



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

AI

Chatbot

2024

Annual 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.

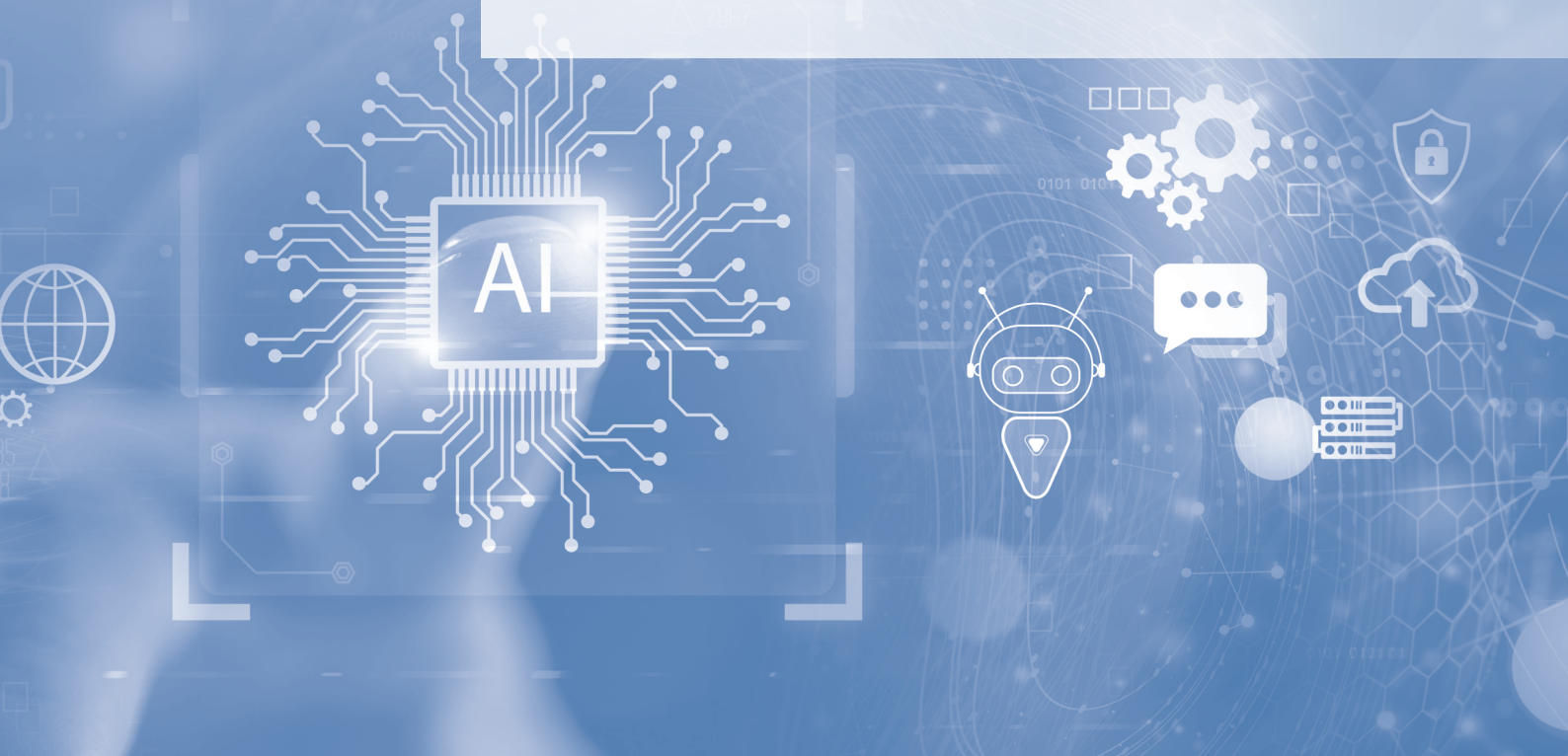
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*This annual report, for which the directors (the "Directors") of Expert Systems Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing 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 annual 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 annual report misleading.*

*This annual report will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Listed Company Announcements" page for at least seven days from the date of its posting. This annual report will also be published and remains on the Company's website at [www.expertsystems.com.hk](http://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

## 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

# Corporate Information

## 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/F., Yen Sheng Centre  
64 Hoi Yuen Road  
Kwun Tong, Kowloon  
Hong Kong

## PRINCIPAL BANKER

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

## GEM STOCK CODE

8319

## COMPANY WEBSITE

[www.expertsystems.com.hk](http://www.expertsystems.com.hk)



## Highlights

- Revenue for the year ended 31 March 2024 (the “Reporting Year” or “FY2024”) increased by approximately 11.8% from that for the year ended 31 March 2023 (the “Corresponding Year” or “FY2023”) to approximately HK\$991.0 million.
- Gross profit for the Reporting Year increased by approximately 9.6% from the Corresponding Year to approximately HK\$152.7 million.
- Profit for the year attributable to owners of the Company for the Reporting Year decreased by approximately 21.8% to approximately HK\$15.4 million as compared to the Corresponding Year. <sup>(Note)</sup>
- Basic earnings per share decreased by approximately 22.0% from approximately HK2.45 cents for the Corresponding Year to approximately HK1.91 cents for the Reporting Year.

Note: The decrease was primarily attributable to the non-recurrent of the COVID-19 related Government subsidies recognised in the Corresponding Year, the Group did not receive any relevant subsidies during the Reporting Year. In addition, we have increased the investment to our AI business during the Reporting Year.

# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Expert Systems Holdings Limited (the "Company"), I am pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024 ("FY2024").

For FY2024, the Group recorded a revenue of HK\$991.0 million with an approximately 11.8% increase from HK\$886.5 million as compared with the year ended 31 March 2023 ("FY2023") whereas the profit attributable to owners of the Company decreased by approximately 21.8% to HK\$15.4 million. Basic earnings per share for FY2024 was HK1.91 cents as compared with HK2.45 cents for FY2023.

First and foremost, I would like to express my gratitude to our management team for their unwavering effort and dedication in our first full year post COVID-19. Their strategic vision and strong leadership have been instrumental in navigating the uncertainties of the business landscape.

Despite the challenging economic environment, I am pleased to report that our Company has recorded revenue growth in FY2024. Our robust balance sheet and diversified customer base have been key factors in sustaining our financial stability. We have witnessed a significant increase in information technology ("IT") solutions and services revenue, a testament to our competence in delivering exceptional services and innovative solutions that meet the evolving needs of our clients.

I am pleased to announce that our Company remains steadfast in its commitment to maintaining a sustainable and prudent dividend policy. The Board has recommended a final dividend of HK0.82 cent (FY2023: HK1.00 cent) per ordinary share, amounting to HK\$6,587,000 for FY2024 (FY2023: HK\$8,033,000). It is important to note that our dividend policy will be reviewed periodically to ensure alignment with our strategic goals and prevailing market conditions. Our aim is to strike a balance between rewarding our shareholders and retaining sufficient capital for reinvestment in the Company's growth initiatives.

We believe that our people are our most valuable assets, and we have fostered a culture of centering around their well-being and professional development. This people-centric approach has allowed us to build a strong foundation for sustainable growth and long-term success.

I would like to acknowledge that our growth strategy includes a cautious and diligent approach to mergers and acquisitions. We recognise the potential benefits of strategic partnerships and carefully evaluate opportunities that align with our long-term vision.

As we reflect on our company's achievements, I am proud to highlight our strong setup in Hong Kong and Mainland China. Hong Kong's status as a global financial hub and its proximity to the vast opportunities in the Greater Bay Area ("GBA") have provided us with a solid foundation for growth and success. We have strategically positioned ourselves to capitalise on the GBA's rapid economic development, burgeoning markets, and immense potential for innovation.

Our successful expansion into other Asian region, in addition to our strong setup in China (including Hong Kong & Macau) and our confidence in the GBA, underscores our commitment to regional growth and market diversification. We are excited about the opportunities that lie ahead and remain dedicated to creating long-term value for our shareholders, customers, and stakeholders across the region.

Further reinforcing our commitment to innovation and dedication to remaining at the forefront of technological advancements, we have made a strategic investment in an artificial intelligence ("AI") company. This decision stems from our recognition of the transformative power of AI and its potential to revolutionise industries across multiple sectors. This strategic move aligns with our long-term vision of harnessing cutting-edge technologies to deliver exceptional value to our customers and stakeholders.



## Chairman's Statement

By investing in this AI company, we are gaining access to state-of-the-art AI technologies, invaluable expertise, and intellectual property. This partnership will enable us to strengthen our capabilities, enrich our product offerings, and explore novel pathways for growth. We firmly believe that AI will play a pivotal role in shaping the future of our industry, and this investment positions us at the forefront of this exciting frontier.

Moreover, the synergies between our companies are substantial. Our profound industry knowledge, deep customer insights, and significant market presence will complement the AI company's technical expertise and innovation prowess. This collaboration will fuel the development of groundbreaking solutions that address the evolving needs of our customers, drive operational efficiencies, and unlock fresh avenues for revenue growth.

We firmly believe that investing in innovative technologies is key to the long-term development of the Company. We are confident that this partnership will propel us forward, enabling us to seize new opportunities, enhance our competitive position, and create enduring value for our shareholders, customers, and stakeholders.

The listing of the Company's shares on GEM ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") has provided us with valuable visibility and access to capital markets. Looking forward, as we continue to execute our growth strategy and achieve key milestones, we will approach this decision with careful consideration and due diligence to transfer our listing to the Main Board of the Stock Exchange (the "Main Board") when the Company has met the necessary criteria.

We believe that the Main Board offers enhanced opportunities for growth, increased market recognition, and access to a broader investor base. This transfer would further solidify our position as a mature and established company. Our priority remains on building a robust and scalable business, maintaining a strong corporate governance framework, and creating long-term value for our shareholders.

Please note that our potential transfer to the Main Board is subject to various factors and regulatory considerations, and no final decision has been made at this time.

We are proud of our commitment to sustainable and responsible business practices, which includes integrating environmental, social, and governance ("ESG") considerations into our operations. As we evaluate the potential transfer from GEM to the Main Board in the future, we will continue to prioritise our ESG initiatives and uphold our strong ESG track record.

As we look ahead, we are cautiously optimistic about the future. While uncertainties persist, we are confident in our ability to navigate challenges and seize opportunities. With our talented team, strong financial position, and customer-centric focus, we remain well positioned to capitalise on emerging trends and deliver value to our shareholders.

In conclusion, I would like to express my gratitude to our shareholders, employees, customers, and partners for their unwavering support during these challenging times. Your trust and commitment have been instrumental in our journey towards recovery and growth.

**Wong Chu Kee Daniel**  
*Chairman and non-executive Director*

Hong Kong, 25 June 2024



# Management Discussion and Analysis

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 REVIEW AND OUTLOOK

Our Group recognises that the business environment for the short-to-medium term will continue to be challenging. The Group's performance is likely to be affected by the negative business sentiments resulted from continuing US-China competitions, the high interest rates, economic slowdown in Mainland China and Hong Kong, and the talent shortage in Hong Kong. The new phenomenon of Hong Kong resident's change in their spending habits and crossing the border into Mainland China for spending regularly since its reopening has put further pressure to Hong Kong's overall economy. All these factors might have adverse effects on our business volume and costing model, exert pressure on our pricing terms and hence on our profit margin and profitability. Given the level of uncertainty on the economic situation and the shape of recovery, there is a wide range of possible outcomes for the year.

Our Group dynamically adjusts our business prioritisation strategies for the short-to-medium term to align with the evolving customer demand and capture new business opportunities that assist our customers to tackle their challenges.

Regarding IT infrastructure solutions business, we believe that enterprises and institutions will continue to adopt digital transformation to enhance operational efficiency, to optimise their data for insightful business analysis and decision-making and create digital business models through digitalising or doing business online. Therefore, we will continue to strengthen our product portfolio and support resources to provide our customers with the best-valued solutions and services.

We remain unwaveringly focus on our long-term plan to drive strategic development and foster growth. Amongst our several business lines, we will prioritise resources in two key business opportunities in response to the significant market demands, namely:

- (i) Cybersecurity
- (ii) Generative AI ("Gen AI")

Given the escalating cybersecurity incidents, we are committed to persistently deploying world-class cybersecurity solutions to safeguard our customers' valuable IT assets. Furthermore, our IT infrastructure solutions business unit will build robust IT infrastructure tailored for GenAI applications developed by our AI business unit. This collaborative effort will bring together both business units to provide a comprehensive one-stop solution to meet the diverse needs of our customers.

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

To seize on the opportunities mentioned above, we continue to strengthen our strategic relationship with suppliers. Simultaneously, we are enhancing our specialised technical expertise and domain know-how in the latest and proven infrastructure solutions to deliver larger-scale projects. We also strive to develop a broader customer base across private and public sectors, thus ensuring diversification in our clientele.



## Management Discussion and Analysis

Regarding our AI business, we have successfully developed a range of GenAI products based on cloud or on-premises large language models (“LLM”) for our corporate and institutional customers. Our GenAI product series, namely ChatSeries, encompasses a variety of GenAI functions, including but not limited to ChatEnquiry, ChatServiceDesk and ChatMinutes. Even during the prelaunch phase, we have received numerous enquiries which demonstrates enthusiastic interest in our offerings. In response to the rapid advancements in AI technology and the substantial market demand, we will dedicate to continually developing diverse GenAI products to meet the market needs.

In addition, we are delighted to announce the establishment of the strategic partnership with Lenovo Hong Kong in August 2023, with a specific focus on serving the primary and secondary school markets. Our AI business has developed a series of AI products namely SmartSeries, which encompasses a range of offerings, including but not limited to SmartAqua, SmartRetail and SmartHome. They facilitate our provision of AI labs setup and relevant training courses tailored for primary and secondary schools. Through this collaboration, both parties co-market our SmartSeries AI products.

The strong market demand for AI applications further strengthens our AI offerings, which in turn enhances the overall product and solution portfolios and aligns with the growth strategy of our 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.

In the upcoming year, we have planned to extend our services into Managed Professional Service (“MPS”) in order to further enhance our range of managed services offerings. This dedicated facility will leverage the existing resources of our service desk centres, enabling us to extend the managed services from endpoints and devices to encompass network systems and server host systems for our valued customers.

Moreover, we plan to expand the capacity of our service desk centre in Guangzhou, China and relocate it to a new facility, creating a synergistic effect with our service desk centre in Kuala Lumpur, Malaysia. This will effectively balance our resources across different regions, ensuring resilience in serving our customers. This move will provide our customers with more options and improved services, further enhancing our ability to meet diverse customer needs.

These strategic initiatives are aimed at delivering higher value and a more comprehensive suite of services to a broader clientele across diverse geographical locations.

Following the successful acquisition of ServiceOne in 2021 (the “Acquisition”) and the establishment of Expert AI Enabling Limited in 2022, our Group dedicates to further invest in the technology industry with the aim of delivering exceptional value to our stakeholders. In this pursuit, we will continue to explore any appropriate merger and acquisition opportunities to augment our enterprise value. However, we will approach such endeavours with caution, ensuring they are conducted in a manner that benefits our Group and aligns with the best interests of our shareholders.

In view of the swift changing business environment, the Group will be cautious in managing the business risk to tackle the challenges in such an ever-changing economic and business landscape. We carefully monitor and execute the Group’s strategy to drive sustainable business growth. Moreover, we will take prudent and decisive measures for cost optimization in line with the revenue model, therefore reinforcing the Group’s resilience in navigating the evolving business environment.

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 and solutions in both private and public sectors in the Asia-Pacific region. We are dedicated to enabling our customers to extract the maximum value from their IT investments and engagements.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately 11.8% from approximately HK\$886.5 million for the Corresponding Year to approximately HK\$991.0 million for the Reporting Year, which was primarily attributable to the increase in demand from our customers during the Reporting Year as compared to the Corresponding Year.

