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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Expert Systems Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited interim results of the Group for the six months ended 30 September 2024. This announcement, containing the full text of 2024/25 Interim Report of the Company (“**Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of the interim results. The Interim Report containing the information required by the GEM Listing Rules will be published on the websites of the Stock Exchange and the Company in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 26 November 2024

As at the date of this announcement, the Board comprises of (1) Executive Directors: Mr. Lau Wai Kwok, Mr. Chan Kin Mei Stanley, Ms. Lau Tsz Yan and Mr. So Cheuk Wah Benton; (2) Non-executive Directors: Mr. Wong Chu Kee Daniel and Mr. Chu Siu Sum Alex; and (3) Independent non-executive Directors: Mr. Au Yu Chiu Steven, Mr. Ko Man Fu and Mr. Mak Wai Sing.

This announcement, for which the Directors of the Company 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 Stock Exchange's website at www.hkexnews.hk, the GEM website at www.hkgem.com on the "Latest Listed Company Announcements" page for a minimum period of 7 days from the date of publication. This announcement will also be posted on the Company's website at www.expertsystems.com.hk.



EXPERT

EXPERT SYSTEMS HOLDINGS LIMITED

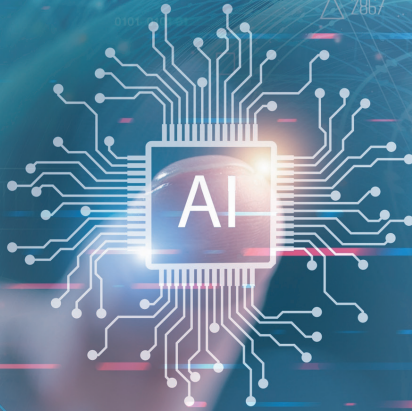
思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8319

Large Language Model

GenAI



Chatbot

2024/25

Interim Report

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report 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 report misleading.

This report 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 report will also be published and remains on the Company’s website at www.expertsystems.com.hk.

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Corporate Information

BOARD OF DIRECTORS

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

BOARD COMMITTEES

Audit Committee

Mr. Au Yu Chiu Steven (*Chairman*)

Mr. Ko Man Fu

Mr. Mak Wai Sing

Remuneration Committee

Mr. Ko Man Fu (*Chairman*)

Mr. Au Yu Chiu Steven

Mr. Chu Siu Sum Alex

Mr. Mak Wai Sing

Nomination Committee

Mr. Mak Wai Sing (*Chairman*)

Mr. Au Yu Chiu Steven

Mr. Chu Siu Sum Alex

Mr. Ko Man Fu

Mr. Lau Wai Kwok

Corporate Governance Committee

Mr. Chan Kin Mei Stanley (*Chairman*)

Mr. Au Yu Chiu Steven

Mr. Lau Wai Kwok

Mr. Wong Chu Kee Daniel

Corporate Information

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited
Third Floor
Century Yard
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17 Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY SECRETARY

Mr. Lau Siu Ki

AUTHORISED REPRESENTATIVES

Mr. Chan Kin Mei Stanley
Mr. Lau Wai Kwok

COMPLIANCE OFFICER

Mr. Lau Wai Kwok

REGISTERED OFFICE

Third Floor
Century Yard
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

22 Floor, Yen Sheng Centre
64 Hoi Yuen Road
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL BANKER

China Construction Bank (Asia) Corporation
Limited
28 Floor, CCB Tower
3 Connaught Road Central
Central
Hong Kong

GEM STOCK CODE

8319

COMPANY WEBSITE

www.expertsystems.com.hk

Highlights

- Revenue for the six months ended 30 September 2024 (the “Reporting Period”) decreased by approximately 15.5% from that for the six months ended 30 September 2023 (the “Corresponding Period”) to approximately HK\$437.2 million.
- Gross profit for the Reporting Period decreased by approximately 6.0% from the Corresponding Period to approximately HK\$70.9 million.
- Profit for the period attributable to owners of the Company for the Reporting Period decreased by approximately 16.2% to approximately HK\$6.6 million as compared to the Corresponding Period.
- Basic earnings per share decreased by approximately 16.3% from approximately HK0.98 cent for the Corresponding Period to approximately HK0.82 cent for the Reporting Period.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	437,231	517,643
Cost of sales		(366,356)	(442,248)
Gross profit		70,875	75,395
Other income and gains	5	3,518	2,703
Selling expenses		(28,366)	(26,733)
Administrative expenses		(33,194)	(36,253)
Reversal of/(Provision for) expected credit loss on financial assets		44	(89)
Finance costs		(3,325)	(3,256)
Profit before income tax expense		9,552	11,767
Income tax expense	6	(2,491)	(3,079)
Profit for the period		7,061	8,688
Other comprehensive income for the period <i>Item that may be reclassified subsequently to profit or loss:</i>			
— Exchange difference arising from translation of foreign operations		2,013	(2,363)
Total comprehensive income for the period		9,074	6,325
Profit for the period attributable to:			
Owners of the Company		6,618	7,902
Non-controlling interests		443	786
		7,061	8,688
Total comprehensive income for the period attributable to:			
Owners of the Company		8,027	6,248
Non-controlling interests		1,047	77
		9,074	6,325
Earnings per share	8		
— Basic		HK0.82 cent	HK0.98 cent
— Diluted		HK0.78 cent	HK0.86 cent

Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		9,348	10,225
Intangible assets		7,635	9,642
Goodwill		100,078	100,078
Restricted bank deposits		1,483	1,483
Other deposits		3,990	4,615
		122,534	126,043
Current assets			
Inventories		2,741	1,718
Trade receivables	9	177,544	121,310
Prepayments, deposits and other receivables		33,778	36,025
Finance lease receivables		–	3
Bank deposits		–	218
Restricted bank deposits		–	2,021
Cash and cash equivalents		174,959	218,911
		389,022	380,206
Current liabilities			
Trade payables	10	122,063	116,136
Accruals, deposits received and other payables		104,923	118,167
Lease liabilities		6,262	6,876
Dividend payable		6,587	–
Tax payables		4,691	3,418
		244,526	244,597
Net current assets		144,496	135,609
Total assets less current liabilities		267,030	261,652

Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
	Notes		
Non-current liabilities			
Other payables		2,223	2,070
Lease liabilities		1,853	1,914
Convertible bonds		67,112	64,001
Deferred tax liabilities		1,248	1,560
		72,436	69,545
Net assets		194,594	192,107
EQUITY			
Share capital	11	8,033	8,033
Reserves		163,088	161,648
Equity attributable to owners of the Company		171,121	169,681
Non-controlling interests		23,473	22,426
Total equity		194,594	192,107

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Reserves									
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Retained earnings HK\$'000	Total reserve HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 31 March 2024 and 1 April 2024 (audited)	8,033	42,363	1,056	(25,395)	(2,609)	20,750	125,483	161,648	22,426	192,107
Profit for the period	-	-	-	-	-	-	6,618	6,618	443	7,061
Exchange differences arising from translation of foreign operations	-	-	-	-	1,409	-	-	1,409	604	2,013
Total comprehensive income for the period	-	-	-	-	1,409	-	6,618	8,027	1,047	9,074
Dividend approved in respect of the previous year (note 7)	-	(6,587)	-	-	-	-	-	(6,587)	-	(6,587)
At 30 September 2024 (unaudited)	8,033	35,776	1,056	(25,395)	(1,200)	20,750	132,101	163,088	23,473	194,594
At 31 March 2023 and 1 April 2023 (audited)	8,033	50,396	1,001	(25,395)	(937)	20,750	110,113	155,928	21,392	185,353
Profit for the period	-	-	-	-	-	-	7,902	7,902	786	8,688
Exchange differences arising from translation of foreign operations	-	-	-	-	(1,654)	-	-	(1,654)	(709)	(2,363)
Total comprehensive income for the period	-	-	-	-	(1,654)	-	7,902	6,248	77	6,325
Recognition of equity-settled share-based payment	-	-	28	-	-	-	-	28	-	28
Dividend approved in respect of the previous year (note 7)	-	(8,033)	-	-	-	-	-	(8,033)	-	(8,033)
At 30 September 2023 (unaudited)	8,033	42,363	1,029	(25,395)	(2,591)	20,750	118,015	154,171	21,469	183,673

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	(45,666)	(41,728)
Income tax paid	(1,530)	(2,933)
Net cash used in operating activities	(47,196)	(44,661)
Cash flows from investing activities		
Purchase of property, plant and equipment	(251)	(497)
Decrease/(Increase) in bank deposits	218	(231)
Decrease in restricted bank deposits	2,021	–
Interest received	3,176	1,869
Net cash generated from investing activities	5,164	1,141
Cash flows from financing activities		
Interest paid on lease liabilities	(214)	(336)
Principal elements of lease payments	(3,456)	(3,302)
Net cash used in financing activities	(3,670)	(3,638)
Net decrease in cash and cash equivalents	(45,702)	(47,158)
Effect of foreign exchange rate changes	1,750	(1,894)
Cash and cash equivalents at beginning of the period	218,911	196,795
Cash and cash equivalents at end of the period	174,959	147,743

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

1 GENERAL INFORMATION

Expert Systems Holdings Limited (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 were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 April 2016 (the “Listing Date”).

The registered office of the Company is located at Third 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 Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of information technology (“IT”) infrastructure solutions, IT infrastructure management services and in the development and provision of artificial intelligence (“AI”) products and AI solutions for corporate and institutional customers in the Asia-Pacific region.

