

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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
2021 FRAMEWORK IT SUPPORT AGREEMENT**

BACKGROUND

Pursuant to the 2018 Framework IT Support Agreement entered into between the Company and ServiceOne Global, the ServiceOne Group agreed to provide IT support services to the Group for a term of three years from 1 April 2018 to 31 March 2021. The transactions entered into between the Group and the ServiceOne Group under the 2018 Framework IT Support Agreement constituted fully exempt continuing connected transactions of the Company, and amounted to approximately HK\$2,210,000, HK\$2,995,000 and HK\$2,987,000 for the three years ended 31 March 2019, 2020 and 2021, respectively.

As the term of the 2018 Framework IT Support Agreement expired on 31 March 2021, the Company and ServiceOne Global entered into the 2021 Framework IT Support Agreement on 26 April 2021 to continue the provision of IT support services by the ServiceOne Group to the Group from 26 April 2021 to 31 March 2024. As the amount of IT support services provided by the ServiceOne Group to the Group is expected to increase, the Company estimates that the Annual Caps for the continuing connected transactions contemplated under the 2021 Framework IT Support Agreement for the three years ending 31 March 2022, 2023 and 2024 will amount to approximately HK\$3,500,000, HK\$4,100,000 and HK\$4,800,000, respectively.

GEM LISTING RULES IMPLICATIONS

Taking into consideration that the Shareholders Group which collectively owns approximately 71.1% of the Company also collectively owns approximately 93.5% of ServiceOne Global, ServiceOne Global is an associate of the controlling shareholders of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2021 Framework IT Support Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of each of the Annual Caps are less than 5% but the annual consideration pursuant to the 2021 Framework IT Support Agreement is more than HK\$3,000,000 but less than HK\$10,000,000, the transactions contemplated under the 2021 Framework IT Support Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

THE 2021 FRAMEWORK IT SUPPORT AGREEMENT

The details of the 2021 Framework IT Support Agreement are set out below:

- Date: 26 April 2021
- Parties: (i) Company (for itself and as trustee for the benefit of its subsidiaries from time to time); and
- (ii) ServiceOne Global (for itself and as trustee for the benefit of its subsidiaries from time to time)
- Term: From 26 April 2021 to 31 March 2024 (both days inclusive)
- Subject matter: The ServiceOne Group shall provide the IT support services to the Group for its customers, which are services the Group generally does not provide to its customers on its own, including certain implementation work that requires broad level of skills but large labour force, as well as certain maintenance work, such as extended product warranties, technical support and software development (the “**IT Support Services**”).

Pricing policy: The service fees for the IT Support Services will be determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among others, the requirements of the Group in respect of the IT Support Services to be provided, the prevailing market prices for the same or similar IT Support Services obtained from independent IT support service providers (which the Company would obtain price quotations from at least two independent IT support service providers, details of which are set out in the section headed "Internal Control Measures" below) and the prevailing market competitive conditions at the material times.

Termination: Either party to the 2021 Framework IT Support Agreement has the right to terminate the 2021 Framework IT Support Agreement by giving the other party not less than three months' prior written notice to this effect.

Historical transactions

The historical service fees for the IT Support Services paid by the Group to the ServiceOne Group for the three years ended 31 March 2021 under the 2018 Framework IT Support Agreement are set out below:

	Year ended 31 March		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
Total amount of the service fees	2,210	2,995	2,987

Annual Caps and basis

For the years ending 31 March 2022, 2023 and 2024, the total amounts of the service fees for the IT Support Services payable by the Group to the ServiceOne Group shall not exceed the following caps:

	Annual Caps		
	For the year ending 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Total amount of the service fees	3,500 ^(Note)	4,100	4,800

Note: During 1 April 2021 to 25 April 2021, the total amount of the service fees for the IT Support Services payable by the Group to the ServiceOne Group amounted to approximately HK\$538,000.