### Gross profit and gross profit margin

For the Reporting Year, our gross profit amounted to approximately HK\$152.7 million, representing an increase of approximately HK\$13.4 million, or approximately 9.6%, as compared to that of the Corresponding Year of approximately HK\$139.3 million.

The Group's gross profit margin decreased by 0.3 percentage point to approximately 15.4%, as compared to approximately 15.7% in the Corresponding Year.

Such decrease was primarily due to the fact that the Group has recorded larger contribution from a few projects with lower profit margins during the Reporting Year.

### Other income and gains

Other income and gains decreased by approximately HK\$2.4 million, or approximately 27.2%, from approximately HK\$8.6 million for the Corresponding Year to approximately HK\$6.2 million for the Reporting Year. Such decrease was mainly attributed to the recognition of non-recurrent COVID-19 related government subsidies of approximately HK\$5.7 million received from various governments during the Corresponding Year, partly offset by the increase in interest income by approximately HK\$3.6 million.

### Operating expenses

Total operating expenses of the Group for the Reporting Year was approximately HK\$129.4 million, representing an increase of approximately HK\$15.8 million or approximately 14.0% as compared to approximately HK\$113.6 million for the Corresponding Year. The increase was mainly attributable to (i) a salary increment in line with the employment market and additional costs incurred from recruiting additional talented staff, and (ii) an increase in investment expenditures on our AI business in the Reporting Year.

### Finance costs

The Group's finance costs for the Reporting Year were approximately HK\$6.4 million, representing a slight increase of approximately HK\$0.1 million, or approximately 2.7%, from approximately HK\$6.3 million for the Corresponding Year. The finance costs for both years 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 Year was approximately HK\$5.8 million, representing an increase of approximately 8.0% from approximately HK\$5.4 million for the Corresponding Year. After excluding the non-deductible interest expenses on convertible bonds of HK\$5.8 million (2023: HK\$5.5 million) incurred for the Acquisition, the effective tax rate for the Reporting Year was 20.1% (2023: 19.3%).

# Management Discussion and Analysis

## Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 21.8% from approximately HK\$19.7 million for the Corresponding Year to approximately HK\$15.4 million for the Reporting Year, which was primarily attributable to the above mentioned effects.

Basic earnings per share for profit attributable to owners of the Company for the Reporting Year amounted to HK1.91 cents, as compared to HK2.45 cents in the Corresponding Year.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. As at 31 March 2024 and 2023, we had cash and cash equivalents of approximately HK\$218.9 million and HK\$196.8 million respectively, which were cash at banks and in hand. As at 31 March 2024, HK\$3.5 million was pledged for government projects (2023: HK\$3.5 million).

The banking facility granted to the Group as at 31 March 2024 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 Year, we did not take 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 31 March 2024, the gearing ratio of the Group was 0.43 (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 31 March 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 Reporting Year.

## SIGNIFICANT INVESTMENTS

As at 31 March 2024, the Group did not hold any significant investments (31 March 2023: nil).

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2024 (31 March 2023: nil).

# Management Discussion and Analysis

## 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 31 March 2024, an amount of HK\$3.5 million (31 March 2023: HK\$3.5 million) was pledged for government projects. Save as disclosed above, there was no charge on the Group's assets as at 31 March 2024.

## INFORMATION ON EMPLOYEES

As at 31 March 2024, the Group employed a total of 1,033 employees (31 March 2023: 984). 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 Year amounted to approximately HK\$236.2 million (2023: HK\$205.2 million). The dedication and hard work of the Group's staff during Reporting Year are generally appreciated and recognised.

# Biographical Details of the Directors and Senior Management

## CHAIRMAN AND NON-EXECUTIVE DIRECTOR

**Mr. Wong Chu Kee Daniel (黃主琦)**, aged 63, is our chairman and a non-executive Director. Mr. Wong is responsible for providing leadership to our Board and advising on the business strategies of our Group. He was appointed as a Director on 18 September 2015. Mr. Wong had been a director of our operating subsidiary, Expert Systems Limited ("Expert HK"), from October 2003 to September 2004. He was reappointed as a director of Expert HK in February 2007 and he has been holding such directorship up to now. On 15 March 2016, Mr. Wong was appointed as a non-executive Director and the chairman of our Board. He is also a member of our corporate governance committee.

Mr. Wong also holds directorships in a number of the other subsidiaries within our Group. He is one of our Controlling Shareholders.

Mr. Wong graduated from the University of East Anglia in the United Kingdom with a Bachelor of Science degree in Computer Studies in July 1984. He has over 30 years of experience in the IT industry and previously held various senior managerial positions at AST Research (Far East) Limited ("AST"). Mr. Wong is one of the founders of ServiceOne Limited ("ServiceOne"), a subsidiary principally engaged in providing IT support services across Hong Kong, Macau and Mainland China. Currently he is the Chairman and a director of ServiceOne.

## CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

**Mr. Lau Wai Kwok (劉偉國)**, aged 55, is our chief executive officer and an executive Director. Mr. Lau is responsible for overseeing the business, corporate strategy, long-term planning, all-round corporate development and daily operations of our Group. He was appointed as a Director on 18 September 2015 and our chief executive officer and an executive Director on 15 March 2016. He is also the compliance officer of our Company and a member of both our nomination committee and corporate governance committee.

Mr. Lau was appointed as a director of our operating subsidiary, Expert HK, on 24 September 2004. Before appointing as our chief executive officer, he had been the general manager of Expert HK since October 2004, responsible for overseeing the business of Expert HK and Expert Macau which was set up later on. Mr. Lau also holds directorships in other subsidiaries within our Group. He is one of our Controlling Shareholders.

Mr. Lau graduated from the University of Hong Kong with a degree of Bachelor of Science in November 1991. Mr. Lau has extensive experience in the IT and telco industries, including sales, marketing and operational management. Prior to joining the Group, he worked as a marketing executive at System-Pro Computers Limited, an IT products reseller, from August 1992 to December 1995. He joined Dell Computer Asia Limited ("Dell"), an IT products manufacturer, in January 1996 as account manager, and he was general sales manager of the large corporate accounts division when he left the company in April 2002. Thereafter, he joined Hutchison Global Communications Limited a telecommunication company, as sale manager — strategic accounts in May 2002, and the position he held before he left the company in October 2004 was manager — sales (public sector).

# Biographical Details of the Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Chan Kin Mei Stanley (陳健美)**, aged 52, is an executive Director since the re-designation of his office with effect from 8 November 2021. He is responsible for advising on the finance, accounting, risk management and corporate governance of our Group. He was appointed as a Director on 25 November 2015 and a non-executive Director on 15 March 2016. Following the re-designation of Mr. Chan from a non-executive Director to an executive Director, Mr. Chan ceased to be a member of the audit committee of the Company. Currently, he is the chairman of our corporate governance committee.

Mr. Chan obtained a degree of Bachelor of Arts in Accountancy through distance learning from the University of Bolton in the United Kingdom in September 2007. He was admitted as an associate member of the Institute of Financial Accountants in February 2006.

Mr. Chan has more than 20 years of experience in the accounting, finance and human resources fields. Previously Mr. Chan was the company secretary of our operating subsidiary, Expert HK, from March 2003 to September 2004 and was in senior managerial position before he joined ServiceOne in March 2016. Currently he is the managing director, responsible for the overall management of ServiceOne. Mr. Chan also holds directorships in other subsidiaries within our Group.

**Ms. Lau Tsz Yan (劉紫茵)**, aged 51, is an executive Director and the general manager of Expert HK. Ms. Lau was appointed as an executive Director on 15 March 2016. She is responsible for the overall management of Expert HK and Expert Macau.

Ms. Lau joined our Group in October 1996. Ms. Lau graduated from the Monash University in Australia with a Bachelor of Computing (Information Systems) degree in August 1995. Ms. Lau has over 20 years of experience in the sales and marketing of IT infrastructure solutions to corporate clients.

**Mr. So Cheuk Wah Benton (蘇卓華)**, aged 50, is an executive Director and the sales director in the public sector business unit of Expert HK. Mr. So was appointed as an executive Director on 15 March 2016. He is responsible for overseeing and managing the sales team of Expert HK with respect to our clients in the public sector.

Mr. So joined our Group in September 2004. Mr. So graduated from the Hong Kong Technical Colleges with a Higher Diploma in Electronic Engineering in June 1997. Mr. So has over 20 years of experience in the IT industry. Previously he held various positions in IBM and a number of IT products resellers in Hong Kong before he joined our Group.

## NON-EXECUTIVE DIRECTOR

**Mr. Chu Siu Sum Alex (朱兆深)**, aged 63, was appointed as a non-executive Director on 15 March 2016. He is responsible for providing market and industry knowledge in assisting the strategic planning of our Group. Previously Mr. Chu had been a director of our operating subsidiaries, Expert HK and Expert Macau. He is a member of both our nomination committee and remuneration committee and is one of our Controlling Shareholders.

Mr. Chu obtained a degree of Bachelor of Science in Computing Science from the University of Newcastle upon Tyne (currently the Newcastle University) in the United Kingdom in June 1984.

Mr. Chu has over 30 years of experience in the IT industry. Mr. Chu was the managing director of AST, responsible for overseeing the entire operation of marketing, sales and technical service in over 11 Asian countries, before he joined Dell in 1994. He was the Hong Kong/PRC sales director, when he left Dell in October 2001. Mr. Chu worked as an executive director in our operating subsidiary, Expert HK, from September 2004 to November 2007, overseeing the overall business and management of Expert HK. Mr. Chu has taken up various senior positions in ServiceOne since December 2007. He is currently a director and an advisor of ServiceOne. Mr. Chu also holds directorships in other subsidiaries within our Group.

# Biographical Details of the Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Au Yu Chiu Steven (區裕釗)**, aged 65, was appointed as an independent non-executive Director on 15 March 2016.

He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also the chairman of our audit committee and a member of our remuneration committee, nomination committee and corporate governance committee.

Mr. Au graduated from the University of East Anglia in the United Kingdom with a degree of Bachelor of Arts majoring in Economics in July 1982. He further received his degree of Master of Business Administration from the University of Western Ontario in Canada in October 2000. Mr. Au was admitted as a Chartered Accountant of the Institute of Chartered Accountants in England and Wales in November 1987. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Au has more than 30 years of experience in the accounting and finance field. He worked as an accountant in the United Kingdom from 1982 to 1987 before he joined Arthur Andersen & Co. in Hong Kong in 1987. He then took up senior managerial positions with various companies in the finance industry. Mr. Au has been an executive director of finance and administration of Matilda International Hospital since October 2002 until his retirement in September 2019. Mr. Au is also an independent non-executive director of Vincent Medical Holdings Limited (stock code: 1612), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

**Mr. Ko Man Fu (高文富)**, aged 64, was appointed as an independent non-executive Director on 15 March 2016. He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also the chairman of our remuneration committee and a member of both our audit committee and nomination committee.

Mr. Ko obtained a degree of Bachelor of Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1986 and 1987 respectively. He was admitted as a solicitor of the High Court of Hong Kong in September 1989. He is a Reverse Mortgage Counsellor of the Law Society of Hong Kong.

Mr. Ko has been working as a solicitor in Hong Kong with various law firms for more than 34 years. He is currently working as a consultant at the law firm Hau, Lau, Li & Yeung.

**Mr. Mak Wai Sing (麥偉成)**, aged 63, was appointed as an independent non-executive Director on 15 March 2016. He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also the chairman of our nomination committee and a member of our audit committee and remuneration committee.

Mr. Mak graduated from the University of Nottingham in the United Kingdom with a degree of Bachelor of Science majoring in civil engineering in July 1983. He further received his degree of Master of Business Administration from the Chinese University of Hong Kong in October 1986.

Mr. Mak has over 25 years of experience in the trading business. He began his career with Swire & Maclaine Ltd. ("Swire & Maclaine"), a trading company in 1986 and he was group manager when he left Swire & Maclaine. Mr. Mak then joined Li & Fung (Trading) Limited ("Li & Fung") in June 2000 and he was senior vice president when he retired from Li & Fung in January 2013.



# Biographical Details of the Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Yan Tsz Yin (甄子賢)**, aged 53, is the general manager, business development of our Group. Mr. Yan joined our Group in September 1999. He is responsible for managing our Group's business development and sales operations functions. Mr. Yan graduated from the City Polytechnic of Hong Kong (currently the City University of Hong Kong) with a degree of Bachelor of Engineering majoring in Computer Engineering in December 1994. He has around 19 years of experience in the sales and marketing of IT solutions and services.

**Ms. Yung Pik Man (翁碧雯)**, aged 53, is the chief financial officer of our Group. Ms. Yung joined our Group in August 2023. She is responsible for overseeing the Group's financial strategy and financial operations, including planning, reporting, and risk management, as well as the Group's statutory compliance functions, to ensure the long-term financial stability and sustainable growth of the Group.

Ms. Yung graduated from Deakin University in Australia with a Bachelor of Business in Accounting in September 1995. She has also obtained a postgraduate diploma in corporate compliance from the HKUSPACE (affiliated with the University of Hong Kong) in March 2021. Ms. Yung is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the CPA Australia. She has around 19 years of experience in senior financial leadership roles of overseeing the Group's financial strategy and operations.

**Ms. Wong Yuk Lam (黃鈺霖)**, aged 46, is the general manager, finance of our Group. Ms. Wong joined our Group in May 2005. She oversees the overall accounting and treasury functions of our Group. She was also the company secretary of Expert HK from November 2015 to March 2020.

Ms. Wong obtained a degree of Bachelor of Commerce majoring in Accounting through distance learning from the Curtin University of Technology in Australia in February 2007. She was admitted as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants in January 2013. Ms. Wong has more than 20 years of experience in the accounting and finance field.



# Corporate Governance Report

## 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 Year, save for the deviation from such code disclosed below.

Pursuant to code provision C.6.1 of the CG Code, the company secretary of the Company should be an employee of the Company and have day-to-day knowledge of the Company’s affairs. Mr. Lau Siu Ki, being the Company’s company secretary, is not an employee of the Company. The Company has assigned Ms. 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.

## BOARD OF DIRECTORS

The Board is responsible for the overall management of the business of the Group and ensures that it is managed in the best interests of the Company and the shareholders as a whole while taking into account the interest of other stakeholders. The Board focuses on formulating the overall business strategy, reviewing and monitoring the business performance, internal controls and risk management of the Group, approving the financial statements and directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the senior management by the Board. The Board is provided with the management update reports to give a balanced and understandable assessment of the performance, recent development and prospects of the Group regularly.

The Board delegates to the Corporate Governance Committee the responsibilities for the corporate governance functions under the code provision A.2.1 of the CG Code including professional development of the Directors and the senior management, and reviewing the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report. The Board has reviewed and discussed with the committee about the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

# Corporate Governance Report

## Composition of the Board

The composition of the Board during the year and as at the date of this annual report is set out as follows:

### Executive Directors

Mr. Lau Wai Kwok (*Chief Executive Officer*)  
Mr. Chan Kin Mei Stanley  
Ms. Lau Tsz Yan  
Mr. So Cheuk Wah Benton

### Non-executive Directors

Mr. Wong Chu Kee Daniel (*Chairman*)  
Mr. Chu Siu Sum Alex

### Independent non-executive Directors

Mr. Au Yu Chiu Steven  
Mr. Ko Man Fu  
Mr. Mak Wai Sing

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

The Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership as all the executive Directors and non-executive Directors possess extensive experience in the IT industry while the independent non-executive Directors possess professional knowledge and broad experience in finance, law and management. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the shareholders and the Company.

