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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Maiyue Technology Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the comparative unaudited figures for the six months ended 30 June 2023 (the “**Corresponding Period**”).

### **FINANCIAL HIGHLIGHTS**

- The Group recorded unaudited revenue of approximately RMB22.0 million, representing an increase of approximately 12.2% as compared to approximately RMB19.6 million for the Corresponding Period;
- Gross profit for the Period amounted to approximately RMB7.8 million, representing an increase of approximately 124.7% as compared to approximately RMB3.5 million for the Corresponding Period;
- The Group recorded a loss for the Period of approximately RMB15.0 million, representing an increase of approximately 41.1% as compared to approximately RMB10.7 million for the Corresponding Period;
- The Group recorded unaudited loss per share attributable to equity shareholders of the Company of approximately RMB3.0 cents for the Period and the Corresponding Period; and
- The Board does not recommend the payment of interim dividend (Corresponding Period: Nil).

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

For the six months ended 30 June 2024 – unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	<b>22,040</b>	19,640
Cost of sales		<u>(14,210)</u>	<u>(16,155)</u>
<b>Gross profit</b>		<b>7,830</b>	3,485
Other income	5	<b>1,469</b>	3,753
Selling expenses		<b>(2,433)</b>	(3,268)
Administrative expenses		<b>(13,181)</b>	(13,817)
Research and development expenses		<b>(1,502)</b>	(1,458)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets		<u><b>(4,149)</b></u>	<u>3,471</u>
<b>Loss from operations</b>		<b>(11,966)</b>	(7,834)
Finance costs	6(a)	<b>(5,615)</b>	(4,530)
Share of loss of joint ventures		<u><b>(413)</b></u>	<u>(14)</u>
<b>Loss before taxation</b>	6	<b>(17,994)</b>	(12,378)
Income tax	7	<u><b>2,962</b></u>	<u>1,727</u>
<b>Loss for the period</b>		<u><b>(15,032)</b></u>	<u>(10,651)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(14,892)</b>	(10,379)
Non-controlling interests		<u><b>(140)</b></u>	<u>(272)</u>
<b>Loss for the period</b>		<u><b>(15,032)</b></u>	<u>(10,651)</u>
<b>Loss per share</b>			
Basic and diluted (RMB)	8	<u><b>(0.03)</b></u>	<u>(0.03)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Loss for the period</b>	<u>(15,032)</u>	<u>(10,651)</u>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside Chinese Mainland	<u>357</u>	<u>(554)</u>
<b>Other comprehensive income for the period</b>	<u>357</u>	<u>(554)</u>
<b>Total comprehensive income for the period</b>	<u>(14,675)</u>	<u>(11,205)</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	(14,535)	(10,933)
Non-controlling interests	<u>(140)</u>	<u>(272)</u>
<b>Total comprehensive income for the period</b>	<u>(14,675)</u>	<u>(11,205)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited

(Expressed in Renminbi)

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		10,046	11,169
Intangible assets		14,951	13,762
Interests in joint ventures		2,464	2,117
Equity securities designated at fair value through other comprehensive income (“FVOCI”)		38,999	38,999
Deferred tax assets		6,165	3,227
Other non-current assets		7,701	7,701
		<u>80,326</u>	<u>76,975</u>
<b>Current assets</b>			
Inventories		4,259	2,958
Contract assets		20,658	22,583
Trade and other receivables	9	442,620	449,799
Pledged bank deposits		1	9
Cash and cash equivalents		15,626	47,808
		<u>483,164</u>	<u>523,157</u>
<b>Current liabilities</b>			
Trade and other payables	10	70,367	89,623
Contract liabilities		1,432	622
Bank and other loans		160,101	135,543
Lease liabilities		1,030	1,272
Current taxation		3,686	3,738
		<u>236,616</u>	<u>230,798</u>
<b>Net current assets</b>		<u>246,548</u>	<u>292,359</u>
<b>Total assets less current liabilities</b>		<u>326,874</u>	<u>369,334</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 30 June 2024 – unaudited*

(Expressed in Renminbi)

