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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)

PROFIT WARNING

This announcement is made by Expert Systems Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of the directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the Board, the Group is estimated to record a substantial decrease in net profit for the six months ended 30 September 2016 (“**Interim FY2017**”), as compared to that of the corresponding period of 2015.

As disclosed in the quarterly report of the Company for the three months ended 30 June 2016, the Group’s business was anticipated to remain challenged by, among others, the weak market conditions and weak economic outlook, which may cast uncertainty on the overall demand of the Group’s customers for the IT infrastructure solutions in Hong Kong and Macau, and in turn may have negative impact on the Group’s business volume and exerted pressure on its pricing terms and hence on its profit margin and profitability. The estimated decrease in net profit for Interim FY2017 is mainly due to the decrease in gross profit margin during the period as a result of the Group’s efforts in maintaining its market share by offering more competitive pricing under the challenging business environment.

The Company is still in the progress of finalizing its unaudited consolidated results for Interim FY2017. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available as aforementioned, which has not been reviewed by the audit committee of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for Interim FY2017, which will be published in early November 2016 in accordance with the requirements of the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 19 October 2016

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. Mok Chu Leung Terry

Mr. Cheung Nap Kai

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, opinions expressed in this announcement have been arrived at after due and careful consideration, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be published 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.