2 BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements for the Reporting Period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the GEM Listing Rules.

The principal accounting policies used in these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2024 except for the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations issued by the HKICPA that are first effective for the current reporting period of the Company.

The unaudited condensed consolidated financial statements have been prepared on a historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Group, and all values are rounded to the nearest thousands, except when otherwise indicated.

The unaudited condensed consolidated financial statements have not been audited or reviewed by the Company’s auditor, but have been reviewed by the Company’s audit committee.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3 ADOPTION OF AMENDED STANDARDS, HKFRSs AND INTERPRETATION

In the current period, the Group has applied, for the first time, the following amendments to existing standards, HKFRSs and interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to existing standards, HKFRSs and interpretation in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

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 Singapore and the Group's consolidated assets and liabilities are primarily either located in Mainland China and Hong Kong.

The following are the Group's reportable segments under HKFRS 8 "Operating Segments":

- Provision of IT infrastructure solutions ("IT infrastructure solutions") include trading of IT hardware and software, IT hardware and software installation and configuration services;
- Provision of IT infrastructure management services ("IT infrastructure management services") include IT hardware maintenance, helpdesk, IT outsourcing and workflow automation services; and
- Development and provision of AI products and AI solutions ("AI products & AI solutions") to enable customers the use of AI.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4 SEGMENT INFORMATION (Continued)

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

For the six months ended 30 September 2024

	IT infrastructure solutions HK\$'000 (unaudited)	IT infrastructure management services HK\$'000 (unaudited)	AI products & AI solutions HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	280,552	158,657	114	439,323
Inter segment revenue	(850)	(1,242)	–	(2,092)
Total segment revenue from external customers	279,702	157,415	114	437,231
Segment results	10,040	7,138	(2,970)	14,208
Unallocated expenses				(4,656)
Profit before income tax expense				9,552
Segment assets				
IT infrastructure solutions				223,124
IT infrastructure management services				277,720
AI products and AI solutions				1,884
Unallocated assets				
— Cash and cash equivalents				8,243
— Others				585
Total assets				511,556
Segment liabilities				
IT infrastructure solutions				156,276
IT infrastructure management services				84,892
AI products and AI solutions				935
Unallocated liabilities				
— Convertible bonds				67,112
— Dividend payable				6,587
— Others				1,160
Total liabilities				316,962

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4 SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2023

	IT infrastructure solutions HK\$'000 (unaudited)	IT infrastructure management services HK\$'000 (unaudited)	AI products & AI solutions HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	353,302	169,339	7	522,648
Inter segment revenue	(3,476)	(1,529)	–	(5,005)
Total segment revenue from external customers	349,826	167,810	7	517,643
Segment results	12,509	7,320	(3,695)	16,134
Unallocated expenses				(4,367)
Profit before income tax expense				11,767
Segment assets				
IT infrastructure solutions				266,492
IT infrastructure management services				273,720
AI products and AI solutions				5,168
Unallocated assets				
— Cash and cash equivalents				375
— Others				33
Total assets				545,788
Segment liabilities				
IT infrastructure solutions				194,863
IT infrastructure management services				94,732
AI products and AI solutions				1,140
Unallocated liabilities				
— Convertible bonds				62,987
— Dividend payable				8,033
— Others				360
Total liabilities				362,115

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4 SEGMENT INFORMATION (Continued)

Geographical information

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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong	357,255	439,430
Mainland China	61,693	58,103
Singapore	11,795	11,515
Macau	2,985	2,338
Others	3,503	6,257
	437,231	517,643

Information about major customers

There was no single external customer who contributed 10% or more of the Group's revenue during the Reporting Period (2023: There was a single external customer who contributed to approximately 10.7% of the Group's revenue).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5 REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Provision of IT infrastructure solutions	279,814	349,819
Provision of IT infrastructure management services	157,415	167,810
	437,229	517,629
Revenue from other sources:		
Finance leases income	2	14
Total	437,231	517,643
Disaggregation of revenue from contracts with customers:		
At a point in time	288,278	365,571
Overtime	148,951	152,058
Total	437,229	517,629

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5 REVENUE AND OTHER INCOME AND GAINS (Continued)

An analysis of other income and gains is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income and gains:		
Interest income	3,176	1,869
Write back of other payables	–	7
Management fee income	229	263
Sundry income	113	564
Total	3,518	2,703

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

	30 September 2024	31 March 2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables (note 9)	177,544	121,310
Contract assets	18,927	23,687
Contract liabilities	(62,909)	(72,252)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

6 INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
— Hong Kong profits tax	1,389	2,512
— The People's Republic of China ("PRC") Corporate Income Tax ("CIT")	941	157
— Others	473	722
	2,803	3,391
Deferred tax	(312)	(312)
Total income tax expense	2,491	3,079

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 qualifying corporation is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for both periods is provided based on the Regime.

