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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)**

**CONTINUING CONNECTED TRANSACTIONS  
FRAMEWORK IT PRODUCT AGREEMENT**

**BACKGROUND**

The Board announces that on 8 August 2023, the Company entered into the Framework IT Product Agreement with ServiceOne International, pursuant to which the Relevant Group agreed to sell, and the ServiceOne Group agreed to purchase, the IT Products for a term commencing from 8 August 2023 to 31 March 2026. The Annual Cap for the transactions contemplated under the Framework IT Product Agreement for each of the three years ending 31 March 2024, 2025 and 2026 is HK\$4,000,000.

**GEM LISTING RULES IMPLICATIONS**

Taking into consideration that as at the date of the Framework IT Product Agreement, (i) ServiceOne International is a non wholly-owned subsidiary of the Company; and (ii) the Shareholders Group is a substantial shareholder of the Company and owns approximately 93.5% of ServiceOne Global, which in turn owns 30% of ServiceOne International, ServiceOne International is a connected subsidiary of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework IT Product Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of each of the Annual Caps are less than 5% but the annual consideration pursuant to the Framework IT Product Agreement is more than HK\$3,000,000 but less than HK\$10,000,000, the transactions contemplated under the Framework IT Product Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Board announces that on 8 August 2023, the Company entered into the Framework IT Product Agreement with ServiceOne International, pursuant to which the Relevant Group agreed to sell, and the ServiceOne Group agreed to purchase, the IT Products for a term commencing from 8 August 2023 to 31 March 2026.

## **THE FRAMEWORK IT PRODUCT AGREEMENT**

The details of the Framework IT Product Agreement are set out below:

- Date: 8 August 2023
- Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Relevant Group from time to time); and  
(ii) ServiceOne International (for itself and as trustee for the benefit of its subsidiaries from time to time)
- Term: From 8 August 2023 to 31 March 2026 (both days inclusive)
- Subject matter: The Relevant Group agreed to sell, and the ServiceOne Group agreed to purchase, the IT Products.
- Pricing policy: The prices for the IT Products shall be determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to the selling prices of the same or similar IT Products sold by the Relevant Group to the Independent Third Parties, provided that the terms shall be no less favourable to the Relevant Group than the terms offered by the Relevant Group to the Independent Third Parties for the sale of the same or similar IT Products at such time.
- Payment terms: The Relevant Group and the ServiceOne Group shall separately enter into specific purchase orders under the Framework IT Product Agreement to specify, among other things, the mode and terms of payment, determined by the parties on arm's length basis and on normal commercial terms, provided that the payment terms shall be no less favourable to the Relevant Group than the payment terms offered by the Relevant Group to the Independent Third Parties for the sale of the same or similar IT Products at such time.
- Termination: The Framework IT Product Agreement shall terminate on 31 March 2026, subject to early termination by either party to the Framework IT Product Agreement by giving the other not less than three months' prior written notice to such effect.

## **Historical transactions**

The historical transaction amounts of the sale of the IT Products by the Relevant Group to the ServiceOne Group for the three years ended 31 March 2021, 2022 and 2023 are HK\$218,000, HK\$529,000 and HK\$1,769,000 respectively.

## **Annual Cap and basis**

For each of the three years ending 31 March 2024, 2025 and 2026, the total amount of the sale of the IT Products by the Relevant Group to the ServiceOne Group shall not exceed HK\$4,000,000.

In arriving at the Annual Cap, the Company has taken into account the following factors:

- (i) the historical transaction amounts of the sale of the IT Products by the Relevant Group to the ServiceOne Group for the three years ended 31 March 2021, 2022 and 2023;
- (ii) the purchase orders of the IT Products for the year ending 31 March 2024 received by the Relevant Group from the ServiceOne Group up to the date of this announcement; and
- (iii) the projected demand for the IT Products from the ServiceOne Group for the three years ending 31 March 2024, 2025 and 2026.