		At <b>30 June</b> <b>2024</b> <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank and other loans		20,026	47,596
Lease liabilities		—	215
Deferred revenue		2,810	2,810
		<u>22,836</u>	<u>50,621</u>
<b>NET ASSETS</b>		<u><b>304,038</b></u>	<u><b>318,713</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11(b)	4,590	4,590
Reserves		297,853	312,388
<b>Total equity attributable to equity shareholders of the Company</b>		<b>302,443</b>	316,978
<b>Non-controlling interests</b>		<u>1,595</u>	<u>1,735</u>
<b>TOTAL EQUITY</b>		<u><b>304,038</b></u>	<u><b>318,713</b></u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Renminbi unless otherwise indicated)*

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The interim financial report is unaudited and has not been reviewed by the auditors, but has been reviewed by the audit committee of the Company.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Disaggregation of 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 3(b).

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Revenue from provision of integrated IT solution services	14,455	11,941
– Revenue from hardware and software sales	6,115	6,463
– Revenue from provision of standalone IT services	1,470	1,236
	<u>22,040</u>	<u>19,640</u>

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Disaggregated by timing of revenue recognition		
– Over time	1,426	3,228
– Point in time	20,614	16,412
	<u>22,040</u>	<u>19,640</u>

Revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	N/A*	4,432
Customer B	3,257	2,227
Customer C	N/A*	2,017
Customer D	6,637	N/A*
Customer E	3,744	N/A*

\* Less than 10% of the Group's revenue in the respective periods.

**(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, which 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 period is set out below.

	<b>Provision of integrated IT solution services</b> <i>RMB'000</i>	<b>Sales of hardware and software</b> <i>RMB'000</i>	<b>Provision of standalone IT services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Six months ended 30 June 2024</b>				
Revenue	14,455	6,115	1,470	22,040
Cost of sales	<u>(8,663)</u>	<u>(4,547)</u>	<u>(1,000)</u>	<u>(14,210)</u>
Gross profit	<u>5,792</u>	<u>1,568</u>	<u>470</u>	<u>7,830</u>
<b>Six months ended 30 June 2023</b>				
Revenue	11,941	6,463	1,236	19,640
Cost of sales	<u>(10,213)</u>	<u>(5,589)</u>	<u>(353)</u>	<u>(16,155)</u>
Gross profit	<u>1,728</u>	<u>874</u>	<u>883</u>	<u>3,485</u>

**(c) Reconciliations of reportable segment profit or loss**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment profit	<b>7,830</b>	3,485
Other income	<b>1,469</b>	3,753
Selling expenses	<b>(2,433)</b>	(3,268)
Administrative expenses	<b>(13,181)</b>	(13,817)
Research and development expenses	<b>(1,502)</b>	(1,458)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets	<b>(4,149)</b>	3,471
Finance costs	<b>(5,615)</b>	(4,530)
Share of loss of joint ventures	<b>(413)</b>	(14)
Consolidated loss before taxation	<u><b>(17,994)</b></u>	<u>(12,378)</u>

#### 4 SEASONALITY OF OPERATIONS

The Group experiences seasonal fluctuations in its operation. The Group's customers are mainly education institutions, many of which are primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system, with annual budget and procurement plan formulated and design of tendering scheme carried out at the beginning of each year, followed by tendering process starting from the second quarter of the year. The project execution generally starts around the summer breaks of education institutions in the third quarter of the year to minimise disruption to the normal operation of education institutions. Projects are normally completed within approximately one to three months. After the project executions are completed, user acceptance tests are carried out and normally complete in the fourth quarter of the year. As a result, the Group typically reports higher revenue and segment results for the fourth quarter of the year.

