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**EXPERT
EXPERT SYSTEMS HOLDINGS LIMITED**

思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8319)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Expert Systems Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk, the GEM website at www.hkgem.com on the “Latest Listed Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published and remains on the Company’s website at www.expertsystems.com.hk.

HIGHLIGHTS

- Revenue for the year ended 31 March 2022 (the “**Reporting Year**”) increased by approximately 27.8% from that for the year ended 31 March 2021 (the “**Corresponding Year**”) to approximately HK\$682.2 million.
- Gross profit for the Reporting Year increased by approximately 45.7% from the Corresponding Year to approximately HK\$104.9 million.
- Profit for the year attributable to owners of the Company for the Reporting Year dropped by approximately 29.9% to approximately HK\$15.2 million as compared to the Corresponding Year. Excluding the legal and professional fees of HK\$3.1 million for the very substantial acquisition (the “**Acquisition**”) of 70% of the issued share capital of ServiceOne International Holdings Limited (“**S1IHL**”) which is principally engaged in the provision of IT infrastructure management services, recognised for the Reporting Year and the government subsidy of HK\$4.5 million from the Employment Support Scheme under the Anti-Epidemic Fund recognised for the Corresponding Year, the adjusted profit attributable to owners of the Company for the Reporting Year amounted to HK\$18.3 million (the Corresponding Year: HK\$17.2 million), representing an increase of approximately 6.5% as compared with that of the Corresponding Year.
- Basic earnings per share decreased by approximately 30.1% from approximately HK2.72 cents for the Corresponding Year to approximately HK1.90 cents for the Reporting Year.

ANNUAL RESULTS

The board of Directors (the “**Board**”) of Expert Systems Holdings Limited is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 5 | 682,189 | 533,944 |
| Cost of sales | | <u>(577,241)</u> | <u>(461,936)</u> |
| Gross profit | | 104,948 | 72,008 |
| Other income and gains | 5 | 2,580 | 6,023 |
| Selling expenses | | (40,407) | (40,472) |
| Administrative expenses | | (42,260) | (12,413) |
| (Provision for)/reversal of expected credit losses on financial assets | | (83) | 244 |
| Finance costs | | <u>(2,966)</u> | <u>(339)</u> |
| Profit before income tax expense | 6 | 21,812 | 25,051 |
| Income tax expense | 7 | <u>(4,949)</u> | <u>(3,331)</u> |
| Profit for the year | | 16,863 | 21,720 |
| Other comprehensive income for the year | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| — Exchange difference arising from translation of foreign operations | | <u>815</u> | <u>—</u> |
| Total comprehensive income for the year | | <u>17,678</u> | <u>21,720</u> |

| | <i>Notes</i> | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Profit for the year attributable to: | | | |
| Owners of the Company | | 15,217 | 21,720 |
| Non-controlling interests | | 1,646 | – |
| | | <u>16,863</u> | <u>21,720</u> |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 15,787 | 21,720 |
| Non-controlling interests | | 1,891 | – |
| | | <u>17,678</u> | <u>21,720</u> |
| Earnings per share | 9 | | |
| — Basic | | <u>HK1.90 cents</u> | <u>HK2.72 cents</u> |
| — Diluted | | <u>HK1.74 cents</u> | <u>HK2.72 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 12,530 | 5,956 |
| Intangible assets | | 17,299 | – |
| Goodwill | | 100,078 | – |
| Finance lease receivables | | 73 | 244 |
| Restricted bank deposits | | 2,021 | – |
| Other receivables | <i>11</i> | 4,310 | 2,356 |
| | | 136,311 | 8,556 |
| Current assets | | | |
| Inventories | | 11,952 | 3,997 |
| Trade receivables | <i>10</i> | 145,812 | 83,742 |
| Prepayments, deposits and other receivables | <i>11</i> | 44,157 | 7,341 |
| Finance lease receivables | | 171 | 213 |
| Restricted bank deposits | | – | 2,021 |
| Bank deposits | | 42,900 | – |
| Cash and cash equivalents | | 158,459 | 152,105 |
| | | 403,451 | 249,419 |
| Current liabilities | | | |
| Trade payables | <i>12</i> | 132,171 | 98,351 |
| Accruals, deposits received and other payables | <i>13</i> | 118,212 | 29,148 |
| Amount due to a related company | | – | 91 |
| Consideration payable | | 43,148 | – |
| Lease liabilities | | 3,277 | 1,538 |
| Tax payables | | 3,624 | 1,914 |
| | | 300,432 | 131,042 |
| Net current assets | | 103,019 | 118,377 |
| Total assets less current liabilities | | 239,330 | 126,933 |

| | <i>Notes</i> | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current liabilities | | | |
| Other payables | <i>13</i> | 1,988 | 627 |
| Lease liabilities | | 7,163 | 4,311 |
| Convertible bonds | | 56,494 | – |
| Deferred tax liabilities | | 2,808 | – |
| | | <u>68,453</u> | <u>4,938</u> |
| Net assets | | <u>170,877</u> | <u>121,995</u> |
| EQUITY | | | |
| Share capital | <i>14</i> | 8,033 | 8,000 |
| Reserves | | 143,844 | 113,995 |
| | | <u>151,877</u> | <u>121,995</u> |
| Equity attributable to owners of the Company | | | |
| Non-controlling interests | | <u>19,000</u> | – |
| Total equity | | <u>170,877</u> | <u>121,995</u> |

