



EXPERT

# EXPERT SYSTEMS HOLDINGS LIMITED

思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8319

INTERIM REPORT

## 2021/22



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

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# Contents

Corporate Information	2
Highlights	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Management Discussion and Analysis	19
Other Information	26

# 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. Chung Fuk Wing Danny

Mr. Ko Man Fu

Mr. Mak Wai Sing

## BOARD COMMITTEES

### Audit Committee

Mr. Au Yu Chiu Steven (*Chairman*)

Mr. Chung Fuk Wing Danny

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. Chung Fuk Wing Danny

Mr. Mak Wai Sing

### Nomination Committee

Mr. Chung Fuk Wing Danny (*Chairman*)

Mr. Au Yu Chiu Steven

Mr. Chu Siu Sum Alex

Mr. Ko Man Fu

Mr. Lau Wai Kwok

Mr. Mak Wai Sing

### Corporate Governance Committee

Mr. Chan Kin Mei Stanley (*Chairman*)

Mr. Au Yu Chiu Steven

Mr. Lau Wai Kwok

Mr. Wong Chu Kee Daniel

# Corporate Information

## AUDITOR

BDO Limited  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited  
Second 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  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## COMPANY SECRETARY

Mr. Lau Siu Ki

## AUTHORISED REPRESENTATIVES

Mr. Chan Kin Mei Stanley  
Mr. Lau Wai Kwok

## COMPLIANCE OFFICER

Mr. Lau Wai Kwok

## REGISTERED OFFICE

Second 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 six months ended 30 September 2021 ("Interim FY2022") decreased by approximately 10.3% from that for the six months ended 30 September 2020 ("Interim FY2021") to approximately HK\$228.3 million.
- Gross profit for Interim FY2022 increased by approximately 4.8% from Interim FY2021 to approximately HK\$34.8 million.
- Profit and total comprehensive income for Interim FY2022 dropped by approximately 48.3% to approximately HK\$5.0 million as compared to Interim FY2021. Excluding the legal and professional fees of HK\$3.1 million for the very substantial acquisition (the Acquisition as defined in Note 14 under Notes to the Condensed Consolidated Financial Statements) recognised during Interim FY2022 and the government subsidy of HK\$2.3 million from the Employment Support Scheme under the Anti-Epidemic Fund recognised during Interim FY2021, the adjusted profit attributable to owners of the Company for Interim FY2022 amounted to HK\$8.1 million (Interim FY2021: HK\$7.4 million), representing an increase of approximately 9.3% as compared with that of Interim FY2021.
- Basic earnings per share decreased by approximately 47.9% from approximately HK1.21 cents for Interim FY2021 to approximately HK0.63 cent for Interim FY2022.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2021

		Six months ended 30 September 2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
	Notes		
Revenue	5	228,305	254,458
Cost of sales		(193,505)	(221,244)
Gross profit		34,800	33,214
Other income and gains	5	1,712	3,029
Selling expenses		(20,016)	(18,892)
Administrative expenses		(9,784)	(5,953)
Reversal of/(provision for) expected credit loss on financial assets		53	(22)
Finance cost		(133)	(179)
Profit before income tax expense		6,632	11,197
Income tax expense	6	(1,614)	(1,489)
Profit and total comprehensive income for the period		5,018	9,708
Earnings per share	8		
— Basic		HK0.63 cent	HK1.21 cents
— Diluted		HK0.62 cent	HK1.21 cents

# Condensed Consolidated Statement of Financial Position

As at 30 September 2021

		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,431	5,956
Finance lease receivables	9	138	244
Other receivables		2,356	2,356
		<b>8,925</b>	<b>8,556</b>
<b>Current assets</b>			
Inventories		11,828	3,997
Trade receivables	10	76,327	83,742
Prepayments, deposits and other receivables		5,405	7,341
Finance lease receivables	9	213	213
Bank deposits		2,021	2,021
Cash and cash equivalents		134,149	152,105
		<b>229,943</b>	<b>249,419</b>
<b>Current liabilities</b>			
Trade payables	11	81,259	98,351
Accruals, deposits received and other payables		20,542	29,148
Amounts due to a related company		147	91
Lease liabilities		1,431	1,538
Dividend payable		7,230	–
Tax payables		3,025	1,914
		<b>113,634</b>	<b>131,042</b>
<b>Net current assets</b>		<b>116,309</b>	<b>118,377</b>
<b>Total assets less current liabilities</b>		<b>125,234</b>	<b>126,933</b>