To the best knowledge of the Board members, there are no other relationship (including financial, business, family, and other material/relevant relationships) among the members of the Board.

The Company has in place effective mechanisms to ensure independent views and input are available to the Board. The Board conducted an annual review on such mechanisms in FY2024 and is of the view that the mechanisms have been properly implemented and are effective. In particular, the Company plans Board and Board committees meeting schedules well in advance and provides remote facilities for attendance, so as to facilitate active attendance and participation in the meetings. Board members, especially independent non-executive Directors, are welcome and are encouraged to raise enquiries, suggestions and views during the meetings. The Board process as stated above, including agenda setting and provision of meeting information, facilitates effective and active participation by all Directors. The Board and each Director, upon reasonable request, has access to independent professional advice to assist them in performing their duties to the Company, at the Company's expense.



# Corporate Governance Report

## TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors entered into a service contract with our Company effective 15 March 2022 and we signed letter of appointment with each of our non-executive Directors and independent non-executive Directors. The service contract with each of our executive Directors and the letter of appointment with each of our non-executive Directors and independent non-executive Directors is for a term of three years commencing 15 March 2022. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our memorandum articles of association and the applicable GEM Listing Rules.

According to our memorandum and articles of association, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall be subject to re-election at annual general meeting at least once every three years. Any Director who is appointed by the Board to fill casual vacancy shall hold office until the first annual general meeting after his appointment, and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

As such, each of Mr. Lau Wai Kwok, Mr. Wong Chu Kee Daniel and Mr. Mak Wai Sing will retire from office as Director. All the retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on 17 September 2024 (the "2024 AGM") pursuant to article 84(1) of our memorandum and articles of association.

At the 2024 AGM, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Lau Wai Kwok as an executive Director, Mr. Wong Chu Kee Daniel as a non-executive Director and Mr. Mak Wai Sing as an independent non-executive Director, each for a term commencing from the date of the annual general meeting approving his/her appointment and ending at the conclusion of the annual general meeting of the Company to be held in 2027.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of chairman and chief executive officer is separate and is not performed by the same individual to avoid power being concentrated in any one individual. Mr. Wong Chu Kee Daniel is the Chairman of the Board and Mr. Lau Wai Kwok is the chief executive officer of the Company.

## DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Every Director keeps abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

The Directors are fully aware of the requirement under the code provision C.1.4 of the CG Code regarding continuous professional development. During the year ended 31 March 2024, all Directors received regular briefings and updates on the Group's business, operations, risk management, internal controls, corporate governance matters and relevant laws and regulations. They have also attended courses and seminars organised by external professional bodies and/or read materials on topics relevant to the duties and responsibilities of a director. All Directors have provided the Company with their respective training records pursuant to the CG Code.

# Corporate Governance Report

## BOARD COMMITTEE

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the GEM's website [www.hkgem.com](http://www.hkgem.com) and the Company's website at [www.expertsystems.com.hk](http://www.expertsystems.com.hk). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

### Audit Committee

The chairman of the Audit Committee is Mr. Au Yu Chiu Steven, an independent non-executive Director, and other members include Mr. Ko Man Fu and Mr. Mak Wai Sing, each being an independent non-executive Director. The written terms of reference of the Audit Committee as suggested under the CG Code are posted on the GEM website and on the Company's website.

The main objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities to the Company and each of its subsidiaries to act in the interest of the Shareholders as a whole.

Its primary duties include: (a) to consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (c) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences; (d) to develop and implement policy on engaging an external auditor to supply non-audit services; (e) to make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed; and (f) to monitor integrity of the Company's financial statements and the annual report and accounts, interim report and (if prepared for publication) quarterly reports, and to review significant financial reporting judgments contained in them.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that the Audit Committee must comprise a minimum of three members and must be chaired by an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules.

The Group's financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Group for the year ended 31 March 2024 comply with the applicable accounting standards and the GEM Listing Rules.

# Corporate Governance Report

## Remuneration Committee

The chairman of the Remuneration Committee is Mr. Ko Man Fu, an independent non-executive Director, and other members include Mr. Chu Siu Sum Alex, non-executive Director; Mr. Au Yu Chiu Steven and Mr. Mak Wai Sing, each being an independent non-executive Director. The written terms of reference of the Remuneration Committee as suggested under the CG Code are posted on the GEM website and the Company's website.

The main functions of the Remuneration Committee include: (a) to make recommendations to the Board on the Company's policy and structure for all of the Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; (d) to make recommendations to the Board on the remuneration of the non-executive Directors; (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (f) to review and approve compensation payable to the executive Directors and the senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (g) to review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate; and (h) to review and approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

The remuneration of members of the senior management (excluding executive Directors) by band for the year ended 31 March 2024 is set out below:

Remuneration band	Number of individuals
Nil to HK\$1,000,000	1
HK\$1,000,000 to HK\$1,500,000	2

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to the GEM Listing Rules are set out in Note 11 to the consolidated financial statements.

## Nomination Committee

The chairman of the Nomination Committee is Mr. Mak Wai Sing, an independent non-executive Director, and other members include, Mr. Lau Wai Kwok, chief executive officer and executive Director, Mr. Chu Siu Sum Alex, non-executive Director, and Mr. Au Yu Chiu Steven and Mr. Ko Man Fu, each being an independent non-executive Director. The written terms of reference of the Nomination Committee as suggested under the CG Code are posted on the GEM website and on the Company's website.

# Corporate Governance Report

The main objectives of the Nomination Committee are to implement a formal, transparent and objective procedure for appointing the Board members and to provide clear disclosure of the Company's policies on the nomination and evaluation of the Board members in the Company's annual report. Its primary functions include: (a) based on the Board diversity policy to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become the Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) to assess the independence of the independent non-executive Directors; (d) to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive; (e) to review the Board diversity policy and nomination policy as and when necessary and monitor the implementation of the Board diversity policy.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board diversity policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the GEM Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company's business and succession plan that may be adopted by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

The Nomination Committee, upon receipt of the proposal on appointment of new Director and the biographical information of the candidate, will evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and made recommendation to the Board to appoint the candidate for directorship.

With respect to the re-election of Directors at the annual general meeting, the Nomination Committee will review the overall contribution and services to the Company of the retiring Directors and the level of participation and performance on the Board to determine whether the retiring Directors would continue to meet the criteria as set out above and made recommendation to the Board in respect of the proposed re-election of Directors at the general meeting. The relevant information of the retiring Directors together with the recommendation of the Board would then be disclosed in the circular accompanying the notice of the general meeting and sent to shareholders in accordance with the GEM Listing Rules and applicable laws and regulations.

As a good corporate governance practice, the independent non-executive Directors who also act as Nomination Committee members will abstain from assessing their own independence and re-appointment.

# Corporate Governance Report

## Corporate Governance Committee

The chairman of the Corporate Governance Committee is Mr. Chan Kin Mei Stanley, an executive Director. Other members include Mr. Lau Wai Kwok, our chief executive officer and executive Director, Mr. Wong Chu Kee Daniel, our chairman and non-executive Director and Mr. Au Yu Chiu Steven, an independent non-executive Director. The written terms of reference of the Corporate Governance Committee are posted on the GEM website and on the Company's website.

The primary duties of the Corporate Governance Committee include: (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

The individual attendance record of the Board meeting, committee meetings and general meeting for the year ended 31 March 2024 is set out as follows.

	Number of Board Meetings attended/eligible to attend	Number of General Meetings attended/eligible to attend	Number of Audit Committee Meetings attended/eligible to attend	Number of Remuneration Committee Meetings attended/eligible to attend	Number of Nomination Committee Meetings attended/eligible to attend	Number of Corporate Governance Committee Meetings attended/eligible to attend
<i>Executive Directors:</i>						
Mr. Lau Wai Kwok ( <i>Chief Executive Officer</i> )	5/5	1/1	N/A	N/A	1/1	1/1
Mr. Chan Kin Mei Stanley	5/5	1/1	N/A	N/A	N/A	1/1
Ms. Lau Tsz Yan	5/5	1/1	N/A	N/A	N/A	N/A
Mr. So Cheuk Wah Benton	5/5	1/1	N/A	N/A	N/A	N/A
<i>Non-executive Directors:</i>						
Mr. Wong Chu Kee Daniel ( <i>Chairman</i> )	5/5	1/1	N/A	N/A	N/A	1/1
Mr. Chu Siu Sum Alex	5/5	1/1	N/A	1/1	1/1	N/A
<i>Independent non-executive Directors:</i>						
Mr. Au Yu Chiu Steven	4/5	1/1	4/5	0/1	1/1	1/1
Mr. Ko Man Fu	5/5	1/1	5/5	1/1	1/1	N/A
Mr. Mak Wai Sing	5/5	1/1	5/5	1/1	1/1	N/A



# Corporate Governance Report

## DIRECTORS' SECURITIES TRANSACTIONS

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

## COMPANY SECRETARY

Mr. Lau Siu Ki of Hin Yan Consultants Limited, an external service provider, has been engaged by the Company as the company secretary. The primary contact person at the Company, whom Mr. Lau contacts for all matters relating to the duties and responsibilities of the company secretary, is Ms. Yung Pik Man, chief financial officer of the Group.

During the year under review, Mr. Lau confirmed that he had taken no less than 15 hours of relevant professional training.

## INDEPENDENT AUDITOR'S REMUNERATION

As disclosed in the Company's announcement dated 2 February 2024, BDO Limited resigned as the auditor of the Company with effect from 2 February 2024 and PricewaterhouseCoopers was appointed to fill the casual vacancy on the same date. The fee paid or payable in respect of audit services for the year ended 31 March 2024 amounted to HK\$1,090,000.

The fee paid or payable to PricewaterhouseCoopers in respect of other permissible non-audit services amounted to HK\$5,000.

## DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. The statement of the external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 41 to 45 of this annual report.

## INTERNAL CONTROL AND RISK MANAGEMENT

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal control systems to safeguard the shareholders' investments and its assets at all times. During the year ended 31 March 2024, the Company appointed an independent internal control consultant to undertake a review of the adequacy and effectiveness of its internal control systems. The Group has fully implemented all the internal control enhanced measures recommended by the said consultant.

The management has confirmed to the Board and the Audit Committee that the enhanced internal control measures adopted by the Group are adequate and effective in assisting the Group to enhance its internal control environment and corporate governance.



# Corporate Governance Report

The Group has also established a set of risk management policies and measures, which have been codified in its policies and adopted by it. Such policies and measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The ultimate goal of the Group's risk management policies and measures is to bring focus and effort to the issues in its business operations that create impediments to the Group's success. The Group's risk management process starts with identifying the major risks associated with its business, industry and market in the ordinary course of business. Depending on the likelihood and potential impacts of the relevant risks exposed to the Group, the management will prioritise the risks and will either take immediate mitigating action, devise contingency plan or conduct periodic review in accordance with the contingency plan. The Board and the senior management are responsible for identifying and analysing the risks associated with their respective function, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting status of risk management. Mr. Chan Kin Mei Stanley, our executive Director and chairman of the Corporate Governance Committee is responsible for advising on risk management and corporate governance matters of the Group, while the Audit committee and ultimately the Board will supervise the implementation of the Group's risk management policies and measures.

Each year, the Audit Committee reviews the findings identified in the internal control and risk management report and the actions performed or the plans to be carried out by the management in addressing the issues. The issues identified and the corresponding remedial plans and recommendations are then submitted to the Board for consideration.

In relation to the handling and dissemination of inside information in accordance with the GEM Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Group has adopted measures including raising awareness of confidentiality in the Group, issuing notices regarding "black-out" period and restrictions on dealings to Directors and employees on a regular basis to ensure compliance when handling and disclosing inside information.

## BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company has an official written policy, the Board Diversity Policy, relating to the diversity of Board members, which aims to set out the approach to achieve diversity on the Board.

Pursuant to the policy, board diversity has been considered from a number of aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of perspectives of diversity within the Board. Selection of candidates will be based on a range of diversity perspectives appropriate to the requirements of the Company's business operations and environment as well as the industry in which the Company operates. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In accordance with the requirements under the CG Code, the Company has set an initial target that the Board should not consist of single gender.

Regarding the Board's current composition, the Board comprises eight male and one female Directors with different age, experience, background and diversity perspectives, which have been disclosed in "Biographical Details of the Directors and Senior Management" on pages 12 to 15 of this annual report.

As at 31 March 2024, the overall workforce of the Group consisted of approximately 71.4% male and 28.6% female employees. At the senior management level there were one male and two female members. The Group has in place a mechanism to support diversity across all facets including but not limited to gender diversity. The Group treats every employee equally, adheres to equal pay for equal work and equal opportunities for different genders. For further details of the diversity of the workforce of the Group, please refer to the Group's 2024 Environmental, Social and Governance Report.

# Corporate Governance Report

The Nomination Committee will continuously monitor and review the implementation and operation of this policy and the progress towards achieving the measurable objectives, and also review this policy to ensure its effectiveness from time to time, as appropriate. The Nomination Committee reports to the Board annually and recommends any revisions that may be required for the Board's consideration and approval.

The policy has been published on the Company's website for public information.

## DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the memorandum and articles of association of the Company and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company has no fixed dividend pay-out ratio. The Board considers that, in general, the amount of dividends to be declared will depend on general economic conditions as well as the Group's actual and expected financial performance, retained earnings and distributable reserves, cash flow, working capital requirements, capital expenditure requirements and future expansion plans, liquidity position, and other factors as may be considered relevant at such time by the Board.

## SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be published on the GEM website and the Company's website after the relevant meeting.

Extraordinary general meeting may be convened by the Board on the written requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 58 of the memorandum and articles of association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company's principal place of business in Hong Kong.

The Company has adopted shareholders communication policy with the objective of providing the shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company has established several channels to communicate with the shareholders as follows:

- (i) information shall be communicated to the shareholders through the Company's financial reports (half-year and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the (i) corporate communication documents including, but not limited to, copy of annual reports, half-year reports, notices of meeting, circulars, proxy forms ("Corporate Communication"); (ii) other documents issued by the Company which are published on the website of the Stock Exchange for the information or action of holders of any of its securities, including announcements, monthly returns on movements in the Company's securities for each month and next day disclosure returns; (iii) constitutional documents of the Company and the Board committees; (iv) corporate information including list of the Directors; and (v) other Corporate Communication, including the procedures the shareholders can use to propose a person for election as Director, on the Company's website and/or the GEM website;

# Corporate Governance Report

- (II) annual and special general meetings provide a forum for the shareholders to comment and exchange views with the Directors and the senior management; and
- (III) the Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Board has reviewed its prevailing shareholders' communication policy during the year, and believes that, in light of the multiple channels of communication and engagement in place as stated above, the current shareholders' communication policy of the Company has been properly implemented during FY2024 and is effective.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company welcomes enquiries and proposals from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Address: Expert Systems Holdings Limited  
22/F., Yen Sheng Centre  
64 Hoi Yuen Road  
Kwun Tong, Kowloon  
Hong Kong  
(For the attention of the Directors' office)

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## Memorandum and Articles of Association

In order to provide flexibility to give shareholders the option of attending general meetings remotely through electronic means if necessary or appropriate, the company adopted a revised set of Articles of Association of the Company (the "New Articles") during FY2024. The adoption of the New Articles was approved as a special resolution by the shareholders at the annual general meeting of the Company held on 15 September 2023. Details of the major change brought about by the adoption of the New Articles are set out in the circular of the company dated 27 June 2023.

The Company's revised memorandum and articles of association is available on the Company's website and the Stock Exchange's website.

# Directors' Report

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is 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. The Group strives to provide one-stop solution for our customers to meet their diverse needs.