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands on 18 September 2015. Its shares are listed on the GEM of the Stock Exchange on 12 April 2016. The address of the Company's registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is 22/F., Yen Sheng Centre, 64 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of IT infrastructure solutions and provision of IT infrastructure management services in the Greater China Area (i.e. Hong Kong, Macau, Taiwan and all other parts of the People's Republic of China) and the Asia-Pacific region (including Japan, Korea, Singapore, Malaysia and Australia).

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) issued by the Hong Kong Institute of Certified Public Accountants and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

3. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs — effective 1 April 2021

| | |
|--|--|
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2 |
| Amendment to HKFRS 16 | COVID-19-Related Rent Concessions beyond 30 June 2021 |

The application of the amendments to HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in this consolidated financial statements. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

| | |
|---|--|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ² |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosures of Accounting Policies ² |
| Amendments to HKAS 8 | Definition of Accounting Estimates ² |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³ |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use ¹ |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract ¹ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018–2020 ¹ |

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosure. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying HKFRS 16 at the commencement date of a lease.

Following the amendments to HKAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

Annual Improvements to HKFRSs 2018–2020

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The chief operating decision maker is identified as executive directors of the Company. The Group has identified its operating segments based on the regular internal financial information reported to the Company’s executive directors for their decisions about resources allocation and review of performance.

The Group’s consolidated revenue and results are primarily attributable to the markets in Hong Kong, Mainland China and Macau and all of the Group’s consolidated assets and liabilities are located in Hong Kong, Mainland China and Macau.

The following are the Group’s reportable segments under HKFRS 8 “Operating Segments”:

- Provision of IT infrastructure solutions services (“**IT infrastructure solutions**”);
- Provision of IT infrastructure management services (“**IT infrastructure management services**”) (being a new segment since the completion of acquisition of certain subsidiaries in October 2021).

The following is an analysis of the Group’s revenue, assets and liabilities by reportable segments from continuing operations.

For the year ended 31 March 2022

| | IT infrastructure solutions HK\$'000 | IT infrastructure management services HK\$'000 | Total HK\$'000 |
|--|---|---|---------------------------|
| Segment revenue | <u>527,334</u> | <u>154,855</u> | <u>682,189</u> |
| Segment results | <u>23,633</u> | <u>6,632</u> | <u>30,265</u> |
| Unallocated expenses | | | <u>(8,453)</u> |
| Profit before income tax expense | | | <u><u>21,812</u></u> |
| Segment assets | | | |
| IT infrastructure solutions | | | 251,095 |
| IT infrastructure management services | | | 266,325 |
| Unallocated assets | | | |
| — Cash and cash equivalents | | | 22,192 |
| — Others | | | <u>150</u> |
| Total assets | | | <u><u>539,762</u></u> |
| Segment liabilities | | | |
| IT infrastructure solutions | | | 165,636 |
| IT infrastructure management services | | | 103,051 |
| Unallocated liabilities | | | |
| — Consideration payable | | | 43,148 |
| — Convertible bonds | | | 56,494 |
| — Others | | | <u>556</u> |
| Total liabilities | | | <u><u>368,885</u></u> |
| Other segment information | | | |
| Interest income | 171 | 35 | 206 |
| Interest expenses | (266) | (150) | (416) |
| Depreciation of property, plant and equipment | (2,149) | (2,444) | (4,593) |
| Amortisation of intangible assets | – | (2,022) | (2,022) |
| Provision of expected credit losses on financial assets | (83) | – | (83) |
| Income tax expenses | (3,329) | (1,620) | (4,949) |
| Addition to property, plant and equipment | 825 | 527 | 1,352 |
| Addition to intangible assets | <u>–</u> | <u>11</u> | <u>11</u> |

For the year ended 31 March 2021

| | IT infrastructure solutions <i>HK\$'000</i> | IT infrastructure management services <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|---|--------------------------|
| Segment revenue | 533,944 | – | 533,944 |
| Segment results | 27,448 | – | 27,448 |
| Unallocated expenses | | | (2,397) |
| Profit before income tax expense | | | 25,051 |
| Segment assets | | | |
| IT infrastructure solutions | | | 256,012 |
| Unallocated assets | | | |
| — Cash and cash equivalents | | | 1,195 |
| — Others | | | 768 |
| Total assets | | | 257,975 |
| Segment liabilities | | | |
| IT infrastructure solutions | | | 135,664 |
| Unallocated liabilities | | | |
| — Others | | | 316 |
| Total liabilities | | | 135,980 |
| Other information | | | |
| Interest income | 509 | – | 509 |
| Interest expenses | (339) | – | (339) |
| Depreciation of property, plant and equipment | (2,255) | – | (2,255) |
| Reversal of expected credit losses on financial assets | 244 | – | 244 |
| Income tax expense | (3,331) | – | (3,331) |
| Addition to property, plant and equipment | 212 | – | 212 |

Geographical information

The following is an analysis of the Group's revenue by the geographical locations of service rendered.