# Condensed Consolidated Statement of Financial Position

As at 30 September 2021

		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
	Notes		
<b>Non-current liabilities</b>			
Other payables		627	627
Lease liabilities		4,355	4,311
		4,982	4,938
<b>Net assets</b>		120,252	121,995
<b>EQUITY</b>			
Share capital	12	8,033	8,000
Reserves		112,219	113,995
<b>Total equity</b>		120,252	121,995

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31 March 2021 and 1 April 2021 (audited)	8,000	63,219	970	(25,395)	75,201	121,995
Profit and total comprehensive income for the period	–	–	–	–	5,018	5,018
Shares issued upon exercise of share options	33	592	(263)	–	–	362
Recognition of equity-settled share-based payment	–	–	107	–	–	107
Share options lapsed	–	–	(29)	–	29	–
Dividend approved in respect of the previous year (note 7)	–	(7,230)	–	–	–	(7,230)
At 30 September 2021 (unaudited)	8,033	56,581	785	(25,395)	80,248	120,252
At 31 March 2020 and 1 April 2020 (audited)	8,000	66,819	607	(25,395)	53,481	103,512
Profit and total comprehensive income for the period	–	–	–	–	9,708	9,708
Recognition of equity-settled share-based payment	–	–	182	–	–	182
Dividend approved in respect of the previous year (note 7)	–	(3,600)	–	–	–	(3,600)
At 30 September 2020 (unaudited)	8,000	63,219	789	(25,395)	63,189	109,802

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(17,139)	(4,602)
Net cash (used in)/generated from investing activities	(353)	364
Net cash used in financing activities	(464)	(781)
Net decrease in cash and cash equivalents	(17,956)	(5,019)
Cash and cash equivalents at beginning of the period	152,105	95,399
Cash and cash equivalents at end of the period	134,149	90,380

# Notes to the Condensed Consolidated Financial Statements

*For the six months ended 30 September 2021*

## 1. GENERAL INFORMATION

Expert Systems Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands on 18 September 2015. Its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 April 2016 (the “Listing Date”). The address of the Company’s registered office is Second 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 IT infrastructure solutions in Hong Kong and Macau.

## 2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the GEM Listing Rules.

The principal accounting policies used in these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2021 except for the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations issued by the HKICPA that are first effective for the current reporting period of the Company.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (HK\$), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands, except when otherwise indicated. The unaudited condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 3. ADOPTION OF HKFRSs

The adoption of the following new and revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the six months ended 30 September 2021 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 September 2021.

Amendments to HKFRS 16

COVID-19-Related Rent Concessions beyond  
30 June 2021

Amendments to HKAS 39, HKFRS 4,  
HKFRS 7, HKFRS 9 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

The Group has not applied those new and revised HKFRSs or amendments that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards or amendments but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

## 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 operating segment of the Group to be the provision of IT infrastructure solutions and finance leasing.

### Geographical information

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong	227,277	253,278
Macau	1,028	1,180
	228,305	254,458

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

### Information about major customers

There was no single customer who contributed to 10.0% or more revenue of the Group for the reporting period (2020: There was a single customer who contributed to 20.5% revenue of the Group).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 5. REVENUE AND OTHER INCOME AND GAINS

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

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue:		
Provision of IT infrastructure solutions	228,266	254,414
Finance leases income	39	44
Total	228,305	254,458
Other income and gains:		
Interest income	94	426
Exchange gain, net	205	209
Gain on lease modification	551	–
Reversal of impairment loss of inventory	5	12
Government subsidy (note)	–	2,251
Written-off of other payables	551	–
Sundry income	306	131
Total	1,712	3,029

Note:

The government subsidy represented a one-off subsidy under Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region.

