

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 2026**

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 on the “Latest Listed Company Information” 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 2026 (the “Reporting Year” or “FY2026”) increased by approximately 11.0% from that for the year ended 31 March 2025 (the “Corresponding Year” or “FY2025”) to approximately HK\$999.8 million. Revenue from AI business for the Reporting Year was approximately HK\$1.4 million, represented more than quadrupled from the Corresponding Year.
- Gross profit for the Reporting Year decreased by approximately 3.7% from the Corresponding Year to approximately HK\$145.1 million, while gross profit margin decreased by 2.2 percentage points to approximately 14.5%, primarily attributable to non-recurring expenses of approximately HK\$6.1 million recorded in FY2026 in relation to the termination of a service agreement with a customer (for details, please refer to the Company’s announcements dated 25 November 2025).
- Expenditures of approximately HK\$11.1 million, out of total operating expenses of approximately HK\$137.7 million for the Reporting Year, were allocated to support research and development for AI business and investments in the Managed Service Provider business. It reflects our proactive strategy of continued investment in technological innovation to drive diversified growth engines for the future.
- Profit for the year attributable to owners of the Company for the Reporting Year decreased by approximately 72.4% to approximately HK\$3.9 million as compared to the Corresponding Year.
- Basic earnings per share decreased by approximately 72.4% from approximately HK1.74 cents for the Corresponding Year to approximately HK0.48 cent 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 2026, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Revenue	4	999,806	900,695
Cost of sales		(854,683)	(749,957)
Gross profit		145,123	150,738
Other income and gains, net	4	4,891	7,726
Selling expenses		(58,114)	(58,360)
Administrative expenses		(79,602)	(73,797)
Reversal of expected credit loss on financial assets		64	103
Finance costs		(7,488)	(6,718)
Profit before income tax expense	5	4,874	19,692
Income tax expense	6	(1,379)	(4,846)
Profit for the year		3,495	14,846
Other comprehensive profit/(loss) for the year			
Item that may be reclassified subsequently to profit or loss:			
— Exchange difference arising from translation of foreign operations		3,350	(496)
Total comprehensive income for the year		6,845	14,350

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		3,851	13,956
Non-controlling interests		(356)	890
		<u>3,495</u>	<u>14,846</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		6,196	13,609
Non-controlling interests		649	741
		<u>6,845</u>	<u>14,350</u>
Earnings per share			
— Basic	8	<u>HK0.48 cent</u>	<u>HK1.74 cents</u>
— Diluted		<u>HK0.48 cent</u>	<u>HK1.61 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		20,925	13,355
Intangible assets		1,891	5,709
Goodwill		100,078	100,078
Restricted bank deposits		1,483	1,483
Other deposits and prepayments	<i>10</i>	16,816	6,686
		141,193	127,311
Current assets			
Inventories		24,190	2,385
Trade receivables	<i>9</i>	206,158	164,421
Prepayments, deposits and other receivables	<i>10</i>	37,714	34,134
Tax recoverable		155	–
Bank deposits		1,734	–
Cash and cash equivalents		233,237	245,140
		503,188	446,080
Current liabilities			
Trade payables	<i>11</i>	213,849	163,986
Accruals, deposits received and other payables	<i>12</i>	123,281	123,554
Lease liabilities		5,820	4,111
Convertible bonds		73,032	–
Tax payables		1,659	3,365
		417,641	295,016
Net current assets		85,547	151,064
Total assets less current liabilities		226,740	278,375

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
Non-current liabilities			
Other payables	<i>12</i>	17,634	2,529
Lease liabilities		12,662	8,810
Convertible bonds		–	68,300
Deferred tax liabilities		312	936
		<u>30,608</u>	<u>80,575</u>
Net assets		<u>196,132</u>	<u>197,800</u>
EQUITY			
Share capital	<i>13</i>	8,033	8,033
Reserves		168,841	168,670
		<u>176,874</u>	<u>176,703</u>
Equity attributable to owners of the Company		176,874	176,703
Non-controlling interests		19,258	21,097
		<u>196,132</u>	<u>197,800</u>
Total equity		<u>196,132</u>	<u>197,800</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 in the development and provision of artificial intelligence (“AI”) products and AI solutions for corporate and institutional customers in the Asia-Pacific region.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with 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 consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

