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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 2025**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 Listed 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 2025 (the “Reporting Year” or “FY2025”) decreased by approximately 9.1% from that for the year ended 31 March 2024 (the “Corresponding Year” or “FY2024”) to approximately HK\$900.7 million.
- Gross profit for the Reporting Year decreased by approximately 1.3% from the Corresponding Year to approximately HK\$150.7 million. Nevertheless, the gross profit margin improved by 1.3 percentage points from the Corresponding Year to approximately 16.7%.
- Expenditures of approximately HK\$8.3 million, out of total operating expenses of approximately HK\$132.2 million for the Reporting Year, were allocated to support research and development for Generative AI and to establish our Network Operations Center and Security Operations Center (NOC/SOC), reflecting our proactive strategy to reinvest in technology and innovation to drive future growth.
- Profit for the year attributable to owners of the Company for the Reporting Year decreased by approximately 9.2% to approximately HK\$14.0 million as compared to the Corresponding Year.
- Basic earnings per share decreased by approximately 8.9% from approximately HK1.91 cents for the Corresponding Year to approximately HK1.74 cents for the Reporting Year.

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 2025, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Revenue	4	900,695	990,956
Cost of sales		(749,957)	(838,284)
Gross profit		150,738	152,672
Other income and gains, net	4	7,726	6,224
Selling expenses		(58,360)	(54,790)
Administrative expenses		(73,797)	(74,628)
Reversal of/(Provision for) expected credit loss on financial assets		103	(150)
Finance costs		(6,718)	(6,428)
Profit before income tax expense	5	19,692	22,900
Income tax expense	6	(4,846)	(5,780)
Profit for the year		14,846	17,120
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss:			
— Exchange difference arising from translation of foreign operations		(496)	(2,388)
Total comprehensive income for the year		14,350	14,732

		2025	2024
	Notes	HK\$'000	HK\$'000
Profit for the year attributable to:			
Owners of the Company		13,956	15,370
Non-controlling interests		890	1,750
		<u>14,846</u>	<u>17,120</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		13,609	13,698
Non-controlling interests		741	1,034
		<u>14,350</u>	<u>14,732</u>
Earnings per share	8		
— Basic		<u>HK1.74 cents</u>	<u>HK1.91 cents</u>
— Diluted		<u>HK1.61 cents</u>	<u>HK1.69 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		13,355	10,225
Intangible assets		5,709	9,642
Goodwill		100,078	100,078
Restricted bank deposits		1,483	1,483
Other deposits and prepayments	<i>10</i>	6,686	4,615
		127,311	126,043
Current assets			
Inventories		2,385	1,718
Trade receivables	<i>9</i>	164,421	121,310
Prepayments, deposits and other receivables	<i>10</i>	34,134	36,025
Finance lease receivables		–	3
Bank deposits		–	218
Restricted bank deposits		–	2,021
Cash and cash equivalents		245,140	218,911
		446,080	380,206
Current liabilities			
Trade payables	<i>11</i>	163,986	116,136
Accruals, deposits received and other payables	<i>12</i>	123,554	118,167
Lease liabilities		4,111	6,876
Tax payables		3,365	3,418
		295,016	244,597
Net current assets		151,064	135,609
Total assets less current liabilities		278,375	261,652

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Other payables	12	2,529	2,070
Lease liabilities		8,810	1,914
Convertible bonds		68,300	64,001
Deferred tax liabilities		936	1,560
		<u>80,575</u>	<u>69,545</u>
Net assets		<u>197,800</u>	<u>192,107</u>
EQUITY			
Share capital	13	8,033	8,033
Reserves		168,670	161,648
Equity attributable to owners of the Company		176,703	169,681
Non-controlling interests		21,097	22,426
Total equity		<u>197,800</u>	<u>192,107</u>

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 “Listing Date”).

The registered office of the Company is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and its principal place of business in Hong Kong is 22/F., Yen Sheng Centre, 64 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

(b) Amended standards and interpretation adopted by the Group

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

The amended standards and interpretation listed above did not have any impact on the amounts recognised in prior periods and the current period.

(c) New and amended standards not yet adopted

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS18	Presentation and Disclosure in Financial Statements ³
HKFRS19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of these new and amended standards will have no material impact on the consolidated financial statements of the Group.

3 SEGMENT INFORMATION

The chief operating decision maker is identified as executive directors of the Company. The Group has identified its operating segments based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation and review of performance.