## **REASONS FOR ENTERING INTO AND BENEFITS OF THE FRAMEWORK IT PRODUCT AGREEMENT**

The Group is principally engaged in the provision of information technology (“IT”) infrastructure solutions, IT infrastructure management services and artificial intelligent (“AI”) business for corporate and institutional customers in China (including Mainland China, Hong Kong, Macau and Taiwan) and other parts of the Asia-Pacific region (including but not limited to Singapore, Malaysia, Japan, Korea and Australia).

As (i) one of the usual business activities of the Group is the provision of IT infrastructure solutions (including the sale of the IT Products) to customers; (ii) the selling prices of the IT Products to the ServiceOne Group have been and will be determined on normal commercial terms; and (iii) the Framework IT Product Agreement enables the Group to enjoy the benefits from collaboration among members of the Group and the economies of scale, which will reduce the operating costs and improve the business efficacy of the Group as a whole, the Board believes that the Framework IT Product Agreement is beneficial to the Group as a whole.

Save for (i) Mr. Chu, a non-executive Director; (ii) Mr. Wong, the chairman of the Company and a non-executive Director; (iii) Mr. Lau, the chief executive officer of the Company and an executive Director; and (iv) Mr. Chan, an executive Director, being part of the Shareholders Group that collectively owns approximately 93.5% of ServiceOne Global, which in turn owns 30% of ServiceOne International as at the date of the Framework IT Product Agreement, none of the Directors has a material interest in the transactions

contemplated under the Framework IT Product Agreement. Accordingly, Mr. Chu, Mr. Wong, Mr. Lau and Mr. Chan (collectively, the “**Interested Directors**”) did not vote on the Board resolution approving the Framework IT Product Agreement.

The Directors (excluding the Interested Directors but including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Framework IT Product Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

The Group has implemented internal control measures to monitor the transactions contemplated under the Framework IT Product Agreement, including:

- (i) the sales team of the Group will compare the pricing terms of the IT Products sold by the Relevant Group to the ServiceOne Group with those of the same or similar IT Products sold by the Relevant Group to the Independent Third Parties on a regular basis;
- (ii) the sales team of the Group will adhere to the relevant internal control policy of the Group on connected transactions in monitoring the pricing terms of the IT Products sold by the Relevant Group to the ServiceOne Group to ensure that they shall be no less favourable to the Relevant Group than those of the IT Products sold by the Relevant Group to the Independent Third Parties;
- (iii) the finance department of the Group will monitor the amount of the sales of the IT Products by the Relevant Group to the ServiceOne Group on an ongoing basis to ensure that each Annual Cap is not exceeded;
- (iv) regular meetings on quarterly basis will be held between the sales team and senior management of the Group to ensure that the Group will be informed of all relevant operational and financial information in respect of the sale of the IT Products on a timely basis;
- (v) the independent non-executive Directors will conduct annual review with respect to the transactions contemplated under the Framework IT Product Agreement and confirm in the Company’s annual report, whether pursuant to the requirements under the GEM Listing Rules, such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms or better, and in accordance with the Framework IT Product Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (vi) the auditor of the Company will conduct annual review of the transactions contemplated under the Framework IT Product Agreement, including the pricing terms and the Annual Cap thereof in accordance with the GEM Listing Rules.

## **INFORMATION ON THE PARTIES**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the GEM since 12 April 2016.

The Group is principally engaged in the provision of IT infrastructure solutions, IT infrastructure management services and AI business for corporate and institutional customers in China (including Mainland China, Hong Kong, Macau and Taiwan) and other parts of the Asia-Pacific region (including but not limited to Singapore, Malaysia, Japan, Korea and Australia).

ServiceOne International is a company incorporated in the British Virgin Islands with limited liability, which is owned as to (i) 30% by ServiceOne Global; and (ii) 70% by the Group as at the date of the Framework IT Product Agreement.

ServiceOne International is an investment holding company. The ServiceOne Group is principally engaged in the provision of IT infrastructure management services, including IT outsourcing, helpdesk, workflow automation services and IT hardware maintenance.