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

	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables (note 10)	76,327	83,742
Contract liabilities	(12,904)	(18,718)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Current tax — Hong Kong profits tax	1,614	1,489

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\$2,000,000 of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5% (2020: 16.5%). The Hong Kong profits tax for the reporting period and 2020 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 reporting period (2020: nil).

No provision for Macau income tax has been made as the Group did not generate any assessable profits arising in Macau during the reporting period (2020: nil).

## 7. DIVIDENDS

A final dividend in respect of the year ended 31 March 2021 of HK0.90 cent (2020: HK0.45 cent) per ordinary share (tax exclusive) amounting to HK\$7,230,000 (2020: HK\$3,600,000) was proposed pursuant to a resolution passed by the Board of Directors on 17 June 2021 and was approved by the shareholders at the annual general meeting of the Company on 17 September 2021.

Other than disclosed above, no dividends were paid or declared by the Company during the reporting period (2020: nil).

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Earnings		
Profit for the purposes of basic and diluted earnings per share	5,018	9,708

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 8. EARNINGS PER SHARE (Continued)

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
<b>Number of share</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	800,392,568	800,000,000
Effect of dilutive potential ordinary shares:		
— Share options	3,473,641	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	803,866,209	800,000,000
Basic earnings per share	HK0.63 cent	HK1.21 cents
Diluted earnings per share	HK0.62 cent	HK1.21 cents

## 9. FINANCE LEASE RECEIVABLES

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Current finance lease receivables	213	213
Non-current finance lease receivables	138	244
	351	457

### 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	
	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Not later than one year	292	291	213	213
Later than one year and not later than five years	187	333	138	244
	479	624	351	457
Less: unearned finance income	(128)	(167)	—	—
Present value of minimum lease payments receivables	351	457	351	457



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 9. FINANCE LEASE RECEIVABLES (Continued)

### Amounts receivable under finance leases (Continued)

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

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

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

## 10. TRADE RECEIVABLES

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade receivables, gross	76,424	83,892
Less: Provision for impairment	(97)	(150)
	76,327	83,742

The credit period is generally 7 to 60 days.

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 1 month	32,822	24,549
More than 1 month but not more than 3 months	27,257	15,632
More than 3 months but not more than 6 months	7,906	33,888
More than 6 months but not more than a year	5,543	6,584
More than a year	2,799	3,089
	76,327	83,742

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 10. TRADE RECEIVABLES (Continued)

At the end of each reporting period, the management perform 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:

	Six months ended 30 September 2021 HK\$'000 (unaudited)	Year ended 31 March 2021 HK\$'000 (audited)
Opening loss allowance as at 1 April	150	394
Reversal of expected credit loss for the period/year	(53)	(244)
At end of the period/year	97	150

At 30 September 2021, the management had determined that the provision of expected credit loss of trade receivables was approximately HK\$97,000 (31 March 2021: HK\$150,000), and there was a reversal of expected credit loss approximately HK\$53,000 provided during the reporting period (2020: provision of expected credit loss approximately HK\$22,000).

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

## 11. TRADE PAYABLES

The credit period ranges from approximately 30 to 90 days.

An ageing analysis of the Group's trade payables, based on invoice date, is as follows:

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 1 month	43,159	48,461
More than 1 month but not more than 3 months	30,590	43,789
More than 3 months but not more than 6 months	3,223	3,578
More than 6 months but not more than a year	3,064	1,325
More than a year	1,223	1,198
	81,259	98,351

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 12. SHARE CAPITAL

	Number	Amount HK\$'000 (unaudited)
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 31 March 2021, 1 April 2021 and 30 September 2021	10,000,000,000	100,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 31 March 2021 and 1 April 2021	800,000,000	8,000
Shares issued upon exercise of share options	3,280,000	33
At 30 September 2021	803,280,000	8,033