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Hong Kong | 585,411 | 531,986 |
| Mainland China | 85,909 | – |
| Macau | 4,091 | 1,958 |
| Others | 6,778 | – |
| | <u>682,189</u> | <u>533,944</u> |

Information about the Group's non-current assets by geographical location of the assets (except for financial assets) are presented below:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Hong Kong | 128,184 | 5,956 |
| Mainland China | 1,533 | – |
| Macau | 190 | – |
| | <u>129,907</u> | <u>5,956</u> |

Information about major customers

There is no single customer who contributed 10% or more revenue to the Group's revenue derived from specific external customers for the year ended 31 March 2022 (2021: 14.9% from a customer).

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Revenue from contracts with customers: | | |
| Provision of IT infrastructure solutions | 527,256 | 533,857 |
| Provision of IT infrastructure management services | <u>154,855</u> | <u>–</u> |
| | 682,111 | 533,857 |
| Revenue from other sources: | | |
| Finance leases income | <u>78</u> | <u>87</u> |
| Total | <u><u>682,189</u></u> | <u><u>533,944</u></u> |
| Disaggregation of revenue from contracts with customers: | | |
| At a point in time | 553,110 | 533,857 |
| Overtime | <u>129,001</u> | <u>–</u> |
| Total | <u><u>682,111</u></u> | <u><u>533,857</u></u> |

An analysis of other income and gains is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Other income and gains: | | |
| Interest income | 206 | 509 |
| Write back of other payables | 930 | 146 |
| Exchange gain | – | 334 |
| Government subsidy (<i>note (a)</i>) | 322 | 4,503 |
| Rent concessions (<i>note (b)</i>) | 1 | 185 |
| Reversal of write-down of inventories to net realisable value | 1 | – |
| Gain on lease modification | 654 | – |
| Sundry income | <u>466</u> | <u>346</u> |
| Total | <u><u>2,580</u></u> | <u><u>6,023</u></u> |

- (a) During the year ended 31 March 2022, COVID-19 related government subsidy from Macau Government amounted to HK\$322,000 was received by the Group. During the year ended 31 March 2021, the government subsidy of HK\$4,503,000 represented a one-off subsidy under Employment Support Scheme launched by the Hong Kong Special Administrative Region Government.
- (b) The rent concessions related to COVID-19 pandemic of HK\$1,000 (2021: HK\$185,000) has been credited in profit or loss during the year ended 31 March 2022.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

| | 2022 | 2021 |
|--|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Trade receivables (<i>note 10</i>) | 145,812 | 83,742 |
| Contract assets | 19,025 | – |
| Contract liabilities (<i>note 13(a)</i>) | (47,520) | (18,718) |

The contract liabilities mainly relate to the advance consideration received from customers. Contract liabilities as of 1 April 2021 of HK\$18,718,000 (1 April 2020: HK\$8,078,000) have been recognised as revenue for the year ended 31 March 2022 from performance obligations satisfied in the year due to the delivery of goods and services accepted by customers.

Transaction price allocated to future performance obligations

The aggregate amount of the transaction price of IT infrastructure management services allocated to performance obligations that are unsatisfied (or partially unsatisfied) were approximately HK\$49,291,000 as at 31 March 2022 (2021: not applicable). Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the 31 March 2022 will be recognised within 1 to 4 years.

The Group has applied the practical expedient to its contracts for the provision of IT infrastructure solutions and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for the provision of IT infrastructure solutions that had an original expected duration of one year or less.

6. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging/(crediting):

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Costs of inventories recognised as expenses | 482,418 | 395,716 |
| Auditor's remuneration | 975 | 645 |
| Depreciation of property, plant and equipment | 4,593 | 2,255 |
| Amortisation of intangible assets | 2,022 | – |
| Written off of property, plant and equipment | 12 | – |
| Exchange losses, net | 55 | – |
| Short-term lease with application of recognition exemption | 474 | – |
| (Reversal of)/write-down of inventories to net realisable value | (1) | 22 |
| Staff costs (including directors' remuneration) | | |
| — Wages, salaries and other benefits | 114,714 | 45,126 |
| — Contribution to defined contribution pension plans | 1,855 | 1,315 |
| — Equity settled share-based payment expenses | 213 | 363 |
| | <u>116,782</u> | <u>46,804</u> |