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

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

(b) Amended standards adopted by the Group

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
-----------------------------------	-------------------------

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

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

		Effective for annual periods on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that the application of these new and amended standards and interpretations 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 Chinese Mainland, Hong Kong and Singapore and the Group's consolidated assets and liabilities are primarily either located in Chinese Mainland 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 2026

	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	675,141	331,087	1,383	1,007,611
Inter segment revenue	(1,445)	(5,729)	(631)	(7,805)
Total segment revenue from external customers	<u>673,696</u>	<u>325,358</u>	<u>752</u>	<u>999,806</u>
Segment results	13,245	6,572	(5,102)	14,715
Unallocated expenses				<u>(9,841)</u>
Profit before income tax expense				<u><u>4,874</u></u>
Segment assets				
IT infrastructure solutions				354,044
IT infrastructure management services				287,017
AI products & AI solutions				2,501
Unallocated assets				
— Cash and cash equivalents				705
— Others				<u>114</u>
Total assets				<u><u>644,381</u></u>
Segment liabilities				
IT infrastructure solutions				271,037
IT infrastructure management services				100,872
AI products & AI solutions				1,970
Unallocated liabilities				
— Convertible bonds				73,032
— Others				<u>1,338</u>
Total liabilities				<u><u>448,249</u></u>
Other segment information				
Costs of inventories recognised as expenses	(536,181)	(20,488)	(944)	(557,613)
Staff costs	(61,433)	(183,206)	(4,154)	(248,793)
Interest income	1,897	2,053	10	3,960
Interest expenses	(127)	(713)	(26)	(866)
Depreciation of property, plant and equipment	(1,526)	(5,540)	(704)	(7,770)
Amortisation of intangible assets	–	(3,817)	–	(3,817)
Reversal of expected credit losses on financial assets	64	–	–	64
(Income tax expenses)/Income tax credit	(1,566)	187	–	(1,379)
Addition to property, plant and equipment	<u>5,382</u>	<u>7,913</u>	<u>1,312</u>	<u>14,607</u>

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	<u>585,901</u>	<u>314,474</u>	<u>320</u>	<u>900,695</u>
Segment results	21,043	14,040	(6,113)	28,970
Unallocated expenses				<u>(9,278)</u>
Profit before income tax expense				<u><u>19,692</u></u>
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				<u>123</u>
Total assets				<u><u>573,391</u></u>
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				<u>929</u>
Total liabilities				<u><u>375,591</u></u>
Other segment information				
Costs 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	<u>56</u>	<u>9,676</u>	<u>–</u>	<u>9,732</u>

Geographical information

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Hong Kong	829,077	739,685
Chinese Mainland	118,555	120,866
Singapore	33,836	24,186
Macau	6,061	6,997
Others	12,277	8,961
	<u>999,806</u>	<u>900,695</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Hong Kong	116,943	108,230
Chinese Mainland	10,378	8,822
Macau	140	246
Others	1,432	1,844
	<u>128,893</u>	<u>119,142</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 2026 (2025: nil).

4 REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue from contracts with customers:		
Provision of IT infrastructure solutions	673,696	585,899
Provision of IT infrastructure management services	325,358	314,474
Development and provision of AI products and AI solutions	752	320
	<u>999,806</u>	<u>900,693</u>
Revenue from other sources:		
Finance leases income	–	2
	<u>–</u>	<u>2</u>
Total	<u>999,806</u>	<u>900,695</u>
Disaggregation of revenue from contracts with customers:		
At a point in time	693,600	609,948
Overtime	306,206	290,745
	<u>999,806</u>	<u>900,693</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Other income and gains, net:		
Interest income	3,960	6,007
Write back of other payables	–	76
Government subsidy (<i>note (a)</i>)	657	990
Management fee income	492	467
Loss on disposal of property, plant and equipment	–	(65)
Sundry income, net	(218)	251
	<u>4,891</u>	<u>7,726</u>
Total	<u>4,891</u>	<u>7,726</u>

Note:

- (a) During the year ended 31 March 2026, government subsidy related to industrial support from the Government of the People's Republic of China ("PRC"), amounting to HK\$657,000 (2025: HK\$990,000), received by the Group.