The Group's consolidated revenue and results are primarily attributable to the markets in Mainland China, Hong Kong and Singapore and the Group's consolidated assets and liabilities are primarily either located in Mainland China or Hong Kong.

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

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

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

For the year ended 31 March 2025

	IT infrastructure solutions <i>HK\$'000</i>	IT infrastructure management services <i>HK\$'000</i>	AI products & AI solutions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	587,029	320,172	320	907,521
Inter segment revenue	(1,128)	(5,698)	–	(6,826)
Total segment revenue from external customers	585,901	314,474	320	900,695
Segment results	21,043	14,040	(6,113)	28,970
Unallocated expenses				(9,278)
Profit before income tax expense				19,692
Segment assets				
IT infrastructure solutions				286,648
IT infrastructure management services				283,905
AI products & AI solutions				1,993
Unallocated assets				
— Cash and cash equivalents				722
— Others				123
Total assets				573,391
Segment liabilities				
IT infrastructure solutions				207,381
IT infrastructure management services				98,124
AI products & AI solutions				857
Unallocated liabilities				
— Convertible bonds				68,300
— Others				929
Total liabilities				375,591
Other segment information				
Cost of inventories recognised as expenses	(411,268)	(21,695)	–	(432,963)
Staff costs	(62,027)	(172,368)	(4,737)	(239,132)
Interest income	3,544	2,407	23	5,974
Interest expenses	(79)	(433)	(17)	(529)
Depreciation of property, plant and equipment	(1,683)	(5,747)	(867)	(8,297)
Amortisation of intangible assets	–	(3,934)	–	(3,934)
Reversal of expected credit losses on financial assets	103	–	–	103
Income tax expenses	(2,620)	(2,226)	–	(4,846)
Addition to property, plant and equipment	56	9,676	–	9,732

For the year ended 31 March 2024

	IT infrastructure solutions <i>HK\$'000</i>	IT infrastructure management services <i>HK\$'000</i>	AI products & AI solutions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	652,998	344,968	105	998,071
Inter segment revenue	(3,663)	(3,452)	–	(7,115)
Total segment revenue from external customers	649,335	341,516	105	990,956
Segment results	22,944	15,802	(6,949)	31,797
Unallocated expenses				(8,897)
Profit before income tax expense				22,900
Segment assets				
IT infrastructure solutions				224,810
IT infrastructure management services				276,061
AI products & AI solutions				4,088
Unallocated assets				
— Cash and cash equivalents				1,203
— Others				87
Total assets				506,249
Segment liabilities				
IT infrastructure solutions				157,181
IT infrastructure management services				91,285
AI products & AI solutions				973
Unallocated liabilities				
— Convertible bonds				64,001
— Others				702
Total liabilities				314,142
Other segment information				
Costs of inventories recognised as expenses	(542,927)	(23,847)	–	(566,774)
Staff costs	(56,416)	(173,458)	(5,404)	(235,278)
Interest income	2,878	1,851	65	4,794
Interest expenses	(155)	(415)	(34)	(604)
Depreciation of property, plant and equipment	(1,828)	(5,340)	(854)	(8,022)
Amortisation of intangible assets	–	(3,896)	–	(3,896)
Provision for expected credit losses on financial assets	(150)	–	–	(150)
Income tax expenses	(2,918)	(2,862)	–	(5,780)
Addition to property, plant and equipment	160	831	310	1,301

Geographical information

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	739,685	826,325
Mainland China	120,866	124,240
Singapore	24,186	23,559
Macau	6,997	6,023
Others	8,961	10,809
	<u>900,695</u>	<u>990,956</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	108,230	116,011
Mainland China	8,822	2,953
Macau	246	153
Others	1,844	828
	<u>119,142</u>	<u>119,945</u>

Information about major customers

There was no single external customer who contributed 10% or more of the Group's revenue for the year ended 31 March 2025 (2024: Nil).