## **GEM LISTING RULES IMPLICATION**

Taking into consideration that as at the date of the Framework IT Product Agreement, (i) ServiceOne International is a non wholly-owned subsidiary of the Company; and (ii) the Shareholders Group is a substantial shareholder of the Company and owns approximately 93.5% of ServiceOne Global, which in turn owns 30% of ServiceOne International, ServiceOne International is a connected subsidiary of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework IT Product Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of each of the Annual Caps are less than 5% but the annual consideration pursuant to the Framework IT Product Agreement is more than HK\$3,000,000 but less than HK\$10,000,000, the transactions contemplated under the Framework IT Product Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **DEFINITIONS**

“Annual Cap”	the maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the Framework IT Product Agreement for the three years ending 31 March 2024, 2025 and 2026
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors

“Company”	Expert Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8319)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	the directors of the Company
“Framework IT Product Agreement”	the framework agreement dated 8 August 2023 and entered into between the Company and ServiceOne International, in relation to the sale of the IT Products by the Relevant Group to the ServiceOne Group from 8 August 2023 to 31 March 2026
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and its connected persons
“IT Products”	information technology products
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chan”	Mr. Chan Kin Mei Stanley, an executive Director and a member of the Shareholders Group
“Mr. Cheung”	Mr. Cheung Nap Kai, a member of the Shareholders Group
“Mr. Chu”	Mr. Chu Siu Sum Alex, a non-executive Director and a member of the Shareholders Group
“Mr. Lau”	Mr. Lau Wai Kwok, the chief executive officer of the Company, an executive Director and a member of the Shareholders Group
“Mr. Mok”	Mr. Mok Chu Leung Terry, a member of the Shareholders Group
“Mr. Ng”	Mr. Ng Lai Yick, an Independent Third Party to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry

“Mr. Wong”	Mr. Wong Chu Kee Daniel, the chairman of the Company, a non-executive Director and a member of the Shareholders Group
“Ms. Wong”	Ms. Wong Siu Ying, an Independent Third Party to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Relevant Group”	the Group, excluding members of the ServiceOne Group
“ServiceOne Global”	ServiceOne Global Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which (a) owns 30% of ServiceOne International; and (b) is owned as to (i) 30% by Top Classic Ventures Limited (which is owned as to 90.0% by the Shareholders Group (i.e. 35.2% by Mr. Chu, 15.6% by Mr. Mok, 15.6% by Mr. Cheung, 10.0% by Mr. Wong, 10.0% by Mr. Lau and 3.6% by Mr. Chan) and 10.0% by Ms. Wong); and (ii) 70% by China Expert Systems Limited (which is owned as to 95.0% by certain members of the Shareholders Group (i.e. 40.0% by Mr. Chu, 17.5% by Mr. Cheung, 17.5% by Mr. Mok, 10.0% by Mr. Lau and 10.0% by Mr. Wong) and 5.0% by Mr. Ng) as at the date of the Framework IT Product Agreement
“ServiceOne Group”	ServiceOne International and its subsidiaries from time to time
“ServiceOne International”	ServiceOne International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to (a) 30% by ServiceOne Global; and (b) 70% by the Group as at the date of the Framework IT Product Agreement
“Shareholders Group”	refers to Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan, who collectively own (i) approximately 70.8% of the Company; and (ii) approximately 93.5% of ServiceOne Global, which in turn owns 30% of ServiceOne International as at the date of the Framework IT Product Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning ascribed thereto under the GEM Listing Rules

“%” per cent

On behalf of the Board  
**Expert Systems Holdings Limited**  
**Wong Chu Kee Daniel**  
*Chairman and non-executive Director*

Hong Kong, 8 August 2023

*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. Ko Man Fu

Mr. Mak Wai Sing

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of seven days from the date of publication and on the website of the Company at [www.expertsystems.com.hk](http://www.expertsystems.com.hk).*