Under the income tax laws of the PRC, the standard CIT rate of Mainland China subsidiaries is 25%.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands for both periods.

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

7 DIVIDENDS

A final dividend in respect of the year ended 31 March 2024 of HK0.82 cent (2023: HK1.00 cent) per ordinary share amounting to HK\$6,587,000 (2023: HK\$8,033,000) was proposed pursuant to a resolution passed by the Board of Directors on 25 June 2024 and was approved by the shareholders at the annual general meeting of the Company on 17 September 2024.

Other than disclosed above, no dividends were paid or declared by the Company during the Reporting Period (2023: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

8 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:

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
Earnings		
Profit for the purposes of basic earnings per share (HK\$'000)	6,618	7,902
Effect of dilutive potential ordinary shares:		
— Interest on convertible bonds (HK\$'000)	3,111	2,920
Profit for the purposes of diluted earnings per share (HK\$'000)	9,729	10,822
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	803,280,000	803,280,000
Effect of dilutive potential ordinary shares:		
— Convertible bonds	450,000,000	450,000,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,253,280,000	1,253,280,000
Basic earnings per share	HK0.82 cent	HK0.98 cent
Diluted earnings per share	HK0.78 cent	HK0.86 cent

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

9 TRADE RECEIVABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade receivables, gross	177,905	121,715
Less: Provision for impairment	(361)	(405)
	177,544	121,310

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:

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Within 1 month	57,028	49,629
More than 1 month but not more than 3 months	89,688	42,416
More than 3 months but not more than 6 months	17,287	16,088
More than 6 months but not more than a year	7,225	9,957
More than a year	6,316	3,220
	177,544	121,310

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

10 TRADE PAYABLES

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:

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Within 1 month	40,276	51,617
More than 1 month but not more than 3 months	77,625	58,991
More than 3 months but not more than 6 months	1,514	2,324
More than 6 months but not more than a year	1,148	2,155
More than a year	1,500	1,049
	<u>122,063</u>	<u>116,136</u>

11 SHARE CAPITAL

	Number	Amount HK\$'000 (unaudited)
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Authorised:

Ordinary shares of HK\$0.01 each

At 1 April 2023, 31 March 2024, 1 April 2024
and 30 September 2024

10,000,000,000

100,000

Issued and fully paid:

Ordinary shares of HK\$0.01 each

At 1 April 2023, 31 March 2024, 1 April 2024
and 30 September 2024

803,280,000

8,033

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

12 RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in this report, the Group had the following material related party transactions:

Related parties	Nature of transactions	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
SOG Service Limited	Cost of Sales — Outsourcing IT support services	–	76
SOG Beijing Limited [#]	Cost of Sales — Outsourcing IT support services	535	608
SOG Beijing Limited [#]	Sales	6	6
SOG Service Limited	Management fee income	229	263

[#] The English name is for identification only.

(b) Compensation of key management personnel

Total remuneration of directors and key management personnel during the period is as follows:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Salaries, allowances and benefits in kind	6,400	5,817
Discretionary bonuses	554	453
Contribution to defined contribution pension plans	76	67
Share-based payment	–	18
	7,030	6,355

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of IT infrastructure solutions, IT infrastructure management services, and in the development and provision of AI products and AI solutions for corporate and institutional customers in the Asia-Pacific region. The Group strives to provide one-stop solution for our customers to meet their diverse needs.

Business environment

Our Group recognises that the business environment in the short-to-medium term will remain challenging. The Group's performance is likely to be impacted by the negative business sentiments stemming from ongoing competitions between China and the U.S., coupled with high interest rates and an economic slowdown in Mainland China and Hong Kong. In addition, recent trends indicate that Hong Kong residents are increasingly altering their consumption habits, with many crossing into Mainland China for spending. This shift has exerted further pressure on Hong Kong's overall economy, contributing to a decline in local consumer spending.

All these factors may adversely affect our business volume and cost structure, putting pressure on our pricing strategies and, consequently, our profit margin and overall profitability. Given the ongoing uncertainty on the economic landscape and various potential recovery paths, a wide range of outcome remains possible in the future.

Strategic response

Despite of the prevailing uncertainties in the market, the Group is committed to navigating these challenges effectively. While we continue to provide a wide array of services across various sectors, we strategically prioritize resources to three product lines with high-growth opportunities:

- (i) Cybersecurity
- (ii) Automation and Artificial Intelligence
- (iii) Managed Services

This focus reflects our commitment to meeting significant market demands and enhancing our offerings in these critical areas.

