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EXPERT

EXPERT SYSTEMS HOLDINGS LIMITED
思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8319)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

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

HIGHLIGHTS

- Revenue for the year ended 31 March 2019 ("**FY2019**") increased to HK$432.5 million by 28.3% from that for the year ended 31 March 2018 ("**FY2018**").

- Gross profit for FY2019 increased to HK$54.0 million by 24.7% from FY2018.

- Profit and total comprehensive income for FY2019 grew by 56.1% to HK$10.8 million as compared to FY2018.

- Earnings per share increased by 55.8% from HK0.86 cent for FY2018 to HK1.34 cents for FY2019.

- The Directors proposed a final dividend of HK0.42 cent per ordinary share of the Company, amounting to HK$3,360,000 for the year ended 31 March 2019.

ANNUAL RESULTS

The board of Directors (the "**Board**") of Expert Systems Holdings Limited is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2019, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*5*	**432,529**	337,223
Cost of sales		**(378,579)**	(293,974)
Gross profit		**53,950**	43,249
Other income and gains	*5*	**798**	934
Selling expenses		**(30,478)**	(25,360)
Administrative expenses		**(11,272)**	(10,890)
Expected credit loss on financial assets		**(296)**	–
Profit before income tax expense	*6*	**12,702**	7,933
Income tax expense	*7*	**(1,949)**	(1,044)
Profit and total comprehensive income for the year		**10,753**	6,889
Earnings per share — Basic and diluted	*9*	**HK1.34 cents**	HK0.86 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**1,529**	2,103
Finance lease receivables		**195**	616
Trade receivables	10	**5,562**	4,549
		7,286	7,268
Current assets			
Inventories		**3,586**	5,068
Trade receivables	10	**93,921**	69,776
Prepayments, deposits and other receivables	11	**8,411**	5,012
Finance lease receivables		**424**	738
Cash and cash equivalents		**99,074**	96,032
		205,416	176,626
Current liabilities			
Trade payables	12	**100,266**	82,650
Accruals, deposits received and other payables	13	**14,629**	15,452
Amount due to a related company		**210**	216
Tax payables		**1,331**	66
		116,436	98,384
Net current assets		**88,980**	78,242
Total assets less current liabilities		**96,266**	85,510
Non-current liabilities			
Other payables	13	**559**	556
Net assets		**95,707**	84,954
EQUITY			
Share capital	14	**8,000**	8,000
Reserves		**87,707**	76,954
		95,707	84,954

NOTES

1. GENERAL INFORMATION

Expert Systems Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands on 18 September 2015. Its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 April 2016. The address of the Company's registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, 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**") is principally engaged in the provision of IT infrastructure solutions in Hong Kong and Macau.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

3. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs — effective 1 April 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

A. *HKFRS 9 — Financial Instruments*

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) transition. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("**FVTPL**"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Financial assets at FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
Financial assets at FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Financial assets at FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$'000*
Trade receivables	Loans and receivables	Amortised cost	74,325	74,325
Other receivables and deposits	Loans and receivables	Amortised cost	2,300	2,300
Finance lease receivables	Loans and receivables	Amortised cost	1,354	1,354
Cash and cash equivalents	Loans and receivables	Amortised cost	96,032	96,032

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances 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.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due 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 has elected to measure loss allowances for trade receivables and contract assets 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. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. 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 and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

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 in default 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 maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract asset. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables.

No additional impairment for trade receivables as at 1 April 2018 is recognised under HKFRS 9 as the amount of additional impairment measured under ECLs model is immaterial.

(b) Impairment of other receivables

Other financial assets at amortised cost of the Group include other receivables and deposits. No additional impairment for other receivables and deposits as at 1 April 2018 is recognised under HKFRS 9 as the amount of additional impairment measured under ECLs model is immaterial.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The directors consider that the application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. Based on the assessment of the Group, no adjustments to the opening balance of equity at 1 April 2018 have been made on the initial application of HKFRS 15. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Note	Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
(i)	Sale of goods	Revenue from sale of goods is recognised at point in time when the goods are delivered to, and have been accepted by, customers. Invoices for these income are issued on delivery of goods.	Impact HKFRS 15 did not result in significant impact on the Group's accounting policies. As at 1 April 2018, the customers' deposits received that were previously included in accruals, deposits received and other payables have been reclassified as contract liabilities.
(ii)	Systems integration services	System integration services included hardware, software and service components. The directors determined that the contracts with customers under the system integration services is one performance obligation as these are negotiated, priced and invoiced as one product and the consulting, installation and configuration forms an integral part of completing the project. Revenue from system integration services is recognised at point in time when the goods are delivered to, and the engagement has been accepted by, customers. Invoices for these service income are issued on completion of the project.	Impact HKFRS 15 did not result in significant impact on the Group's accounting policies. As at 1 April 2018, the customers' deposits received that were previously included in accruals, deposits received and other payables have been reclassified as contract liabilities.