4 REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers:		
Provision of IT infrastructure solutions	585,899	649,312
Provision of IT infrastructure management services	314,474	341,516
Development and provision of AI products and AI solutions	320	105
	<u>900,693</u>	<u>990,933</u>
Revenue from other sources:		
Finance leases income	2	23
	<u>2</u>	<u>23</u>
Total	<u>900,695</u>	<u>990,956</u>
Disaggregation of revenue from contracts with customers:		
At a point in time	609,948	682,129
Overtime	290,745	308,804
	<u>290,745</u>	<u>308,804</u>
Total	<u>900,693</u>	<u>990,933</u>

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

	2025 HK\$'000	2024 HK\$'000
Other income and gains, net:		
Interest income	6,007	4,807
Write back of other payables	76	7
Government subsidy (<i>note (a)</i>)	990	173
Management fee income	467	514
Loss on disposal of property, plant and equipment	(65)	–
Sundry income, net	251	723
	<u>251</u>	<u>723</u>
Total	<u>7,726</u>	<u>6,224</u>

Note:

- (a) During the year ended 31 March 2025, government subsidy related to industrial support from the Government of the People's Republic of China ("PRC"), amounting to HK\$990,000 (2024: HK\$173,000), received by the Group.

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

	2025	2024
	HK\$'000	HK\$'000
Trade receivables (<i>note 9</i>)	164,421	121,310
Contract assets	17,147	23,687
Contract liabilities (<i>note 12(a)</i>)	(74,010)	(72,252)

The contract liabilities mainly relate to the advance consideration received from customers. Contract liabilities as of 1 April 2024 of HK\$72,252,000 (1 April 2023: HK\$73,900,000) have been recognised as revenue for the year ended 31 March 2025 from performance obligations satisfied in the year due to the delivery of goods and services accepted by customers.

5 PROFIT BEFORE INCOME TAX EXPENSE

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

	2025	2024
	HK\$'000	HK\$'000
Costs of inventories recognised as expenses	432,963	566,774
Auditor's remuneration		
— audit services	1,090	1,090
— non-audit services	60	57
Depreciation of property, plant and equipment	8,297	8,022
Amortisation of intangible assets	3,934	3,896
Loss on disposal of property, plant and equipment	65	—
Written off of intangible assets	—	(29)
Exchange losses/(gain), net	255	(114)
Short-term lease with application of recognition exemption	156	200
Reversal of write-down inventories to net realisable value	(69)	(34)
Staff costs (including directors' remuneration)		
— Wages, salaries and other benefits	209,381	206,903
— Contribution to defined contribution pension plans	30,630	29,238
— Equity-settled share-based payment expenses	—	55
	240,011	236,196

6 INCOME TAX EXPENSE

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

	2025 HK\$'000	2024 HK\$'000
Current tax		
Hong Kong profits tax	3,418	4,690
PRC enterprise income tax	1,139	450
Others	1,413	1,264
	<u>5,970</u>	<u>6,404</u>
Over provision in respect of prior year	(500)	–
	<u>5,470</u>	<u>6,404</u>
Deferred tax	(624)	(624)
Total income tax expense	<u>4,846</u>	<u>5,780</u>

7 DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 final of HK0.82 cent per share declared and paid	6,587	–
2023 final of HK1.00 cent per share declared and paid	–	8,033
	<u>6,587</u>	<u>8,033</u>

A final dividend in respect of the year ended 31 March 2025 of HK0.75 cent (2024: HK0.82 cent) per ordinary share amounting to HK\$6,025,000 (2024: HK\$6,587,000) was proposed pursuant to a resolution passed by the Board of Directors on 24 June 2025 and subject to the approval by the shareholders at the annual general meeting of the Company to be held on 16 September 2025 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

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:

	2025	2024
Earnings		
Profit for the purposes of basic earnings per share (<i>HK\$'000</i>)	13,956	15,370
Effect of dilutive potential ordinary shares:		
— Interest on convertible bonds (<i>HK\$'000</i>)	6,189	5,824
	<u>20,145</u>	<u>21,194</u>
Profit for the purposes of diluted earnings per share (<i>HK\$'000</i>)	20,145	21,194
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	803,280,000	803,280,000
Effect of dilutive potential ordinary shares:		
— Convertible bonds	450,000,000	450,000,000
	<u>1,253,280,000</u>	<u>1,253,280,000</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,253,280,000	1,253,280,000
Basic earnings per share	HK1.74 cents	HK1.91 cents
Diluted earnings per share	HK1.61 cents	HK1.69 cents

9 TRADE RECEIVABLES

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, gross	164,723	121,715
Less: Provision for impairment	(302)	(405)
	<u>164,421</u>	<u>121,310</u>

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:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	65,023	49,629
More than 1 month but not more than 3 months	50,719	42,416
More than 3 months but not more than 6 months	15,885	16,088
More than 6 months but not more than a year	28,601	9,957
More than a year	4,193	3,220
	<u>164,421</u>	<u>121,310</u>