During the Reporting Period, we have managed to improve our gross profit margin by optimizing our product mix and implementing efficient cost management practices. This resilience underscores our ability to adapt and thrive even in difficult circumstance. We remain dedicated to maximizing returns for our shareholders while reinvesting in the technology industry, particularly in new business ventures. Our short-to-medium term strategic focus is to drive development and foster growth across our operations, ensuring that we continue to deliver comprehensive one-stop solutions to address the varied challenges faced by our customers.

Management Discussion and Analysis

IT infrastructure solutions

In the IT infrastructure solutions business, the Group believes that corporate and institutional customers will continue to adopt digital transformation to enhance operational efficiency, optimise their data for insightful business analysis and decision making, and create digital business models through digitalising or doing business online. Therefore, the Group has continued to provide world-class IT infrastructure solutions to corporate and institutional customers to meet their needs.

In light of the frequent occurrence of cybersecurity incidents in recent years, the Group is committed to deploying appropriate cybersecurity solutions to safeguard our customers' valuable IT assets. Additionally, in response to customers' strong demand for automation, the Group also provides a wide range of IT infrastructure solutions aligned with market trends and the surging demand. As AI can facilitate business automation for customers comprehensively, the Group has developed a series of Generative AI ("GenAI") related applications. Now we offer a one-stop service that encompasses everything from infrastructure to GenAI applications, thereby eliminating any deployment and maintenance support concerns for customers. At this stage, the Group will prioritize our resources into the two growth engines of cybersecurity and automation (including AI) in order to enhance our product portfolio and technical support to deliver more valuable and comprehensive solutions to our customers, thereby driving business growth.

IT infrastructure management services

The Group anticipates continued growth in demand for IT infrastructure management services throughout the Asia-Pacific region. The Group's service desk centers in Guangzhou and Kuala Lumpur provide IT outsourcing, help desk, and other services to corporate and institutional customers, supporting over 60,000 incidents monthly in seven languages.

To address the new demand, the Group plans to relocate the Guangzhou service desk center to a new facility and expand its capacity. Furthermore, we aim to extend our managed services offerings with managed professional services (MPS), including a Network Operation Center (NOC) and Security Operation Center (SOC). All the above are expected to be completed by the first half of 2025. The service desk centers in both locations will create synergies, effectively balancing resources across regions and providing flexible services to customers, which further enhance our ability to meet the diverse customer needs. In addition, in response to the rising number of cybersecurity incidents, the Group has increased resources to provide comprehensive cybersecurity consulting services, aiming to help our customers proactively prevent cybersecurity incidents.

Management Discussion and Analysis

AI products and AI solutions

In the AI business, the Group continues to boost our GenAI business and has successfully developed a series of GenAI products based on cloud or on-premises large language models (“LLM”) for its corporate and institutional customers. Our GenAI product series, namely ChatSeries, which includes ChatEnquiry, ChatMinutes and ChatServiceDesk, offering a variety of functionalities to meet our customer needs. Benefiting from the accelerated development of the AI ecosystem in Hong Kong, the Group has received a significant number of inquiries from clients, indicating the strong market demand. This sector is poised to be one of the key drivers in new business growth for the Group.

Growth and investment strategies

Our Group dedicates to further investing in the technology industry, aiming to deliver exceptional value to our stakeholders. This dedication is evidenced by the establishment of Expert AI Enabling Limited in 2022, the opening of a second service desk centre in Kuala Lumpur in 2023 and plans to expand the Guangzhou service desk as well as to create new facilities for extending our offerings with MPS services by 2025. We will also continue to explore any appropriate merger and acquisition opportunities to enhance our enterprise value. However, we will approach such endeavours cautiously to ensure they are conducted in a manner that benefits our Group and aligns with the best interests of our shareholders.

Conclusion

Given the rapidly evolving environment, the Group will adopt a prudent approach to manage the business risks and address the challenges. We will closely monitor and execute our strategy to ensure sustainable growth while taking careful measures for cost optimization to enhance our resilience.

As we approach our 40th anniversary in 2025, we remain committed to focusing on our core businesses. We will continue to provide innovative and integrated IT infrastructure solutions, IT infrastructure management services, and AI products and solutions across both private and public sectors in the Asia-Pacific region. Our commitment lies in maximizing returns for our shareholders while reinvesting in the technology industry, enabling our customers to maximize the value of their IT investments and engagements.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 15.5% from approximately HK\$517.6 million for the Corresponding Period to approximately HK\$437.2 million for the Reporting Period, which was primarily attributable to the decrease in demand from our customers during the Reporting Period as compared to the Corresponding Period.

Gross profit and gross profit margin

For the Reporting Period, our gross profit amounted to approximately HK\$70.9 million, representing a decrease of approximately HK\$4.5 million, or approximately 6.0%, as compared to that of the Corresponding Period of approximately HK\$75.4 million.