## 13. RELATED PARTY TRANSACTIONS

### (a) Related party transactions

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

Related parties	Nature of transactions	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
ServiceOne Limited (note (i) & (ii))	Cost of sales-Outsourcing IT support services	1,840	1,753
ServiceOne Limited (note (i) & (ii))	Sales	66	87
ServiceOne Limited (note (i) & (ii))	Maintenance services	24	24
SOG Service Limited (note (ii), (iv) & (v))	Maintenance services	5	–
ServiceOne Technology Services Macau Limited (note (ii) & (iii))	Cost of sales-Outsourcing IT support services	78	78

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 13. RELATED PARTY TRANSACTIONS (Continued)

### (a) Related party transactions (Continued)

Notes:

- (i) Mr. Chu Siu Sum Alex ("Mr. Chu") and Mr. Wong Chu Kee Daniel ("Mr. Wong") being directors of ServiceOne Limited, are also the directors of the Company.
- (ii) The ultimate controlling shareholders of the Company are also the shareholders of ServiceOne Limited, ServiceOne Technology Services Macau Limited and SOG Service Limited.
- (iii) Mr. Wong being the director of ServiceOne Technology Services Macau Limited, is also the director of the Company.
- (iv) Mr. Wong being the director of SOG Service Limited, is also the director of the Company.
- (v) Mr. Mok Chu Leung Terry ("Mr. Mok") being the director of SOG Service Limited, is also the ultimate controlling shareholder of the Company.

### (b) Compensation of key management personnel

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Salaries, allowances and benefits in kind	4,474	4,465
Discretionary bonuses	375	289
Retirement scheme contributions	48	54
Share-based payment	68	119
	<b>4,965</b>	<b>4,927</b>

## 14. EVENTS AFTER REPORTING PERIOD

On 8 October 2021, all the conditions precedent as set out in the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to acquire 70.0% of the issued share capital of ServiceOne International Holdings Limited (the "Acquisition"), have been fulfilled and completed. Upon completion of the Acquisition, ServiceOne International Holdings Limited has become an indirect non-wholly-owned subsidiary of the Company and the financial results, assets and liabilities of ServiceOne International Holdings Limited and its subsidiary(ies) will be consolidated into the consolidated financial statements of the Group.

For details of the Acquisition please refer to the Company's announcements dated 9 July 2021 and 8 October 2021 as well as the Company's circular to the Shareholders dated 17 September 2021.

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

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 six months ended 30 September 2021 ("Interim FY2022") as compared to the last corresponding period ended 30 September 2020 ("Interim FY2021"), the Group recorded a revenue decrease of approximately 10.3% and our gross profit increased by approximately 4.8%.

### Business in the Private Sector

The Group's revenue in the private sector decreased by approximately 14.9% from approximately HK\$121.2 million, representing 47.6% of our total revenue, for Interim FY2021 to approximately HK\$103.1 million, representing 45.2% of our total revenue, for Interim FY2022.

The Group's gross profit in the private sector for Interim FY2022 amounted to approximately HK\$18.1 million, representing 52.0% of our total gross profit and a decrease of approximately HK\$0.6 million, or approximately 3.3%, as compared to that of Interim FY2021 of approximately HK\$18.7 million, which represented 56.4% of our total gross profit in Interim FY2021. Our gross profit margin of this sector in Interim FY2022 was approximately 17.6%, representing an increase of 2.1 percentage points as compared to that of Interim FY2021 of approximately 15.5%.

We consider that the decrease in revenue from the private sector was primarily due to the decrease in demand for IT infrastructure solutions from our customers in the private sector for the period and the increase in gross profit margin from the private sector was the result of our efforts in increasing in business which has a higher gross profit margin and obtaining more favourable terms from our suppliers.

### Business in the Public Sector

The Group's revenue in the public sector decreased by approximately 6.0% from approximately HK\$133.3 million, representing 52.4% of our total revenue, for Interim FY2021 to approximately HK\$125.2 million, representing 54.8% of our total revenue, for Interim FY2022.