C. Others

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non- monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

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

The Company has not early applied the following new/revised HKFRSs that have been issued, potentially relevant to the Company's operations, but are not yet effective, in preparing the financial statements.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]

1 Effective for annual periods beginning on or after 1 January 2019

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases "and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2019, the Group had non-cancellable operating lease commitments of approximately HK$5,772,000. A preliminary assessment indicated that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non- urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Except for HKFRS 16, the Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. SEGMENT INFORMATION

The chief operating decision maker is identified as executive directors of the Company. The Group has identified its operating segment based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation and review of performance. For the reporting period, the executive directors have considered the only operating segment of the Group to be the provision of IT infrastructure solutions and finance leases income.

Geographical information

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**429,158**	329,942
Macau	**3,371**	7,281
	432,529	337,223

During the year, all of the Group's non-current assets are located in Hong Kong.

Information about major customers

There is no single customer who contributed to 10% or more revenue to the Group for the year.

5. REVENUE AND OTHER INCOME AND GAINS

The Group's principal activities are the provision of IT infrastructure solutions and finance leases income.

An analysis of revenue, other income and gains is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue:		
Provision of IT infrastructure solutions	**432,251**	336,964
Finance leases income	**278**	259
Total	**432,529**	337,223
Other income and gains:		
Interest income	**573**	635
Write back of other payables	**146**	171
Sundry income	**79**	128
Total	**798**	934

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

	2019	2018
	HK$'000	*HK$'000*
Receivables *(note 10)*	**99,483**	74,325
Contract liabilities *(note 13(a))*	**(5,572)**	(7,398)

The contract liabilities mainly relate to the advance consideration received from customers. HK$7,398,000 of the contract liabilities as of 1 April 2018 has been recognised as revenue for the year ended 31 March 2019 from performance obligations satisfied in this year due to the delivery of goods and services accepted by customers.

6. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Costs of inventories recognised as expenses	**337,168**	257,939
Auditor's remuneration	**620**	590
Depreciation of property, plant and equipment	**836**	610
Expected credit loss on financial assets	**296**	–
Provision of impairment loss of inventories	**43**	–
Staff costs (including directors' remuneration)		
— Wages, salaries and other benefits	**33,934**	28,335
— Contribution to defined contribution pension plans	**1,103**	1,013
Exchange losses, net	**116**	60
Operating lease rental expenses	**1,614**	2,228

7. INCOME TAX EXPENSE

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

	2019	2018
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
Tax for the year	**1,999**	1,076
Over-provision in respect of prior year	**(50)**	(32)
Income tax expense	**1,949**	1,044

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018. According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the "**Regime**") is first effective for the year of assessment 2018/19. Profits tax rate for the first HK$2.0 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for the year ended 31 March 2019 is provided based on the Regime.

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any taxation under the jurisdictions of Cayman Islands during the year ended 31 March 2019 (2018: Nil).

No provision for Macau income tax has been made as the Group did not generate any assessable profits arising in Macau during the year ended 31 March 2019 (2018: Nil).

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:

	2019	2018
	HK$'000	*HK$'000*
Profit before income tax expense	**12,702**	7,933
Tax calculated at the statutory rate of 16.5%	**2,096**	1,309
Effect of different tax rates in other jurisdiction	**17**	(21)
Tax effect of expenses not deductible for tax purpose	**56**	1
Tax effect of revenue not taxable for tax purpose	**(50)**	(108)
Tax effect of temporary differences not recognised	**74**	(85)
Tax effect of two-tiered profits tax rates regime	**(165)**	–
Over-provision in respect of prior years	**(50)**	(32)
Others	**(29)**	(20)
Income tax expense	**1,949**	1,044

8. DIVIDENDS

A final dividend in respect of the year ended 31 March 2019 of HK0.42 cent per ordinary share (tax exclusive) amounting to HK$3,360,000 (2018: Nil) was proposed pursuant to a resolution passed by the Board of Directors on 20 June 2019 and subject to the approval of the shareholders at the annual general meeting of the Company to be held on 10 September 2019 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

9. EARNINGS PER SHARE

For the year ended 31 March 2019, the calculation of basic earnings per share is based on the profit for the year attributable to the owners of the Company of HK$10,753,000 (2018: HK$6,889,000) and on the basis of the weighted average number of 800,000,000 (2018: 800,000,000) ordinary shares in issue.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 March 2019 and 2018.

10. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables, gross	**99,779**	74,325
Less: Provision for impairment	**(296)**	–
	99,483	74,325
Less: non-current portion	**(5,562)**	(4,549)
	93,921	69,776

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:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**39,270**	30,567
More than 1 month but not more than 3 months	**33,149**	32,171
More than 3 months but not more than 6 months	**8,559**	7,160
More than 6 months but not more than a year	**7,407**	2,716
More than a year	**11,098**	1,711
	99,483	74,325

At the end of each reporting period, the management review receivables for evidence of impairment on both an individual and collective basis. 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 management assessed impairment by using "incurred loss model" under HKAS 39 for the year ended 31 March 2018, and changed to the ECLs model since initial application of HKFRS 9 on 1 April 2018. The movement in the allowance for impairment of trade receivables during each reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
At 31 March under HKAS 39	**–**	1
Impact of initial application of HKFRS 9	**–**	–
Opening loss allowance as at 1 April under HKFRS 9	**–**	1
Provision of expected credit loss for the year	**296**	–
Bad debt written off	**–**	(1)
At the end of the year	**296**	–

At 31 March 2019, the management had determined a provision of expected credit loss of trade receivables was approximately HK$296,000 (2018: nil), and there was no reversal of expected credit loss provided in year ended 31 March 2019 (2018: nil).

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Other deposits	**2,325**	1,705
Other receivables	**55**	595
Prepayments	**6,031**	2,712
	8,411	5,012

12. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**100,266**	82,650

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:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**40,290**	36,373
More than 1 month but not more than 3 months	**49,480**	41,160
More than 3 months but not more than 6 months	**4,675**	2,120
More than 6 months but not more than a year	**857**	1,314
More than a year	**4,964**	1,683
	100,266	82,650

13. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Other payables and accrued expenses	**3,359**	3,495
Staff commission	**5,479**	4,292
Other deposits received	**778**	823
Contract liabilities *(note (a))*	**5,572**	–
Customers' deposits received	**–**	7,398
	15,188	16,008
Less: Non-current other payables	**(559)**	(556)
	14,629	15,452

Note:

(a) Contract liabilities

	31 March 2019	**1 April 2018**	**31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities arising from:			
— Sale of goods and provision of services	5,572	7,398	–

Movements in contract liabilities

	HK$'000
Balance as at 1 April 2018	7,398
Decrease in contract liabilities as a result of recognising revenue during the year	(19,463)
Increase in contract liabilities as a result of billing in advance of delivery of goods and services	17,637
Balance at 31 March 2019	5,572

14. SHARE CAPITAL

	Number	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 March 2018, 1 April 2018 and 31 March 2019	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 March 2018, 1 April 2018 and 31 March 2019	800,000,000	8,000

15. EVENTS AFTER REPORTING DATE

On 15 April 2019, the Company has granted a total of 16,000,000 share options (the "**Options**") to the Directors and employees of the Company (collectively, the "**Grantees**"), subject to acceptance of the Grantees and the payment of HK$1.00 by each of the Grantees upon acceptance of the Options.

Other than the event disclosed above, the Group had no material event after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

For the year ended 31 March 2019 ("**FY2019**") as compared to the last corresponding year ("**FY2018**"), the Group recorded a revenue increase of approximately 28.3% and our gross profit increased by approximately 24.7%.

Business in the Private Sector

The Group's revenue in the private sector increased by approximately 34.1% from approximately HK$153.0 million, representing 45.4% of our total revenue, for FY2018 to approximately HK$205.1 million, representing 47.4% of our total revenue, for FY2019.