#### 5 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	650	1,088
Government grants ( <i>Note (i)</i> )	669	1,391
Net foreign exchange gain	76	594
Net gain on disposal of property, plant and equipment	45	–
Net gain on disposals of assets and liabilities held for sale	–	676
Others	29	4
	<u>1,469</u>	<u>3,753</u>

*Note:*

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

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>(a) Finance costs</b>		
Interest on bank and other loans	5,588	4,504
Interest on lease liabilities	27	26
	<u>5,615</u>	<u>4,530</u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	11,735	13,411
Contributions to defined contribution retirement plan	659	717
	<u>12,394</u>	<u>14,128</u>
<b>(c) Other items</b>		
Amortisation of intangible assets	3,546	3,055
Depreciation		
– property, plant and equipment owned	543	527
– right-of-use assets	538	455
Impairment loss/(reversal of impairment loss)		
– contract assets	111	(385)
– trade receivables	4,038	(3,086)
	<u>4,149</u>	<u>(3,471)</u>
Cost of inventories	11,871	13,606

## 7 INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Current tax – PRC Corporate Income Tax</b>		
Provision for the period	–	–
(Over)/under-provision in prior years	(24)	419
	(24)	419
<b>Deferred tax – PRC Corporate Income Tax</b>		
Origination and reversal of temporary differences	(2,938)	(2,146)
	(2,962)	(1,727)

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 six months ended 30 June 2024 and 2023, no provision for Hong Kong Profits Tax has been made, as the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax.
- (iii) The subsidiaries of the Group established in the PRC are 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 and renewed the qualification in 2022 to enjoy a preferential income tax rate of 15% for three years.
- (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 are entitled to a preferential income tax rate of 15% for the period.
- (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 100% of the qualified research and development costs could be deemed as deductible expenses during the period.

- (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.

## 8 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB14,892,000 (six months ended 30 June 2023: RMB10,379,000) and the weighted average of 500,000,000 ordinary shares (six months ended 30 June 2023: 375,000,000 ordinary shares after adjusting for the capitalisation issue in 2023 as disclosed in Note 11(b)(ii)) in issue during the interim period, calculated as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>'000</b>	<b>'000</b>
Issued ordinary shares at 1 January	<b>500,000</b>	10
Effect of capitalisation issue ( <i>Note 11(b)(ii)</i> )	—	374,990
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June	<b>500,000</b>	375,000
	<hr/> <hr/>	<hr/> <hr/>

There were no dilutive potential ordinary shares for the six months ended 30 June 2024 and 2023, therefore the diluted loss per share were the same as the basic loss per share.

## 9 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Trade receivables		
– third parties	<b>314,755</b>	339,030
– related parties	<b>1,380</b>	1,930
Less: loss allowance	<b>(21,638)</b>	(17,600)
	<b>294,497</b>	323,360
Amounts due from shareholders	<b>15</b>	15
Amounts due from other related parties	<b>6,128</b>	6,128
Other deposits, prepayments and receivables	<b>141,980</b>	120,296
	<b>442,620</b>	449,799

- (i) Trade receivables amounting to RMB8,683,000 (31 December 2023: RMB17,673,000) 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 RMB70,822,000 (31 December 2023: RMB78,395,000) were pledged as collateral for the Group's bank and other loans of RMB67,160,000 (31 December 2023: RMB63,588,000).

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

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Current (not past due)	<b>57,314</b>	211,281
Less than 3 months past due	<b>5,879</b>	31,579
More than 3 months but less than 6 months past due	<b>143,226</b>	34,192
More than 6 months but less than 12 months past due	<b>52,403</b>	23,754
More than 1 year past due	<b>35,675</b>	22,554
	<b>294,497</b>	323,360

Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the period, 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.

## 10 TRADE AND OTHER PAYABLES

	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	29,620	43,551
Accrued payroll	3,278	1,993
Amounts due to a joint venture	810	860
Other payables and accruals	36,659	43,219
	<u>70,367</u>	<u>89,623</u>

As of the end of the 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:

	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	25,339	38,765
Over 1 year but within 2 years	980	2,006
Over 2 years but within 5 years	3,121	2,592
Over 5 years	180	188
	<u>29,620</u>	<u>43,551</u>

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

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

No dividends in respect of the previous financial year, approved and paid during the six months ended 30 June 2024 and 2023.

