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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 2023**

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 2023. This announcement, containing the full text of 2023/24 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 of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of the interim results. Printed version of the Interim Report containing the information required by the GEM Listing Rules will be dispatched to the shareholders of 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, 10 November 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 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.



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2023/24
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

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
in accordance with the Accounting and
Financial Reporting Council Ordinance
25 Floor, Wing On Centre
111 Connaught Road 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 2023 (the “Reporting Period”) increased by approximately 25.7% from that for the six months ended 30 September 2022 (the “Corresponding Period”) to approximately HK\$517.6 million.
- Gross profit for the Reporting Period increased by approximately 12.3% from the Corresponding Period to approximately HK\$75.4 million.
- Profit for the period attributable to owners of the Company for the Reporting Period decreased by approximately 29.1% from the Corresponding Period to approximately HK\$7.9 million.
- Basic earnings per share for the Reporting Period decreased by approximately 29.5% from the Corresponding Period to approximately HK0.98 cent.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	5	517,643	411,800
Cost of sales		(442,248)	(344,656)
Gross profit		75,395	67,144
Other income and gains	5	2,703	5,814
Selling expenses		(26,733)	(21,501)
Administrative expenses		(36,253)	(32,540)
Provision for expected credit loss on financial assets		(89)	(62)
Finance costs		(3,256)	(3,137)
Profit before income tax expense		11,767	15,718
Income tax expense	6	(3,079)	(2,566)
Profit for the period		8,688	13,152
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		(2,363)	(4,111)
Total comprehensive income for the period		6,325	9,041
Profit for the period attributable to:			
Owners of the Company		7,902	11,152
Non-controlling interests		786	2,000
		8,688	13,152
Total comprehensive income for the period attributable to:			
Owners of the Company		6,248	8,275
Non-controlling interests		77	766
		6,325	9,041
Earnings per share	8		
— Basic		HK0.98 cent	HK1.39 cents
— Diluted		HK0.86 cent	HK1.11 cents

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		13,516	17,355
Intangible assets		11,545	13,556
Goodwill		100,078	100,078
Finance lease receivables	9	–	3
Restricted bank deposits		1,483	1,483
Other deposits		6,507	6,116
		133,129	138,591
Current assets			
Inventories		9,104	7,190
Trade receivables	10	216,153	110,974
Prepayments, deposits and other receivables		36,780	38,960
Finance lease receivables	9	25	70
Bank deposits		833	602
Restricted bank deposits		2,021	2,021
Cash and cash equivalents		147,743	196,795
		412,659	356,612
Current liabilities			
Trade payables	11	176,087	117,579
Accruals, deposits received and other payables		97,900	111,941
Lease liabilities		6,442	6,294
Dividend payable		8,033	–
Tax payables		1,830	1,371
		290,292	237,185
Net current assets		122,367	119,427
Total assets less current liabilities		255,496	258,018

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
	Notes		
Non-current liabilities			
Other payables		1,972	1,972
Lease liabilities		4,992	8,442
Convertible bonds		62,987	60,067
Deferred tax liabilities		1,872	2,184
		71,823	72,665
Net assets		183,673	185,353
EQUITY			
Share capital	12	8,033	8,033
Reserves		154,171	155,928
Equity attributable to owners of the Company		162,204	163,961
Non-controlling interests		21,469	21,392
Total equity		183,673	185,353

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	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 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
At 31 March 2022 and 1 April 2022 (audited)	8,033	56,581	885	(25,395)	570	20,750	90,453	143,844	19,000	170,877
Profit for the period	-	-	-	-	-	-	11,152	11,152	2,000	13,152
Exchange differences arising from translation of foreign operations	-	-	-	-	(2,877)	-	-	(2,877)	(1,234)	(4,111)
Total comprehensive income for the period	-	-	-	-	(2,877)	-	11,152	8,275	766	9,041
Recognition of equity-settled share-based payment	-	-	61	-	-	-	-	61	-	61
Share options lapsed	-	-	(8)	-	-	-	8	-	-	-
Dividend approved in respect of the previous year (note 7)	-	(6,185)	-	-	-	-	-	(6,185)	-	(6,185)
Equity contribution from non-controlling interests	-	-	-	-	-	-	-	-	3	3
At 30 September 2022 (unaudited)	8,033	50,396	938	(25,395)	(2,307)	20,750	101,613	145,995	19,769	173,797