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Other deposits	6,618	8,192
Other receivables	813	358
Contract assets	17,147	23,687
Prepayments	16,242	8,403
	<u>40,820</u>	<u>40,640</u>
Less: non-current portion of other deposits and prepayments	<u>(6,686)</u>	<u>(4,615)</u>
	<u>34,134</u>	<u>36,025</u>

11 TRADE PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	<u>163,986</u>	<u>116,136</u>

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:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	54,619	51,617
More than 1 month but not more than 3 months	69,470	58,991
More than 3 months but not more than 6 months	10,812	2,324
More than 6 months but not more than a year	27,202	2,155
More than a year	1,883	1,049
	<u>163,986</u>	<u>116,136</u>

12 ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Other payables and accrued expenses	43,843	39,596
Staff commission	6,622	7,268
Other tax payable	1,608	1,121
Contract liabilities (<i>note (a)</i>)	<u>74,010</u>	<u>72,252</u>
	126,083	120,237
Less: Non-current portion other payables	<u>(2,529)</u>	<u>(2,070)</u>
	<u>123,554</u>	<u>118,167</u>

Note:

(a) Contract liabilities

	2025 HK\$'000	2024 HK\$'000
<i>Contract liabilities arising from:</i>		
— Provision of IT infrastructure solutions	35,772	38,162
— Provision of IT infrastructure management services	<u>38,238</u>	<u>34,090</u>
	<u>74,010</u>	<u>72,252</u>

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

Changes in contract liabilities primarily relate to the Group's performance of services under the contracts. Revenue of the Group of HK\$72,252,000 recognised for the year ended 31 March 2025 (2024: HK\$73,900,000) were included in the contract liabilities at the beginning of the year.

13 SHARE CAPITAL

	Number	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	<u>803,280,000</u>	<u>8,033</u>

14 EVENTS AFTER REPORTING DATE

There is no significant event after the reporting date of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

Business environment

Our Group recognises that the business environment in the short-to-medium term will remain challenging. The Group's performance is likely to be impacted by the factors such as ongoing Sino-US geopolitical tensions, the economy showdown in Mainland China and Hong Kong, as well as the high interest rates. In addition, the increasing northbound consumption by Hong Kong residents recently has exerted further pressure on Hong Kong's overall economy, resulting in decline in local consumer spending.

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

Strategic response

Despite the prevailing uncertainties in the market, technological reforms are presenting us with new opportunities. In response to these market changes, we have adopted flexible strategies and leveraged the synergies and integrated resources of our subsidiaries to offer customers with one-stop innovative solutions. Additionally, we have deepened our research and development efforts, increased our investment in technology and innovation, and accelerated product upgrades. These approaches strengthen our differentiated and long-term competitive advantages.

During the reporting year, the Group steadily increased the gross profit margin by optimising our product mix and implementing efficient cost management. This business resilience underscores our ability to adapt and thrive even in difficult circumstance. While we continue to provide a wide array of services across various sectors, we are strategically to prioritise resources to three high-growth opportunities:

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

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

We remain dedicated to maximising returns for our shareholders while reinvesting in the IT industry, particularly in new business ventures. Our short-to-medium term strategic focus is to drive development and foster growth across our operations, ensuring that we continue to deliver comprehensive one-stop innovative solutions that address the varied challenges faced by our customers.

IT Infrastructure Solutions

The Group focuses on providing world-class IT infrastructure solutions to corporate and institutional customers, enabling their digital transformation and meeting diverse needs. Due to rising cybersecurity risks and stricter regulatory requirements, for example, Protection of Critical Infrastructures Bill and etc, the demand for cybersecurity solutions has significantly increased. Therefore, the Group is committed to providing customers with appropriate cybersecurity solutions and also offers one-stop cybersecurity services, from compliance consulting, design & architect, implementation to maintenance, delivering holistic protection for customers' valuable IT assets.

In addition, the Group has successfully developed generative artificial intelligence (GenAI) application solutions to address customers' urgent needs for business automation and reduced operating costs. The Group also offers comprehensive services ranging from AI infrastructure (including GPU/NPU servers, storage and Big Data) to AI applications. Currently, cybersecurity and automation (including AI) have become two of the Group's strategic growth engines. We will continue to strengthen our product portfolio and technical support capabilities, offering innovative and integrated solutions to create greater value for customers and drive the sustainable business growth.