The Group's gross profit in the private sector for FY2019 amounted to approximately HK$27.3 million, representing 50.6% of our total gross profit and an increase of approximately HK$3.9 million, or approximately 16.9%, as compared to that of FY2018 of approximately HK$23.3 million, representing 54.0% of our total gross profit. Our gross profit margin in FY2019 was approximately 13.3%, representing a decrease of 2.0 percentage points as compared to that of FY2018 of approximately 15.3%.

We consider that the increase in revenue from the private sector was mainly due to the increase in demand for IT infrastructure solutions from our customers in the private sector. As we deployed a more competitive pricing strategy to increase our overall market share, our profit margin from the private sector was reduced.

Business in the Public Sector

The Group's revenue in the public sector increased by approximately 23.4% from approximately HK$184.2 million, representing 54.6% of our total revenue, for FY2018 to approximately HK$227.4 million, representing 52.6% of our total revenue, for FY2019.

The Group's gross profit in the public sector for FY2019 amounted to approximately HK$26.7 million, representing 49.4% of our total gross profit and an increase of approximately HK$6.8 million, or approximately 34.0%, as compared to that of FY2018 of approximately HK$19.9 million, representing 46.0% of our total gross profit. Our gross profit margin for FY2019 was approximately 11.7%, representing an increase of 0.9 percentage point as compared to that of FY2018 of approximately 10.8%.

We consider that the increase in revenue from the public sector was mainly due to the increase in demand for IT infrastructure solutions from our customers in the public sector and the increase in gross profit margin from the public sector was the result of our efforts in obtaining more favourable terms from our suppliers.

OUTLOOK AND PROSPECTS

Moving forward, our Group has been focusing on the following three business opportunities which are enabling us to grow our business continuously besides providing the existing IT infrastructure solutions to the market.

(1) Multi Cloud and Hybrid Cloud

Our Group believes that the IT infrastructure for most enterprises and institutions will be in multi and hybrid mode in near future. This means that any workloads can be shifted through online to and from between on-premises and cloud or between cloud and cloud. Where workload is placed suitably depends on different requirements and situations, let's say a workload under peak days can be placed in cloud manually or automatically during the days in order to give throughput to the workload to cater the short-term high demand. The local presence of key worldwide cloud service providers has driven the adoption of the solutions.

(2) Container

We learn that the market demands a new platform for software application development so as to address the agility requirement for software applications. This especially applies to the mobile ecommerce. "Container" platform can help enterprises and institutions develop, deploy and manage their self-developed software applications much more efficiently and effectively. The technology maturity and the increase of ecommerce business volume have driven the adoption of the solution.

(3) Cyber Security

The recent outbreak of cyber attack well alerted enterprises and institutions the importance of cyber security. We believe that enterprises and institutions would increase their expenditure on overall cyber security infrastructure such as for network, systems, Internet of Things, data, web & email, cloud, etc.

In order to capitalise the above mentioned opportunities, we are not only continuously strengthening our strategic relationship with our suppliers, but also enhancing our specialised technical expertise and domain knowhow on the latest and proven infrastructure solutions. We also strive to develop an even more diversified customer base across private and public sectors.

While our Group has been focusing on the core IT infrastructure solutions business with continual growth, we will explore any appropriate merger and acquisition opportunities for the enhancement of our enterprise value. This will only be carried out in cautious manner and has to be for the benefit of our Group and the shareholders' best interest.

Our Group believes that more and more enterprises and institutions are going to adopt digital transformation with the purpose not only to enhance their operation efficiency, but also create their own digital business models, which means to digitalize the business or make the business through online in their own ways. However, the Group's performance is likely to be affected by the uncertain global economy due to the US-China trade dispute and Brexit. We consider that might have negative impacts on our business volume and exert pressure on our pricing terms and hence on our profit margin and profitability. In conclusion, in view of the uncertain business environment, the Group will be cautious in managing the business risk; prepare to respond to the changes in such economic and business environment, and aim at strategically developing the Group's business to mitigate the said impacts. The Group will continue to focus on its core businesses and provide innovative and integrated IT infrastructure solutions to customers in both private and public sectors, so as to enable our enterprise and institution customers to extract maximum value from their IT engagements.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 28.3% from approximately HK$337.2 million for FY2018 to approximately HK$432.5 million for FY2019, which was primarily attributable to the increase in demand from our customers in both private and public sectors for IT infrastructure solutions in FY2019 as compared to FY2018.