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	(41,728)	(29,260)
Income tax paid	(2,933)	(1,063)
Net cash used in operating activities	(44,661)	(30,323)
Cash flows from investing activities		
Purchase of property, plant and equipment	(497)	(850)
Consideration paid for the acquisition of subsidiary	–	(21,252)
(Increase)/Decrease in bank deposits	(231)	18,076
Interest received	1,869	236
Net cash generated from/(used in) investing activities	1,141	(3,790)
Cash flows from financing activities		
Interest paid on lease liabilities	(336)	(390)
Principal elements of lease payments	(3,302)	(3,513)
Proceeds from issue of new shares	–	3
Net cash used in financing activities	(3,638)	(3,900)
Net decrease in cash and cash equivalents	(47,158)	(38,013)
Effect of foreign exchange rate changes	(1,894)	(3,074)
Cash and cash equivalents at beginning of the period	196,795	158,459
Cash and cash equivalents at end of the period	147,743	117,372

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

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 are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 April 2016 (the “Listing Date”). The address of the Company’s registered office is 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 service and artificial intelligence (“AI”) business for corporate and institutional customers in the Asia-Pacific region.

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 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 2023 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 under the 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 for reporting purposes, 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 2023

3. ADOPTION OF HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments and interpretation to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosures of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs 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.

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 Mainland China, Hong Kong and Singapore and the Group's consolidated assets and liabilities are primarily 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 services ("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
- Provision of AI business ("AI business") includes develop and provide products, solutions and services to enable customers the use of AI.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

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

For the six months ended 30 September 2023

	IT infrastructure solutions HK\$'000 (unaudited)	IT infrastructure management services HK\$'000 (unaudited)	AI business 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 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 business				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 business				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 2023

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2022

	IT infrastructure solutions HK\$'000 (unaudited)	IT infrastructure management services HK\$'000 (unaudited)	AI business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	263,190	151,065	–	414,255
Inter segment revenue	(1,018)	(1,437)	–	(2,455)
Total revenue from external customers	262,172	149,628	–	411,800
Segment results	12,585	8,147	(961)	19,771
Unallocated expenses				(4,053)
Profit before income tax expense				15,718
Segment assets				
IT infrastructure solutions				196,968
IT infrastructure management services				268,100
AI business				1,654
Unallocated assets				
— Cash and Cash equivalents				29,440
— Others				130
Total assets				496,292
Segment liabilities				
IT infrastructure solutions				133,244
IT infrastructure management services				101,315
AI business				234
Unallocated liabilities				
— Consideration payable				21,896
— Convertible bonds				59,240
— Dividend payable				6,185
— Others				381
Total liabilities				322,495

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong	439,430	342,287
Mainland China	58,103	55,466
Others	20,110	14,047
	517,643	411,800

Information about major customers

There was a single external customer who contributed to approximately 10.7% of the Group's revenue for the Reporting Period (2022: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from contracts with customers:		
Provision of IT infrastructure solutions	349,812	262,133
Provision of IT infrastructure management services	167,810	149,628
AI business	7	–
	<hr/>	<hr/>
	517,629	411,761
Revenue from other sources:		
Finance leases income	14	39
	<hr/>	<hr/>
Total	517,643	411,800
	<hr/>	<hr/>
Disaggregation of revenue from contracts with customers:		
At a point in time	365,571	279,251
Overtime	152,058	132,510
	<hr/>	<hr/>
Total	517,629	411,761
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

5. REVENUE AND OTHER INCOME AND GAINS (Continued)

An analysis of other income and gains is as follows:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income and gains:		
Interest income	1,869	236
Exchange gains, net	150	216
Government subsidy (note)	173	4,715
Management fee income	263	239
Written-off of other payables	7	–
Sundry income	241	408
Total	2,703	5,814

Note:

Government subsidies refer to subsidy programs launched by various governments.