7. INCOME TAX EXPENSE

The income tax expense in the consolidated statement of comprehensive income represents:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current tax | | |
| Hong Kong profits tax | | |
| Tax for the year | 5,110 | 3,353 |
| Over-provision in respect of prior year | (22) | (22) |
| | <u>5,088</u> | <u>3,331</u> |
| Others | 173 | – |
| | <u>5,261</u> | <u>3,331</u> |
| Deferred tax | (312) | – |
| Total income tax expense | <u>4,949</u> | <u>3,331</u> |

According to the Inland Revenue (Amendment) (No. 3) Ordinance 2018 enacted on 29 March 2018, the two-tiered profits tax regime (the “**Regime**”) is effective from the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for the year ended 31 March 2022 and 2021 is provided based on the Regime.

Under the Law of Mainland China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the standard EIT rate of Mainland China subsidiaries is 25%.

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any taxation under the jurisdictions of Cayman Islands during the year ended 31 March 2022 (2021: HK\$ nil).

Macau Complementary Tax is calculated at the rate of 12% (2021: 12%) on the estimated assessable profit for the year ended 31 March 2022 (2021: HK\$ nil).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense for the year can be reconciled to the profit before income tax expense in the consolidated statement of comprehensive income as follows:

| | 2022 <i>HK\$’000</i> | 2021 <i>HK\$’000</i> |
|---|-------------------------|-------------------------|
| Profit before income tax expense | <u>21,812</u> | <u>25,051</u> |
| Tax calculated at the statutory rate of 16.5% | 3,599 | 4,134 |
| Effect of different tax rates in other jurisdiction | 42 | 24 |
| Tax effect of expenses not deductible for tax purpose | 1,652 | 85 |
| Tax effect of revenue not taxable for tax purpose | (194) | (961) |
| Tax effect of deductible temporary differences not recognised | 214 | 266 |
| Tax effect of two-tiered profits tax rates regime | (165) | (165) |
| Over-provision in respect of prior years | (22) | (22) |
| Others | <u>(177)</u> | <u>(30)</u> |
| Income tax expense | <u>4,949</u> | <u>3,331</u> |

No deferred tax asset has been recognised in relation to deductible temporary differences of HK\$100,000 (2021: HK\$82,000) relating to the depreciation charges as it is not material.

As at 31 March 2022, the Group had estimated unrecognised tax losses of approximately HK\$28,000 (2021: HK\$ nil), HK\$19,000 (2021: HK\$ nil) and HK\$15,000 (2021: HK\$ nil), respectively, available for offset against future taxable profits in Singapore, South Korea and Australia. No deferred tax asset has been recognised in respect of the estimated unrecognised tax losses due to the unpredictability of future profit streams. The tax losses are subject to final approval by the tax authorities in different tax jurisdictions.

Under the EIT Law of Mainland China, withholding tax is imposed on dividends declared in respect of profits earned by Mainland China subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of Mainland China subsidiary amounting to HK\$21,688,000 (2021: HK\$ nil) as at 31 March 2022, as the Group is able to control the timing of the reversal of the temporary differences and it is not probable that the subsidiary will distribute such profits in foreseeable future.

8. DIVIDENDS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Dividends for ordinary shareholders of the Company recognised as distribution during the year | | |
| 2021 final of HK0.90 cent per share was declared and paid | 7,230 | – |
| 2020 final of HK0.45 cent per share was declared and paid | <u>–</u> | <u>3,600</u> |
| | <u><u>7,230</u></u> | <u><u>3,600</u></u> |

A final dividend in respect of the year ended 31 March 2022 of HK0.77 cent per ordinary share (tax exclusive) amounting to HK\$6,185,000 was proposed pursuant to a resolution passed by the Board of Directors on 24 June 2022 and subject to the approval by the shareholders at the annual general meeting of the Company to be held on 16 September 2022 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | 2022 | 2021 |
|---|-----------------------------|----------------------------|
| Earnings | | |
| Profit for the purposes of basic earnings per share (<i>HK\$'000</i>) | 15,217 | 21,720 |
| Effect of dilutive potential ordinary shares: | | |
| — Interest on convertible bonds, net of income tax (<i>HK\$'000</i>) | <u>2,550</u> | <u>–</u> |
| Profit for the purposes of diluted earnings per share (<i>HK\$'000</i>) | <u><u>17,767</u></u> | <u><u>21,720</u></u> |
| Number of shares | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 801,828,352 | 800,000,000 |
| Effect of dilutive potential ordinary shares: | | |
| — Convertible bonds | 215,753,425 | – |
| — Share options | <u>2,269,494</u> | <u>–</u> |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u><u>1,019,851,271</u></u> | <u><u>800,000,000</u></u> |
| Basic earnings per share | HK1.90 cents | HK2.72 cents |
| Diluted earnings per share | <u><u>HK1.74 cents</u></u> | <u><u>HK2.72 cents</u></u> |

10. TRADE RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Trade receivables, gross | 146,045 | 83,892 |
| Less: Provision for impairment | <u>(233)</u> | <u>(150)</u> |
| | <u>145,812</u> | <u>83,742</u> |

The credit period is generally 7 to 60 days.

