
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Advanced Card Systems Holdings Limited**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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Advanced Card Systems Holdings Limited

龍傑智能卡控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2086)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Advanced Card Systems Holdings Limited to be held at Taishan Room, Level 5, Island Shangri-La Hotel Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 26 June 2017 at 3:00 p.m. is set out on pages 13 to 17 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Taishan Room, Level 5, Island Shangri-La Hotel Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 26 June 2017 at 3:00 p.m.
“Articles of Association”	the amended and restated memorandum and articles of association of the Company with effective on 29 September 2015
“Board”	the board of Directors
“Company”	Advanced Card Systems Holdings Limited, an exempted company incorporated in the Cayman Islands on 13 April 2000 with limited liability under the Companies Law (Revised) of the Cayman Islands, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in the proposed ordinary resolution as referred to in ordinary resolution no. 4, Shares up to a maximum of 20% of the total number of issued shares of the Company as at the date of passing of the resolution approving the Share Issue Mandate
“Latest Practicable Date”	21 April 2017, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the total number of issued shares of the Company as at the date of passing the Repurchase Mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



Advanced Card Systems Holdings Limited

龍傑智能卡控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2086)

Executive Directors:

Mr. Peng Fang (*Chairman*)

Mr. Cui Yijun

Mr. Wang Hao

Mr. Wong Chi Ho (*Co-Chief Executive Officer*)

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Independent Non-executive Directors:

Ms. Kaung Cheng Xi Dawn

Mr. Yim Kai Pung

*Head Office and Principal Place
of Business:*

Units 2010–2013, 20th Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay

Hong Kong

27 April 2017

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals for the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors, and to seek your approval at the AGM in connection with, inter alia, such matters.

* *For identification purpose only*

LETTER FROM THE BOARD

ISSUE MANDATE

At the annual general meeting held on 20 May 2016, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to allot, issue and deal with Shares. Such general mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such general mandate at the AGM.

As at the Latest Practicable Date, the issued share capital of the Company comprised 319,564,892 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolution approving the Issue Mandate, the maximum number of Shares which may be issued pursuant to the Issue Mandate as at the date of passing the resolution approving the Issue Mandate will be 63,912,978 Shares representing not more than 20% of the total number of issued shares of the Company.

Ordinary resolutions will be proposed at the AGM to grant to the Directors the Issue Mandate, and authorize the extension of the Issue Mandate, details of which are set out in ordinary resolutions numbers 4 and 6 respectively in the notice of AGM.

REPURCHASE MANDATE

Also at the annual general meeting held on 20 May 2016, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own Shares. Such general mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew the Repurchase Mandate at the AGM.

As at the Latest Practicable Date, the number of the issued shares is 319,564,892 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate as at the date of passing the Repurchase Mandate will be 31,956,489 Shares.

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution number 5 in the notice of AGM. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of total number of issued shares of the Company as at the date of passing of the Repurchase Mandate.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Repurchase Mandate, is set out in the Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of six Directors, Mr. Peng Fang, Mr. Cui Yijun, Mr. Wang Hao, Mr. Wong Chi Ho, Ms. Kaung Cheng Xi Dawn and Mr. Yim Kai Pung.

In accordance with Article 16.2 of the Articles of Association, Mr. Peng Fang, Mr. Cui Yijun and Mr. Wang Hao, will retire at the AGM and, being eligible, offer themselves for re-election.

In accordance with article 16.18 of the Articles of Association, Mr. Wong Chi Ho will retire by rotation at the AGM and, being eligible, offer himself for re-election.

LETTER FROM THE BOARD

Brief biographical details of the retiring Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

The notice convening the AGM, which contains, inter alia, ordinary resolutions to approve the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors is set out on pages 13 to 17 of this circular.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM, or any adjourned meeting, should they so wish.

RECOMMENDATION

The Directors believe that the granting of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors are in the best interests of the Company as well as to the Shareholders. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant resolutions relating to aforesaid matters.

By order of the Board
Advanced Card Systems Holdings Limited
Peng Fang
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration.

1. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 319,564,892 Shares in issue at the Latest Practicable Date, could result in up to 31,956,489 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. UNDERTAKING

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2016 annual report of the Company) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association and articles of association of the Company, the laws of Hong Kong and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

5. EFFECT OF TAKEOVERS CODE AND PUBLIC FLOAT

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, as far as the Directors are aware, HNA EcoTech Pioneer Acquisition was interested in 239,673,669 Shares, representing 75% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of HNA EcoTech Pioneer Acquisition would be increased to approximately 83.33% of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but would reduce the percentage of Shares held by the public to below the prescribed minimum percentage of 25% required by the Listing Rules.