Details of the principal activities of its subsidiaries are set out in Note 18 to the consolidated financial statements.

## BUSINESS REVIEW

A fair review of the Group's business and the analysis of the Group's performance for the year ended 31 March 2024 as well as outlook/prospects of the Group's business are provided in the sections "Chairman's Statement" on pages 5 to 6, and "Management Discussion and Analysis" on pages 7 to 11 of this annual report.

## SEGMENTAL INFORMATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 March 2024 is set out in Note 6 to the consolidated financial statements.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 and its consolidated financial position as at that date are set out in the consolidated financial statements on pages 46 to 48 of this annual report respectively.

The Board has resolved to recommend the payment of a final dividend of HK0.82 cent per ordinary share (2023: HK1.00 cent) for the year ended 31 March 2024 subject to the approval of the shareholders at the forthcoming annual general meeting (the "AGM"). The final dividend will be paid on or about Thursday, 10 October 2024 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 27 September 2024.

## CLOSURE OF THE REGISTER OF MEMBERS

The AGM is scheduled to be held on Tuesday, 17 September 2024. For determining the entitlement to attend and vote at the AGM, the transfer books and the register of members of the Company will be closed from Thursday, 12 September 2024 to Tuesday, 17 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, located at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 11 September 2024.

The proposed final dividend is subject to the approval of the shareholders at the AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 25 September 2024 to Friday, 27 September 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Tuesday, 24 September 2024.



# Directors' Report

## SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 40 in this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the financial year are set out in Note 14 to the consolidated financial statements.

## SHARE CAPITAL

Details of the Company's share capital are set out in Note 28 to the consolidated financial statements.

## RESERVES

Details of the movements in the reserves of the Company and the Group are set out in Note 29 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## DISTRIBUTABLE RESERVES

As at 31 March 2024, the distributable reserves of the Company amounted to approximately HK\$12.2 million.

Under the Companies Law of the Cayman Islands, subject to the provisions of articles of association of the Company, the Company's share premium account may be applied to pay distributions or dividends to shareholders provided that immediately following the date of distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the aggregate sales attributable to the Group's five largest customers were less than 30.0%. The aggregate purchases attributable to the Group's five largest suppliers during the Reporting Year accounted for approximately 54.6% of the Group's total purchases and the purchase from the largest supplier included therein amounted to approximately 21.8%.

None of the Directors, or any of his close associates (as defined under the GEM Listing Rules) or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers during the financial year.

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

# Directors' Report

## DIRECTORS

The Directors during the year and up to the date of this report were as follows:

### Executive Directors

Mr. Lau Wai Kwok (*Chief Executive Officer*)  
Mr. Chan Kin Mei Stanley  
Ms. Lau Tsz Yan  
Mr. So Cheuk Wah Benton

### Non-executive Directors

Mr. Wong Chu Kee Daniel (*Chairman*)  
Mr. Chu Siu Sum Alex

### Independent non-executive Directors

Mr. Au Yu Chiu Steven  
Mr. Ko Man Fu  
Mr. Mak Wai Sing

In accordance with Article 84 of the Company's articles of association, Mr. Lau Wai Kwok, Mr. Wong Chu Kee Daniel and Mr. Mak Wai Sing shall retire by rotation at the forthcoming annual general meeting of the Company, and being eligible, offer themselves for re-election.

## PERMITTED INDEMNITY PROVISION

Every Director shall be entitled under the Company's articles of association to be indemnified out of the assets of the Company against all actions, costs, charges, losses or liabilities incurred or sustained by him or her as a Director in the execution or discharge of his or her duty.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company on 15 March 2022 and the Company entered into letter of appointment with each of the non-executive Directors and independent non-executive Directors. The service contract with each of the executive Directors and the letter of appointment with each of the non-executive Directors and independent non-executive Directors is for a term of three years commencing 15 March 2022. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our articles of association and the applicable GEM Listing Rules.

None of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

# Directors' Report

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 12 to 15 of this annual report.

## EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 11 to the consolidated financial statements.

## REMUNERATION POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), taking into account factors such as their experience, level of responsibility, individual performance, the profit performance of our Group and general market conditions.

The remuneration of the Directors is determined by reference to their respective qualification, experience and duties and responsibilities with the Group and the prevailing market rate.

The Remuneration Committee will meet at least once in each year to discuss remuneration related matters (including the remuneration of the Directors and the senior management of the Company) and review the remuneration policy of the Group.

## RETIREMENT BENEFITS PLAN

Particulars of retirement benefits plan of the Group for the year ended 31 March 2024 are set out in Note 3(m)(i) to the consolidated financial statements.

## MANAGEMENT CONTRACTS

During the financial year, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Share Option Scheme" below, at no time during the financial year 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.



# Directors' Report

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

As at 31 March 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%

# Directors' Report

## Notes:

1. The approximate percentage is calculated based on the total number of issued shares as at 31 March 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 to the Directors 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 ("S1IHL") 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 31 March 2024, 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' Report

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

As at 31 March 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%

# Directors' Report

## Notes:

1. The approximate percentage is calculated based on the total number of issued shares as at 31 March 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 31 March 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 31 March 2024 which were required to be recorded pursuant to section 336 of the SFO.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme ("Scheme") on 15 March 2016. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 80,000,000 shares, being 10% of the total number of shares in issue at the time dealings in the shares first commenced on the Stock Exchange (or approximately 10.0% of the Company's issued share capital as at 31 March 2024). The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the shares in issue as at the date of grant.

# Directors' Report

The purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Scheme will enable the Group to reward the employees, Directors and other selected participants for their contributions to the Group. The Board may, at its discretion, grant an option to the eligible participants to subscribe for shares at an exercise price (note 2) and subject to the other terms of the Scheme.

The Scheme will remain in force for a period of ten years commencing on the date on which the Scheme is adopted (i.e. expiring on 14 March 2026). Subject to certain restrictions contained in the Scheme, an option may be exercised in accordance with the terms of the Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. There is no general requirement on the minimum period under the Scheme for the holding of an option before it can be exercised. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

The Board confirms that the Scheme is in compliance with Chapter 23 of the GEM Listing Rules.

In April 2019, share options to subscribe for a total of 16,000,000 ordinary shares of HK\$0.01 each at an exercise price of HK\$0.111 per share were granted to the Directors and employees of the Company pursuant to the Scheme. The closing price of the shares immediately before the Date of Grant of share options was HK\$0.098 per share.

As at 31 March 2024, the Company had 11,820,000 share options outstanding under the Scheme, which represented approximately 1.5% of the Shares in issue as at the date, of which 8,880,000 share options were vested.

The number of share options available for grant under the mandate limit of the Scheme as at 1 April 2023 and 31 March 2024 were 64,000,000.

Further details of the Scheme, including movements during the year of the share options granted are set and in Note 31 to the consolidated financial statements.

Notes:

1. "Eligible Participant" includes:
  - (i) any employee (whether full-time or part-time) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds any equity interest;
  - (ii) any directors (including non-executive directors and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
  - (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
  - (iv) any customer of any member of the Group or any Invested Entity;
  - (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
  - (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
  - (vii) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of any member of the Group; and
  - (viii) any other group or class of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,
2. As at 31 March 2024, no share options have been granted to any related entities participants and service providers (as defined in the GEM Listing Rules), and no person has been granted share options in excess of the 1% individual limit.
3. The subscription price for shares under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

# Directors' Report

## 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 Year.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

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

## DEED OF NON-COMPETITION

Mr. Chu, Mr. Lau and Mr. Wong (collectively the "Controlling Shareholders") have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 15 March 2016. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders during FY2024.

## RELATED PARTY TRANSACTIONS

Save as disclosed in Note 34 to the consolidated financial statements, no other related party transactions were conducted by the Group during the year ended 31 March 2024.

## CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2024, the Group had the following non-exempt continuing connected transactions:

- (i) The Company (for itself and as trustee for the benefit of its subsidiaries) entered into the IT Services Agreement with ServiceOne Global, an associate of the Controlling Shareholders as defined in the GEM Listing Rules, dated 9 July 2021. Pursuant to the IT Services Agreement, ServiceOne Global and its subsidiaries (the "ServiceOne Global Group") shall provide outsourced IT services to the Group for the provision of the IT hardware maintenance and support services and IT Software services for its customers, which services the Group generally does not carry out on its own but outsources to sub-contractors. The service fees of such outsourcing services will be determined from time to time in the ordinary and usual course of business, on normal commercial terms, negotiated on arm's length basis and on terms similar or no less favorable to the Group than available from independent IT service providers for the provision of similar services. The IT Services Agreement commenced on 8 October 2021 (date of completion of the Group's acquisition of 70% of the issued capital of S1IHL) and expired on 31 March 2024. For FY2024 the total service fees paid for such outsourcing services by the Group to the ServiceOne Global Group amounted to HK\$1,365,000.

For the year ended 31 March 2024, the annual cap for the total amount of the service fees for the said outsourcing services should not exceed HK\$26,200,000.

Further details of the Framework IT Support Agreement were disclosed in the circular to the shareholders of the Company dated 17 September 2021.

# Directors' Report

- (ii) The Company (for itself and as trustee for the benefit of its subsidiaries) entered into the Framework IT Support Agreement with ServiceOne Global dated 26 April 2021. Pursuant to the Framework IT Support Agreement, the ServiceOne Global Group shall provide IT support services to the Group for its customers, which are services the Group generally does not provide to its customers on its own, including certain implementation work that requires broad level of skills but large labour force, as well as certain maintenance work, such as extended product warranties, technical support and software development. The service fees of such IT support services will be determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among others, the requirements of the Group in respect of the IT support services to be provided, the prevailing market prices for the same or similar services obtained from independent service providers and the prevailing market competitive conditions, and any other factors which may affect the terms and conditions at the material times. The Framework IT Support Agreement commenced on 26 April 2021 and expired on 31 March 2024. Pursuant to the completion of the Group's acquisition of 70% of the issued capital of S1IHL, ServiceOne Global, the Company and S1IHL entered into a novation agreement on 8 October 2021 pursuant to which ServiceOne Global agreed to assign all rights and benefits in the Framework IT Support Agreement to S1IHL with effect from 8 October 2021. For FY2024 the total service fees paid for such IT support services to S1IHL and its subsidiaries (the "S1IHL Group") amounted to HK\$3,005,000.

For the year ended 31 March 2024, the annual cap for the total amount of the service fees for the said IT support services should not exceed HK\$4,800,000.

Further details of the Framework IT Support Agreement were disclosed in the Company's announcements dated 26 April 2021 and 8 October 2021.

- (iii) The Company (for itself and as trustee for the benefit of its subsidiaries) entered into the Framework IT Product Agreement with S1IHL (for itself and as trustee for the benefit of its subsidiaries) dated 8 August 2023. Pursuant to the Framework IT Product Agreement, the Relevant Group (defined as the Group excluding S1IHL Group) shall sell IT products to the S1IHL Group. The price of such IT products will be determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among others, the selling prices of the same or similar IT products sold by the Relevant Group to the independent third parties, provided that the terms shall be no less favourable to the Relevant Group than the terms offered by the Relevant Group to the independent third parties for the sale of the same or similar IT products at such time. The Framework IT Product Agreement commenced on 8 August 2023 and will expire on 31 March 2026. For FY2024 the total amount of the sales of IT products by the Relevant Group to S1IHL Group amounted to HK\$3,187,000.

For the year ended 31 March 2024, the annual cap for the total amount of the sales of IT products by the Relevant Group to S1IHL Group should not exceed HK\$4,000,000.

Further details of the Framework IT Product Agreement were disclosed in the Company's announcement dated 8 August 2023.

# Directors' Report

Pursuant to Rule 20.53 of the GEM Listing Rules, the independent non-executive Directors have reviewed the non-exempt continuing connected transactions and confirmed that it has been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules during the year under review.

The Company has also received a letter from PricewaterhouseCoopers, the Company's auditor, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued the letter containing their findings and conclusions in respect of the non-exempt continuing connected transactions disclosed above in accordance with Rule 20.54 of the GEM Listing Rules confirming that nothing has come to their attention that causes them to believe the non-exempt continuing connected transactions:

- (i) have not been approved by the Company's board of directors;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of the goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the maximum aggregate annual caps disclosed in the Prospectus and the announcement of the Company.

Other related party transactions entered into by the Group during the years ended 31 March 2024 and 31 March 2023 which constitute fully exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in Note 34(a) to the consolidated financial statements.

## DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in Note 34 to the consolidated financial statements, no Director or Controlling Shareholder had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party and subsisted as at 31 March 2024 or during the financial year.

## CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 16 to 26 of this annual report.



# Directors' Report

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the public float as required under the GEM Listing Rules throughout the year ended 31 March 2024.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

## INDEPENDENT AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2024 were audited by PricewaterhouseCoopers. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company. BDO Limited was the auditor of the Company for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 and resigned as the auditor of the Company with effect from 2 February 2024.

PricewaterhouseCoopers was appointed by the board of Directors of the Company with effect from 2 February 2024 to fill the casual vacancy following the resignation of BDO Limited, and will hold office until the conclusion of the next annual general meeting of the Company.

## EVENTS AFTER THE REPORTING DATE

Save as disclosed in Note 39 to the consolidated financial statements, there is no significant event after the reporting period of the Group.

ON BEHALF OF THE BOARD

**Mr. Wong Chu Kee Daniel**  
*Chairman and non-executive Director*

Hong Kong, 25 June 2024

## Summary of Financial Information

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	990,956	886,538	682,189	533,944	467,293
Gross profit	152,672	139,336	104,948	72,008	58,383
Profit before income tax expense	22,900	28,037	21,812	25,051	12,781
Profit for the year attributable to Owners of the Company	15,370	19,652	15,217	21,720	10,695
Earnings per share — Basic (HK cent)	1.91	2.45	1.90	2.72	1.34

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	506,249	495,203	539,762	257,975	220,382
Total liabilities	314,142	309,850	368,885	135,980	116,870
Total equity	192,107	185,353	170,877	121,995	103,512

# Independent Auditor's Report



羅兵咸永道

TO THE MEMBERS OF EXPERT SYSTEMS HOLDINGS LIMITED  
(incorporated in the Cayman Islands with limited liability)

## OPINION

### What we have audited

The consolidated financial statements of Expert Systems Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 46 to 110, comprise:

- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

# Independent Auditor's Report

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment assessment of goodwill.

### Key Audit Matter

#### Impairment assessment of goodwill

Refer to notes 4(b) and 17 to the consolidated financial statements.

As at 31 March 2024, the Group had goodwill amounted to HK\$100,078,000. The Group tests, annually or when there is an impairment indication, whether goodwill was subject to any impairment.

In carrying out the impairment assessment, significant management's judgements and estimates are required to estimate the recoverable amount under value-in-use method. The recoverable amount is estimated taking into consideration of the revenue growth rate, gross profit margin, earnings before interest, depreciation and amortisation and taxation (EBITDA) margin, discount rate and terminal growth rate. Based on the results of management's impairment assessment, no impairment loss was recognised for the year ended 31 March 2024.

As the impairment assessment of goodwill involved the use of significant management's judgements and estimates, we consider it as a key audit matter.

### How our audit addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment include:

- Understanding of the management's impairment assessment process and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- Assessing the appropriateness of the methodology and discount rate used by management to estimate the recoverable amount with the involvement of our internal valuation expert;
- Assessing the appropriateness of the budgets and cash flows projections used in the estimation of the recoverable amount by challenging the reasonableness of management's assumptions such as the revenue growth rate, gross profit margin, EBITDA margin, discount rate and terminal growth rate based on our knowledge of the business and industry, by comparing them to the historical results and published market and industry data;
- Assessing the effectiveness of management's estimation process by comparing the current year's actual results with the prior year's forecast;
- Testing, on a sample basis, the accuracy and relevance of the input data used in the preparation of the budgets and cash flow projections and testing mathematical accuracy of the underlying calculations; and
- Performing sensitivity analysis in consideration of potential impact of reasonably possible downside changes in the key assumptions of revenue growth rate, gross profit margin, EBITDA margin and discount rate.