In arriving at the above Annual Caps, the Company has taken into account the following factors:

- (i) the historical transaction amounts paid by the Group to the ServiceOne Group for the three years ended 31 March 2021 under the 2018 Framework IT Support Agreement;
- (ii) the expected growth in the IT Support Services required by the Group based on the projected customer demand for the Group's IT infrastructure solutions for the three years ending 31 March 2024, taking into account the Group's historical growth in revenue of approximately 28.3%, 8.0% and 15.4% for the two years ended 31 March 2019 and 2020 and the nine months ended 31 December 2020 respectively; and
- (iii) the prevailing market prices of the IT Support Services in the open market.

REASONS FOR ENTERING INTO AND BENEFITS OF THE 2021 FRAMEWORK IT SUPPORT AGREEMENT

The Group is principally engaged in the provision of IT infrastructure solutions, pursuant to which the Group assesses, designs and implements IT infrastructure solutions for its customers by integrating hardware and/or software sourced from third party suppliers to satisfy various IT requirements and needs of its customers. Given that some customers of the Group who require IT infrastructure solutions may also require post-implementation services (i.e. the IT Support Services), which do not form part of the Group's principal business activities, the Group outsources the IT Support Services to its sub-contractors.

As (i) the Group does not carry out the IT Support Services on its own but outsources such work to its sub-contractors as described above; (ii) the Group has engaged the ServiceOne Group for the provision of the IT Support Services to its customers in some of the Group's projects in the past and the work provided by the ServiceOne Group was satisfactory; (iii) the service fees charged in respect of the IT Support Services by the ServiceOne Group were and will be determined on normal commercial terms; and (iv) the 2021 Framework IT Support Agreement enables the Group to continue engaging the IT Support Services provided by the ServiceOne Group, the Board believes that the 2021 Framework IT Support Agreement is beneficial to the Group.

The Directors (excluding the Directors who are required to abstain from voting on the transactions, but including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the 2021 Framework IT Support Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Save for (i) Mr. Chu, a non-executive Director; (ii) Mr. Wong, the chairman of the Company and a non-executive Director; (iii) Mr. Lau, the chief executive officer of the Company and an executive Director; and (iv) Mr. Chan, a non-executive Director, being part of the Shareholders Group that collectively owns approximately 93.5% of ServiceOne Global as at the date of the 2021 Framework IT Support Agreement (details of which are set out in the section headed "Information on the parties" below), none of the Directors has a material interest in the transactions contemplated under the 2021 Framework IT Support Agreement. Accordingly, Mr. Chu, Mr. Wong, Mr. Lau and Mr. Chan did not vote on the Board resolution approving the 2021 Framework IT Support Agreement.

INTERNAL CONTROL MEASURES

The Group has implemented internal control measures to monitor the transactions contemplated under the 2021 Framework IT Support Agreement, including:

- (i) the sales team of the Group will review the relevant IT Support Services to be outsourced to sub-contractors in carrying out the Group's IT infrastructure solution projects and obtain price quotations from the ServiceOne Group and at least two independent IT service providers (subject to practical availability and feasibility) from a list of pre-approved IT service providers, which is subject to periodic review and update by the management of the Group, taking into account factors including the relevant experience, capability and available resources of the IT service providers, to ensure the IT service providers' quality standards;
- (ii) in determining whether the price quotation offered by the ServiceOne Group for providing the relevant IT Support Services is in line with those offered by the independent IT service providers, the sales team of the Group will compare the price quotation provided by the ServiceOne Group against the price quotations obtained from the independent IT service providers;
- (iii) in the event that the pricing terms offered by the ServiceOne Group are not considered to be comparable with the pricing terms offered by the independent IT service providers, the Group will not approve and accept the price quotation from the ServiceOne Group. The final acceptance of the price quotation provided by the ServiceOne Group shall be approved by the senior management of the Group;
- (iv) the finance department of the Group will monitor the amount of service fees for the IT Support Services paid by the Group to the ServiceOne Group on an ongoing basis to ensure that the Annual Caps are not exceeded;
- (v) regular meetings on quarterly basis will be held between the sales team and senior management of the Group to ensure that the Group is informed of all relevant operational and financial information in respect of the IT Support Services on a timely basis;
- (vi) the independent non-executive Directors will conduct an annual review with respect to the transactions contemplated under the 2021 Framework IT Support Agreement and confirm in the Company's annual report, whether pursuant to the requirements under the GEM Listing Rules, such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms or better, and in accordance with the 2021 Framework IT Support Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (vii) the auditor of the Company will conduct an annual review on the transactions contemplated under the 2021 Framework IT Support Agreement, including the pricing terms and the Annual Caps thereof in accordance with the GEM Listing Rules.