An ageing analysis of the Group's trade receivables, net of impairment and based on invoice date, is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Within 1 month | 55,197 | 24,549 |
| More than 1 month but not more than 3 months | 58,539 | 15,632 |
| More than 3 months but not more than 6 months | 24,614 | 33,888 |
| More than 6 months but not more than a year | 5,779 | 6,584 |
| More than a year | <u>1,683</u> | <u>3,089</u> |
| | <u>145,812</u> | <u>83,742</u> |

At the end of each reporting period, the management performs impairment analysis by using a provision matrix to measure expected credit losses. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for impairment of trade receivables during each reporting period is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| At the beginning of the year | 150 | 394 |
| Provision for/(reversal of) expected credit loss for the year | <u>83</u> | <u>(244)</u> |
| At the end of the year | <u>233</u> | <u>150</u> |

At 31 March 2022, the management had determined that the provision of expected credit losses of trade receivables was approximately HK\$233,000 (2021: HK\$150,000), and there was a provision for expected credit loss of approximately HK\$83,000 provided for year ended 31 March 2022 (2021: reversal of HK\$244,000).

The Group did not hold any collateral or other credit enhancements over the impaired trade receivables.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Other deposits | 13,382 | 4,037 |
| Other receivables | 4,242 | 97 |
| Contract assets | 19,025 | – |
| Prepayments | <u>11,818</u> | <u>5,563</u> |
| | 48,467 | 9,697 |
| Less: non-current portion of other receivables | <u>(4,310)</u> | <u>(2,356)</u> |
| | <u><u>44,157</u></u> | <u><u>7,341</u></u> |

12. TRADE PAYABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Trade payables | <u><u>132,171</u></u> | <u><u>98,351</u></u> |

The credit period ranges from approximately 30 to 90 days.

An ageing analysis of the Group's trade payables, based on invoice date, is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Within 1 month | 76,504 | 48,461 |
| More than 1 month but not more than 3 months | 46,101 | 43,789 |
| More than 3 months but not more than 6 months | 6,847 | 3,578 |
| More than 6 months but not more than a year | 1,696 | 1,325 |
| More than a year | <u>1,023</u> | <u>1,198</u> |
| | <u><u>132,171</u></u> | <u><u>98,351</u></u> |

13. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Other payables and accrued expenses | 66,573 | 3,577 |
| Staff commission | 6,107 | 6,631 |
| Other deposits received | – | 849 |
| Contract liabilities (<i>note (a)</i>) | <u>47,520</u> | <u>18,718</u> |
| | 120,200 | 29,775 |
| Less: Non-current portion other payables | <u>(1,988)</u> | <u>(627)</u> |
| | <u>118,212</u> | <u>29,148</u> |

Note:

(a) Contract liabilities

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Contract liabilities arising from: | | |
| — Provision of IT infrastructure solutions | 28,495 | 18,718 |
| — Provision of IT infrastructure management services | <u>19,025</u> | <u>–</u> |
| | <u>47,520</u> | <u>18,718</u> |

Contract liabilities represent deposits received from customers in relation to their contracts placed with the Group.

Changes in contract liabilities primarily relate to the Group's performance of services under the contracts. Revenue of the Group of HK\$18,718,000 recognised for the year ended 31 March 2022 (2021: HK\$8,078,000) were included in the contract liabilities at the beginning of the year.

14. SHARE CAPITAL

| | Number | Amount <i>HK\$'000</i> |
|---|-----------------------|---------------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.01 each | | |
| At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022 | <u>10,000,000,000</u> | <u>100,000</u> |
| Issued and fully paid: | | |
| Ordinary shares of HK\$0.01 each | | |
| At 1 April 2020, 31 March 2021 and 1 April 2021 | 800,000,000 | 8,000 |
| Shares issued upon exercise of share options | <u>3,280,000</u> | <u>33</u> |
| At 31 March 2022 | <u>803,280,000</u> | <u>8,033</u> |

15. EVENTS AFTER REPORTING DATE

On 21 June 2022, Expert Systems Group Limited and Expert Systems Technology Limited (“**Joint Venture Company**”), both are the wholly-owned subsidiaries of the Company, entered into the Joint Venture Agreement (the “**Transaction**”) with Mr. Chan Chun Chung (“**Mr. Chan**”), pursuant to which, Mr. Chan agreed to subscribe for, and the Joint Venture Company agreed to allot and issue to Mr. Chan, 300 shares at US\$300. Completion of such Transaction has taken place after the signing of the Joint Venture Agreement.