Based on the audit procedures performed, we found that the management's judgements and estimates used in the impairment assessment of goodwill to be supportable based on available evidence.

# Independent Auditor's Report

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



# Independent Auditor's Report

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Independent Auditor's Report

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 25 June 2024

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	7	990,956	886,538
Cost of sales		(838,284)	(747,202)
Gross profit		152,672	139,336
Other income and gains	7	6,224	8,551
Selling expenses		(54,790)	(45,307)
Administrative expenses		(74,628)	(68,262)
Provision for expected credit loss on financial assets		(150)	(22)
Finance costs	8	(6,428)	(6,259)
Profit before income tax expense	9	22,900	28,037
Income tax expense	10	(5,780)	(5,350)
Profit for the year		17,120	22,687
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss:			
— Exchange difference arising from translation of foreign operations		(2,388)	(2,153)
Total comprehensive income for the year		14,732	20,534
Profit for the year attributable to:			
Owners of the Company		15,370	19,652
Non-controlling interests		1,750	3,035
		17,120	22,687
Total comprehensive income for the year attributable to:			
Owner of the Company		13,698	18,145
Non-controlling interests		1,034	2,389
		14,732	20,534
Earnings per share	13		
— Basic		HK1.91 cents	HK2.45 cents
— Diluted		HK1.69 cents	HK2.00 cents

The notes on pages 52 to 110 form part of these consolidated financial statements.



# Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	10,225	17,355
Intangible assets	16	9,642	13,556
Goodwill	17	100,078	100,078
Finance lease receivables	19	–	3
Restricted bank deposits	24	1,483	1,483
Other deposits	23	4,615	6,116
		<b>126,043</b>	<b>138,591</b>
<b>Current assets</b>			
Inventories	20	1,718	7,190
Trade receivables	21	121,310	110,974
Prepayments, deposits and other receivables	23	36,025	38,960
Finance lease receivables	19	3	70
Bank deposits	24	218	602
Restricted bank deposits	24	2,021	2,021
Cash and cash equivalents	24	218,911	196,795
		<b>380,206</b>	<b>356,612</b>
<b>Current liabilities</b>			
Trade payables	25	116,136	117,579
Accruals, deposits received and other payables	26	118,167	111,941
Lease liabilities	15	6,876	6,294
Tax payables		3,418	1,371
		<b>244,597</b>	<b>237,185</b>
<b>Net current assets</b>		<b>135,609</b>	<b>119,427</b>
<b>Total assets less current liabilities</b>		<b>261,652</b>	<b>258,018</b>
<b>Non-current liabilities</b>			
Other payables	26	2,070	1,972
Lease liabilities	15	1,914	8,442
Convertible bonds	32	64,001	60,067
Deferred tax liabilities	27	1,560	2,184
		<b>69,545</b>	<b>72,665</b>
<b>Net assets</b>		<b>192,107</b>	<b>185,353</b>

The notes on pages 52 to 110 form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>EQUITY</b>			
Share capital	28	8,033	8,033
Reserves		161,648	155,928
<b>Equity attributable to owners of the Company</b>		<b>169,681</b>	<b>163,961</b>
Non-controlling interests	35	22,426	21,392
<b>Total equity</b>		<b>192,107</b>	<b>185,353</b>

The consolidated financial statements on pages 46 to 110 were approved and authorised for issue by the board of directors on 25 June 2024 and signed on its behalf by:

Wong Chu Kee, Daniel  
Director

Lau Wai Kwok  
Director

The notes on pages 52 to 110 form part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Reserves									
	Share capital HK\$'000 (note 28)	Share premium HK\$'000 (note 29)	Share options reserve HK\$'000 (note 29)	Merger reserve HK\$'000 (note 29)	Translation reserve HK\$'000 (note 29)	Convertible bonds equity reserve HK\$'000 (note 29)	Retained earnings HK\$'000	Total reserve HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2022	8,033	56,581	885	(25,395)	570	20,750	90,453	143,844	19,000	170,877
Profit for the year	-	-	-	-	-	-	19,652	19,652	3,035	22,687
Exchange differences arising from translation of foreign operations	-	-	-	-	(1,507)	-	-	(1,507)	(646)	(2,153)
Total comprehensive (loss)/income for the year	-	-	-	-	(1,507)	-	19,652	18,145	2,389	20,534
Equity contribution from non-controlling interests	-	-	-	-	-	-	-	-	3	3
Dividend approved and paid in respect of the previous year (note 12)	-	(6,185)	-	-	-	-	-	(6,185)	-	(6,185)
Share options lapsed	-	-	(8)	-	-	-	8	-	-	-
Recognition of equity-settled share-based payment	-	-	124	-	-	-	-	124	-	124
At 31 March 2023	8,033	50,396	1,001	(25,395)	(937)	20,750	110,113	155,928	21,392	185,353
At 1 April 2023	8,033	50,396	1,001	(25,395)	(937)	20,750	110,113	155,928	21,392	185,353
Profit for the year	-	-	-	-	-	-	15,370	15,370	1,750	17,120
Exchange differences arising from translation of foreign operations	-	-	-	-	(1,672)	-	-	(1,672)	(716)	(2,388)
Total comprehensive (loss)/income for the year	-	-	-	-	(1,672)	-	15,370	13,698	1,034	14,732
Dividend approved and paid in respect of the previous year (note 12)	-	(8,033)	-	-	-	-	-	(8,033)	-	(8,033)
Recognition of equity-settled share-based payment	-	-	55	-	-	-	-	55	-	55
At 31 March 2024	8,033	42,363	1,056	(25,395)	(2,609)	20,750	125,483	161,648	22,426	192,107

The notes on pages 52 to 110 form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax expense		22,900	28,037
Adjustments for:			
Interest income	7	(4,807)	(1,234)
Interest expenses on lease liabilities	8	604	796
Interest expenses on convertible bonds	8	5,824	5,463
Depreciation of property, plant and equipment	14	8,022	7,680
Amortisation of intangible assets	16	3,896	4,068
Write off of intangible assets	9	29	–
Write-back of other payables	7	(7)	(135)
(Reversal of write-down)/write-down of inventories to net realisable value	9	(34)	25
Provision for expected credit loss of financial assets	21	150	22
Equity-settled share-based payment expenses	9	55	124
		<b>36,632</b>	<b>44,846</b>
<b>Operating cash flows before working capital changes</b>			
Decrease in inventories		5,506	4,737
(Increase)/decrease in trade receivables		(10,486)	34,816
Decrease in prepayments, deposits and other receivables		4,436	3,393
Decrease in finance lease receivables		70	171
Decrease in trade payables		(1,443)	(14,592)
Increase/(decrease) in accruals, deposits received and other payables		6,331	(6,152)
		<b>41,046</b>	<b>67,219</b>
<b>Cash generated from operations</b>			
Income tax paid		(4,357)	(8,227)
		<b>36,689</b>	<b>58,992</b>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,301)	(2,361)
Purchase of intangible assets		–	(332)
Sales proceeds from disposal of property, plant and equipment		–	35
Settlement of consideration payable in relation of acquisition of subsidiaries in previous period		–	(43,148)
Release of bank deposit		602	42,900
Placement of bank deposit		(218)	(602)
Placement of restricted bank deposits		–	(1,483)
Interest received		4,807	1,234
		<b>3,890</b>	<b>(3,757)</b>
<b>Net cash generated from/(used in) investing activities</b>			

The notes on pages 52 to 110 form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from financing activities</b>			
Interest paid on lease liabilities	36	(604)	(796)
Interest paid on convertible bonds	36	(1,890)	(1,890)
Dividend paid	12	(8,033)	(6,185)
Contribution from non-controlling interests		–	3
Principal element of lease payments	36	(6,257)	(6,061)
<b>Net cash used in financing activities</b>		<b>(16,784)</b>	<b>(14,929)</b>
<b>Net increase in cash and cash equivalents</b>		<b>23,795</b>	<b>40,306</b>
Effect of foreign exchange rate changes on cash and cash equivalents		(1,679)	(1,970)
Cash and cash equivalents at beginning of the year		196,795	158,459
<b>Cash and cash equivalents at end of the year</b>		<b>218,911</b>	<b>196,795</b>

The notes on pages 52 to 110 form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 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

### (a) Statement of compliance

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

The consolidated financial statements have been prepared on a historical cost basis.

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

### (b) Amended standards adopted by the Group

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
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The amendments to standards listed above did not have significant impact on the Group’s results and financial position or any substantial changes in Group’s accounting policies.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2 BASIS OF PREPARATION (Continued)

### (c) New and amended standards and interpretations not yet adopted

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
HK Int 5 (revised)	Hong Kong Interpretation 5 (revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

#### ***Amendments to HKAS 1, Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The amendments also deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date. Instead, companies are required to disclose information about these covenants in the notes to the financial statements.

The Company anticipate that the amendments to HKAS 1 will not affect the classification on the Group's convertible bonds.

Except for the above, the directors of the Company anticipate that the application of all other amendments and interpretations to existing standards will have no material impact on the consolidated financial statements of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

### (b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (c) Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (i) the lease term ends within 12 months of the acquisition date; or (ii) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest’s share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (c) Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### (d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3(c)) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the CGU within group of CGUs in which the Group monitors goodwill). When the Group disposes of an operation within the CGUs (or group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the CGUs disposed of and the portion of the CGUs (or group of CGUs) retained.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Leasehold improvements	3-4 years or remaining useful lives of the related leases whichever is the shorter
Properties leased for own use	Shorter of assets expected useful lives and lease term
Furniture and fixtures	3-4 years
Computer equipment	3 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

### (f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (f) Intangible assets (Continued)

The intangible assets recognised by the Group and their useful economic lives are as follows:

Backlog orders	5 years
Customer relationships	5 years
Software	3 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### (g) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (h) Financial instruments

#### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (h) Financial instruments (Continued)

#### (ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit losses (“ECLs”) on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information with the consideration on the current economy and industry outlook.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The Group considers a financial asset to be written off when they are past due and there is no reasonable expectation of recovery.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (h) Financial instruments (Continued)

#### (iii) *Financial liabilities*

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with note 3(o). Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) *Convertible bonds*

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the fair value of the convertible bonds as a whole and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation on initial recognition. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

#### (v) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (h) Financial instruments (Continued)

#### (vi) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (vii) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

### (i) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### (j) Leasing

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (j) Leasing (Continued)

#### *Right-of-use asset*

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

#### *Lease liability*

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

### (k) Provision and contingent liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (k) Provision and contingent liabilities (Continued)

When some or all of the expenditure required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of resources embodying economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

### (l) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows of the asset (or the CGU) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or the CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (m) Employee benefits

#### (i) *Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a state-managed retirement benefit scheme in Mainland China pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the scheme. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss when employees have rendered service entitling them to the contributions.

#### (ii) *Short-term employee benefits*

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### (iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

#### (iv) *Share-based payments*

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (n) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

### (o) Borrowing costs

All borrowing costs are charged to the profit or loss in the period in which they are incurred.

### (p) Income taxes

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities in a transaction (other than a business combination) that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income, in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity, in which case the taxes are also recognised directly in equity.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (q) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

#### (i) *Provision of IT infrastructure solutions*

Customers obtain control of the goods when the goods are delivered to and have been accepted by the customers. Revenue is thus recognised upon when the customers accepted the goods and completion of the project. Invoices are generally payable within 7 to 60 days.

#### (ii) *Provision of IT infrastructure management services*

IT infrastructure management services include IT hardware maintenance, helpdesk, IT outsourcing and workflow automation services.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (q) Revenue recognition (Continued)

#### (ii) *Provision of IT infrastructure management services* (Continued)

IT hardware maintenance and helpdesk services represent ongoing maintenance and support service on hardware and software purchased from the Group or third party suppliers. IT outsourcing services represent contracts with its customers to second IT staff to work for the customers for a fixed period of time whereby the seconded staff are responsible for carrying out a wide range of IT-related services for the customers, such as system administration, unit testing, preparation of technical specification, system design, development and support. Workflow automation services represent digital workflow automation solution to customers with enterprise solutions to drive the digital transformation. For the provision of hardware maintenance, helpdesk service, IT outsourcing as well as workflow automation services, revenue is recognised when the relevant services are rendered.

Each of IT hardware maintenance and helpdesk services and IT outsourcing services represent single performance obligation that is distinct or a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. The customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs and therefore the service are satisfied over time. The Group satisfied the performance obligation and recognises revenue over time with reference to the actual service period passed relative to the total contract period. The portion of service fee received in advance but not earned is recorded as contract liabilities.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. If the Group provides significant IT integration services and is responsible for the overall management of the contract, the Group is the principal in the transaction and recognises revenue in the gross amount of consideration to which it is entitled from the customer. The Group reports the amount received from the customers and the amounts paid to the suppliers related to these transactions on a net basis if the Group is not primarily obligated in a transaction and does not generally bear the inventory risk.

#### (iii) *Development and provision of AI products and AI solutions*

AI products and AI solutions represent integrated solutions provided to customers. Revenue is thus recognised upon when the customers accepted the goods and completion of the projects. Invoices are generally payable within 30 days.

#### **Contract assets**

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Generally, significant payment terms are disclosed within the contents of a given contract and are in the form of either milestone payment terms representing a percentage of the total budgeted contract price or corresponding directly with the value to the customer of the Group's performance. Revenues recognised in excess of billings are recognised as contract assets in the consolidated statement of financial position. Contract assets are subject to impairment assessment on the same basis as trade receivables, details of which are included in the accounting policies for impairment of financial assets in note 3(h)(ii).

#### **Contract liabilities**

A contract liability represents the Group's obligation to transfer of goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Amounts billed in accordance with contracted payment schedules but in excess of revenues earned are recognised as contract liabilities in the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (r) Government subsidy

Government subsidy is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the subsidy will be received. Government subsidy is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the subsidy is intended to compensate. Government subsidy that is receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs is recognised in profit or loss in the period in which it becomes receivable and is recognised as other income.

### (s) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or of the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3 MATERIAL ACCOUNTING POLICIES (Continued)

### (s) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

### (t) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

The operating segments of the Group are (i) the provision of IT infrastructure solutions, (ii) the provision of IT infrastructure management services and (iii) the provision of AI products & AI solutions.

## 4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

### Critical judgments in applying accounting policies (Continued)

#### *Judgments in determining performance obligations and timing of satisfaction of performance obligations*

##### (i) *Performance obligation determination*

In making their judgments, the directors considered the detailed criteria for recognition of revenue set out in HKFRS 15. In determining performance obligations, the directors consider whether the customer benefits from each good or service on its own and whether it is distinct in the context of the contract. Specifically, when concluding a contract has multiple performance obligations, the directors consider that the individual performance obligation is regularly sold separately and the service is separately identifiable from other promises within the contract.

##### (ii) *Timing of satisfaction of performance obligations*

The directors have determined that certain performance obligations are satisfied over time. The key judgment is whether the Group's performance (i) does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; or (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Depends on which method better depicts the transfer of value to the customer, the directors make judgment to recognise revenue over time with reference to the actual service period passed relative to the total contract period.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (a) *Impairment loss for trade receivables*

As explained in Note 3(h), the Group's trade receivables are measured on initial recognition at transaction price, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss under expected credit loss model.

