

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Hong Kong Securities Clearing Company Limited (“**HKSCC**”) 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.

Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus dated 30 March 2016 (the “**Prospectus**”) issued by Expert Systems Holdings Limited (the “**Company**”).

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares or other securities of the Company. Potential investors should read the Prospectus for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.

Prospective investors of the Placing Shares should note that the Joint Lead Managers (for themselves and on behalf of the Underwriters) shall have the absolute right to terminate the arrangements set out in the Underwriting Agreement which is only exercisable by both the Joint Lead Managers (for themselves and on behalf of the Underwriters) together by giving notice in writing to the Company (for itself and on behalf of the executive Directors and the Controlling Shareholders) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date upon the occurrence of any of the events set out under the paragraph headed “Grounds for termination” in the “Underwriting” section of the Prospectus.



EXPERT
EXPERT SYSTEMS HOLDINGS LIMITED

思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**LISTING ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF PLACING**

Number of Placing Shares : 200,000,000 Placing Shares

**Placing Price : HK\$0.25 per Placing Share plus brokerage
of 1%, SFC transaction levy of 0.0027%
and Stock Exchange trading fee of
0.005% (payable in full on application)**

Nominal value : HK\$0.01 per Share

Stock code : 8319

Sole Sponsor



上銀國際有限公司
BOSC International Company Limited

Joint Bookrunners and Joint Lead Managers



上銀國際有限公司
BOSC International Company Limited



雅利多證券
ARISTO SECURITIES LIMITED

SUMMARY

- The Placing Price has been determined at HK\$0.25 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$0.25 per Placing Share, the net proceeds to be received by the Company from the Placing, after deducting the underwriting fees and commission, the SFC transaction levy, the Stock Exchange trading fee and estimated fees and expenses paid/payable by the Company in connection with the Placing, are estimated to be approximately HK\$32.2 million. The Directors intend to apply the net proceeds from the Placing in accordance with the purposes set forth in the paragraph headed “Placing Price and Use of Proceeds” below.
- The 200,000,000 Placing Shares offered by the Company under the Placing have been slightly over-subscribed for and have been conditionally allocated to a total of 123 selected individuals, institutional and professional investors.
- The Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing are independent of and not connected with the Company and any of the directors, chief executive, controlling shareholders or substantial shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries and their respective close associates (as defined under the GEM Listing Rules), and are not any person or group of persons as referred to in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing, and the Directors confirm that there will be no new substantial shareholder immediately after completion of the Capitalisation Issue and the Placing.
- Pursuant to Rule 11.23(2)(b) of the GEM Listing Rules, the Shares in public hands should, as at the time of Listing, be held among at least 100 persons. Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at all times of the Listing and thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be 29.7% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of the Listing will be beneficially owned by the three largest public shareholders of the Company and the Shares in public hands will be held among at least 100 persons.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Tuesday, 12 April 2016. Shares will be traded in board lot of 10,000 Shares each. The stock code of the Shares is 8319.
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

PLACING PRICE AND USE OF PROCEEDS

On 6 April 2016, the Placing Price has been determined at HK\$0.25 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the Placing, after deducting the underwriting fees and commission, the SFC transaction levy, the Stock Exchange trading fee and estimated fees and expenses paid/payable by the Company in connection with the Placing, are estimated to be approximately HK\$32.2 million. The Directors intend to apply the net proceeds from the Placing (as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus) as follows:

- approximately 21.1% of the total estimated net proceeds from the Placing, or approximately HK\$6.8 million, will be used to expand and train the Group’s sales, technical and support workforce;
- approximately 34.2% of the total estimated net proceeds from the Placing, or approximately HK\$11.0 million, will be used to expand the IT infrastructure solutions business of the Group;
- approximately 18.6% of the total estimated net proceeds from the Placing, or approximately HK\$6.0 million, will be used to strengthen the marketing efforts of the Group;
- approximately 17.1% of the total estimated net proceeds from the Placing, or approximately HK\$5.5 million, will be used to enhance the management information systems of the Group; and
- approximately 9.0% of the total estimated net proceeds from the Placing, or approximately HK\$2.9 million will be used towards working capital and general corporate purposes.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING

The 200,000,000 Placing Shares offered by the Company under the Placing have been slightly over-subscribed for.