The Group's gross profit margin increased by 1.6 percentage points to approximately 16.2%, as compared to approximately 14.6% in the Corresponding Period. Such increase mainly resulted from the Group actively addressed the market challenges by optimizing its product mix and implementing effective cost-management measures during the Reporting Period and a low margin project recognised in Corresponding Period.

Other income and gains

Other income and gains increased by approximately HK\$0.8 million, or approximately 30.2%, from approximately HK\$2.7 million for the Corresponding Period to approximately HK\$3.5 million for the Reporting Period. Such increase was mainly due to an increase in interest income by approximately HK\$1.3 million during the Reporting Period, which was partly offset by a decrease in sundry income by approximately HK\$0.5 million.

Operating expenses

Total operating expenses of the Group for the Reporting Period was approximately HK\$61.6 million, representing a decrease of approximately HK\$1.4 million or approximately 2.3% as compared to approximately HK\$63.0 million for the Corresponding Period. The decrease was mainly due to the decrease in staff related expenses recognised under operating expenses during the Reporting Period.

Management Discussion and Analysis

Finance costs

The Group's finance costs for the Reporting Period were approximately HK\$3.3 million, representing a slight increase of less than HK\$0.1 million or approximately 2.1% as compared with the Corresponding Period.

The finance costs for both periods consisted primarily of the recognition of interest expenses on convertible bonds issued on 8 October 2021.

Income tax expense

The Group's income tax expense for the Reporting Period was approximately HK\$2.5 million, representing a decrease of approximately 19.1% from approximately HK\$3.1 million for the Corresponding Period. After excluding the non-deductible interest expenses on convertible bonds of HK\$3.1 million (2023: HK\$2.9 million), the effective tax rate for the Reporting Period was 19.7% (2023: 21.0%).

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 16.2% from approximately HK\$7.9 million for the Corresponding Period to approximately HK\$6.6 million for the Reporting Period, which was primarily attributable to the above mentioned effects.

Basic earnings per share for profit attributable to owners of the Company for the Reporting Period amounted to HK0.82 cent, as compared to HK0.98 cent in the Corresponding Period.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. As at 30 September 2024, we had cash and cash equivalents amounted to approximately HK\$175.0 million (31 March 2024: HK\$218.9 million), which were cash at banks and in hand. As at 30 September 2024, HK\$1.5 million was pledged for government project (31 March 2024: HK\$3.5 million).

The banking facility granted to the Group as at 30 September 2024 amounted to HK\$10.0 million (31 March 2024: HK\$10.0 million), of which HK\$1.5 million was utilised (31 March 2024: HK\$3.5 million).

During the Reporting Period, we did not have any bank borrowings and the Company had issued the convertible bonds on 8 October 2021. The convertible bonds shall mature on the fifth anniversary of the issue date and subject to annual interest rate of 2.5% payable annually in arrears.

As at 30 September 2024, the gearing ratio of the Group was 0.44 (31 March 2024: 0.43), which was calculated based on total debts including the convertible bonds and lease liabilities divided by equity attributable to owners of the Company.

CAPITAL STRUCTURE

As at 30 September 2024, the capital structure of our Company comprised issued share capital and reserves.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period.

SIGNIFICANT INVESTMENTS

As at 30 September 2024, the Group did not hold any significant investments (31 March 2024: nil).

Management Discussion and Analysis

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2024 (31 March 2024: nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's sales and costs transactions are mainly denominated in Hong Kong dollars, United States Dollars and Renminbi. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. The Group will continue to take proactive measures and closely monitor its exposure to such currency movement.

CHARGE ON GROUP'S ASSETS

As at 30 September 2024, bank balance of HK\$1.5 million (31 March 2024: HK\$3.5 million) was pledged for government project. Save as disclosed above, there was no charge on the Group's assets as at 30 September 2024 (31 March 2024: nil).

INFORMATION ON EMPLOYEES

As at 30 September 2024, the Group employed a total of 1,004 employees (31 March 2024: 1,033). Employees are remunerated according to their performance and work experience. On top of basic salary, variable income, 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 Period amounted to approximately HK\$118.3 million (2023: HK\$115.5 million). The dedication and hard work of the Group's staff during Reporting Period are generally appreciated and recognised.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Reporting Period (2023: nil).