In making the estimate, management considers detailed procedures are in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining the amount of allowance for impairment required, the Company takes into consideration the aging status, debtors' creditworthiness, historical default experience and other forward-looking factors. Following the identification of doubtful debts, the responsible sale personnel discuss with the relevant customers and report on the recoverability. In this regard, the management of the Group is satisfied that this risk is properly managed and adequate allowance for doubtful debts has been made in the financial statements in light of the historical records of the Group and the circumstances of the IT industry as a whole.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

### Key sources of estimation uncertainty (Continued)

#### (b) *Estimated impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise.

## 5 FINANCIAL RISK MANAGEMENT

The Group's financial assets that derive directly from its operations are trade and other receivables, deposits, finance lease receivables and cash and bank balance. Principal financial liabilities of the Group include trade and other payables, convertible bonds and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and currency risk. The Group does not enter into or trade financial instruments for speculative purposes.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

#### (a) **Credit risk**

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables, contract assets, deposits and other receivables, bank deposits, restricted bank deposits and cash and cash equivalents. Except for trade receivables disclosed as below, the details of credit risk of financial assets are disclosed in relevant notes to the consolidated financial statements.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has, to a certain extent, a concentration of credit risk, the balance due from the Group's largest customer amounted to 5.52% and 4.37% of the total trade receivables as at 31 March 2024 and 2023 respectively. The balances due from the Group's five largest customers amounted to 18.20% and 14.46% of the total trade receivables as at 31 March 2024 and 2023 respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21. The credit risk for cash at bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables from the reportable segment of IT infrastructure solutions as at 31 March 2024 and 2023:

	Expected loss rate %	2024 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.04%	29,952	12
Not more than 3 months past due	0.06%	32,200	19
3 to 6 months past due	0.25%	10,644	27
More than 6 months but less than a year past due	0.54%	3,093	17
More than a year past due	10.64%	3,099	330
		<b>78,988</b>	<b>405</b>

	Expected loss rate %	2023 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.05%	24,669	11
Not more than 3 months past due	0.07%	25,226	16
3 to 6 months past due	0.26%	4,294	11
More than 6 months but less than a year past due	0.56%	2,231	13
More than a year past due	10.38%	1,961	204
		<b>58,381</b>	<b>255</b>

No allowance for impairment of the trade receivables from the reportable segment of IT infrastructure management services and AI products & AI solutions was provided for the years ended 31 March 2023 and 2024 as the impact is immaterial.

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### (b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group since the previous reporting period and are considered to have been effective in managing liquidity risks.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 year but less than 3 years HK\$'000	More than 3 year but less than 4 years HK\$'000	More than 4 year but less than 5 years HK\$'000
<b>At 31 March 2024</b>							
Trade payables	116,136	116,136	116,136	-	-	-	-
Accruals, deposits received and other payables	21,536	21,536	21,536	-	-	-	-
Convertible bonds	64,001	80,362	1,890	1,890	76,582	-	-
Lease liabilities	8,790	9,081	7,110	1,961	10	-	-
	<b>210,463</b>	<b>227,115</b>	<b>146,672</b>	<b>3,851</b>	<b>76,592</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2023</b>							
Trade payables	117,579	117,579	117,579	-	-	-	-
Accruals, deposits received and other payables	21,446	21,446	21,446	-	-	-	-
Convertible bonds	60,067	82,252	1,890	1,890	1,890	76,582	-
Lease liabilities	14,736	15,493	6,812	6,886	1,795	-	-
	<b>213,828</b>	<b>236,770</b>	<b>147,727</b>	<b>8,776</b>	<b>3,685</b>	<b>76,582</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### (c) Currency risk

#### *Transactions in foreign currencies and the Group's risk management policies*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$. The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade and other receivables, cash and cash equivalents and trade and other payables which are denominated in RMB and USD. During the reporting periods, the Group has not adopted any hedging strategy in the long run but management continuously monitors the foreign currency risk exposure on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the prevailing closing rates at the end of each reporting period, are as follows:

	HK\$'000 RMB	USD
<b>At 31 March 2024</b>		
Cash and cash equivalents	427	47,286
Trade and other receivables	63	6,563
Trade and other payables	–	(4,783)
Overall net exposure	490	49,066
<b>At 31 March 2023</b>		
Cash and cash equivalents	247	38,483
Trade and other receivables	–	5,022
Trade and other payables	–	(3,141)
Overall net exposure	247	40,364

#### *Sensitivity analysis*

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK\$, the foreign currency with which the Group may have a material exposure. No sensitivity analysis has been disclosed for USD denominated assets/liabilities as the impact on profit is immaterial. 5% represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A positive (negative) number below indicates an increase (a decrease) in profit where RMB strengthens 5% against HK\$. For a 5% weakening of RMB against HK\$, there would be an equal and opposite impact on profit.

	2024 HK\$'000	2023 HK\$'000
Impact on profit or loss — RMB	25	12

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### (d) Capital management

The Group's capital management objectives include:

- (i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group's stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity attributable to owners of the Company as capital. The amount of capital as at 31 March 2024 and 2023 amounted to approximately HK\$169,681,000 and HK\$163,961,000 respectively.

### (e) Fair value

The carrying amounts of the financial assets and financial liabilities carried at amortised cost and classified under current assets and current liabilities in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

## 6 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 Consolidated Financial Statements

For the year ended 31 March 2024

## 6 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 year ended 31 March 2024

	IT infrastructure solutions HK\$'000	IT infrastructure management services HK\$'000	AI products & AI solutions HK\$'000	Total HK\$'000
Segment revenue	652,998	344,968	105	998,071
Inter segment revenue	(3,663)	(3,452)	–	(7,115)
Total segment revenue from external customers	649,335	341,516	105	990,956
Segment results	22,944	15,802	(6,949)	31,797
Unallocated expenses				(8,897)
Profit before income tax expense				22,900
<b>Segment assets</b>				
IT infrastructure solutions				224,810
IT infrastructure management services				276,061
AI products and AI solutions				4,088
Unallocated assets				
— Cash and cash equivalents				1,203
— Others				87
Total assets				506,249
<b>Segment liabilities</b>				
IT infrastructure solutions				157,181
IT infrastructure management services				91,285
AI products and AI solutions				973
Unallocated liabilities				
— Convertible bonds				64,001
— Others				702
Total liabilities				314,142
<b>Other segment information</b>				
Interest income	2,878	1,851	65	4,794
Interest expenses	(155)	(415)	(34)	(604)
Depreciation of property, plant and equipment	(1,828)	(5,340)	(854)	(8,022)
Amortisation of intangible assets	–	(3,896)	–	(3,896)
Provision for expected credit loss on financial assets	(150)	–	–	(150)
Income tax expenses	(2,918)	(2,862)	–	(5,780)
Additions to property, plant and equipment	160	831	310	1,301

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6 SEGMENT INFORMATION (Continued)

For the year ended 31 March 2023

	IT infrastructure solutions HK\$'000	IT infrastructure management services HK\$'000	AI products & AI solutions HK\$'000	Total HK\$'000
Segment revenue	576,639	315,018	–	891,657
Inter segment revenue	(2,429)	(2,690)	–	(5,119)
Total segment revenue from external customers	574,210	312,328	–	886,538
Segment results	25,117	15,011	(3,571)	36,557
Unallocated expenses				(8,520)
Profit before income tax expense				28,037
<b>Segment assets</b>				
IT infrastructure solutions				214,476
IT infrastructure management services				276,339
AI products and AI solutions				3,099
Unallocated assets				
— Cash and cash equivalents				1,174
— Others				115
Total assets				495,203
<b>Segment liabilities</b>				
IT infrastructure solutions				146,280
IT infrastructure management services				101,641
AI products and AI solutions				1,131
Unallocated liabilities				
— Convertible bonds				60,067
— Others				731
Total liabilities				309,850
<b>Other segment information</b>				
Interest income	377	834	–	1,211
Interest expenses	(224)	(553)	(19)	(796)
Depreciation of property, plant and equipment	(1,942)	(5,362)	(376)	(7,680)
Amortisation of intangible assets	–	(4,068)	–	(4,068)
Provision for expected credit loss on financial assets	(22)	–	–	(22)
Income tax expenses	(3,106)	(2,244)	–	(5,350)
Additions to property, plant and equipment	164	3,267	2,427	5,858
Additions to intangible assets	–	332	–	332

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6 SEGMENT INFORMATION (Continued)

### Geographical information

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong	826,325	729,041
Mainland China	124,240	120,007
Singapore	23,559	20,538
Malaysia	9,213	6,367
Macau	6,023	7,789
Others	1,596	2,796
	<b>990,956</b>	<b>886,538</b>

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong	116,011	123,424
Mainland China	2,953	5,656
Macau	153	320
Others	828	1,589
	<b>119,945</b>	<b>130,989</b>

### Information about major customers

There is no single external customer who contributed 10% or more of the Group's revenue for the year ended 31 March 2024 (2023: Nil).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 7 REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers:		
Provision of IT infrastructure solutions	649,312	574,146
Provision of IT infrastructure management services	341,516	312,328
Development and provision of AI products and AI solutions	105	–
	990,933	886,474
Revenue from other sources:		
Finance leases income	23	64
Total	990,956	886,538
Disaggregation of revenue from contracts with customers:		
At a point in time	682,129	622,207
Overtime	308,804	264,267
Total	990,933	886,474

An analysis of other income and gains is as follows:

	2024 HK\$'000	2023 HK\$'000
Other income and gains:		
Interest income	4,807	1,234
Write back of other payables	7	135
Government subsidy (note (a))	–	5,712
Management fee income	514	488
Sundry income	896	982
Total	6,224	8,551

- (a) During the year ended 31 March 2023, COVID-19 related government grants from the Government of the People's Republic of China ("PRC"), Hong Kong Government and Macau Government amounting to HK\$5,712,000 was received by the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 7 REVENUE AND OTHER INCOME AND GAINS (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Trade receivables (note 21)	121,310	110,974
Contract assets (note 22)	23,687	23,279
Contract liabilities (note 26(a))	(72,252)	(73,900)

The contract liabilities mainly relate to the advance consideration received from customers. Contract liabilities as of 1 April 2023 of HK\$73,900,000 (1 April 2022: HK\$84,802,000) have been recognised as revenue for the year ended 31 March 2024 from performance obligations satisfied in the year due to the delivery of goods and services accepted by customers.

### Transaction price allocated to remaining performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) were approximately HK\$128,272,000 as at 31 March 2024. Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the 31 March 2024 will be recognised within 1 to 4 years.

## 8 FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on lease liabilities (note 15)	604	796
Interest expenses on convertible bonds (note 32)	5,824	5,463
	6,428	6,259

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 9 PROFIT BEFORE INCOME TAX EXPENSE

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

	2024 HK\$'000	2023 HK\$'000
Costs of inventories recognised as expenses	566,774	491,586
Auditor's remuneration		
— audit services	1,090	1,065
— non-audit services	57	57
Depreciation of property, plant and equipment (note 14)	8,022	7,680
Amortisation of intangible assets (note 16)	3,896	4,068
Write off of intangible assets	(29)	—
Exchange (gain)/losses, net	(114)	148
Short-term lease with application of recognition exemption	200	259
(Reversal of write-down)/write-down of inventories to net realisable value	(34)	25
Staff costs (including directors' remuneration (note 11(a)))		
— Wages, salaries and other benefits	206,903	179,383
— Contribution to defined contribution pension plans	29,238	25,656
— Equity-settled share-based payment expenses (note 31)	55	124
	<b>236,196</b>	<b>205,163</b>

## 10 INCOME TAX EXPENSE

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

	2024 HK\$'000	2023 HK\$'000
Current tax		
— Hong Kong profits tax	4,690	4,669
— PRC Corporate Income Tax ("CIT")	450	145
— Others	1,264	1,114
	<b>6,404</b>	<b>5,928</b>
Under-provision in respect of prior year	—	46
	<b>6,404</b>	<b>5,974</b>
Deferred tax (note 27)	(624)	(624)
Total income tax expense	<b>5,780</b>	<b>5,350</b>

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 the years ended 31 March 2024 and 2023 is provided based on the Regime.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 10 INCOME TAX EXPENSE (Continued)

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 during the year ended 31 March 2024 and 2023.

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

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

	2024 HK\$'000	2023 HK\$'000
Profit before income tax expense	22,900	28,037
Tax calculated at the statutory rate of 16.5%	3,779	4,626
Effect of different tax rates in other jurisdictions	518	104
Tax effect of expenses not deductible for tax purpose	1,347	1,733
Tax effect of revenue not taxable for tax purpose	(816)	(1,219)
Tax effect of deductible temporary differences not recognised	734	134
Tax losses not recognised	1,073	–
Utilisation of tax losses not recognised in prior years	(690)	–
Tax effect of the Regime	(165)	(165)
Under-provision in respect of prior years	–	46
Others	–	91
Income tax expense	5,780	5,350

As at 31 March 2024, the Group had unrecognised tax losses of approximately HK\$10,676,000 (2023: HK\$4,177,000), available for offset against future taxable profits in Hong Kong. No deferred tax asset has been recognised in respect of the unrecognised tax loss due to the unpredictability of future profit streams. The tax losses are subject to final approval by the Inland Revenue Department.

Under the income tax laws of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by a Mainland China subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Mainland China subsidiary amounting to HK\$17,107,000 (2023: HK\$15,521,000) as at 31 March 2024, as the Group is able to control the timing of the reversal of the temporary differences and it is not probable that the Mainland China subsidiary will distribute such profits in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 11 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' remuneration

Directors' remuneration is disclosed as follows:

	Fees HK\$'000	Salaries and other benefits HK\$'000	Share-based payment note (b) HK\$'000	Contribution to defined contribution pension plans HK\$'000	Discretionary bonuses HK\$'000	Total HK\$'000
<b>Year ended 31 March 2024</b>						
<b>Executive directors:</b>						
Mr. Lau Wai Kwok ("Mr. Lau")	–	2,454	8	18	151	2,631
Mr. Chan Kin Mei, Stanley ("Mr. Chan")	–	1,662	2	18	53	1,735
Ms. Lau Tsz Yan	–	1,443	8	18	74	1,543
Mr. So Cheuk Wah, Benton	–	1,401	8	18	63	1,490
<b>Non-executive directors:</b>						
Mr. Wong Chu Kee, Daniel ("Mr. Wong")	164	1,123	2	18	10	1,317
Mr. Chu Siu Sum, Alex ("Mr. Chu")	164	120	2	7	10	303
<b>Independent non-executive directors:</b>						
Mr. Au Yu Chiu Steven	164	–	–*	–	–	164
Mr. Ko Man Fu	164	–	–*	–	–	164
Mr. Mak Wai Sing	164	–	–*	–	–	164
	820	8,203	30	97	361	9,511

\* Represent amount of less than HK\$1,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 11 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (a) Directors' remuneration (Continued)

	Fees HK\$'000	Salaries and other benefits HK\$'000	Share-based payment note (b) HK\$'000	Contribution to defined contribution pension plans HK\$'000	Discretionary bonuses HK\$'000	Total HK\$'000
<b>Year ended 31 March 2023</b>						
<b>Executive directors:</b>						
Mr. Lau Wai Kwok ("Mr. Lau")	–	2,253	17	18	174	2,462
Mr. Chan Kin Mei, Stanley ("Mr. Chan")	–	1,617	4	18	53	1,692
Ms. Lau Tsz Yan	–	1,324	17	18	94	1,453
Mr. So Cheuk Wah, Benton	–	1,124	17	18	90	1,249
<b>Non-executive directors:</b>						
Mr. Wong Chu Kee, Daniel ("Mr. Wong")	160	1,232	4	18	10	1,424
Mr. Chu Siu Sum, Alex ("Mr. Chu")	160	120	4	7	10	301
<b>Independent non-executive directors:</b>						
Mr. Au Yu Chiu Steven	160	–	1	–	–	161
Mr. Chung Fuk Wing Danny (Mr. Chung) (note a)	74	–	–	–	–	74
Mr. Ko Man Fu	160	–	1	–	–	161
Mr. Mak Wai Sing	160	–	1	–	–	161
	874	7,670	66	97	431	9,138

Notes:

(a) Mr. Chung retired as an independent non-executive director on 16 September 2022.