The Directors will use their best endeavours to ensure that the Repurchase Mandate will not be exercised to the extent that the number of Shares held by the public being reduced to less than 25% as required under the Listing Rules.

6. SHARE PURCHASED MADE BY THE COMPANY

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

7. SHARE PRICES

The table below is a summary of the highest and lowest traded prices in each of the previous twelve months prior to the Latest Practicable Date.

	Highest Traded Price <i>HK\$</i>	Lowest Traded Price <i>HK\$</i>
2016		
April	1.863	1.544
May	1.660	1.390
June	1.535	1.264
July	1.544	1.332
August	1.641	1.400
September	1.622	1.400
October	1.630	1.370
November	1.620	1.380
December	2.470	1.380
2017		
January	2.690	2.110
February	2.660	2.640
March	2.660	2.440
April (up to the Latest Practicable Date)	—*	—*

* Suspension of trading since 9:00 a.m. on 23 March 2017.

The following are the particulars of the Directors proposed to be re-elected at the AGM:

Mr. PENG Fang

Mr. Peng Fang, aged 32, is an executive Director and the chairman of the Board of the Company, all of which were appointed on 31 March 2017. Mr. Peng joined HNA Cloud Technology Co., Ltd. (海航雲科技有限公司) and served as a chief investment officer from November 2015 to March 2016. He then served various positions in HNA EcoTech Group Co., Ltd.* (海航生態科技集團有限公司) including investment vice-president from March 2016 to November 2016, investment president from November 2016 to December 2016 and chief operating officer since December 2016. He is currently a director of HNA EcoTech Pioneer Acquisition, the controlling shareholder of the Company. Mr. Peng obtained a master degree in Economics from Peking University in July 2008.

Mr. Peng has entered into a service contract with the Company pursuant to which he has agreed to act as an executive Director for a term of two years commencing from 31 March 2017 unless terminated by three month's written notice or in certain circumstances as in accordance with the terms of the service contract. Mr. Peng is subject to retirement and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Pursuant to the service contract, Mr. Peng will receive a basic remuneration of HK\$1,680,000 per annum and such other benefits as may be determined by, and at the discretion of, the Board from time to time with reference to market rates, his qualifications and experience.

As at the Latest Practicable Date, save as otherwise disclosed, Mr. Peng (i) does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company; (ii) does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance; and (iii) does not have any directorship in other listed public companies in the past three years.

Saved as disclosed above, there is no other information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51 (2) of the Listing Rules and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Peng's re-election as director.

* *For identification purpose only*

Mr. CUI Yijun

Mr. Cui Yijun (崔軼雋), aged 35, was appointed as an executive Director of the Company on 31 March 2017. Mr. Cui has extensive experiences in financial management, capital operation as well as international finance. He started his career with HNA Group Co., Ltd.* (海航集團有限公司) (“HNA Group”) in 2004 and served various management positions in HNA Group’s subsidiaries including chief financial officer of HNA Logistics Group Co., Ltd.* (海航物流集團有限公司), chief financial officer, financial controller and deputy financial controller of HNA Capital Group Co. Ltd.* (海航資本集團有限公司), general manager of finance department of Hainan Airlines Company Limited (海南航空股份有限公司) (a Shanghai A-share listed company with stock code: 600221), deputy general manager of plan finance department (計劃財務部) and director of cash flow management centre (現金流管理中心) of HNA Group, project director of aircraft acquisition department (飛機引進部) of Hainan HNA Aeronautics Import & Export Limited Company* (海南海航航空進出口有限公司), the aircraft import business assistant of purchasing administration department (採購管理部飛機引進商務助理) of HNA Group, and business staff of cabin and local service department (客艙與地面服務部商務員) of Hainan Airlines Company Limited (海南航空股份有限公司) (a Shanghai A-share listed company with stock code: 600221). Mr. Cui has been the financial controller of HNA Tech & Logistics Group Co., Ltd.* (海航科技物流集團有限公司) (the “HNA Tech & Logistics Group”) since December 2016. Mr. Cui obtained a bachelor’s degree in English from Xi’an Jiaotong University in China in 2004. He is currently enrolled in Executive Master of Business Administration in Guanghua School of Management of Peking University.