# Management Discussion and Analysis

The Group's gross profit in the public sector for Interim FY2022 amounted to approximately HK\$16.7 million, representing 48.0% of our total gross profit and an increase of approximately HK\$2.2 million, or approximately 15.2%, as compared to that of Interim FY2021 of approximately HK\$14.5 million, which represented 43.6% of our total gross profit in Interim FY2021. Our gross profit margin of this sector for Interim FY2022 was approximately 13.3%, representing an increase of 2.4 percentage points as compared to that of Interim FY2021 of approximately 10.9%.

We consider that the decrease in revenue from the public sector was primarily due to the decrease in demand for IT infrastructure solutions from our customers in the public sector for the period and the increase in gross profit margin from the public sector was the result of our efforts in increasing in business which has a higher gross profit margin and obtaining more favourable terms from our suppliers.

## Outlook

Our Group considers that the current business environment for the short-to-medium term continues to be challenging. The Group's performance is likely to be affected by the negative business sentiment due to the ongoing global outbreak of the coronavirus epidemic, the uncertain global economy due to the continuing US-China tensions, and the prolonged shipment schedules of various IT hardware due to global component shortage. 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. Given the level of uncertainty around the duration of the economic crisis and the shape of recovery, there are wide range of possible outcomes for the year.

Our Group dynamically adjusts our business prioritization plans for the short-to-medium term to reflect the shift in current customer demand and to capture new business opportunities that help our customers navigate their challenges. Moreover, we believe that enterprises and institutions will continue to adopt digital transformation to enhance their operational efficiency and create their digital business models by digitalizing their business or doing their business online. Therefore, we continue to strengthen our product portfolio and support resources to provide the best-valued solutions and services to our customers. We remain focused on our long-term plan in driving strategic development and growth in three key business opportunities, namely:

- (i) Hybrid Cloud, Multi Cloud & "as-a-Service"
- (ii) Container Technology & DevOps
- (iii) Cyber Security

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

# Management Discussion and Analysis

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.

We will explore any appropriate merger and acquisition opportunities for the enhancement of our enterprise value. This will only be carried out in a cautious manner and has to be for the benefit of our Group and in the shareholders' best interest.

In view of the 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. Furthermore, we have taken prudent and decisive steps on cost optimization to reflect the current revenue environment, and to position ourselves as a more resilient company in the post-COVID-19 world so that we are well prepared for the different outcomes. Nevertheless, we 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.

On 8 October 2021, the Group has completed the transaction to acquire ServiceOne International Holdings Limited from ServiceOne Global Holdings Limited (the Acquisition as defined in Note 14 under Notes to the Condensed Consolidated Financial Statements), expanding our combined presence and customer base across Mainland China, Hong Kong, Macau, Taiwan, and the Asia Pacific region (including Singapore, Japan, Korea and Australia) with over 800 employees. The enlarged Group immediately positioned itself as one of the largest IT services providers in the region.

ServiceOne International Holdings Limited and its subsidiaries (the "ServiceOne") comprising (i) nine companies established in Mainland China, Hong Kong, Macau, Japan, Singapore, Australia and the British Virgin Islands; and (ii) four branch companies established in Beijing, Guangzhou, Taiwan and Korea are principally engaged in IT services business for its corporate and institutional end-customers, which is the provision of post-implementation IT infrastructure management services, including outsourcing, helpdesk, workflow automation services, project management, and hardware maintenance. Since the establishment of the above business in 1999, it has accumulated a strong customer base including global or multinational corporations, large enterprises in banking, finance, high fashion retail industries, government bodies and non-profit organizations.