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

	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables (note 10)	216,153	110,974
Contract assets	20,291	23,279
Contract liabilities	(58,454)	(73,900)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
— Hong Kong profits tax	2,512	2,217
— Others	879	661
Deferred tax	(312)	(312)
Total	3,079	2,566

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

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 jurisdiction of 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 2023 of HK1.00 cent (2022: HK0.77 cent) per ordinary share (tax exclusive) amounting to HK\$8,033,000 (2022: HK\$6,185,000) was proposed pursuant to a resolution passed by the Board of Directors on 20 June 2023 and was approved by the shareholders at the annual general meeting of the Company on 15 September 2023.

Other than disclosed above, no dividends were paid or declared by the Company during the Reporting Period (2022: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

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	
	2023 (unaudited)	2022 (unaudited)
Earnings		
Profit for the purposes of basic earnings per share (HK\$'000)	7,902	11,152
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds, net of income tax (HK\$'000)	2,920	2,746
Profit for the purposes of diluted earnings per share (HK\$'000)	10,822	13,898
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
— Share options	—	194,833
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,253,280,000	1,253,474,833
Basic earnings per share	HK0.98 cent	HK1.39 cents
Diluted earnings per share	HK0.86 cent	HK1.11 cents

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

9. FINANCE LEASE RECEIVABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Current finance lease receivables	25	70
Non-current finance lease receivables	–	3
	25	73

Leasing arrangements

Certain of the Group's equipment are leased out under finance leases. All leases are denominated in HK\$. The term of finance leases entered into ranged from 2 to 5 years.

Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Not later than one year	36	93	25	70
Later than one year and not later than five years	–	5	–	3
	36	98	25	73
Less: unearned finance income	(11)	(25)	–	–
Present value of minimum lease payments receivables	25	73	25	73

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 8% per annum.

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

The finance lease receivables at end of each reporting period are neither past due nor impaired.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

10. TRADE RECEIVABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade receivables, gross	216,497	111,229
Less: Provision for impairment	(344)	(255)
	216,153	110,974

The credit period is generally 7 to 60 days.

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Within 1 month	67,297	50,743
More than 1 month but not more than 3 months	119,602	37,097
More than 3 months but not more than 6 months	20,156	17,409
More than 6 months but not more than a year	7,481	3,280
More than a year	1,617	2,445
	216,153	110,974

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

11. 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 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Within 1 month	55,171	64,660
More than 1 month but not more than 3 months	115,329	46,482
More than 3 months but not more than 6 months	2,529	4,298
More than 6 months but not more than a year	1,817	1,334
More than a year	1,241	805
	<u>176,087</u>	<u>117,579</u>

12. SHARE CAPITAL

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

Ordinary shares of HK\$0.01 each

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

10,000,000,000 100,000

Issued and fully paid:

Ordinary shares of HK\$0.01 each

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

803,280,000 8,033

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

13. 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	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
北京直信創聯數碼科技有限公司 (SOG Beijing Limited) (note)	Cost of sales — Outsourcing IT support services	608	854
北京直信創聯數碼科技有限公司 (SOG Beijing Limited) (note)	Sales	6	—
SOG Service Limited	Cost of sales-Outsourcing IT support services	76	84
SOG Service Limited	Management fee income	263	239

Note:

The English name is for identification only.

(b) Compensation of key management personnel

Total remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Salaries, allowances and benefits in kind	5,817	5,420
Discretionary bonuses	453	556
Retirement scheme contributions	67	67
Share-based payment	18	39
	6,355	6,082

Management Discussion and Analysis

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 the Asia-Pacific region.

BUSINESS REVIEW

For the Reporting Period as compared to the Corresponding Period, the Group’s revenue increased by approximately 25.7% and our gross profit increased by approximately 12.3%.