Immediately before completion, the Joint Venture Company was indirectly wholly-owned by the Company. After completion of the Transaction, the Joint Venture Company has been owned as to 70% by the Group and 30% by Mr. Chan and the Joint Venture Company has become an indirect non wholly-owned subsidiary of the Company. The financial results of the Joint Venture Company will continue to be consolidated into those of the Group after Completion.

Details of the transaction are set out in the Company’s announcement dated 21 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of IT infrastructure solutions whereby the Group assesses, designs and implements IT infrastructure solutions for the Group's customers by integrating different hardware and software sourced from third party suppliers to satisfy various IT requirements and needs of the Group's customers.

On 8 October 2021, the Group completed the Acquisition of 70% of the issued share capital of S1IHL which is principally engaged in the provision of IT infrastructure management services and it has become an indirect non-wholly-owned subsidiary of the Company. The financial results, assets and liabilities of S1IHL have been consolidated into the financial statements of the Company since 8 October 2021. Details of the Acquisition are set out in the Company's announcements dated 9 July 2021 and 8 October 2021 and the circular of the Company dated 17 September 2021.

BUSINESS REVIEW

For the year ended 31 March 2022 (the "**Reporting Year**") as compared to the last corresponding year ended 31 March 2021 (the "**Corresponding Year**"), the Group's revenue increased by approximately 27.8% and our gross profit increased by approximately 45.7%.

OUTLOOK

Our Group considers that the current business environment for the short-to-medium term continues to be challenging with the new wave of COVID infection caused by the Omicron variant. The Group's performance is likely to be affected by the negative business sentiment due to the ongoing global outbreak of the coronavirus epidemic, the delay of customer projects due to COVID lockdown or customers' work from home policy, the uncertain global economy due to the continuing US-China tensions, the prolonged shipment schedules of various IT hardware due to global component shortage, the slowed global supply chain due to China's COVID-19 lockdowns, the contraction in China's economy, and the global economic pressure of increasing inflation. These factors might have a negative impact on our business volume, delay our products and services delivery, and exert pressure on our pricing terms and hence on our profit margin and profitability. Given the level of uncertainty on the duration of the economic crisis and the shape of recovery, there is a wide range of possible outcomes for the year.

Our Group dynamically adjusts our business prioritization plans for the short-to-medium term to reflect the shift in current customer demand and capture new business opportunities that help our customers navigate their challenges.

Regarding our IT infrastructure solutions business, we believe that enterprises and institutions will continue to adopt digital transformation to enhance operational efficiency and create digital business models by digitalizing or doing business online. Therefore, we continue to strengthen our product portfolio and support resources to provide our customers with the best-valued solutions and services. We remain focused on our long-term plan to drive strategic development and growth in three key business opportunities, namely:

- (i) Hybrid Cloud, Multi-Cloud & “as-a-Service”
- (ii) Container Technology & DevOps
- (iii) Cyber Security

These technologies enable us to provide higher value and more comprehensive total solutions and services to our customers through their digital transformation journey.

To capitalise on the opportunities mentioned above, we continue to strengthen our strategic relationship with our suppliers while enhancing our specialised technical expertise and domain know-how on the latest and proven infrastructure solutions to deliver larger-scale projects. We also strive to develop a more diversified customer base across private and public sectors.

Regarding our IT infrastructure management services, we believe enterprises and institutions will continue to demand high-quality services across the growing Asia-Pacific region, including outsourcing, helpdesk, workflow automation services, project management, and hardware maintenance. Our recent expansion in Kuala Lumpur, Malaysia, improves our resources’ geographical distribution, providing resilience to serve our customers in the uncertain global economy.

Therefore we continue to explore business opportunities to:

- (i) Expand our customer base to cover new industries across the Asia Pacific region.
- (ii) Create additional values for our customers by expanding our services portfolio to include consulting services and vertical retail solutions.

These initiatives enable us to provide higher value and more comprehensive services to more customers across more industries.

Further to the successful completion of the Acquisition, we will continue to explore any appropriate merger and acquisition opportunities to enhance our enterprise value. This will only be carried out in a cautious manner and has to be for the benefit of our Group and in the shareholders' best interest.

In view of the new normal business environment, the Group will continue to be cautious in managing the business risk; be well prepared to tackle the challenges in such an ever-changing economic and business environment; and monitor and execute the Group's strategy carefully to drive sustainable business growth. Furthermore, throughout the past two years' epidemic situation, we have taken prudent and decisive steps on cost optimization in line with the revenue model. We have further strengthened the Group to become a more resilient organization in dealing with the changing business environment in the post-COVID-19 local and global economy.