(b) Share capital

	At 30 June 2024		At 31 December 2023	
	No. of shares (‘000)	Amount HK\$’000	No. of shares (‘000)	Amount HK\$’000
Ordinary shares:				
In issue at 1 January	500,000	5,000	10	—*
Capitalisation issue	—	—	374,990	3,750
Issue of ordinary shares by initial public offering	—	—	125,000	1,250
In issue at 30 June/31 December – fully paid	<u>500,000</u>	<u>5,000</u>	<u>500,000</u>	<u>5,000</u>
Authorised – par value HK\$0.01	<u>1,000,000</u>	<u>10,000</u>	<u>1,000,000</u>	<u>10,000</u>

\* 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 (equivalent to approximately RMB3,442,000) 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

### COMPANY'S BACKGROUND

The Group is an active integrated IT solutions services provider in the education and government IT solutions markets in the Guangxi Zhuang Autonomous Region of the PRC (“**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.

### BUSINESS REVIEW

For the Period, the Group's revenue stood at approximately RMB22.0 million, representing a growth of 12.2% as compared to that of the Corresponding Period. The Group had an increase in demand from customers for integrated IT solutions projects and standalone IT services segments, while the Group recorded a decrease of the sales of hardware and/or software compared to that of the Corresponding Period. The Group also continued to invest in research and development and enrich its self-developed product portfolio during the Period.

#### *Investment cooperation intention agreement*

On 22 May 2024, the Company entered into an investment cooperation intention agreement with party 1 and party 2 to jointly invest, construct and operate an artificial intelligence computing power center industrial integration project (the “**Project**”) in Guangxi.

The Project is planned to be developed in two phases. In the first phase, the infrastructure including the computing power center, intelligent computing center and computing power platform will be built. The second phase will involve further expansion of computing power scale and construction of new relevant supporting facilities.

The Group has been paying close attention the development of the artificial intelligence (AI) industry, focusing on empowering its customers in sectors such as government, business and education in their journey towards digital and intelligent transformation, with the Group's technologies such as AI, big data and Internet of Things. The party 1 is Ternary Fund Management Pte Ltd, a fund management company that specializes in investing in technology-driven growth companies, with active pursuit of growth in Asia and focus on AI field. It will provide an international perspective and strong support for the cooperation. The party 2 is a PRC enterprise focusing on research and development of GPU chips. Its core team has extensive research and development experience in high-performance GPU. It will provide strong technical support for the Project in terms of research and development.

### ***Shortlisted framework agreement procurement***

The Chuangpengyun desktop computer independently developed by the Group passed the public bidding of the Guangxi Zhuang Autonomous Region Government Procurement Centre in June 2024. After the evaluation committee evaluated the bidding enterprises in various aspects, including manufacturer qualification, product quality, after-sales service and comprehensive strength, it successfully entered the 2024 information products framework agreement procurement (desktop computer) list in June 2024.

The Group believes that the shortlisting of the framework agreement procurement list proves that the Group has strong research and development strength in the field of domestic computers and technological advancement, which will bring more business and economic benefits to the Group. The information technology application innovation industry of PRC has started to develop vigorously, and began to apply to the eight industries which are finance, telecommunications, electricity, petroleum, transportation, aerospace, education and medical care after the pilot projects in the governmental entities. Information technology application innovation industry will continue to maintain a strong growth momentum in the future, benefiting from the continued strong support of government policies, the continuous expansion of market demand and the continuous improvement of industrial ecology, which will also be the Group's new business growth point.

### ***Contract management AI intelligent platform***

In conjunction with a state-owned company in Guangxi, the Group has successfully developed an AI intelligent platform for contract management. The platform realizes the intelligent, electronic and process-oriented contract management of the whole cycle, and provides an efficient and convenient contract management solution for government and enterprise entities. At present, the platform has been put into use in the state-owned company, and effectively improving its operational efficiency and contract management level.

## **OUTLOOK**

Looking forward in the current financial year, the Group will continue to devote its resources in the area of research and development. The Group will also 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 as to enhance the Group's brand awareness and expand its market presence in different segments or regions in the PRC.