(b) The amount represents the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the accounting policies for share-based payments as set out in note 3(m)(iv) to the consolidated financial statements. Further details of the options granted are set out in note 31 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 11 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (b) Five highest-paid individuals

The five highest paid individuals of the Group included four directors (2023: three) whose emoluments are reflected in the analysis presented above.

The analysis of the emoluments to the remaining one (2023: two) individuals is set out below:

	2024 HK\$'000	2023 HK\$'000
Salaries and allowances	1,279	2,366
Discretionary bonuses	89	146
Contribution to defined contribution pension plans	18	36
Share-based payment	–	8
	<b>1,386</b>	<b>2,556</b>

Their remuneration fell within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	–	1

During the year, none of the directors or highest-paid individuals waived or agreed to waive any emoluments (2023: HK\$ Nil). No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

## 12 DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year		
2023 final of HK1.00 cent per share was declared and paid	8,033	–
2022 final of HK0.77 cent per share was declared and paid	–	6,185
	<b>8,033</b>	<b>6,185</b>

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 subject to the approval by the shareholders at the annual general meeting of the Company to be held on 17 September 2024 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 13 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:

	2024	2023
<b>Earnings</b>		
Profit for the purposes of basic earnings per share (HK\$'000)	15,370	19,652
Effect of dilutive potential ordinary shares:		
— Interest on convertible bonds (HK\$'000)	5,824	5,463
Profit for the purposes of diluted earnings per share (HK\$'000)	21,194	25,115
<b>Number of shares</b>		
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	HK1.91 cents	HK2.45 cents
Diluted earnings per share	HK1.69 cents	HK2.00 cents



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Properties leased for own use HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>						
Cost	1,677	19,014	414	8,302	–	29,407
Accumulated depreciation	(1,621)	(8,230)	(362)	(6,664)	–	(16,877)
Net book amount	56	10,784	52	1,638	–	12,530
<b>Year ended 31 March 2023</b>						
Opening net book amount	56	10,784	52	1,638	–	12,530
Additions	608	3,497	167	1,414	172	5,858
Disposals	–	–	–	(35)	–	(35)
Effect of lease modification	–	6,786	–	–	–	6,786
Depreciation	(83)	(6,470)	(37)	(1,082)	(8)	(7,680)
Exchange realignment	(2)	(74)	–	(28)	–	(104)
Closing net book amount	579	14,523	182	1,907	164	17,355
<b>At 1 April 2023</b>						
Cost	2,283	29,223	581	9,653	172	41,912
Accumulated depreciation	(1,704)	(14,700)	(399)	(7,746)	(8)	(24,557)
Net book amount	579	14,523	182	1,907	164	17,355
<b>Year ended 31 March 2024</b>						
Opening net book amount	579	14,523	182	1,907	164	17,355
Additions	–	667	19	615	–	1,301
Depreciation	(160)	(6,457)	(66)	(1,307)	(32)	(8,022)
Exchange realignment	–	(386)	–	(16)	(7)	(409)
Closing net book amount	419	8,347	135	1,199	125	10,225
<b>At 31 March 2024</b>						
Cost	2,283	29,504	600	10,252	164	42,803
Accumulated depreciation	(1,864)	(21,157)	(465)	(9,053)	(39)	(32,578)
Net book amount	419	8,347	135	1,199	125	10,225

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 15 LEASES

The net book value of the Group's right-of-use assets included in property, plant and equipment as at 31 March 2023 and 2024 represented the properties leased for own use and carried at depreciated cost. The corresponding lease liabilities were recognised at the dates of commencement of leases. This note provides information for leases where the Group is a lessee.

### (i) Amounts recognised in the consolidated statement of financial position

	2024 HK\$'000	2023 HK\$'000
<b>Right-of-use assets</b>		
Properties leased for own use, carried at depreciated cost	8,347	14,523
<b>Lease liabilities</b>		
Current	6,876	6,294
Non-current	1,914	8,442

### (ii) Amounts recognised in the consolidated statement of comprehensive income

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets: properties leased for own use (note 14)	6,457	6,470
Short-term lease expense (note 9)	200	259
Interest on lease liabilities (note 8)	604	796

The total cash outflow for leases within operating, investing and financing activities for the year ended 31 March 2024 was HK\$6,626,000 (2023: HK\$7,116,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 16 INTANGIBLE ASSETS

	Backlog orders HK\$'000	Customer relationships HK\$'000	Software HK\$'000	Total HK\$'000
<b>Cost</b>				
As at 1 April 2022	6,414	12,498	437	19,349
Additions	–	–	332	332
Exchange realignment	–	–	(24)	(24)
As at 31 March 2023 and 1 April 2023	6,414	12,498	745	19,657
Write off	–	–	(29)	(29)
Exchange realignment	–	–	(20)	(20)
As at 31 March 2024	6,414	12,498	696	19,608
<b>Accumulated amortisation</b>				
As at 1 April 2022	641	1,250	159	2,050
Provided for the year	1,282	2,500	286	4,068
Exchange realignment	–	–	(17)	(17)
As at 31 March 2023 and 1 April 2023	1,923	3,750	428	6,101
Provided for the year	1,283	2,500	113	3,896
Write off	–	–	(29)	(29)
Exchange realignment	–	–	(2)	(2)
As at 31 March 2024	3,206	6,250	510	9,966
<b>Net book value</b>				
As at 31 March 2024	3,208	6,248	186	9,642
As at 31 March 2023	4,491	8,748	317	13,556

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 17 GOODWILL

	2024 HK\$'000	2023 HK\$'000
<b>Gross and net carrying amount</b>		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	100,078	100,078

For the purpose of impairment testing, goodwill and intangible assets disclosed in note 16 have been allocated to a CGU, representing ServiceOne International Holdings Limited and its subsidiaries (the "S1IHL Group") which were acquired by the Group during the year ended 31 March 2022, and being the IT infrastructure management services segment.

During the year ended 31 March 2024, the management performed impairment review for the goodwill. The recoverable amount of the S1IHL Group CGU has been determined by a value-in-use method based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management and using a pre-tax discount rate of 19.75% (2023: 19.76%), that reflect current market assessments of the time value of money and the risks specific to the S1IHL Group CGU. The cash flows beyond the five-year period are extrapolated using 2.5% (2023: 2.5%) as terminal growth rate which is based on industry growth forecasts. The key assumptions of revenue growth rate of 10% (2023: 10%), gross profit margin of 21% (2023: 25%) and EBITDA margin of 8% (2023: 8%) have been used in the five-year period which are based on past practices and expectation of future changes in the market.

As at 31 March 2024, the recoverable amount of S1IHL Group CGU was HK\$181,810,000 (2023: HK\$187,875,000), which exceeded its carrying amount by HK\$35,802,000 (2023: HK\$27,450,000). The management believes that a reasonably possible change in any of these assumptions used would not cause the carrying amount of the CGU containing the goodwill to exceed its recoverable amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 18 INVESTMENTS IN SUBSIDIARIES

The particulars of the Company's subsidiaries as at 31 March 2024 are as follows:

Name	Location and date of incorporation/establishment and form of business structure	Description of shares held	Attributable equity interest		Principal activities and place of operations
			Direct	Indirect	
Expert Systems Group Limited	British Virgin Islands ("BVI"), 24 September 2015, limited liability company	Ordinary, United States Dollars ("USD") 1	100% (2023: 100%)	–	Investment holding, Hong Kong
Expert Systems Limited	Hong Kong, 10 September 1985, limited liability company	Ordinary, HK\$6,500,000 Deferred non-voting, HK\$1,500,000	–	100% (2023: 100%)	Provision of IT infrastructure solutions, Hong Kong
Expert Systems (Macau) Limited	Macau, 27 July 2006, limited liability company	Ordinary, Macau Pataca ("MOP") 25,000	–	100% (2023: 100%)	Provision of IT infrastructure solutions, Macau
Expert Systems Technology Limited	BVI, 31 January 2022, limited liability company	Ordinary, USD1,000	–	70% (2023: 70%)	Investment holding, Hong Kong
Expert AI Enabling Limited	Hong Kong, 2 March 2022, limited liability	Ordinary, HK\$1,000	–	70% (2023: 70%)	Provision of AI products & AI solutions, Hong Kong
ServiceOne International Holdings Limited	BVI, 2 March 2021, limited liability company	Ordinary, USD10	–	70% (2023: 70%)	Investment holding, Hong Kong
ServiceOne Limited	Hong Kong, 5 February 1999, limited liability company	Ordinary, HK\$3,000,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Hong Kong
ServiceOne Technology Services Macau Limited	Macau, 15 April 2008, limited liability company	Ordinary, MOP25,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Macau
ServiceOne Global Limited	BVI, 24 April 2009, limited liability company	Ordinary, USD1	–	70% (2023: 70%)	Investment holding, Hong Kong
SOG Development Limited	Hong Kong, 10 June 2010, limited liability company	Ordinary, HK\$10	–	70% (2023: 70%)	Investment holding, Hong Kong
ServiceOne Shanghai Limited* 領冠數碼科技(上海)有限公司	Mainland China, 9 September 2010, limited liability company	Registered and paid up capital, USD1,800,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Mainland China
ServiceOne Solutions Singapore Pte. Ltd.	Singapore, 8 June 2018, limited liability company	Ordinary, Singapore Dollar ("SGD") 1,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Singapore
ServiceOne Japan G.K.	Japan, 2 August 2021, limited liability company	Ordinary, Japanese Yen 1,000,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Japan
ServiceOne Solutions Australia Pty Ltd	Australia, 20 August 2018, limited liability company	Ordinary, Australian Dollar ("AUD") 1,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Australia
ServiceOne Solutions Malaysia Sdn. Bhd.	Malaysia, 15 April 2022, limited liability company	Ordinary, Malaysian Ringgit ("MYR") 1,000,000	–	70% (2023: 70%)	Provision of IT infrastructure management services, Malaysia
ServiceOne Asia Holdings Limited	BVI, 23 February 2024, limited liability company	Ordinary, USD10	–	70% (2023: Nil)	Investment holding, Hong Kong

\* The English name is for identification only.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 19 FINANCE LEASE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Current finance lease receivables	3	70
Non-current finance lease receivables	–	3
	<b>3</b>	<b>73</b>

### Leasing arrangements

Certain of the Group's equipment are leased out under finance leases. All leases are denominated in Hong Kong dollars. 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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Not later than one year	5	93	3	70
Later than one year and not later than five years	–	5	–	3
	<b>5</b>	<b>98</b>	<b>3</b>	<b>73</b>
Less: unearned finance income	(2)	(25)	–	–
Present value of minimum lease payments receivables	<b>3</b>	<b>73</b>	<b>3</b>	<b>73</b>

The interest rates inherent in the leases are 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 pledge the collateral in the absence of default by the lessee.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 20 INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Merchandise	1,718	7,190

## 21 TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables, gross	121,715	111,229
Less: Provision for impairment	(405)	(255)
	121,310	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 invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	49,629	50,743
More than 1 month but not more than 3 months	42,416	37,097
More than 3 months but not more than 6 months	16,088	17,409
More than 6 months but not more than a year	9,957	3,280
More than a year	3,220	2,445
	121,310	110,974

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

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	255	233
Provision for expected credit loss for the year	150	22
At the end of the year	405	255

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 21 TRADE RECEIVABLES (Continued)

Details of the impairment assessment of trade receivables for the year ended 31 March 2024 are set out in note 5(a).

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

## 22 CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Contract assets	23,687	23,279

The contract assets represent the Group's rights to receive consideration for the provision of IT infrastructure management services that are not billed as at the end of each reporting period. The contract assets are transferred to receivables when the rights become unconditional.

Changes in contract assets primarily relate to the Group's performance of IT infrastructure management services under the contracts.

There was no impairment loss recognised on contract assets during the year ended 31 March 2024 (2023: nil) as management considers the ECL for contract assets to be insignificant.

## 23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Other deposits	8,192	7,667
Other receivables	358	610
Contract assets (note 22)	23,687	23,279
Prepayments	8,403	13,520
	40,640	45,076
Less: non-current portion of other deposits	(4,615)	(6,116)
	36,025	38,960

There was no impairment loss recognised on other deposits and other receivables during the year ended 31 March 2024 (2023: nil) as management considers the ECL for other deposits and other receivables to be insignificant.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 24 CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND RESTRICTED BANK DEPOSITS

Cash and cash equivalents represent cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Bank deposits represented fixed deposits with maturity of more than three months from the date of acquisition which carried interest at prevailing market rates ranging from 2.3% to 5.3% (2023: 0.3% to 5.22%) per annum as at 31 March 2024.

The restricted bank deposits of HK\$3,504,000 (2023: HK\$3,504,000) have been placed with a bank as deposits for government projects which will be released upon the project completion. Out of the restricted bank deposits balances as at 31 March 2024, HK\$2,021,000 (2023: HK\$2,021,000) will be released within 1 year and are classified as current assets.

Cash and bank balances of HK\$15,793,000 was denominated in RMB as at 31 March 2024 (2023: HK\$8,544,000). RMB is not a freely convertible currency and the remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC Government.

## 25 TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	116,136	117,579

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:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	51,617	64,660
More than 1 month but not more than 3 months	58,991	46,482
More than 3 months but not more than 6 months	2,324	4,298
More than 6 months but not more than a year	2,155	1,334
More than a year	1,049	805
	116,136	117,579

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 26 ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Other payables and accrued expenses	39,596	31,828
Staff commission	7,268	7,331
Other tax payable	1,121	854
Contract liabilities (note (a))	72,252	73,900
	120,237	113,913
Less: Non-current portion other payables	(2,070)	(1,972)
	118,167	111,941

Note:

(a) Contract liabilities

	2024 HK\$'000	2023 HK\$'000
<i>Contract liabilities arising from:</i>		
— Provision of IT infrastructure solutions	38,162	25,368
— Provision of IT infrastructure management services	34,090	48,532
	72,252	73,900

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

Changes in contract liabilities primarily relate to the Group's performance of services under the contracts. Revenue of the Group of HK\$73,900,000 recognised for the year ended 31 March 2024 (2023: HK\$84,802,000) were included in the contract liabilities at the beginning of the year.