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

	2026	2025
	HK\$'000	HK\$'000
Trade receivables (<i>note 9</i>)	206,158	164,421
Contract assets	18,555	17,147
Contract liabilities (<i>note 12(a)</i>)	(88,141)	(74,010)

The contract liabilities mainly relate to the advance consideration received from customers. Contract liabilities as of 1 April 2025 of HK\$74,010,000 (1 April 2024: HK\$72,252,000) have been recognised as revenue for the year ended 31 March 2026 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):

	2026	2025
	HK\$'000	HK\$'000
Costs of inventories recognised as expenses	557,613	432,963
Auditor's remuneration		
— audit services	1,090	1,090
— non-audit services	60	60
Depreciation of property, plant and equipment	7,770	8,297
Amortisation of intangible assets	3,817	3,934
Loss on disposal of property, plant and equipment	—	65
Exchange losses, net	415	255
Short-term lease with application of recognition exemption	1,282	156
Provision for/(Reversal of) write-down inventories to net realisable value	3	(69)
Staff costs (including directors' remuneration)		
— Wages, salaries and other benefits	218,145	209,381
— Contribution to defined contribution pension plans	31,527	30,630
	249,672	240,011

6 INCOME TAX EXPENSE

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	2,548	3,418
PRC Corporate Income Tax	–	1,139
Others	<u>868</u>	<u>1,413</u>
	3,416	5,970
Over provision in respect of prior year	<u>(1,413)</u>	<u>(500)</u>
	<u>2,003</u>	<u>5,470</u>
Deferred tax	<u>(624)</u>	<u>(624)</u>
Total income tax expense	<u><u>1,379</u></u>	<u><u>4,846</u></u>

7 DIVIDENDS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 final of HK0.75 cent per share declared and paid	6,025	–
2024 final of HK0.82 cent per share declared and paid	<u>–</u>	<u>6,587</u>
	<u><u>6,025</u></u>	<u><u>6,587</u></u>

A final dividend in respect of the year ended 31 March 2026 of HK0.47 cent (2025: HK0.75 cent) per ordinary share amounting to HK\$3,775,000 (2025: HK\$6,025,000) was proposed pursuant to a resolution passed by the Board of Directors on 24 June 2026 and subject to the approval by the shareholders at the annual general meeting of the Company to be held on 15 September 2026 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:

	2026	2025
Earnings		
Profit for the purposes of basic earnings per share (<i>HK\$'000</i>)	3,851	13,956
Effect of dilutive potential ordinary shares:		
— Interest on convertible bonds (<i>HK\$'000</i>) (<i>Note</i>)	—	6,189
	<u>3,851</u>	<u>20,145</u>
Profit for the purposes of diluted earnings per share (<i>HK\$'000</i>)	<u>3,851</u>	<u>20,145</u>
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 (<i>Note</i>)	—	450,000,000
— Share Options	509,483	—
	<u>803,789,483</u>	<u>1,253,280,000</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>803,789,483</u>	<u>1,253,280,000</u>
Basic earnings per share	<u>HK0.48 cent</u>	<u>HK1.74 cents</u>
Diluted earnings per share	<u>HK0.48 cent</u>	<u>HK1.61 cents</u>

Note:

The Company's convertible bonds as at 31 March 2026 have an anti-dilutive effect on profit per ordinary share and are therefore excluded from the calculation of diluted earnings per share for the year ended 31 March 2026.