OUTLOOK

Our Group considers that the current business environment for the short-to-medium term consists of mixed business sentiment, which will likely affect the Group’s performance. The economy of many countries is recovering slower than expected from the coronavirus epidemic, other factors such as the uncertain global economy due to the continuing US-China tensions, the increasing inflation and interest rates, the increasing probability of a recession in the United States, and the talent shortage in many countries, 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 economic crisis and the shape of recovery, there is a wide range of possible outcomes for the year.

Our Group dynamically adjusts our business prioritisation 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, make better use of their data for business analytic and decision making, and create digital business models by digitalising 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) Cyber Security
- (iii) Data & Application Solutions

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

Management Discussion and Analysis

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 AI business, we continue to develop and provide products, solutions and services to enable our customers the use of AI in multiple business sectors and enterprises. Given the strong demand in AI in the market, our AI offerings will enhance the Group's overall solutions portfolio and offerings, which aligns with the growth strategy of the Group.

Regarding our IT infrastructure management services business, we believe enterprises and institutions will continue to demand high-quality services across the growing Asia-Pacific region, including IT outsourcing, helpdesk, workflow automation services and IT hardware maintenance. Our recent expansion in Kuala Lumpur, Malaysia, improves our resources' geographical distribution, providing resiliency 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 (the "Acquisition") of 70% of the issued share capital of ServiceOne International Holdings Limited which is principally engaged in the provision of IT infrastructure management services, 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 three 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 as the local and global economy gradually recovers.

Management Discussion and Analysis

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

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately HK\$517.6 million for the Reporting Period, representing an increase of approximately 25.7% from approximately HK\$411.8 million in the Corresponding Period. Revenue from IT infrastructure solutions has increased to approximately HK\$349.8 million, representing an increase of approximately 33.4% from approximately HK\$262.2 million in the Corresponding Period. Revenue from IT infrastructure management services has increased to approximately HK\$167.8 million, representing an increase of approximately 12.2% from approximately HK\$149.6 million in the Corresponding Period.

The increase in revenue was primarily due to the increase in demand from our customers for both IT infrastructure solutions and IT infrastructure management services during the Reporting Period as compared to the Corresponding Period. For the Reporting Period, the business segments of IT infrastructure solutions and IT infrastructure management services contributed approximately 67.6% and approximately 32.4% to the Group's revenue respectively.

Gross profit and gross profit margin

The Group's gross profit amounted to approximately HK\$75.4 million for the Reporting Period, representing an increase of approximately HK\$8.3 million, or approximately 12.3%, as compared to that of the Corresponding Period of approximately HK\$67.1 million.

The Group's gross profit margin decreased by approximately 1.7 percentage points to approximately 14.6% as compared to approximately 16.3% in the Corresponding Period.

Such decrease was mainly the results of the change of sales mix and the Group recorded larger contribution from a few projects with lower margin during the Reporting Period.

Other income and gains

Other income and gains decreased by approximately HK\$3.1 million, or approximately 53.5%, from approximately HK\$5.8 million for the Corresponding Period to approximately HK\$2.7 million for the Reporting Period. Such decrease was mainly attributed to the net effect of (i) decrease in government subsidy to the Group by approximately HK\$4.5 million and (ii) increase in interest income by approximately HK\$1.6 million.

Management Discussion and Analysis

Operating expenses

Total operating expenses of the Group for the Reporting Period was approximately HK\$63.0 million, representing an increase of approximately HK\$9.0 million or approximately 16.6% as compared to approximately HK\$54.0 million for the Corresponding Period. The increase was mainly attributable to salary increment in line with the employment market and the additional staff costs as more talents were recruited.

Finance costs

The Group's finance costs for the Reporting Period were approximately HK\$3.3 million, representing an increase of approximately HK\$0.2 million, or approximately 3.8%, from approximately HK\$3.1 million for 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, for the purpose of the partial settlement of the Acquisition.

Income tax expense

The Group's income tax expense for the Reporting Period was approximately HK\$3.1 million, representing an increase of approximately 20.0% from approximately HK\$2.6 million for the Corresponding Period. The effective tax rate of the Group for the Reporting Period and the Corresponding Period were 26.2% and 16.3% respectively. After excluding the non-deductible interest expenses on convertible bonds of HK\$2.9 million (2022: HK\$2.7 million) incurred for the Acquisition and the non-assessable government subsidy of HK\$0.2 million (2022: HK\$4.7 million), the effective tax rate for the Reporting Period was 21.2% (2022: 18.7%).