To conclude, we will continue to focus on our core businesses in providing innovative and integrated IT infrastructure solutions and IT infrastructure management services in both private and public sectors across the Asia-Pacific region enable our customers to extract the maximum value from their IT investment and engagement.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 27.8% from approximately HK\$533.9 million for the Corresponding Year to approximately HK\$682.2 million for the Reporting Year, which was primarily attributable to the net effect of the decrease in demand from our customers for the IT infrastructure solutions during the Reporting Year as compared to the Corresponding Year and the contribution from the IT infrastructure management services amounted to approximately HK\$154.9 million. Such business was acquired by the Group in the third quarter of the Reporting Year.

Gross profit and gross profit margin

For the Reporting Year, our gross profit amounted to approximately HK\$104.9 million, representing an increase of approximately HK\$32.9 million, or approximately 45.7%, as compared to that of the Corresponding Year of approximately HK\$72.0 million.

The Group's gross profit margin for the Reporting Year was approximately 15.4%, representing an increase of approximately 1.9 percentage points as compared to that of the Corresponding Year of approximately 13.5%. The increase in the Group's gross profit margin was mainly due to the higher gross profit margin generated from IT infrastructure management services.

Other income and gains

Other income and gains decreased by approximately HK\$3.4 million, or approximately 57.2%, from approximately HK\$6.0 million for the Corresponding Year to approximately HK\$2.6 million for the Reporting Year. The decrease was mainly due to the net effect of (i) a gain on lease modification of HK\$0.7 million, (ii) an increase in write back of other payables HK\$0.6 million; (iii) decrease in interest income by \$0.3 million; (iv) the non-recurrent government subsidy from the Employment Support Scheme under the Anti-Epidemic Fund to the Group of which HK\$4.5 million recognised for the Corresponding Year and (v) increase in other income and gains generated from IT infrastructure management services by \$0.5 million.

Selling expenses

For the Reporting Year, the Group's selling expenses amounted to approximately HK\$40.4 million, which was comparable with that of the Corresponding Year.

Administrative expenses

The Group's administrative expenses for the Reporting Year were approximately HK\$42.3 million, representing an increase of approximately HK\$29.9 million (or approximately 240.4%) from approximately HK\$12.4 million for the Corresponding Year. Such increase was mainly attributed by (i) the professional fee incurred for the Acquisition amounted to HK\$3.1 million; (ii) increase in staff cost by HK\$0.6 million; (iii) increase in recruitment fee by HK\$0.2 million; (iv) increase in auditor's remuneration by HK\$0.3 million and (v) HK\$26.0 million of administrative expenses incurred by IT infrastructure management services.

Expected credit losses on financial assets

The Group has applied the simplified approach to financial assets to provide for expected credit losses prescribed by HKFRS 9 Financial Instruments. As a result, an impairment loss of less than HK\$0.1 million was charged for the Reporting Year (the Corresponding Year: a reversal of impairment loss of HK\$0.2 million was recognised).

Finance cost

The Group's finance costs for the Reporting Year were approximately HK\$3.0 million, representing an increase of approximately HK\$2.7 million (or approximately 774.9%) from approximately HK\$0.3 million for the Corresponding Year. Such increase was mainly caused by the recognition of interest expenses for convertible bonds issued on 8 October 2021, for the purpose of the partial settlement of the Acquisition.

Income tax expense

The Group's income tax expense for the Reporting Year was approximately HK\$4.9 million, representing an increase of approximately 48.6% from approximately HK\$3.3 million for the Corresponding Year and such increase was mainly due to the income tax expense incurred by IT infrastructure management services. The effective tax rate for the Reporting Year was 18.0%, after excluding the non-deductible professional fees of HK\$3.1 million incurred for the Acquisition and HK\$2.6 million interest expenses on convertible bonds, which was comparable to that of 16.2%, after excluding the government grants of HK\$4.5 million which were exempted from profits tax, for the Corresponding Year.

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 29.9% from approximately HK\$21.7 million for the Corresponding Year to approximately HK\$15.2 million for the Reporting Year, which was primarily attributable to the above mentioned effects.

Earnings per share for profit attributable to owners of the Company for the year ended 31 March 2022 amounted to HK1.90 cents, as compared to HK2.72 cents in 2021.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. As at 31 March 2021 and 2022, we had cash and cash equivalents of approximately HK\$152.1 million and HK\$158.5 million, respectively, which were cash at banks and in hand. As at 31 March 2022, HK\$2.0 million was pledged for government project (2021: HK\$2.0 million).

The banking facility granted to the Group as at 31 March 2022 amounted to HK\$10.0 million (31 March 2021: HK\$10.0 million), of which HK\$2.0 million was utilised (31 March 2021: HK\$2.0 million).

During the Reporting Year, we did not have any bank borrowings and the Company issued convertible bonds on 8 October 2021 (the "**Convertible Bond**"), for the purpose of the partial settlement of the Acquisition. The Convertible Bond shall mature on the fifth anniversary of the date of the issue and subject to interest of 2.5% per annum, payable annually in arrears.