9 TRADE RECEIVABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade receivables, gross	206,396	164,723
Less: Provision for impairment	<u>(238)</u>	<u>(302)</u>
	<u>206,158</u>	<u>164,421</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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 1 month	74,163	65,023
More than 1 month but not more than 3 months	62,110	50,719
More than 3 months but not more than 6 months	15,999	15,885
More than 6 months but not more than a year	27,585	28,601
More than a year	<u>26,301</u>	<u>4,193</u>
	<u>206,158</u>	<u>164,421</u>

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Other deposits	5,971	6,618
Other receivables	1,441	813
Contract assets	18,555	17,147
Prepayments	<u>28,563</u>	<u>16,242</u>
	54,530	40,820
Less: non-current portion of other deposits and prepayments	<u>(16,816)</u>	<u>(6,686)</u>
	<u><u>37,714</u></u>	<u><u>34,134</u></u>

11 TRADE PAYABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade payables	<u><u>213,849</u></u>	<u><u>163,986</u></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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 1 month	84,888	54,619
More than 1 month but not more than 3 months	80,885	69,470
More than 3 months but not more than 6 months	17,552	10,812
More than 6 months but not more than a year	5,742	27,202
More than a year	<u>24,782</u>	<u>1,883</u>
	<u><u>213,849</u></u>	<u><u>163,986</u></u>

12 ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Other payables and accrued expenses	43,915	43,843
Staff commission	7,217	6,622
Other tax payable	1,642	1,608
Contract liabilities (<i>note (a)</i>)	<u>88,141</u>	<u>74,010</u>
	140,915	126,083
Less: Non-current portion of other payables	<u>(17,634)</u>	<u>(2,529)</u>
	<u>123,281</u>	<u>123,554</u>

Note:

(a) Contract liabilities

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
<i>Contract liabilities arising from:</i>		
— Provision of IT infrastructure solutions	50,279	35,772
— Provision of IT infrastructure management services	<u>37,862</u>	<u>38,238</u>
	<u>88,141</u>	<u>74,010</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\$74,010,000 recognised for the year ended 31 March 2026 (2025: HK\$72,252,000) 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 2024, 31 March 2025, 1 April 2025 and 31 March 2026	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	<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 innovative solutions for our customers to meet their diverse needs.

Business Environment

Our Group recognises that the business environment in the short-to-medium term remains challenging. The uneven pace of global economic recovery, coupled with ongoing geopolitical tensions, slowing economic growth in Chinese Mainland and Hong Kong, and weak local consumption, continued to impact corporate and institutional's project budgets and the market demand. These factors may adversely affect our business volume and cost structure, putting pressure on our pricing strategies and, consequently, on our profit margins and overall profitability. A wide range of outcomes remains possible in the future.

During the Reporting Year, the Group's short-term profitability was further affected by the one-off expenses associated with the termination of a project and the ongoing investments in new businesses. Nevertheless, following the completion of initial investments in new businesses and with benefits gradually materialising, the Group has laid a foundation for long-term development.

Strategic Response

In response, the Group upheld its strategy of "seeking progress while maintaining stability," we have calmly responded to market changes and flexibly adjusted our resource allocation. Despite a weak macroeconomic environment and intensifying market competition, the Group maintained positive overall revenue growth, demonstrating solid resilience of its business.

On top of leveraging the technical capabilities and resources of our subsidiaries, the Group has investing strategically in high-growth areas, the Group achieved breakthroughs in both AI and Managed Service Provider ("MSP") businesses, successfully establishing diversified growth drivers for the future. Notably, revenue from the AI business more than quadrupled compared to last year, marking a significant milestone. Despite near-term profitability pressures, we firmly believe that continued investment in technological innovation and the advancement of a diversified business layout will further enhance the Group's overall competitiveness and deliver more stable and sustainable growth momentum. The Group will continue to prudently manage risks

and strengthen its core businesses to capture expanding market opportunities. While we continue to provide a wide array of services across various sectors, we are strategically prioritising resources toward 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 and ensuring that we continue to deliver comprehensive one-stop innovative solutions that address the varied challenges faced by our customers.