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 29.1% from approximately HK\$11.2 million for the Corresponding Period to approximately HK\$7.9 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 period ended 30 September 2023 amounted to HK0.98 cent, as compared to HK1.39 cents in 2022.

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 2023, we had cash and cash equivalents amounted to approximately HK\$147.7 million (31 March 2023: HK\$196.8 million), which were cash at banks and in hand. As at 30 September 2023, HK\$3.5 million was pledged for government project (31 March 2023: HK\$3.5 million).

The banking facility granted to the Group as at 30 September 2023 amounted to HK\$10.0 million (31 March 2023: HK\$10.0 million), of which HK\$3.5 million was utilised (31 March 2023: HK\$3.5 million).

During the Reporting Period, we did not have any bank borrowings and the Company issued the Convertible Bonds on 8 October 2021. The Convertible Bonds 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 30 September 2023, the gearing ratio of the Group was 0.46 (31 March 2023: 0.46), 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 2023, the capital structure of our Company comprised issued share capital and reserves.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2023, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

SIGNIFICANT INVESTMENTS

As at 30 September 2023, the Group did not hold any significant investments (31 March 2023: nil).

Management Discussion and Analysis

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2023 (31 March 2023: nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Our Group operates mainly in Hong Kong and Mainland China and conducts our business primarily in HK\$ 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

As at 30 September 2023, an amount of HK\$3.5 million (31 March 2023: 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 2023.

INFORMATION ON EMPLOYEES

As at 30 September 2023, the Group had 1,035 employees (31 March 2023: 984) working in Mainland China, Hong Kong, Macau, Singapore and Malaysia. Employees are remunerated according to their performance and work experience. On top of basic salary, commission, 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\$115.5 million (2022: HK\$99.2 million). The dedication and hard work of the Group's staff are appreciated and recognised.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2023 (2022: nil).

Other Information

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

As at 30 September 2023, 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 have 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 2023 (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 (the "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 bonds, issued by the Company as partial settlement of the consideration of the Acquisition 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 convertible bonds 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 2023, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture 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 2023, 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 2023 (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 of the Company 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 of the Company 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 of the Company 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 of the Company 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 bonds 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 2023, 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 of the Company 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 2023 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 six months ended 30 September 2023 are set out as follows:

Name of Grantee	Date of Grant	Exercise price per share (HK\$)	Outstanding as at 1 April 2023	Number of share options			Outstanding as at 30 September 2023
				Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	
Executive Directors							
Mr. Lau	15 April 19	0.111	2,000,000	–	–	–	2,000,000
Mr. Chan	15 April 19	0.111	500,000	–	–	–	500,000
Ms. Lau	15 April 19	0.111	1,200,000	–	–	–	1,200,000
Mr. So	15 April 19	0.111	2,000,000	–	–	–	2,000,000
Non-executive Directors							
Mr. Wong	15 April 19	0.111	500,000	–	–	–	500,000
Mr. Chu	15 April 19	0.111	500,000	–	–	–	500,000
Independent non-executive Directors							
Mr. Au	15 April 19	0.111	100,000	–	–	–	100,000
Mr. Ko	15 April 19	0.111	100,000	–	–	–	100,000
Mr. Mak	15 April 19	0.111	100,000	–	–	–	100,000
Other employees							
In aggregate	15 April 19	0.111	4,820,000	–	–	–	4,820,000
			11,820,000	–	–	–	11,820,000

No option was granted during the six months ended 30 September 2023.

Other Information

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

As at 1 April 2023 and 30 September 2023, 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.

Other Information

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. After making specific enquiry of all the Directors, 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 Company has applied the principles and code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Reporting Period, save for the deviation from such code disclosed below.

Pursuant to code provision C.6.1 of the 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 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.

Other Information

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, 10 November 2023

As at the date of this report, 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