The acquisition will broaden the Group's revenue base, improve its profitability and complement its existing business, allowing the Group to offer more comprehensive IT services to its customers, which will benefit the business development of the Group. The enlarged Group is right at the best position in serving our customers and partners who are developing their businesses in the Guangdong-Hong Kong-Macau Greater Bay Area. The acquisition is an excellent opportunity to complement the Group's IT infrastructure solutions business, and represents a logical vertical extension to engage in the provision of post-implementation IT support services operated by ServiceOne.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 10.3% from approximately HK\$254.5 million for Interim FY2021 to approximately HK\$228.3 million for Interim FY2022, which was primarily attributable to the decrease in demand from our customers for IT infrastructure solutions in Interim FY2022 as compared to Interim FY2021.

### Gross profit and gross profit margin

For Interim FY2022, our gross profit amounted to approximately HK\$34.8 million, representing an increase of approximately HK\$1.6 million, or approximately 4.8%, as compared to that of Interim FY2021 of approximately HK\$33.2 million.

The Group's gross profit margin for Interim FY2022 was approximately 15.2%, representing an increase of approximately 2.1 percentage points as compared to that of Interim FY2021 of approximately 13.1%. The increase in the Group's gross profit margin was the result of our efforts in increasing in business which has a higher gross profit margin and obtaining more favourable terms from our suppliers.

### Other income and gains

Other income and gains decreased by approximately HK\$1.3 million, or approximately 43.5%, from approximately HK\$3.0 million for Interim FY2021 to approximately HK\$1.7 million for Interim FY2022. The decrease was mainly due to the net effect of (i) a gain on lease modification of HK\$0.6 million; (ii) an increase in sundry income of HK\$0.2 million; (iii) an increase in written-off of other payables HK\$0.6 million; (iv) the decrease of interest income of HK\$0.3 million; and (v) the non-recurrent government subsidy from the Employment Support Scheme under the Anti-Epidemic Fund to the Group of which HK\$2.3 million was recognised during Interim FY2021.

### Selling expenses

For Interim FY2022, the Group's selling expenses amounted to approximately HK\$20.0 million, representing an increase of approximately HK\$1.1 million (or approximately 5.9%) as compared to Interim FY2021 of approximately HK\$18.9 million. Such increase was mainly attributed by the increase in our staff cost.

### Administrative expenses

The Group's administrative expenses for Interim FY2022 were approximately HK\$9.8 million, representing an increase of approximately HK\$3.8 million (or approximately 64.4%) from approximately HK\$6.0 million for Interim FY2021. Such increase was mainly attributed by the increase in our staff cost of HK\$0.7 million and legal and professional fees of HK\$3.1 million incurred for the Acquisition completed on 8 October 2021.



# Management Discussion and Analysis

## Expected credit loss on financial assets

The Group has applied the simplified approach to financial assets to provide for expected credit losses prescribed by HKFRS 9 Financial Instruments. As a result, a reversal of expected credit loss of approximately HK\$0.1 million was recognised for Interim FY2022 (Interim FY2021: provision of expected credit loss of less than HK\$0.1 million).

## Finance cost

Finance cost represented interest expenses arisen from lease liabilities of approximately HK\$0.1 million for Interim FY2022 (Interim FY2021: HK\$0.2 million).

## Income tax expense

The Group's income tax expense for Interim FY2022 was approximately HK\$1.6 million, representing an increase of approximately 8.4% from approximately HK\$1.5 million for Interim FY2021. The effective tax rate for Interim FY2022 was approximately 16.5% which was comparable to that of 16.6% for Interim FY2021 after excluding the non-deductible legal and professional fees of HK\$3.1 million for the Acquisition and the government subsidy of HK\$2.3 million which were exempted from profits tax.

## Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 48.3% from approximately HK\$9.7 million for Interim FY2021 to approximately HK\$5.0 million for Interim FY2022, which was primarily attributable to the above mentioned effects. Excluding the legal and professional fees of \$3.1 million for the Acquisition recognised during Interim FY2022 and the government subsidy of HK\$2.3 million from the Employment Support Scheme under the Anti-Epidemic Fund recognised during Interim FY2021, the adjusted profit attributable to owners of the Company for Interim FY2022 amounted to HK\$8.1 million (Interim FY2021: HK\$7.4 million), representing an increase of approximately 9.3% as compared with that of Interim FY2021.