As a result, trade receivables increased substantially from approximately HK$74.3 million as at 31 March 2018 to approximately HK$99.5 million as at 31 March 2019, of which approximately HK$11.1 million was aged more than a year (2018: HK$1.7 million). This was mainly due to that a longer credit term was mutually agreed between the Group and certain customers and the balance shall be settled by yearly installment. Thus, they were not due as at 31 March 2019.

The Directors are of the view that such trade receivables related to customers for whom there is no significant financial difficulty and no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality of those customers and such amounts were considered recoverable based on historical experience.

Gross profit and gross profit margin

For FY2019, our gross profit amounted to approximately HK$54.0 million, representing an increase of approximately HK$10.7 million, or approximately 24.7%, as compared to that of FY2018 of approximately HK$43.2 million.

Our gross profit margin in FY2019 was approximately 12.5%, representing a slight decrease of 0.3 percentage point as compared to that of FY2018 of approximately 12.8%. The decrease in gross profit margin was mainly because the Group deployed a more competitive pricing strategy to increase our overall market share.

Other income and gains

Our other income decreased by approximately HK$0.1 million (or approximately 14.5%) from approximately HK$0.9 million for FY2018 to approximately HK$0.8 million for FY2019. The decrease was mainly due to lower interest income and sundry income in FY2019.

Selling expenses

For FY2019, our selling expenses amounted to approximately HK$30.5 million, representing an increase of approximately HK$5.1 million (or approximately 20.2%) as compared to FY2018 of approximately HK$25.4 million. Such increase was mainly attributed by the increase in our staff cost.

Administrative expenses

The Group's administrative expenses for FY2019 were approximately HK$11.3 million, representing an increase of approximately HK$0.4 million (or approximately 3.5%) from approximately HK$10.9 million for FY2018. The increase was primarily due to the net effect of (i) the increase in staff costs of approximately HK$0.6 million; (ii) the increase in legal and professional fees of approximately HK$0.3 million; (iii) the increase in depreciation expenses of approximately HK$0.2 million; (iv) the decrease in rent and rates for office and warehouse of approximately HK$0.6 million; and (v) the decrease in staff benefits of approximately HK$0.1 million.

Expected credit loss on financial assets

The Group applies the simplified approach to trade receivables to provide for expected credit losses prescribed by HKFRS 9 in FY2019. As a result, impairment loss on financial assets of approximately HK$0.3 million was charged for FY2019 (2018: HK$ Nil).

Income tax expense

The Group's income tax expense for FY2019 was approximately HK$1.9 million, representing an increase of approximately 86.7% from approximately HK$1.0 million for FY2018. The increase in the Group's income tax expense was mainly due to the higher assessable profits in FY2019.

Profit attributable to owners of the Company

The profit attributable to owners of the Company amounted to approximately HK$10.8 million for FY2019, representing an increase of approximately HK$3.9 million (or approximately 56.1%) as compared with that of approximately HK$6.9 million for FY2018, which was primarily attributable to the abovementioned effects.

Earnings per share

Basic and diluted earnings per share for profit attributable to owners of the Company for FY2019 amounted to approximately HK1.34 cents, representing an increase of approximately HK0.48 cent (or approximately 55.8%) as compared to approximately HK0.86 cent in FY2018.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During FY2019, we did not have any bank borrowings. As at 31 March 2018 and 2019, we had cash and cash equivalents of approximately HK$96.0 million and HK$99.1 million, respectively, which were cash at banks and in hand. As at 31 March 2018 and 2019, no bank deposit was pledged.

The banking facility granted to the Group amounted to HK$10.8 million (31 March 2018: HK$10.8 million), of which HK$10.8 million was unutilised (31 March 2018: HK$10.8 million).

The Group's gearing ratio, which is calculated by total debt (defined as bank and other debts incurred not in the ordinary course of business) divided by total equity, were nil as at 31 March 2018 and 2019. Going forward, we intend to use our capital for our operations and the expansion plans as stated in the prospectus of the Company dated 30 March 2016 (the "**Prospectus**") and the Company's announcement dated 17 January 2018 regarding the change of use of proceeds from the placing ("**Announcement**").

CAPITAL STRUCTURE

As at 31 March 2019, the capital structure of our Company comprised issued share capital and reserves.

