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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 ALERT

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 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 increase in reported net profit for the nine months ended 31 December 2016 (“**Q3 FY2017**”), as compared to that of the corresponding period of 2015 (“**Q3 FY2016**”). Based on the information currently available, the estimated substantial increase in reported net profit of the Group for Q3 FY2017 as compared to Q3 FY2016 is mainly attributable to the substantial decrease in administrative expenses for Q3 FY2017 as compared to Q3 FY2016 mainly due to the non-recurring listing-related expenses of approximately HK\$9.3 million incurred in Q3 FY2016 while no such expenses were incurred in Q3 FY2017.

However, after adjustment by adding back the said non-recurring listing-related expenses incurred in Q3 FY2016, the Group is estimated to record a substantial decrease in underlying net profit (representing reported net profit adjusted for non-recurring expenses/gains, if any) for Q3 FY2017 as compared to Q3 FY2016. The estimated decrease in underlying net profit of the Group for Q3 FY2017 as compared to that of Q3 FY2016 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. During Q3 FY2017, the Group’s business was challenged by factors including weak market conditions and weak economic outlook, which casted uncertainty on the overall demand of its customers for the IT infrastructure solutions in Hong Kong and Macau, and in turn impacted negatively on the Group’s profit margin and profitability.

The Company is still in the progress of finalizing its unaudited consolidated results for Q3 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, and is therefore subject to change and adjustment. Shareholders and potential investors are advised to read carefully the results announcement of the Company for Q3 FY2017, which will be published on or around 9 February 2017 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, 23 January 2017

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.