## Earnings per share

Basic and diluted earnings per share for Interim FY2022 amounted to approximately HK0.63 cent and HK0.62 cent respectively, representing a decrease of approximately 47.9% and 48.8% respectively as compared to their corresponding amounts in Interim FY2021.

# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During Interim FY2022, we did not have any bank borrowings. As at 30 September 2021, we had cash and cash equivalents of approximately HK\$134.1 million (31 March 2021: approximately HK\$152.1 million), which were cash at banks and in hand. As at 30 September 2021, HK\$2.0 million was pledged for government project (31 March 2021: HK\$2.0 million).

The banking facility granted to the Group as at 30 September 2021 amounted to HK\$10.0 million (31 March 2021: HK\$10.0 million), of which HK\$2.0 million was utilised (31 March 2021: HK\$2.0 million).

The Group's gearing ratio, which is calculated by total debt (defined as other debts incurred not in the ordinary course of business and bank loans) divided by total equity was nil as at 30 September 2021 (31 March 2021: nil).

## CAPITAL STRUCTURE

As at 30 September 2021, the capital structure of our Company comprised issued share capital and reserves.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the announcement dated on 8 October 2021, the Group did not have concrete plans for material investments and capital assets as at 30 September 2021.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except for the Acquisition relating to the acquisition of 70.0% of the issued share capital of ServiceOne International Holdings Limited, the Group did not have any material acquisition or disposals of subsidiaries and affiliated companies during Interim FY2022. For details of the Acquisition please refer to the Company's announcements dated 9 July 2021 and 8 October 2021 as well as the Company's circular to the Shareholders dated 17 September 2021.

## SIGNIFICANT INVESTMENTS

As at 30 September 2021, the Group did not hold any significant investments.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2021 (31 March 2021: nil).

# Management Discussion and Analysis

## 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 Interim FY2022, the Group's exposure to foreign currency risk primarily arose from certain financial instruments including trade receivables and cash and cash equivalents which are denominated in MOP and/or US\$. During Interim FY2022, 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 Interim FY2022.

## CHARGE ON GROUP'S ASSETS

Save as disclosed above, HK\$2.0 million was pledged for government project as at 30 September 2021 (31 March 2021: HK\$2.0 million).

## INFORMATION ON EMPLOYEES

As at 30 September 2021, the Group had 91 employees (31 March 2021: 90) 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, mandatory provident funds contributions and share-based payments) for Interim FY2022 amounted to approximately HK\$23.7 million (Interim FY2021: HK\$22.0 million).

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021 (Interim FY2021: nil).

## Other Information

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

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which shall have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have or deemed to have taken 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%
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. 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. Wong Chu Kee Daniel ("Mr. Wong")	Beneficial owner	53,300,000	6.6%	500,000	0.1%
Mr. Chan Kin Mei Stanley ("Mr. Chan")	Beneficial owner	6,720,000	0.8%	500,000	0.1%
Mr. Au Yu Chiu Steven ("Mr. Au")	Beneficial owner	—	—	100,000	0.0%
Mr. Chung Fuk Wing Danny ("Mr. Chung")	Beneficial owner	—	—	100,000	0.0%
Mr. Ko Man Fu ("Mr. Ko")	Beneficial owner	—	—	100,000	0.0%
Mr. Mak Wai Sing ("Mr. Mak")	Beneficial owner	—	—	100,000	0.0%

## Other Information

Notes:

1. The approximate percentage is calculated based on the total number of issued shares as at 30 September 2021 (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 upon completion of the Acquisition on 8 October 2021 as partial settlement of the consideration of the Acquisition to ServiceOne Global Holdings Limited ("ServiceOne Global"). ServiceOne Global is owned as to 70% by China Expert Systems Limited ("China Expert"), which is held as to 40% by Mr. Chu.

### (ii) Long position in the debentures of the Company

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

Note: These represent the convertible bond issued by the Company to ServiceOne Global upon completion of the Acquisition on 8 October 2021 as partial settlement of the consideration of the Acquisition. ServiceOne Global is owned as to 70% by China Expert, which is held as to 40% by Mr. Chu.