## 27 DEFERRED TAX

The following is a summary of deferred tax balances for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	905	1,648
Deferred tax liabilities	(2,465)	(3,832)
	1,560	2,184

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 27 DEFERRED TAX (Continued)

Details of deferred tax assets and (liabilities) recognised and movements thereof are as follows:

	Right-of-used assets HK\$'000	Lease liabilities HK\$'000	Fair value adjustments arising from business combination HK\$'000	Total HK\$'000
As at 1 April 2022	182	(182)	(2,808)	(2,808)
Credited/(charge) to profit or loss (note 10)	1,466	(1,466)	624	624
As at 31 March 2023 and 1 April 2023	1,648	(1,648)	(2,184)	(2,184)
Credited/(charge) to profit or loss (note 10)	(743)	743	624	624
As at 31 March 2024	905	(905)	(1,560)	(1,560)

Prior to the amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis that they arise from a single transaction. Following the amendments to HKAS 12, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. There is no impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

## 28 SHARE CAPITAL

	Number	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	10,000,000,000	100,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	803,280,000	8,033

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 29 RESERVES

Details of the movements on the Group's reserves for the years ended 31 March 2024 and 2023 are presented in the consolidated statement of changes in equity. Movements on the Company's reserve are as follows:

### The Company

	Share premium HK\$'000 (Note (c))	Share options reserve HK\$'000 (Note (b))	Convertible bonds equity reserve HK\$'000 (Note (e))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	56,581	885	20,750	(16,760)	61,456
Dividend approved and paid	(6,185)	–	–	–	(6,185)
Share options lapsed	–	(8)	–	8	–
Recognition of equity-settled share-based payment	–	124	–	–	124
Loss for the year	–	–	–	(6,451)	(6,451)
At 31 March 2023 and 1 April 2023	50,396	1,001	20,750	(23,203)	48,944
Dividend approved and paid	(8,033)	–	–	–	(8,033)
Recognition of equity-settled share-based payment	–	55	–	–	55
Loss for the year	–	–	–	(6,982)	(6,982)
At 31 March 2024	42,363	1,056	20,750	(30,185)	33,984

#### (a) Merger reserve

The merger reserve of the Group represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital of the Group's subsidiaries under the reorganisation for the listing purpose.

#### (b) Share options reserve

The share options reserve represents the cumulative expenses recognised on the granting of share options to the directors and employees over the vesting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 29 RESERVES (Continued)

### (c) Share premium

Share premium represents amount subscribed for share capital in excess of nominal value, less share issuing costs and dividends paid. Under the Companies Law of the Cayman Islands, subject to the provisions of articles of association of the Company, the Company's share premium account may be applied to pay distributions or dividends to shareholders provided that immediately following the date of distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

### (d) Translation reserve

The amount represents gains/losses arising on retranslating the net assets of foreign operations into the presentation currency of the Group.

### (e) Convertible bonds equity reserve

The amount represents the equity component of the convertible bonds (i.e. the option to convert the debt into share capital).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 30 HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Investment in a subsidiary		–*	–*
<b>Current assets</b>			
Prepayments		115	116
Amount due from a subsidiary		176,912	176,850
Cash and cash equivalents		1,203	1,174
		<b>178,230</b>	<b>178,140</b>
<b>Current liabilities</b>			
Accruals		702	686
Amount due to a subsidiary		71,510	60,410
		<b>72,212</b>	<b>61,096</b>
<b>Net current assets</b>		<b>106,018</b>	<b>117,044</b>
<b>Total assets less current liabilities</b>		<b>106,018</b>	<b>117,044</b>
<b>Non-current liabilities</b>			
Convertible bonds		64,001	60,067
<b>Net assets</b>		<b>42,017</b>	<b>56,977</b>
<b>Equity</b>			
Share capital	28	8,033	8,033
Reserves	29	33,984	48,944
<b>Total equity</b>		<b>42,017</b>	<b>56,977</b>

\* Represent amount of less than HK\$1,000

The financial statements of the holding company were approved and authorised for issue by the board of directors on 25 June 2024 and signed on its behalf by:

Wong Chu Kee, Daniel  
Director

Lau Wai Kwok  
Director

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31 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. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on the date upon which the offer of the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The directors consider the Scheme will enable the Company to reward the employees, the directors and other selected participants for their contributions to the Group.

The valuation was carried out on a fair value basis. HKFRS 2 Share-Based Payment ("HKFRS 2") defines fair value as "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

Share-based payment transaction is a transaction in which the entity (a) receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement, or (b) incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.

Pursuant to HKFRS 2, the goods or services received shall be measured directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, their value shall be measured, indirectly, by reference to the fair value of the equity instruments granted. Since the fair value of goods or services received from grantees of the options including employees of the Group cannot be reliably measured, the fair value of the service received from the employees was measured indirectly by reference to the fair value of the share options granted to the employees.

The fair value of equity-settled share options granted during the year ended 31 March 2020 was estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Measurement date	15 April 2019
Dividend yield (%)	–
Expected volatility (%)	166.22
Risk-free interest rate (%)	1.63

The risk-free rate is the yield of Hong Kong government bonds with maturity matching the contractual option life of the share options obtained from Bloomberg as at the measurement date. The historical volatility of the Company's share of 166.22% is adopted as the expected volatility and reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31 SHARE OPTION SCHEME (Continued)

On 15 April 2019 (the "Date of Grant"), the Company granted share options to the directors and employees of the Company to subscribe for a total of 16,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company under the Scheme. The details of the movements in the number of share options under the Scheme for the years ended 31 March 2024 and 2023 are set out as follows:

For the year ended 31 March 2024

Name of Grantee	Date of Grant	Exercise price per share	Outstanding as at 1 April 2023	Number of share options			Outstanding as at 31 March 2024
				Granted during the year	Exercised during the year	Lapsed/cancelled during the year	
<b>Executive Directors</b>							
Mr. Lau	15 April 2019	0.111	2,000,000	–	–	–	2,000,000
Mr. Chan	15 April 2019	0.111	500,000	–	–	–	500,000
Ms. Lau Tsz Yan	15 April 2019	0.111	1,200,000	–	–	–	1,200,000
Mr. So Cheuk Wah, Benton	15 April 2019	0.111	2,000,000	–	–	–	2,000,000
<b>Non-executive Directors</b>							
Mr. Wong	15 April 2019	0.111	500,000	–	–	–	500,000
Mr. Chu	15 April 2019	0.111	500,000	–	–	–	500,000
<b>Independent non-executive Directors</b>							
Mr. Au Yu Chiu Steven	15 April 2019	0.111	100,000	–	–	–	100,000
Mr. Ko Man Fu	15 April 2019	0.111	100,000	–	–	–	100,000
Mr. Mak Wai Sing	15 April 2019	0.111	100,000	–	–	–	100,000
<b>Other employees</b>							
In aggregate	15 April 2019	0.111	4,820,000	–	–	–	4,820,000
			<b>11,820,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11,820,000</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31 SHARE OPTION SCHEME (Continued)

For the year ended 31 March 2023

Name of Grantee	Date of Grant	Exercise price per share	Outstanding as at 1 April 2022	Number of share options			Outstanding as at 31 March 2023	
				Granted during the year	Exercised during the year	Lapsed/cancelled during the year		
<b>Executive Directors</b>								
Mr. Lau	15 April 2019	0.111	2,000,000	-	-	-	2,000,000	
Mr. Chan	15 April 2019	0.111	500,000	-	-	-	500,000	
Ms. Lau Tsz Yan	15 April 2019	0.111	1,200,000	-	-	-	1,200,000	
Mr. So Cheuk Wah, Benton	15 April 2019	0.111	2,000,000	-	-	-	2,000,000	
<b>Non-executive Directors</b>								
Mr. Wong	15 April 2019	0.111	500,000	-	-	-	500,000	
Mr. Chu	15 April 2019	0.111	500,000	-	-	-	500,000	
<b>Independent non-executive Directors</b>								
Mr. Au Yu Chiu Steven	15 April 2019	0.111	100,000	-	-	-	100,000	
Mr. Chung	15 April 2019	0.111	100,000	-	-	(100,000)	-	
Mr. Ko Man Fu	15 April 2019	0.111	100,000	-	-	-	100,000	
Mr. Mak Wai Sing	15 April 2019	0.111	100,000	-	-	-	100,000	
<b>Other employees</b>								
In aggregate	15 April 2019	0.111	4,820,000	-	-	-	4,820,000	
				11,920,000	-	-	(100,000)	11,820,000

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

The exercise price of options outstanding at 31 March 2024 was HK\$0.111 (2023: HK\$0.111) and their weighted average remaining contractual life was 5.04 years (2023: 6.04 years).

As at 31 March 2024, 8,880,000 (2023: 5,940,000) share options were vested and exercisable.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31 SHARE OPTION SCHEME (Continued)

The Group recognised share option expense of approximately HK\$55,000 and HK\$124,000 during the years ended 31 March 2024 and 2023, respectively.

At the end of the reporting period, the Company had 2,940,000 (2023: 5,880,000) share options granted but unvested. At the date of approval of these consolidated financial statements, the Company had 11,820,000 (2023: 11,820,000) share options outstanding under the Scheme, which represented approximately 1.5% (2023: 1.5%) of the shares in issue as at that date.

## 32 CONVERTIBLE BONDS

The Company issued 2.5% convertible bonds with aggregate principal amount of HK\$75,600,000 to ServiceOne Global Holdings Limited ("ServiceOne Global") on 8 October 2021 in relation to acquisition of S11HL. The convertible bonds are denominated in Hong Kong dollars. The convertible bonds will mature on the fifth anniversary of the date of the issue at their principal amount or can be converted into ordinary shares of the Company at the holder's option at a conversion price of HK\$0.168 per share at any time up to the maturity date of the convertible bond. At any time immediately after three years from the issue date and up to the maturity date of the convertible bonds, at the sole discretion of the Company, the Company may cancel and redeem 100% of the outstanding amount of the convertible bonds plus any accrued (up to the date of redemption) but unpaid interest. Unless previously converted or cancelled, the Company shall redeem all the outstanding convertible bonds on the maturity date at a redemption amount equivalent to 100% of the outstanding principal plus any accrued (up to the date of redemption) but unpaid interest.

The fair value of the liability component was determined at the issuance of the convertible bonds and was calculated using a market interest rate for equivalent non-convertible bonds. The residual amount, representing the value of the equity component, is included in equity.

During the years ended 31 March 2024 and 2023, the Company did not receive any conversion notices from the convertible bondholders to exercise the conversion rights.

The movements of the convertible bonds are set out below:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 April 2022	56,494	20,750	77,244
Interest expense (note 8)	5,463	–	5,463
Interest paid	(1,890)	–	(1,890)
At 31 March 2023 and 1 April 2023	60,067	20,750	80,817
Interest expense (note 8)	5,824	–	5,824
Interest paid	(1,890)	–	(1,890)
At 31 March 2024	64,001	20,750	84,751

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33 RETIREMENT BENEFITS SCHEMES

The employees of the Company's subsidiaries in Hong Kong participate in the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. All employees in Hong Kong joining the Group are required to join the MPF Scheme.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income capped at HK\$1,500 per month. The retirement benefit costs charged to profit or loss represent contributions payable to such fund by the Group at rates specified in the rules of this scheme.

The employees of the Company's subsidiaries in Mainland China are members of the state-managed retirement benefits scheme operated by the Government of the PRC. The Company's Mainland China subsidiaries are required to contribute a certain percentage of their employees' payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

At 31 March 2024, there were no forfeited contributions available to offset future employers' contributions to the schemes (2023: Nil).

The total expense recognised in profit or loss for the year ended 31 March 2024 of HK\$29,238,000 (2023: HK\$25,656,000) represents contributions paid or payable to the above schemes by the Group.

## 34 RELATED PARTY TRANSACTIONS

### (a) Related party transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions:

	Nature of transactions	2024 HK\$'000	2023 HK\$'000
SOG Service Limited	Maintenance services	–	5
SOG Service Limited	Cost of Sales — Outsourcing IT support services	176	239
SOG Beijing Limited #	Cost of Sales — Outsourcing IT support services	1,189	1,473
SOG Beijing Limited #	Sales	7	59
SOG Service Limited	Management fee income	514	488

# The English name is for identification only

Notes:

- (i) The above entities are the subsidiaries of ServiceOne Global, which owns 30% of equity interest of S1IHL and with common directors of the Company.
- (ii) These related party transactions were conducted at prices and terms as agreed by parties involved.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 34 RELATED PARTY TRANSACTIONS (Continued)

### (b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid or payable to the directors as disclosed in note 11(a), is as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	11,925	10,155
Discretionary bonuses	453	554
Contribution to defined contribution pension plans	142	133
Share-based payment	35	79
	12,555	10,921

Their remuneration fell within the following bands:

	2024 Number of individuals	2023 Number of individuals
Nil to HK\$1,000,000	5	7
HK\$1,000,001 to HK\$1,500,000	4	3
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 35 NON-CONTROLLING INTERESTS

S1IHL, an indirect non-wholly owned subsidiary of the Company, has material non-controlling interests ("NCI").

Summarised financial information in relation to the S1IHL Group, before intra-group eliminations, is presented below together with amounts attributable to NCI:

### For the year ended 31 March

	2024 HK\$'000	2023 HK\$'000
Revenue	344,968	315,018
Cost of sales	(273,953)	(249,687)
Gross profit	71,015	65,331
Other income and gains	2,972	5,428
Administrative expenses	(57,770)	(54,274)
Finance expenses	(415)	(553)
Profit before income tax expense	15,802	15,932
Income tax expense	(2,862)	(2,244)
Profit for the year	12,940	13,688
Other comprehensive loss for the year	(2,388)	(2,153)
Total comprehensive income for the year	10,552	11,535
Profit allocated to NCI	3,882	4,106
Other comprehensive loss allocated to NCI	(716)	(646)
Total comprehensive income allocated to NCI	3,166	3,460
Cash flows from operating activities	24,258	16,865
Cash flows from investing activities	2,052	17,079
Cash flows used in financing activities	(4,655)	(5,480)
Net cash inflows	21,655	28,464

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 35 NON-CONTROLLING INTERESTS (Continued)

As at 31 March

	2024 HK\$'000	2023 HK\$'000
Assets:		
— Property, plant and equipment	6,267	11,187
— Intangible assets	9,642	13,556
— Inventories	1,307	1,739
— Trade and other receivables	69,553	80,269
— Amounts due from fellow subsidiaries	722	249
— Bank deposits	218	602
— Cash and cash equivalents	88,997	68,906
Total assets	176,706	176,508
Liabilities		
— Trade and other payables	81,147	88,789
— Tax payables	2,581	506
— Deferred tax liabilities	1,560	2,184
— Lease liabilities	5,997	10,162
Total liabilities	91,285	101,641
Accumulated non-controlling interests	25,626	22,460

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 36 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities (Note 15) HK\$'000	Convertible bonds — liability component (Note 32) HK\$'000
At 1 April 2022	10,440	56,494
Changes from cash flows:		
Interest paid	(796)	(1,890)
Principal elements of lease payments	(6,061)	–
Total changes from financing cash flows:	(6,857)	(1,890)
Other changes:		
Additions of leases	3,497	–
Lease modification	6,786	–
Interest expenses (note 8)	796	5,463
Exchange difference	74	–
Total other changes	11,153	5,463
At 31 March 2023	14,736	60,067
At 1 April 2023	14,736	60,067
Changes from cash flows:		
Interest paid	(604)	(1,890)
Principal elements of lease payments	(6,257)	–
Total changes from financing cash flows:	(6,861)	(1,890)
Other changes:		
Additions of lease	667	–
Interest expenses (note 8)	604	5,824
Exchange difference	(356)	–
Total other changes	915	5,824
At 31 March 2024	8,790	64,001

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 37 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities.

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Measured at amortised cost:		
Trade receivables	121,310	110,974
Other receivables and deposits	8,550	8,277
Finance lease receivables	3	73
Restricted bank deposits	3,504	3,504
Bank deposits	218	602
Cash and cash equivalents	218,911	196,795
	<b>352,496</b>	<b>320,225</b>
<b>Financial liabilities</b>		
Measured at amortised cost:		
Trade payables	116,136	117,579
Accruals, deposits received and other payables	21,536	21,446
Convertible bonds	64,001	60,067
Lease liabilities	8,790	14,736
	<b>210,463</b>	<b>213,828</b>

## 38 CONTINGENT LIABILITIES

The Group has no material contingent liabilities outstanding as at 31 March 2023 and 2024.

## 39 EVENTS AFTER REPORTING DATE

There is no significant event after the reporting date.

## 40 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2024.