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 September 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which shall have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which shall be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which shall be required to notify the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

(i) Long position in the shares and underlying shares of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage (note 1)	Number of underlying shares held (note 2)	Approximate percentage (note 1)
Mr. Lau Wai Kwok ("Mr. Lau")	Beneficial owner	100,000,000	12.4%	2,000,000	0.2%
Mr. Chan Kin Mei Stanley ("Mr. Chan")	Beneficial owner	6,720,000	0.8%	500,000	0.1%
Ms. Lau Tsz Yan ("Ms. Lau")	Beneficial owner	800,000	0.1%	1,200,000	0.1%
Mr. So Cheuk Wah Benton ("Mr. So")	Beneficial owner	–	–	2,000,000	0.2%
Mr. Wong Chu Kee Daniel ("Mr. Wong")	Beneficial owner	53,300,000	6.6%	500,000	0.1%
Mr. Chu Siu Sum Alex ("Mr. Chu")	Beneficial owner	226,890,000	28.2%	500,000	0.1%
	Interest of controlled corporations	–	–	450,000,000	56.0%
Mr. Au Yu Chiu Steven ("Mr. Au")	Beneficial owner	–	–	100,000	0.0%
Mr. Ko Man Fu ("Mr. Ko")	Beneficial owner	–	–	100,000	0.0%
Mr. Mak Wai Sing ("Mr. Mak")	Beneficial owner	–	–	100,000	0.0%

Other Information

Notes:

1. The approximate percentage is calculated based on the total number of issued shares as at 30 September 2024 (i.e. 803,280,000 shares).
2. For all the Directors above except for Mr. Chu, the underlying shares represent the unlisted physically settled share options granted to the Directors on 15 April 2019 (“Date of Grant”) under the share option scheme adopted by the Company pursuant to an ordinary resolution of all the then shareholders passed on 15 March 2016. For Mr. Chu, the underlying shares consist of (a) 500,000 share options granted on the Date of Grant mentioned above; and (b) 450,000,000 shares of the Company to be issued upon exercise of the conversion rights attached to the convertible bond issued by the Company as partial settlement of the consideration of the acquisition (the “Acquisition”) of 70% issued share capital of ServiceOne International Holdings Limited to ServiceOne Global Holdings Limited (“ServiceOne Global”). ServiceOne Global is owned as to 70% by China Expert Systems Limited (“China Expert”), which is held as to 40% by Mr. Chu.

(ii) Long position in the debentures of the Company

Name of Director	Nature of debentures held	Amount of debentures held (HK\$) (Note)
Mr. Chu	Interest of controlled corporations	75,600,000

Note: These represent the convertible bond issued by the Company to ServiceOne Global as partial settlement of the consideration of the Acquisition. ServiceOne Global is owned as to 70% by China Expert, which is held as to 40% by Mr. Chu.

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, or any of the Company’s subsidiaries a party to any arrangement to enable the Directors or their respective associates to acquire such rights in any other body corporate.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 30 September 2024, so far as the Directors are aware, other than a Director or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executives' interest and short positions in shares, underlying shares or debentures" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, are interested in 5.0% or more of the issued voting shares of any member of the Group:

(i) Substantial shareholders — long position in the shares and underlying shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage (note 1)	Number of underlying shares held	Approximate percentage (note 1)
Mr. Mok Chu Leung Terry ("Mr. Mok")	Beneficial owner	91,800,000	11.4%	–	–
Mr. Cheung Nap Kai ("Mr. Cheung")	Beneficial owner	89,760,000	11.2%	–	–
Ms. Yan Yihong ("Ms. Yan")	Interest of spouse (note 2)	91,800,000	11.4%	–	–
Ms. Tuen Chi Keung ("Ms. Tuen")	Interest of spouse (note 3)	89,760,000	11.2%	–	–
Ms. Luk Yuen Wah Nancy ("Ms. Luk")	Interest of spouse (note 4)	226,890,000	28.2%	450,500,000	56.1%
Ms. Keung Lai Wa Dorathy Linndia ("Ms. Keung")	Interest of spouse (note 5)	100,000,000	12.4%	2,000,000	0.2%
ServiceOne Global	Beneficial owner (note 6)	–	–	450,000,000	56.0%
China Expert	Interest of a controlled corporation (note 6)	–	–	450,000,000	56.0%

Other Information

Notes:

1. The approximate percentage is calculated based on the total number of issued shares as at 30 September 2024 (i.e. 803,280,000 shares).
2. Under the SFO, Ms. Yan, the spouse of Mr. Mok, is deemed to be interested in all the shares in which Mr. Mok is interested.
3. Under the SFO, Ms. Tuen, the spouse of Mr. Cheung, is deemed to be interested in all the shares in which Mr. Cheung is interested.
4. Under the SFO, Ms. Luk, the spouse of Mr. Chu, is deemed to be interested in all the shares and underlying shares in which Mr. Chu is interested.
5. Under the SFO, Ms. Keung, the spouse of Mr. Lau, is deemed to be interested in all the shares and the underlying shares in which Mr. Lau is interested.
6. These represent 450,000,000 shares of the Company to be issued upon exercise of the conversion rights attached to the convertible bond issued by the Company as partial settlement of the consideration of the Acquisition to ServiceOne Global. ServiceOne Global is owned as to 70% by China Expert, which is held as to 40% by Mr. Chu.