IT Infrastructure Management Services

The Group has actively responded to customers' growing demand for IT infrastructure management services through strategic investments, including the launch of the AI-driven Network Operations Center ("NOC") and Security Operations Center ("SOC"). These centers provide seamless 24/7 service delivery with comprehensive regional coverage across the Asia-Pacific region, enhancing the management of customers' network and security infrastructure. Additionally, the Group completed the expansion and relocation of its Guangzhou service desk center, forming cross-regional synergies and service continuity with the Kuala Lumpur service desk center in Malaysia, and optimised resource allocation to meet diverse corporate and institutional customer needs. These initiatives have not only enriched the Group's service portfolio but also expanded its business into managed professional services, enhancing the value of horizontal business integration.

In addition, in response to the increasingly complex network environment, the Group has put cybersecurity as a strategic priority, and has invested greater resources to build a comprehensive cybersecurity consulting service setup covering risk assessment, security strategy & planning, and compliance consulting. The Group helps enterprise and institutional customers improve operational efficiency, allowing them to focus on core business development and realise digital transformation. We will continue to drive technological innovation and service upgrades to consolidate its competitive advantages in the infrastructure management service sector.

AI Business

The Group has continued to strengthen its GenAI business scope, developing a series of GenAI products based on cloud or on-premises large language models (“LLM”), such as LLaMa, GPT, Qwen and DeepSeek. The Group has categorised these products under the ChatSeries, which includes ChatEnquiry, ChatServiceDesk, ChatMinutes and ChatCategorization, covering applications such as GenAI Enquiry, Workflow Automation and AI Agent. These customised products precisely address the needs of corporate and institutional customers, and have already successfully secured orders from different customers, further demonstrating the Group’s innovative capabilities and growth potential in the GenAI field. Looking ahead, we remain committed to investing resources in technological advancement and strengthening its market competitiveness.

Growth and investment strategies

Technological innovation is core to our long-term development strategy, and we have continued to increase our investment in technology and innovation in recent years. In 2022, we established the AI company Expert AI Enabling and formed an independent research and development team to map out our AI technology development. During the same year, we expanded our service desk center in Kuala Lumpur bolstering our regional service network. In April 2025, we launched the NOC and SOC, and earlier upgraded our service centre in Guangzhou to strengthen our technical service infrastructure.

Looking ahead, the Group will continue to deepen investment in technological innovation, driving our own business transformation and upgrading, develop cutting-edge solutions and services for customers, and deliver sustainable returns to shareholders.

Conclusion

The Group will celebrate its 40th anniversary in 2025; meanwhile, we are navigating rapidly changing market conditions. Given the current challenging economic environment, we strongly believe that swiftly adapting to market changes and continuously innovating are essential to effectively mitigating risks and maintaining business resilience. We will pursue steady progress by prudently managing costs while strengthening our risk resilience. At the same time, we will increase investment in innovative R&D and focus on developing our three core businesses, namely, IT infrastructure solutions, management services and AI. We will also continue to serve our customers through innovative technologies, helping enterprise and institutional customers fully unlock the potential of digital transformation, while striving to generate long-term value for our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 9.1%, from approximately HK\$991.0 million in the Corresponding Year to approximately HK\$900.7 million in the Reporting Year. It was mainly attributable to reduced revenue from Hong Kong, driven by weak market sentiment affecting customers' spending.

Gross profit and gross profit margin

For the Reporting Year, our gross profit amounted to approximately HK\$150.7 million, representing a decrease of approximately HK\$2.0 million, or approximately 1.3%, compared to the Corresponding Year, which was approximately HK\$152.7 million.

The Group's gross profit margin increased by 1.3 percentage points to approximately 16.7%, compared to approximately 15.4% in the Corresponding Year. Such increase mainly resulted from the Group actively addressed the market challenges by optimising its product mix and implementing effective cost-management measures during the Reporting Year and a low margin project recognised in Corresponding Year.

Other income and gains, net

Other income and gains, net increased by approximately HK\$1.5 million, or approximately 24.1%, from approximately HK\$6.2 million in the Corresponding Year to approximately HK\$7.7 million in the Reporting Year. Such increase was mainly attributed to the increase in interest income and government subsidy.

Operating expenses

Total operating expenses of the Group for the Reporting Year were approximately HK\$132.2 million, representing an increase of approximately HK\$2.8 million, or approximately 2.1%, compared to approximately HK\$129.4 million for the Corresponding Year. Included in the operating expenses, there was approximately HK\$8.3 million allocated to support the technology and innovation investment during the Reporting Year, representing an increase of approximately HK\$1.3 million, or approximately 18.5%, compared to Corresponding Year. This investment includes research and development for Generative AI and establishment of our NOC and SOC. This proactive investment was aimed at driving future growth. The other increase was mainly attributable to salary increments in line with the employment market and expenses incurred from recruiting talented staff during the Reporting Year.