INFORMATION ON THE PARTIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the GEM since 12 April 2016. The Company is owned as to approximately 71.1% by the Shareholders Group as at the date of this announcement.

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

ServiceOne Global is a company incorporated in the British Virgin Islands with limited liability and is effectively owned as to approximately 93.5% by the Shareholders Group as at the date of this announcement. The remaining interest in ServiceOne Global of approximately 6.5% is effectively held by Mr. Ng Lai Yick (“**Mr. Ng**”) and Ms. Wong Siu Ying (“**Ms. Wong**”) collectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Ng and Ms. Wong is an Independent Third Party.

The ServiceOne Group is principally engaged in the provision of IT support services in Hong Kong, Macau and the PRC.

GEM LISTING RULES IMPLICATION

Taking into consideration that the Shareholders Group which collectively owns approximately 71.1% of the Company also collectively owns approximately 93.5% of ServiceOne Global, ServiceOne Global is an associate of the controlling shareholders of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2021 Framework IT Support Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of each of the Annual Caps are less than 5% but the annual consideration pursuant to the 2021 Framework IT Support Agreement is more than HK\$3,000,000 but less than HK\$10,000,000, the transactions contemplated under the 2021 Framework IT Support Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

“Annual Caps”	the maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the 2021 Framework IT Support Agreement for the three years ending 31 March 2022, 2023 and 2024
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules

“Board”	the board of Directors
“Company”	Expert Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8319)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholders”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	the directors of the Company
“GEM”	The GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chan”	Mr. Chan Kin Mei Stanley, a non-executive Director and a member of the Shareholders Group
“Mr. Cheung”	Mr. Cheung Nap Kai, a member of the Shareholders Group
“Mr. Chu”	Mr. Chu Siu Sum Alex, a non-executive Director and a member of the Shareholders Group
“Mr. Lau”	Mr. Lau Wai Kwok, the chief executive officer of the Company, an executive Director and a member of the Shareholders Group
“Mr. Mok”	Mr. Mok Chu Leung Terry, a member of the Shareholders Group
“Mr. Wong”	Mr. Wong Chu Kee Daniel, the chairman of the Company, a non-executive Director and a member of the Shareholders Group
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“ServiceOne Group”	ServiceOne Global and its subsidiaries from time to time
“ServiceOne Global”	ServiceOne Global Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and an associate of the Company’s controlling shareholders
“Shareholders Group”	refers to Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan, who collectively own approximately 71.1% of the Company and approximately 93.5% of ServiceOne Global as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2018 Framework IT Support Agreement”	the framework IT support agreement dated 29 March 2018 entered into between the Company and ServiceOne Global, in relation to the provision of IT support services by the ServiceOne Group to the Group from 1 April 2018 to 31 March 2021
“2021 Framework IT Support Agreement”	the framework IT support agreement dated 26 April 2021 entered into between the Company and ServiceOne Global, in relation to the provision of IT support services by the ServiceOne Group to the Group from 26 April 2021 to 31 March 2024
“%”	per cent

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

Hong Kong, 26 April 2021

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

Chairman and non-executive Director:

Mr. Wong Chu Kee Daniel

Chief executive officer and executive Director:

Mr. Lau Wai Kwok

Executive Directors:

Ms. Lau Tsz Yan

Mr. So Cheuk Wah Benton

Non-executive Directors:

Mr. Chu Siu Sum Alex

Mr. Chan Kin Mei Stanley

Independent non-executive Directors:

Mr. Au Yu Chiu Steven

Mr. Chung Fuk Wing Danny

Mr. Ko Man Fu

Mr. Mak Wai Sing

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

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