Mr. Cui has entered into a service contract with the Company pursuant to which he has agreed to act as an executive Director for a term of two years commencing from 31 March 2017 unless terminated by three month’s written notice or in certain circumstances as in accordance with the terms of the service contract. Mr. Cui is subject to retirement and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Pursuant to the service contract, Mr. Cui will not receive any basic remuneration, but he may receive other benefits as may be determined by, and at the discretion of, the Board from time to time.

As at the Latest Practicable Date, save as otherwise disclosed, Mr. Cui (i) does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company; (ii) does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance; and (iii) does not have any directorship in other listed public companies in the past three years.

Saved as disclosed above, there is no other information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51 (2) of the Listing Rules and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Cui’s re-election as director.

Mr. WANG Hao

Mr. Wang Hao (王浩), aged 39, was appointed as an executive Director of the Company on 31 March 2017. Mr. Wang has over 16 years of working experience in financial and corporate management, and has extensive knowledge and experience in corporate management. He has been a non-executive director of HNA Holding Group Co. Limited (海航實業集團股份有限公司) since February 2016. HNA Holding Group Co. Limited is a company listed on the Main Board of the Stock Exchange with stock code 521. He was appointed as an executive director, the chief executive officer of and the chairman of the board of directors of HNA Holding Group Co. Limited in June 2015. He stepped down as the chairman of the board of directors and executive director of HNA Holding Group Co. Limited in July 2015 and February 2016, respectively, and was re-designated as a non-executive director of HNA Holding Group Co. Limited and resigned as the Chief Executive Officer of HNA Holding Group Co. Limited in February 2016. Mr. Wang is currently the chairman of the board of directors of Hong Kong International Aviation Leasing Co., Ltd. (香港國際航空租賃有限公司) and the investment president of HNA Tech & Logistics Group. Mr. Wang has also served various positions in the group of HNA Group since 1999, including the business office manager of procurement department (採購部商務室經理) of Hainan Airlines Company Limited (海南航空股份有限公司) (a Shanghai A-share listed company with stock code: 600221), the general manager of plan finance department of HNA Group, the financial controller of HNA Airlines Holdings Co., Ltd.* (海航航空控股有限公司), the vice chief executive officer of SeaCo Ltd, the financial controller of HNA Capital Group Co., Ltd.* (海航資本集團有限公司) and the vice-chairman and chief executive officer of HNA Group (International) Company Limited (海航集團(國際)有限公司). He was also the chief executive officer of Bohai Capital Holding Co., Ltd* (渤海金控投資股份有限公司) (a Shenzhen A-share listed company with stock code: 000415) from May 2013 to February 2015. Mr. Wang obtained a master degree in business administration from City University of Seattle in 2007.

Mr. Wang has entered into a service contract with the Company pursuant to which he has agreed to act as an executive Director for a term of two years commencing from 31 March 2017 unless terminated by three month's written notice or in certain circumstances as in accordance with the terms of the service contract. Mr. Wang is subject to retirement and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Pursuant to the service contract, Mr. Wang will not receive any basic remuneration, but he may receive other benefits as may be determined by, and at the discretion of, the Board from time to time.

As at the Latest Practicable Date, save as otherwise disclosed, Mr. Wang (i) does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company; (ii) does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance; and (iii) does not have any directorship in other listed public companies in the past three years.

Saved as disclosed above, there is no other information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51 (2) of the Listing Rules and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Wang's re-election as director.

* For identification purpose only

Mr. WONG Chi Ho

Mr. Wong Chi Ho, aged 38, is an executive Director of the Company and a member of the Nomination Committee and the Remuneration Committee. He is also Co-Chief Executive Office of the Company and its subsidiaries (together “the Group”). He was appointed as executive Director and Co-Chief Executive Officer on 24 March 2015. He is also a director and the legal representative of several subsidiaries of the Group. He joined the Group in July 2013. He is involved in the development of the Group’s smart card and smart card reader technologies. Mr. Wong Chi Ho has over eight years of engineering work experience in Silicon Valley, California, U.S.A., where he worked for Qualcomm Technologies, Inc., Nvidia Corporation and Sun Microsystems Inc. Mr. Wong Chi Ho obtained a Master of Science in Management, Science and Engineering degree from Stanford University in California, U.S.A. in January 2005 as well as Bachelor of Science in Engineering in Electrical Engineering (Summa Cum Laude) and Master of Science in Engineering in Electrical Engineering degrees from The University of Michigan at Ann Arbor in Michigan, U.S.A. in April 2001 and April 2002, respectively. Mr. Wong Chi Ho passed Level 3 of the CFA Study and Examination Program of the CFA Institute. He is a son of Ms. Tsui Kam Ling (ex-chairman of the Board of the Company) and the brother of Mr. Wong Chi Kit (Co-Chief Executive Officer of the Group).