Finance costs

The Group's finance costs for the Reporting Year were approximately HK\$6.7 million, representing an increase of approximately HK\$0.3 million, or approximately 4.5%, from approximately HK\$6.4 million in the Corresponding Year.

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

Income tax expense

The Group's income tax expense for the Reporting Year was approximately HK\$4.8 million, representing a decrease of approximately 16.2% from approximately HK\$5.8 million for the Corresponding Year. After excluding the non-deductible interest expenses on convertible bonds of HK\$6.2 million (2024: HK\$5.8 million), the effective tax rate for the Reporting Year was 18.7% (2024: 20.1%).

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 9.2% from approximately HK\$15.4 million in the Corresponding Year to approximately HK\$14.0 million in the Reporting Year. This decrease was primarily attributable to the above-mentioned effects.

Basic earnings per share for profit attributable to owners of the Company for the Reporting Year amounted to HK1.74 cents, as compared to HK1.91 cents in the Corresponding Year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. As at 31 March 2025, we had cash and cash equivalents of approximately HK\$245.1 million (31 March 2024: HK\$218.9 million), which were cash at banks and in hand. As at 31 March 2025, HK\$1.5 million was pledged for a government project (31 March 2024: HK\$3.5 million).

The banking facility granted to the Group as at 31 March 2025 amounted to HK\$10.0 million (31 March 2024: HK\$10.0 million), of which HK\$1.5 million was utilised (31 March 2024: HK\$3.5 million).

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

As at 31 March 2025, the gearing ratio of the Group was 0.46 (31 March 2024: 0.43), which was calculated based on total debts including the convertible bonds and lease liabilities divided by equity attributable to owners of the Company.

CAPITAL STRUCTURE

As at 31 March 2025, the capital structure of our Company comprised issued share capital and reserves.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

SIGNIFICANT INVESTMENTS

As at 31 March 2025, the Group did not hold any significant investments (31 March 2024: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2025 (31 March 2024: nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CHARGE ON GROUP'S ASSETS

As at 31 March 2025, bank balance of HK\$1.5 million (31 March 2024: HK\$3.5 million) was pledged for a government project. Save as disclosed above, there was no charge on the Group's assets as at 31 March 2025 (31 March 2024: nil).

INFORMATION ON EMPLOYEES

As at 31 March 2025, the Group employed a total of 1,006 employees (31 March 2024: 1,033). Employees are remunerated according to their performance and work experience. On top of basic salary, variable income, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including directors' remuneration) for the Reporting Year amounted to approximately HK\$240.0 million (2024: HK\$236.2 million). The dedication and hard work of the Group's staff during Reporting Year are deeply appreciated and recognised.

CORPORATE GOVERNANCE PRACTICE

The Board recognises the importance of good corporate governance in management and internal control procedures so as to achieve accountability. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures. The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules and, in the opinion of the Board, the Company has complied with the CG Code for Reporting Year, save for the deviation from such code disclosed below.

Pursuant to code provision C.6.1 of the CG Code, the company secretary of the Company should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Mr. Lau Siu Ki, being the Company's company secretary, is not an employee of the Company. The Company has assigned Ms. Yung Pik Man, chief financial officer of the Group, as the contact person with Mr. Lau Siu Ki. Taking into account that Mr. Lau Siu Ki has substantial experience in the corporate secretarial field, providing professional corporate services to Hong Kong listed companies and it is more cost effective to engage an external service provider, the Directors consider that it is beneficial to appoint Mr. Lau Siu Ki as the company secretary of the Company.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.75 cent per ordinary share (2024: HK0.82 cent) for the year ended 31 March 2025 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, 9 October 2025 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 26 September 2025.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM is scheduled to be held on Tuesday, 16 September 2025. 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, 11 September 2025 to Tuesday, 16 September 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, located at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 10 September 2025.

The proposed final dividend is subject to the approval of the shareholders at the AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 24 September 2025 to Friday, 26 September 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Tuesday, 23 September 2025.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers 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. 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 Reporting Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Group for the Reporting Year comply with the applicable accounting standards and the GEM Listing Rules.

APPRECIATION

On behalf of the Board, 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 in the reporting period.

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

Hong Kong, 24 June 2025

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