COMMITMENTS

Our contract commitments mainly involve leases of office and warehouse properties. As at 31 March 2019, the Group's operating lease commitments were approximately HK$5.8 million (31 March 2018: approximately HK$4.8 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and Announcement, 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 FY2019.

SIGNIFICANT INVESTMENTS

As at 31 March 2019, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2019 (31 March 2018: nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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$. During FY2019, the Group's exposure to foreign currency risk primarily arose from certain financial instruments including trade receivables, cash and cash equivalents and held-to-maturity investments which are denominated in MOP and/or US$. During FY2019, the Group did not adopt any hedging strategy but the management continuously monitored the foreign exchange risk exposure on a case-by-case basis. The Group did not use any hedging contracts to engage in speculative activities during FY2019.

CHARGE ON GROUP'S ASSETS

As 31 March 2018 and 2019, the Group had no charges on its assets.

INFORMATION ON EMPLOYEES

As at 31 March 2019, the Group had 77 employees (31 March 2018: 79) working in Hong Kong. Employees are remunerated according to their performance and work experience. On top of basic salary, commission, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for FY2019 amounted to approximately HK$35.0 million (FY2018: HK$29.3 million).

The dedication and hard work of the Group's staff during FY2019 are generally appreciated and recognised.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "**Scheme**") on 15 March 2016 which will remain in force for a period of 10 years from the effective date of the Scheme. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

No share option was granted, exercised, expired or lapsed for FY2019 (FY2018: Nil) and there was no outstanding share option under the Scheme as at 31 March 2019.

Subsequent to 31 March 2019, on 15 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. Further details of the aforementioned share options granted are set out in the announcement of the Company dated 15 April 2019.

OTHER INFORMATION

Corporate Governance Practice

The Board recognises the importance of good corporate governance in management and internal control procedures so as to achieve accountability. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures. The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules and, in the opinion of the Board, the Company has complied with the CG Code for FY2019, save for the deviation from such code disclosed below.

Pursuant to code provision F.1.1 of the CG Code, the company secretary of the Company should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Mr. Lau Siu Ki, being the Company's company secretary, is not an employee of the Company. The Company has assigned Ms. Wong Yuk Lam, the senior finance manager of the Group, as the contact person with Mr. Lau Siu Ki. Taking into account that Mr. Lau Siu Ki has substantial experience in the corporate secretarial field, providing professional corporate services to Hong Kong listed companies and it is more cost effective to engage an external service provider, the Directors consider that it is beneficial to appoint Mr. Lau Siu Ki as the company secretary of the Company.

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

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for FY2019.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

Competing Interests

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during FY2019.

Interests of the Compliance Adviser

As notified by the compliance adviser of the Company, Ballas Capital Limited, save for the compliance adviser agreement dated 7 March 2017 entered into between the Company and Ballas Capital Limited, none of Ballas Capital Limited, its directors, employees and close associates had any interest in the securities of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2019.

Dividend

The Board has resolved to recommend the payment of a final dividend of HK0.42 cent per ordinary share (2018: nil) for the year ended 31 March 2019 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, 3 October 2019 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 18 September 2019.

Closure of the Register of Members

The AGM is scheduled to be held on Tuesday, 10 September 2019. 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, 5 September 2019 to Tuesday, 10 September 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which address will be changed to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019), for registration not later than 4:30 p.m. on Wednesday, 4 September 2019.

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 Monday, 16 September 2019 to Wednesday, 18 September 2019, 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 Friday, 13 September 2019.

Scope of Work of BDO Limited

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, and the related notes thereto for FY2019 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

Audit Committee

The chairman of the Audit Committee is Mr. Au Yu Chiu Steven, an independent non-executive Director, and other members include Mr. Chan Kin Mei Stanley, a non-executive Director, and Mr. Chung Fuk Wing Danny, 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 Group's financial statements for the year ended 31 March 2019 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 2019 comply with the applicable accounting standards and the GEM Listing Rules.

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

Hong Kong, 20 June 2019

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

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

Chief executive officer and executive Director:
Mr. Lau Wai Kwok

Executive Directors:
Ms. Lau Tsz Yan
Mr. So Cheuk Wah Benton

Non-executive Directors:
Mr. Chu Siu Sum Alex
Mr. Chan Kin Mei Stanley

Independent non-executive Directors:
Mr. Au Yu Chiu Steven
Mr. Chung Fuk Wing Danny
Mr. Ko Man Fu
Mr. Mak Wai Sing