Mr. Wong has entered into a service contract with the Company pursuant to which he has agreed to act as an executive Director for a term of two years commencing from 24 March 2015 which has been renewed for a term of further two years from 24 March 2017 unless terminated by 3 month’s written notice or in certain circumstances as in accordance with the terms of the service contract. Mr. Wong is subject to retirement and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. During the year ended 31 December 2016, Mr. Wong received a basic remuneration of HK\$1,068,000 and retirement scheme contribution of HK\$18,000. His remuneration is determined by, and at the discretion of, the Board from time to time with reference to market rates, his qualifications and experience.

As at the Latest Practicable Date, save as otherwise disclosed, Mr. Wong (i) does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company; (ii) does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance; and (iii) does not have any directorship in other listed public companies in the past three years.

Saved as disclosed above, there is no other information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51 (2) of the Listing Rules and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Wong’s re-election as director.

NOTICE OF ANNUAL GENERAL MEETING



Advanced Card Systems Holdings Limited

龍傑智能卡控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2086)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of Advanced Card Systems Holdings Limited (the “Company”) will be held at Taishan Room, Level 5, Island Shangri-La Hotel Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on Monday, 26 June 2017 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements, the report of the directors and the independent auditor’s report for the year ended 31 December 2016.
2. (a) To re-elect the following retiring directors of the Company:
 - (i) Mr. Peng Fang
 - (ii) Mr. Cui Yijun
 - (iii) Mr. Wang Hao
 - (iv) Mr. Wong Chi Ho
- (b) To authorise the board of directors to fix the remuneration of directors.
3. To re-appoint KPMG as auditor and to authorize the board of directors to fix the remuneration of auditor.
4. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power after the end of the Relevant Period (as hereinafter defined);
- (c) the total number of Shares allotted or issued or conditionally or unconditionally agreed to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time; or (iii) an issue of shares upon the exercise of options which may be granted under any option scheme or similar arrangement for the time being adopted or to adopt for the grant or issue to officers, employees and/or directors of the Company and/or any of its subsidiaries of shares or rights to acquire shares; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company; or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20 per cent. of the total number of Shares in issue as at the date of passing of this Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this resolution) and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase securities of the Company on the Stock Exchange or any other stock exchange of which the shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the total number of the Shares repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10 per cent. of the total number of shares of the Company in issue as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this resolution) and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution.”

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6. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to the passing of the Resolutions nos. 4 and 5 set out in the notice convening this meeting, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with any unissued Shares pursuant to Resolution no. 4 set out in the notice convening this meeting be and is hereby extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the total number of Shares repurchased by the Company under the authority granted pursuant to Resolution no. 5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of total number of Shares in issue as at the date of passing of the said Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this resolution).”

By order of the Board
Advanced Card Systems Holdings Limited
Peng Fang
Chairman

Hong Kong, 27 April 2017

Principal place of business in Hong Kong:

Units 2010–2013, 20th Floor
Chevalier Commercial Centre
8 Wang Hoi Road
Kowloon Bay
Hong Kong

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or the adjourned meeting (as the case may be).
3. Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the Meeting, or any adjourned meeting, should they so wish.
4. The register of members will be closed from Tuesday, 20 June 2017 to Monday, 26 June 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 19 June 2017.
5. With regard to Resolution no. 2 in this notice, the board of directors of the Company proposes that the retiring directors of the Company, namely Mr. Peng Fang, Mr. Cui Yijun, Mr. Wang Hao and Mr. Wong Chi Ho be re-elected as directors of the Company. Particulars of the said retiring directors of the Company are set out in Appendix II to the circular to the shareholders of the Company dated 27 April 2017.
6. An explanatory statement containing further details regarding Resolution no. 5 as required by the Stock Exchange of the Stock Exchange is set out in Appendix I to the circular to the shareholders of the Company dated 27 April 2017.
7. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all votes of shareholders at the Meeting will be taken by poll except where the chairman of the Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the matter prescribed under Rule 13.39(5) of the Listing Rules.