## *Beijing R&D Center*

In July 2024, to enhance the Group’s technological research and development strength in the field of artificial intelligence, the Group officially set up its research and development center in Beijing (the “**Beijing R&D Center**”). The Beijing R&D Center focuses on the research and development and application of cutting-edge AI technology, aiming to provide more high-quality and intelligent solutions for education, government and enterprise industries through technological innovation. The Beijing R&D Center will mark the further improvement of the Group’s artificial intelligence technology research and development system and lay a solid technical foundation for the long-term development of the Group.

## **FINANCIAL OVERVIEW**

### *Revenue*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Revenue		
– Integrated IT solutions services	<b>14,455</b>	11,941
– Sales of hardware and/or software	<b>6,115</b>	6,463
– Standalone IT services	<b>1,470</b>	1,236
	<b>22,040</b>	19,640

Revenue for the Period amounted to approximately RMB22.0 million, representing an increase of approximately 12.2% or approximately RMB2.4 million as compared to that of the Corresponding Period, mainly resulting from the increase in demand from customers for integrated IT solutions services.

In particular, revenue from integrated IT solutions services for the Period was approximately RMB14.5 million, accounting for approximately 65.6% of the total revenue during the Period, representing an increase of approximately 21.1% or approximately RMB2.5 million as compared to that of the Corresponding Period.

Revenue from sales of hardware and/or software was approximately RMB6.1 million, representing a decrease of approximately 5.4% or approximately RMB0.3 million as compared to that of the Corresponding Period.

Revenue from standalone IT services was approximately RMB1.5 million, representing an increase of approximately 18.9% or approximately RMB0.2 million as compared to that of the Corresponding Period.

### ***Cost of sales***

The cost of sales mainly comprised procurement costs for hardware and software, service costs for IT and supporting services, staff costs and others. The cost of sales decreased by approximately RMB2.0 million or 12.0% from approximately RMB16.2 million for the Corresponding Period to approximately RMB14.2 million for the Period.

### ***Gross profit and gross profit margin***

Gross profit for the Group for the Period amounted to approximately RMB7.8 million, representing an increase of approximately 124.7%, or approximately RMB4.3 million as compared to that of the Corresponding Period. Gross profit margin for the Period was approximately 35.5% (Corresponding Period: approximately 17.7%).

The increase in gross profit and gross profit margin was mainly due to (i) the increased proportion of integrated IT solutions services accounted for the total revenue during the Period; and (ii) the increase in gross profit from the integrated IT solutions services segment.

### ***Selling expenses***

The selling expenses mainly comprised staff costs, tendering fees, warranty expenses and others. For the Period, the Group's selling expenses were approximately RMB2.4 million, representing a decrease of approximately 25.6% or approximately RMB0.8 million as compared to that of the Corresponding Period, and were equivalent to approximately 11.0% of the Group's revenue during the Period (Corresponding Period: approximately 16.6%). The decrease in selling expenses was mainly due to the decrease in staff cost and warranty expenses.

### ***Administrative expenses***

The administrative expenses mainly comprised staff costs, depreciation and amortisation, travelling expenses, legal and professional fee and others. The administrative expenses of the Group for the Period amounted to approximately RMB13.2 million, representing a decrease of approximately 4.6% or approximately RMB0.6 million as compared to that of the Corresponding Period. The decrease in administrative expenses was mainly due to the decrease in listing expenses.

### ***Research and development expenses***

The research and development expenses mainly comprised staff costs, project development expenses, depreciation and amortisation and others. The research and development expenses of the Group for the Period, amounted to approximately RMB1.5 million, representing an increase of approximately 3.0% as compared to that of the Corresponding Period, and were equivalent to approximately 6.8% of the Group's revenue during the Period (Corresponding Period: approximately 7.4%). The increase in research and development expenses was mainly due to the increase in project development expenses.

### ***(Impairment loss)/reversal of 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 impairment loss on trade receivables and contract assets of approximately RMB4.1 million was recognised for the Period, as compared to the reversal of impairment loss on trade receivables and contract assets of RMB3.5 million for the Corresponding Period. The impairment loss on trade receivables and contract assets was recognised mainly due to the increase in long-aged trade receivables.