IT Infrastructure Solutions

Amid ongoing volatility in the global supply chains, shortages and rising costs of key components such as memory and hard disk drives have exerted cost pressure on IT infrastructure solutions providers, resulting in short-term fluctuations in the Group's gross profit margins. Nevertheless, demand from large enterprises remained resilient, particularly with the market's growing preference for Chinese-brand products, creating greater business opportunities for the Group in this segment. The Group will continue to flexibly allocate resources, pragmatically address cost challenges and seize the potential brought by rising demand.

Furthermore, as cybersecurity regulations become increasingly stringent, the continuing demand from enterprises for compliance solutions is creating structural opportunities in the market. Leveraging its extensive infrastructure expertise, the Group will continue to provide one-stop solutions covering compliance consulting, design, deployment and maintenance to comprehensively safeguard their IT assets, thereby further consolidating and expanding the Group's market share.

IT Infrastructure Management Services

Customer demand is accelerating from single-point support to integrated management solutions that encompass networks, security, endpoints and cloud services. The Group is closely following market trends, actively expanding its MSP business and has achieved a breakthrough in its Security Operations Center (SOC) by securing new orders, injecting new momentum into future growth. Meanwhile, the Group has successfully expanded its MSP portfolio from three to six product lines. Building on its existing IT service desk, Security Operations Center (SOC) and Network Operations Center (NOC), the Group has extended into hosting management, unified endpoint management and consulting services, significantly enriching its service portfolio.

In addition, the Group's revenue from overseas markets outside the Chinese Mainland and Hong Kong has continued to grow, demonstrating enhanced cross-regional service capabilities and the success of its regional expansion strategy. By utilising its extensive expertise in infrastructure, the Group will continue to flexibly deploy resources to address expanding market demand and further strengthen its market-leading position.

AI Business

Global investment in generative AI continues to surge, while the Hong Kong SAR Government is also actively promoting its application in public services and key sectors, such as finance and education. Demand from enterprises for customised AI solutions that enhance operational efficiency and enable workflow automation is growing rapidly.

The Group's AI business achieved major breakthroughs, securing orders from both public and private organisations, with the relevant systems fully deployed and being up and running. Revenue from AI development and AI solutions grew more than fourfold year on year, demonstrating strong growth momentum. Leveraging the technical strength and solution deployment capabilities of its own R&D team, the Group will continue to enhance cooperation with Hong Kong's AI ecosystem, expand a wide range of application scenarios, and deliver highly customised end-to-end AI solutions. This initiative is expected to become one of the Group's core growth drivers.

Growth and Investment Strategies

Technological innovation remains at the core to our long-term development strategy. During the year, we continued to deepen investment in technological innovation, enhancing regional synergies and service continuity through initiatives such as the establishment of NOC and SOC for MSP and the upgrade of our Guangzhou service desk centre. These efforts strengthened our ability to meet the rapidly growing demands of customers and supported their digital transformation goals.

Breakthroughs in our AI and MSP businesses further reinforced our growth momentum. The AI business secured new contracts across multiple industries and successfully implemented innovative technologies into enterprise operations. Together with the MSP business, these segments have become diversified growth engines for the future. Looking ahead, the Group will continue to prudently manage risks while proactively increasing strategic investments in high-growth areas, ensuring that earlier investments translate into sustainable business outcomes and long-term shareholder value.

Conclusion

FY2026 marks another milestone in the Group's journey as we celebrate Expert Systems Limited's 40th anniversary. Despite the challenging economic environment, we delivered positive revenue growth, demonstrating the resilience of our business and the effectiveness of our strategy.

Looking ahead, by leveraging on our solid customer base and continuously improving service portfolio, we will prudently manage risks while proactively increasing strategic investments in high-growth areas such as AI and managed services. As our earlier investments begin to translate into business outcomes, these new business segments will further unleash strong growth momentum. We are confident in capturing opportunities in AI and managed services, building new growth engines through strategic investments and creating long-term value for shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 11.0%, from approximately HK\$900.7 million in the Corresponding Year to approximately HK\$999.8 million in the Reporting Year. This growth was primarily driven by stronger customer demand during the Reporting Year. The increase in revenue was achieved despite the challenging market conditions, reflecting the Group's ability to respond effectively to customer needs and maintain business momentum.