Save as disclosed above, as at 30 September 2021, 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.

## Other Information

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during Interim FY2022 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.

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

As at 30 September 2021, 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 Dorothy Linndia ("Ms. Keung")	Interest of spouse (note 5)	100,000,000	12.4%	2,000,000	0.2%
ServiceOne Global	Beneficial owner (note 6)	—	—	450,000,000	56.0%
China Expert	Interest of a controlled corporation (note 6)	—	—	450,000,000	56.0%

## Other Information

Notes:

1. The approximate percentage is calculated based on the total number of issued shares as at 30 September 2021 (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 upon completion of the Acquisition on 8 October 2021 as partial settlement of the consideration of the Acquisition to ServiceOne Global. ServiceOne Global is owned as to 70% by China Expert, which is held as to 40% by Mr. Chu.

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

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

Notes:

1. The approximate percentage is calculated based on the total number of issued shares of the Company as at 30 September 2021, that is, 803,280,000 shares.
2. Under the SFO, Ms. Lee, the spouse of Mr. Wong, is deemed to be interested in all the shares and underlying shares in which Mr. Wong is interested.

Saved as disclosed above, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 September 2021 which were required to be recorded pursuant to section 336 of the SFO.

## Other Information

### SHARE OPTION SCHEME

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

Details of the movements in the number of share options under the Scheme for the period ended 30 September 2021 are set out as follows:

Name of Grantee	Date of Grant	Exercise price per share (HK\$)	Outstanding as at 1 April 2021	Number of share options			Outstanding as at 30 September 2021
				Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	
Executive Directors							
Mr. Lau	15-Apr-19	0.111	2,000,000	–	–	–	2,000,000
Ms. Lau	15-Apr-19	0.111	2,000,000	–	800,000	–	1,200,000
Mr. So	15-Apr-19	0.111	2,000,000	–	–	–	2,000,000
Non-executive Directors							
Mr. Wong	15-Apr-19	0.111	500,000	–	–	–	500,000
Mr. Chu	15-Apr-19	0.111	500,000	–	–	–	500,000
Mr. Chan	15-Apr-19	0.111	500,000	–	–	–	500,000
Independent non-executive Directors							
Mr. Au	15-Apr-19	0.111	100,000	–	–	–	100,000
Mr. Chung	15-Apr-19	0.111	100,000	–	–	–	100,000
Mr. Ko	15-Apr-19	0.111	100,000	–	–	–	100,000
Mr. Mak	15-Apr-19	0.111	100,000	–	–	–	100,000
Other employees							
In aggregate	15-Apr-19	0.111	8,000,000	–	2,480,000	600,000	4,920,000
			15,900,000	–	3,280,000	600,000	12,020,000

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



## Other Information

### 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 Interim FY2022.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors, the directors of the Company's subsidiaries, the Company's controlling shareholders, or any of their respective close associates, as defined in the GEM Listing Rules, had interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group (other than being a Director and/or a director of its subsidiaries and their respective associates) during Interim FY2022.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. After making specific enquiry of all the Directors, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during Interim FY2022.

### CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during Interim FY2022, save for the deviation from such code disclosed below.

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

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

## Other Information

### AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

### APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and business partners for their long-term supports and dedication during Interim FY2022.

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

Hong Kong, 8 November 2021

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

*Chairman and non-executive Director:*

Mr. Wong Chu Kee Daniel

*Chief executive officer and executive Director:*

Mr. Lau Wai Kwok

*Executive Directors:*

Mr. Chan Kin Mei Stanley

Ms. Lau Tsz Yan

Mr. So Cheuk Wah Benton

*Non-executive Director:*

Mr. Chu Siu Sum Alex

*Independent non-executive Directors:*

Mr. Au Yu Chiu Steven

Mr. Chung Fuk Wing Danny

Mr. Ko Man Fu

Mr. Mak Wai Sing