Nonetheless, the Group recorded trade receivable balance of approximately RMB294.5 million as at 30 June 2024 (31 December 2023: approximately RMB323.4 million). The decrease in trade receivables balance was mainly due to (i) impairment loss on trade receivable of approximately RMB4.1 million was recognised during the Period; and (ii) the amount of trade receivables collected was greater than the increase in revenue recognised during the Period.

### ***Finance costs***

For the Period, the Group's finance costs was approximately RMB5.6 million, representing an increase of approximately 24.0% or approximately RMB1.1 million as compared to that of the Corresponding Period, which was mainly due to the increase in the average bank and other loans balances for the Period.

### ***Income tax credit***

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 Group recognised income tax credit of approximately RMB3.0 million for the Period (Corresponding Period: approximately RMB1.7 million) mainly due to the recognition of deferred tax assets for credit loss allowances and cumulative tax losses.

### ***Loss for the period and loss per share***

For the Period, the Group recorded loss for the period amounted to RMB15.0 million, representing an increase of approximately 41.1% as compared with approximately RMB10.7 million in the Corresponding Period.

There were no dilutive potential ordinary shares for the Period and the Corresponding Period, therefore the diluted loss per share were the same as the basic loss per share. Basic and diluted loss per share for the Period and the Corresponding Period were RMB3.0 cents.

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

The Group has no significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group conducts most of the businesses in Renminbi. 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 Group 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.

## **FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 June 2024, the Group did not have other plans for material investments or capital assets.

## **OTHER INFORMATION**

### **REMUNERATION POLICY AND EMPLOYMENT BENEFITS**

As at 30 June 2024, the Group employed approximately 200 employees. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the staff depending on their performance. The Group is required to make contribution to a social insurance scheme in Chinese Mainland. The Group provided training programmes to employees to equip them with the requisite working skills and knowledge.

Directors and senior management of the Group receive compensation in the forms of salaries, contributions to pension schemes and other allowances and benefits in kind subject to applicable laws, rules and regulations. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

The Group did not experience any significant problems with its employees or disruption to its operations due to labour disputes, nor have experienced any difficulties in the recruitment and retention of experienced staff during the Period.

### **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Li Changqing (“**Mr. Li**”) is the chairman (“**Chairman**”) and chief executive officer of the Group (“**CEO**”). In view of the fact that Mr. Li has been responsible for the day-to-day management of the Group since 2003 and the steady development of the Group, the Board believes that with the support of Mr. Li's extensive experience and knowledge in the business of the Group, vesting the roles of both Chairman and CEO in Mr. Li strengthens the consistent and solid leadership of the Group, and thereby allows for efficient business planning and decision which is in the best interest of the Group as a whole.

Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is also of the view that the current management structure is effective for the Group's operations, and sufficient checks and balances are in place. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of Chairman and CEO is necessary.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 shareholders and to enhance corporate value and accountability.

Except for the disclosed in the paragraph headed “Chairman and Chief Executive Officer”, the Company has fully complied with all the code provisions of the corporate governance code (the “**Corporate Governance Code**” or “**CG Code**”) set forth in Appendix C1 to the Listing Rules during the period from the listing date to 30 June 2024.

## 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 the listing date to 30 June 2024.

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.

## INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (Corresponding Period: Nil).

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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 at 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 financial related matters with the management of the Group. The interim results are unaudited and have not been reviewed by the auditors, but have been reviewed by the Audit Committee.



## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

As far as the Board and the management of the Group are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Period, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

## **EVENTS AFTER THE END OF THE PERIOD**

There has been no other significant events that might affect the Group since the end of the Period and up to the date of this interim announcement.

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

This interim results announcement has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.maiyuesoft.com](http://www.maiyuesoft.com)). The interim report of the Company for the Period will be dispatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board  
**Maiyue Technology Limited**  
**Mr. Li Changqing**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 August 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.*