As at 31 March 2022, the gearing ratio of the Group was 0.44 (31 March 2021: 0.05), which was calculated based on total debts including Convertible Bond and lease liabilities divided by equity attributable to owners of the Company. Excluding the lease liabilities from total debts, the gearing ratio was 0.37 as at 31 March 2022 (31 March 2021: nil).

CAPITAL STRUCTURE

As at 31 March 2022, the capital structure of our Company comprised issued share capital and reserves.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the announcement dated on 21 June 2022, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except for the Acquisition relating to the acquisition of 70.0% of the issued share capital of S1IHL, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during FY2022. For details of the Acquisition please refer to the Company's announcements dated 9 July 2021 and 8 October 2021 as well as the Company's circular to the Shareholders dated 17 September 2021.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, the Group did not hold any significant investments (31 March 2021: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2022 (31 March 2021: nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Our Group operates mainly in Hong Kong and Mainland China and conducts our business primarily in Hong Kong dollars and RMB. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB. The Group will continue to take proactive measures and monitor closely of its exposure to such currency movement.

CHARGE ON GROUP'S ASSETS

HK\$2.0 million was pledged for government project as at 31 March 2022 (31 March 2021: HK\$2.0 million). Save as disclosed above, there was no charge on the Group's assets as at 31 March 2022.

INFORMATION ON EMPLOYEES

As at 31 March 2022, the Group had 903 employees (31 March 2021: 90) working in Mainland China, Hong Kong and Macau. Employees are remunerated according to their performance and work experience. On top of basic salary, commission, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including directors' remuneration) for the Reporting Year amounted to approximately HK\$116.8 million (2021: HK\$46.8 million). The dedication and hard work of the Group's staff during FY2022 are generally appreciated and recognised.

CORPORATE GOVERNANCE PRACTICE

The Board recognises the importance of good corporate governance in management and internal control procedures so as to achieve accountability. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures. The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules and, in the opinion of the Board, the Company has complied with the CG Code for FY2022, save for the deviation from such code disclosed below.

Pursuant to code provision C.6.1 of the CG Code, the company secretary of the Company should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Mr. Lau Siu Ki, being the Company's company secretary, is not an employee of the Company. The Company has assigned Ms. Wong Yuk Lam, the general manager, finance of the Group, as the contact person with Mr. Lau Siu Ki. Taking into account that Mr. Lau Siu Ki has substantial experience in the corporate secretarial field, providing professional corporate services to Hong Kong listed companies and it is more cost effective to engage an external service provider, the Directors consider that it is beneficial to appoint Mr. Lau Siu Ki as the company secretary of the Company.

The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture which would benefit the Company's stakeholders as a whole. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of the shareholders and other stakeholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for FY2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and directors of the Company's subsidiaries, or any of their respective associates, as defined in the GEM Listing Rules, had interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the group (other than being a director of the Company and/or its subsidiaries and their respective associates) during year ended 31 March 2022.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.77 cent per ordinary share (2021: HK0.90 cent) for the year ended 31 March 2022 subject to the approval of the shareholders at the forthcoming annual general meeting (the "AGM"). The final dividend will be paid on or about Tuesday, 11 October 2022 to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 27 September 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM is scheduled to be held on Friday, 16 September 2022. For determining the entitlement to attend and vote at the AGM, the transfer books and the register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 September 2022.

The proposed final dividend is subject to the approval of the shareholders at the AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Friday, 23 September 2022 to Tuesday, 27 September 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Thursday, 22 September 2022.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, and the related notes thereto for FY2022 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

The chairman of the Audit Committee is Mr. Au Yu Chiu Steven, an independent non-executive Director, and other members include Mr. Chung Fuk Wing Danny, Mr. Ko Man Fu and Mr. Mak Wai Sing, each being an independent non-executive Director. Mr. Chan Kin Mei Stanley also served as member of the Audit Committee until he was re-designated from a non-executive director to an executive director on 8 November 2021. The written terms of reference of the Audit Committee as suggested under the CG Code are posted on the GEM website and on the Company's website.

The Group's financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Group for the year ended 31 March 2022 comply with the applicable accounting standards and the GEM Listing Rules.

APPRECIATION

On behalf of the Board, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and business partners for their long-term supports and dedication in the reporting period.

By order of the Board
Expert Systems Holdings Limited
Wong Chu Kee Daniel
Chairman and non-executive Director

Hong Kong, 24 June 2022

As at the date of this announcement, the Board composition is as follows:

Chairman and non-executive Director:

Mr. Wong Chu Kee Daniel

Chief executive officer and executive Director:

Mr. Lau Wai Kwok

Executive Directors:

Mr. Chan Kin Mei Stanley

Ms. Lau Tsz Yan

Mr. So Cheuk Wah Benton

Non-executive Director:

Mr. Chu Siu Sum Alex

Independent non-executive Directors:

Mr. Au Yu Chiu Steven

Mr. Chung Fuk Wing Danny

Mr. Ko Man Fu

Mr. Mak Wai Sing