PERIOD

References are made to (i) the joint announcement issued by Weiye Holdings Group Limited (the “**Offeror**”, which is beneficially and wholly-owned by Mr. Wang Guangbo, being the chairman of the Board and an executive Director) and the Company dated 20 March 2025 in relation to, among other things, the voluntary conditional cash offer by Astrum Capital Management Limited for and on behalf of the Offeror (the “**Offer**”) to acquire all the issued shares of the Company (other than those shares already owned by the Offeror and parties acting in concert with it); (ii) the composite document jointly issued by the Offeror and the Company dated 28 April 2025; (iii) the joint announcement issued by the Offeror and the Company dated 30 April 2025 in relation to clarification on the accompanying Form of Acceptance issued along with the Composite Document; (iv) the joint announcement issued by the Offeror and the Company dated 19 May 2025 in relation to, among other things, the Offer having become unconditional in all respects; and (v) the joint announcement issued by the Offeror and the Company dated 2 June 2025 in relation to, among other things, the close of the Offer and results of the Offer.

The Offer closed on 2 June 2025 and the Offeror had received valid acceptances in respect of 74,789,400 shares of the Company (the “**Acceptance Shares**”), representing approximately 24.93% of the issued share capital and voting rights of the Company. Immediately after the close of the Offer, taking into account the Acceptance Shares, together with the shares of the Company already owned, the Offeror and parties acting in concert with it hold, control or have direction over 65,789,400 Shares in aggregate (representing approximately 55.26% of all issued shares of the Company). As such, the Offeror has become a controlling shareholder of the Company. For details, please refer to the joint announcement issued by the Offeror and the Company dated 2 June 2025 in relation to, among other things, the shareholding structure of the Company immediately after the close of the Offer.

Save as disclosed above, there was no significant event affecting the Group that had occurred since the end of the Year and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

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 (the “**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 complied with the CG Code throughout the Year, except for Code Provision C.2.1 of the CG Code, details of which are set out below.

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, an executive Director and chairman of the Board, together with Mr. Huang Tianlei, an executive Director, will jointly assume 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 they 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.

DIRECTORS' SECURITIES TRANSACTIONS

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.

Having made specific enquiry to all Directors, all Directors confirmed that they have fully complied with the required standards and provisions as set out in the Model Code during the Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The 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 the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's unaudited consolidated financial statements for the year as approved by the Board of Directors on 8 July 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF THE ANNUAL RESULTS

The audit committee of the Board (the “**Audit Committee**”) has reviewed the annual results for the Year with the Company’s management and considered that such results have been prepared in accordance with the applicable accounting standards and requirements with sufficient disclosure. The Audit Committee has been established in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Lan Jia, Mr. Dai Bin, and Mr. Xu Jianwen. Ms. Lan Jia serves as the chairlady of the Audit Committee. The primary responsibilities of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the Group’s policies and to perform other duties and responsibilities as assigned by the Board.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Company for the Year containing all the relevant information required by the Listing Rules will be despatched to the Shareholders and also published on the websites of the Stock Exchange and the Company in due course.

RESUMPTION OF TRADING OF THE SHARES OF THE COMPANY

At the request of the Company, trading in the shares of the Company has been suspended since 9:00 a.m. on 2 July 2025 pending the issue of this announcement. Application has been made for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 9 July 2025 following the publication of this announcement.

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

Hong Kong, 8 July 2025

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