Gross profit and gross profit margin

For the Reporting Year, our gross profit amounted to approximately HK\$145.1 million, representing a decrease of approximately HK\$5.6 million, or approximately 3.7%, compared to the Corresponding Year, which was approximately HK\$150.7 million.

The Group's gross profit margin decreased by 2.2 percentage points to approximately 14.5%, from approximately 16.7% in the Corresponding Year, primarily due to non-recurring expenses of approximately HK\$6.1 million recorded in FY2026 in relation to the termination of a service agreement with a customer (for details, please refer to the Company's announcements dated 25 November 2025).

Other income and gains, net

Other income and gains, net decreased by approximately HK\$2.8 million, or approximately 36.7%, from approximately HK\$7.7 million in the Corresponding Year to approximately HK\$4.9 million in the Reporting Year. The decrease was mainly attributable to a reduction in interest income and government subsidy.

Operating expenses

Total operating expenses increased to approximately HK\$137.7 million for the Reporting Year (FY2025: HK\$132.2 million). The increase was mainly attributable to additional operating expenses of approximately HK\$3.9 million incurred during FY2026 as strategic investments in the Group's Managed Service Provider business, a newly set up business unit. These investments were undertaken to address the growing demand for IT infrastructure management services and to enhance the Group's cross-regional support capabilities.

Finance costs

The Group's finance costs for the Reporting Year were approximately HK\$7.5 million, representing an increase of approximately HK\$0.8 million, or approximately 11.5%, from approximately HK\$6.7 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\$1.4 million, representing a decrease of approximately 71.5% from approximately HK\$4.8 million for the Corresponding Year. After excluding the non-deductible interest expenses on convertible bonds of HK\$6.6 million (2025: HK\$6.2 million), the effective tax rate for the Reporting Year was 12.0% (2025: 18.7%).

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 72.4% from approximately HK\$14.0 million in the Corresponding Year to approximately HK\$3.9 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 HK0.48 cent, as compared to HK1.74 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 2026, we had cash and cash equivalents of approximately HK\$233.2 million (31 March 2025: HK\$245.1 million), which were cash at banks and in hand. As at 31 March 2026, HK\$1.5 million was pledged for a government project (31 March 2025: HK\$1.5 million).

The banking facility granted to the Group as at 31 March 2026 amounted to HK\$10.0 million (31 March 2025: HK\$10.0 million), of which HK\$1.5 million was utilised (31 March 2025: HK\$1.5 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 2026, the gearing ratio of the Group was 0.52 (31 March 2025: 0.46), which was calculated based on total debts including the convertible bonds and lease liabilities divided by equity attributable to owners of the Company.

CAPITAL STRUCTURE

As at 31 March 2026, the capital structure of the 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 2026, the Group did not hold any significant investments (31 March 2025: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2026 (31 March 2025: 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 2026, bank balance of HK\$1.5 million (31 March 2025: HK\$1.5 million) was pledged for a government project. Save as disclosed above, there was no charge on the Group's assets as at 31 March 2026 (31 March 2025: nil).

INFORMATION ON EMPLOYEES

As at 31 March 2026, the Group employed a total of 1,031 employees (31 March 2025: 1,006). 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\$250.0 million (2025: HK\$240.0 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 HK0.47 cent per ordinary share (2025: HK0.75 cent) for the year ended 31 March 2026 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, 8 October 2026 to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 28 September 2026.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM is scheduled to be held on Tuesday, 15 September 2026. 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, 10 September 2026 to Tuesday, 15 September 2026, 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 no later than 4:30 p.m. on Wednesday, 9 September 2026.

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, 23 September 2026 to Monday, 28 September 2026, 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 no later than 4:30 p.m. on Tuesday, 22 September 2026.

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 2026 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 Stock Exchange's 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 2026

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.