RESULTS OF ALLOCATION

Pursuant to the Placing, the 200,000,000 Placing Shares have been conditionally allocated to a total of 123 selected individuals, institutional and professional investors. The distribution of the Placing Shares is set out as below:

	Aggregate number of Placing Shares allocated	Approximate percentage of the total number of the Placing Shares allocated (i.e. 200,000,000 Placing Shares)	Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing (i.e. 800,000,000 Shares)
Top placee	20,500,000	10.25%	2.56%
Top 5 placees	78,000,000	39.00%	9.75%
Top 10 placees	128,000,000	64.00%	16.00%
Top 25 placees	195,830,000	97.92%	24.48%

Number of Placing Shares allocated

Number of placees

10,000 to 20,000	81
20,001 to 100,000	10
100,001 to 500,000	6
500,001 to 1,000,000	1
1,000,001 to 5,000,000	9
5,000,001 and above	16
Total:	<u>123</u>

The Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing are independent of and not connected with the Company and any of the directors, chief executive, controlling shareholders or substantial shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries and their respective close associates (as defined under the GEM Listing Rules), and are not any person or group of persons as referred to in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing, and the Directors confirm that there will be no new substantial shareholder immediately after completion of the Capitalisation Issue and the Placing. None of the Shares subscribed by the placees has been financed directly or indirectly by any of the directors, chief executives, controlling shareholders or substantial shareholders of the Company or any of its subsidiaries or their respective close associates, and none of the placees is accustomed to taking instructions from any of the directors, chief executive, controlling shareholders or

substantial shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of Shares registered in his/her/its name or otherwise held by him/her/it.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(2)(b) of the GEM Listing Rules, the Shares in public hands should, as at the time of Listing, be held among at least 100 persons. Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at all times of the Listing and thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be 29.7% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of the Listing will be beneficially owned by the three largest public shareholders of the Company and the Shares in public hands will be held among at least 100 persons.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, which is expected to be Tuesday, 12 April 2016, or any other date as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for subscription monies for the Placing Shares. No temporary documents or evidence of title will be issued by the Company.

The share certificates issued in respect of the Placing Shares will be deposited into CCASS on or before Monday, 11 April 2016 for credit to the relevant CCASS Participants' stock accounts designated by the Joint Lead Managers, the places or their respective agents (as the case may be) based on their respective instructions.

Prospective investors of the Placing Shares should note that the Joint Lead Managers (for themselves and on behalf of the Underwriters) shall have the absolute right to terminate the arrangements set out in the Underwriting Agreement which is only exercisable by both the Joint Lead Managers (for themselves and on behalf of the Underwriters) together by giving notice in writing to the Company (for itself and on behalf of the executive Directors and the Controlling Shareholders) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing

Date, i.e. Tuesday, 12 April 2016 upon the occurrence of any of the events set out under the paragraph headed “Grounds for termination” in the section headed “Underwriting” in the Prospectus. If any of the conditions of the Placing as mentioned therein has not been fulfilled or waived prior to the dates and times specified in the Prospectus, or the Underwriting Agreement is terminated in accordance with its terms, the Placing will lapse and all monies received will be refunded to the applicants of the Placing Shares without interests and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.expertsystems.com.hk on the next business day following the date of such lapse.

All share certificates for the Placing Shares will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date which is expected to be 12 April 2016.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Tuesday, 12 April 2016. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.expertsystems.com.hk accordingly.

Shares will be traded in board lot of 10,000 Shares each. The stock code for the Shares is 8319.

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

Hong Kong, 11 April 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.