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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 (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, if the non-recurring listing-related expenses of approximately HK\$12.5 million incurred for the year ended 31 March 2016 were excluded from the net profit of the Group (the “**Underlying FY2016 Net Profit**”), it is estimated that the Group’s net profit for the year ended 31 March 2017 (the “**FY2017 Net Profit**”) would represent a substantial decrease as compared to the Underlying FY2016 Net Profit.

As reported in the quarterly report of the Company for the nine months ended 31 December 2016, the market conditions and economic outlook remain weak, which cast uncertainty on the overall demand of the Group’s customers for IT infrastructure solutions. The estimated decrease in FY2017 Net Profit as compared to the Underlying FY2016 Net Profit is mainly due to (i) the decrease in gross profit margin during the year as a result of the Group’s efforts in maintaining its market share by offering more competitive pricing under the challenging business environment; and (ii) the increase in administrative expenses for professional fees and compliance fees, following the listing of the Company in April 2016.

The Company is still in the progress of finalizing its audited consolidated results for the year ended 31 March 2017 (“**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 for FY2017, which will be published before the end of June 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.

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

Hong Kong, 19 May 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.