(ii) Other person — long position in the shares and underlying shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage (note 1)	Number of underlying shares held	Approximate percentage (note 1)
Ms. Lee Kit Ling Monita ("Ms. Lee")	Interest of spouse (note 2)	53,300,000	6.6%	500,000	0.1%

Notes:

1. The approximate percentage is calculated based on the total number of issued shares of the Company as at 30 September 2024, that is, 803,280,000 shares.
2. Under the SFO, Ms. Lee, the spouse of Mr. Wong, is deemed to be interested in all the shares and underlying shares in which Mr. Wong is interested.

Saved as disclosed above, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 September 2024 which were required to be recorded pursuant to section 336 of the SFO.

Other Information

SHARE OPTION SCHEME

The share option scheme (the "Scheme") was conditionally approved and adopted pursuant to a resolution in writing passed by the shareholders of the Company on 15 March 2016, which became effective on the Listing Date. A summary of the principal terms of the Scheme is set out in Appendix IV to the Company's prospectus dated 30 March 2016.

Details of the movements in the number of share options under the Scheme for the Reporting Period are set out as follows:

Name of Grantee	Date of Grant	Exercise price per share (HK\$)	Outstanding as at 1 April 2024	Number of share options			Outstanding as at 30 September 2024
				Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	
Executive Directors							
Mr. Lau	15-Apr-19	0.111	2,000,000	-	-	-	2,000,000
Mr. Chan	15-Apr-19	0.111	500,000	-	-	-	500,000
Ms. Lau	15-Apr-19	0.111	1,200,000	-	-	-	1,200,000
Mr. So	15-Apr-19	0.111	2,000,000	-	-	-	2,000,000
Non-executive Directors							
Mr. Wong	15-Apr-19	0.111	500,000	-	-	-	500,000
Mr. Chu	15-Apr-19	0.111	500,000	-	-	-	500,000
Independent non-executive Directors							
Mr. Au	15-Apr-19	0.111	100,000	-	-	-	100,000
Mr. Ko	15-Apr-19	0.111	100,000	-	-	-	100,000
Mr. Mak	15-Apr-19	0.111	100,000	-	-	-	100,000
Other employees							
In aggregate	15-Apr-19	0.111	4,820,000	-	-	-	4,820,000
			11,820,000	-	-	-	11,820,000

No option was granted during the Reporting Period.

The outstanding share options granted on the Date of Grant are exercisable in the manner and during the five periods (each an "exercisable period") as set out below at an exercise price of HK\$0.111 per share. The closing price of the shares immediately before the Date of Grant was HK\$0.098.

First exercisable period:	20.0% of the share options granted exercisable from 15 April 2020 to 14 April 2029
Second exercisable period:	20.0% of the share options granted exercisable from 15 April 2021 to 14 April 2029
Third exercisable period:	20.0% of the share options granted exercisable from 15 April 2022 to 14 April 2029
Fourth exercisable period:	20.0% of the share options granted exercisable from 15 April 2023 to 14 April 2029
Fifth exercisable period:	20.0% of the share options granted exercisable from 15 April 2024 to 14 April 2029

Other Information

The Group recognised nil share option expense during Reporting Period and approximately HK\$28,000 in Corresponding Period.

At the beginning of the Reporting Period, the Company had 2,940,000 share options granted but unvested. At the end of the Reporting Period, all the 11,820,000 outstanding share options, which represented approximately 1.5% (2023: 1.5%) of the shares in issue as at that date, were vested. The weighted average closing price of the Shares immediately before the date on which the options were vested during the Reporting Period was HK\$0.106.

As at 1 April 2024 and 30 September 2024, the number of share options available for grant under the Scheme was 64,000,000.

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 Reporting Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors, the directors of the Company's subsidiaries, the Company's controlling shareholders, or any of their respective close 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 and/or a director of its subsidiaries and their respective associates) during the Reporting Period.

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 during the Reporting Period.

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 C1 to the GEM Listing Rules and, in the opinion of the Board, the Company has complied with the CG Code for Reporting Period, save for the deviation from such code disclosed below.

Other Information

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. Yung Pik Man, chief financial officer 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the Reporting Period with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

APPRECIATION

On behalf of the Board of Directors, 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 during the Reporting Period.

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

Hong Kong, 26 November 2024

As at the date of this report, the Board comprises of (1) Executive Directors: Mr. Lau Wai Kwok, Mr. Chan Kin Mei Stanley, Ms. Lau Tsz Yan and Mr. So Cheuk Wah Benton; (2) Non-executive Directors: Mr. Wong Chu Kee Daniel and Mr. Chu Siu Sum Alex; and (3) Independent non-executive Directors: Mr. Au Yu Chiu Steven, Mr. Ko Man Fu and Mr. Mak Wai Sing.