



# 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: 8210)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

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\* For identification only

## HIGHLIGHTS

- The revenue of the Group for the six months ended 30 June 2007 slightly increased by 1% to HK\$21.8 million from the first half year of 2006.
- The gross profit of the Group for the six months ended 30 June 2007 increased by 12% to HK\$11.8 million from HK\$10.5 million for the first half year of 2006 and the gross profit margin increased to 54% from 49%.
- The Group recorded net profit after income tax of HK\$1.4 million for the six months ended 30 June 2007 (first half year of 2006: HK\$1.2 million).
- As at 30 June 2007, the cash at banks and on hand of the Group amounted to HK\$10.6 million and there was no borrowing.

## UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the “Board”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2007.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2007

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	10,951	10,653	21,838	21,516
Cost of sales		(4,859)	(4,858)	(10,010)	(11,000)
<b>Gross profit</b>		<b>6,092</b>	<b>5,795</b>	<b>11,828</b>	<b>10,516</b>
Other revenue		100	59	159	96
Other net loss		(13)	(49)	(11)	(114)
Administrative and other					
operating expenses		(3,053)	(2,983)	(6,026)	(6,324)
Research and development expenses		(1,520)	(862)	(2,814)	(1,482)
Selling and distribution costs		(755)	(734)	(1,647)	(1,415)
<b>Operating profit</b>		<b>851</b>	<b>1,226</b>	<b>1,489</b>	<b>1,277</b>
Finance costs	4.1	(71)	(48)	(117)	(81)
<b>Profit before income tax</b>	4	<b>780</b>	<b>1,178</b>	<b>1,372</b>	<b>1,196</b>
Income tax	5	—	—	—	—
<b>Profit for the period</b>		<b>780</b>	<b>1,178</b>	<b>1,372</b>	<b>1,196</b>
<b>Earnings per share</b>	7				
Basic		HK0.277 cents	HK0.418 cents	HK0.487 cents	HK0.424 cents
Diluted		HK0.276 cents	HK0.418 cents	HK0.486 cents	N/A

# CONSOLIDATED BALANCE SHEET

At 30 June 2007

	<i>Notes</i>	<b>Unaudited 30 June 2007 HK\$'000</b>	<b>Audited 31 December 2006 HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>1,844</b>	1,932
Development costs		<b>9,440</b>	9,393
Deferred tax assets		<b>2,762</b>	2,762
		<b>14,046</b>	14,087
<b>Current assets</b>			
Inventories		<b>10,289</b>	8,600
Trade and other receivables, deposits paid and prepayments	8	<b>5,525</b>	6,753
Held-to-maturity financial asset		<b>18</b>	17
Pledged bank deposits		<b>2,005</b>	2,691
Cash and cash equivalents		<b>8,566</b>	5,240
		<b>26,403</b>	23,301
<b>Current liabilities</b>			
Trade and other payables, deposits received and accruals	9	<b>6,161</b>	4,472
<b>Net current assets</b>		<b>20,242</b>	18,829
<b>Net assets</b>		<b>34,288</b>	32,916
<b>EQUITY ATTRIBUTABLE TO COMPANY'S EQUITY HOLDERS</b>			
Share capital		<b>28,180</b>	28,180
Reserves		<b>6,108</b>	4,736
<b>Total equity</b>		<b>34,288</b>	32,916

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Unaudited	
	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	4,208	1,984
Net cash used in investing activities	(765)	(1,422)
Net cash (used in)/generated from financing activities	(117)	128
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Net increase in cash and cash equivalents	3,326	690
Cash and cash equivalents at 1 January	5,240	6,390
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Cash and cash equivalents at 30 June	8,566	7,080
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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2006	28,180	24,333	4,496	(26,657)	30,352
Profit for the period	—	—	—	1,196	1,196
<b>Total recognised income and expense for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,196</b>	<b>1,196</b>
<b>At 30 June 2006</b>	<b>28,180</b>	<b>24,333</b>	<b>4,496</b>	<b>(25,461)</b>	<b>31,548</b>
At 1 January 2007	28,180	24,333	4,496	(24,093)	32,916
Profit for the period	—	—	—	1,372	1,372
<b>Total recognised income and expense for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,372</b>	<b>1,372</b>
<b>At 30 June 2007</b>	<b>28,180</b>	<b>24,333*</b>	<b>4,496*</b>	<b>(22,721)*</b>	<b>34,288</b>

\* The aggregate amount of the above balances of HK\$6,108,000 represented the reserves in the consolidated balance sheet.

# NOTES ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

This condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies adopted in the 2006 annual financial statements have been consistently applied to these financial statements.

These financial statements are unaudited but have been reviewed by the audit committee of the Company. These financial statements were approved by the board of directors on 13 August 2007.

## 2 REVENUE

Revenue, which is also the Group’s turnover, represents total invoiced value of goods supplied and income from provision of services rendered. Revenue recognised during the period is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Sale of smart card products, software and hardware	10,727	10,429	21,251	20,840
Smart card related services	224	224	587	676
	<b>10,951</b>	<b>10,653</b>	<b>21,838</b>	<b>21,516</b>

### 3 SEGMENT INFORMATION

#### Primary reporting format – business segments

During the period, the Group was principally engaged in the development, sale and distribution of smart card products, software and hardware and the provision of smart card related services to its customers.

*Six months ended 30 June 2007*

	<b>Development, sale and distribution of smart card products, software and hardware</b>	<b>Provision of smart card related services</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	21,251	587	21,838
Segment result and operating profit	1,079	410	1,489
Finance costs			(117)
Segment result and profit before income tax			1,372
Income tax			—
Profit for the period			1,372
Capital expenditure	1,604	—	1,604
Depreciation and amortisation	1,645	—	1,645
Non-cash expenses other than depreciation and amortisation	18	—	18

Six months ended 30 June 2006

	<b>Development, sale and distribution of smart card products, software and hardware</b>	<b>Provision of smart card related services</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	20,840	676	21,516
Segment result and operating profit	809	468	1,277
Finance costs			(81)
Segment result and profit before income tax			1,196
Income tax			—
Profit for the period			1,196
Capital expenditure	1,515	—	1,515
Depreciation and amortisation	1,005	—	1,005

Over 90% of the segment assets and liabilities are attributable to the segment of “Development, sale and distribution of smart card products, software and hardware” and, accordingly, no segmental analysis of the Group’s assets, liabilities and capital expenditure is presented.

#### Secondary reporting format – geographical segments

The Group’s operations are mainly located in Hong Kong. The following table provides an analysis of the Group’s revenue by geographical market irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
The Americas	<b>4,054</b>	3,515
Asia Pacific	<b>5,951</b>	7,246
Europe, Middle East and Africa	<b>11,833</b>	10,755
	<b>21,838</b>	21,516

Over 90% of the total assets and liabilities of the Group at the respective balance sheet dates were physically located in Hong Kong and substantially employed in Hong Kong. Accordingly, no geographical segmental analysis of the Group’s assets and liabilities and capital expenditure is presented.



#### 4 PROFIT BEFORE INCOME TAX

	Three months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before income tax is arrived at after charging:				
<b>4.1 Finance costs:</b>				
Interests on bank borrowings wholly repayable within five years	15	13	19	13
Bank charges	56	35	98	68
	<b>71</b>	<b>48</b>	<b>117</b>	<b>81</b>
<b>4.2 Other items:</b>				
Amortisation of development costs	635	288	1,097	546
Depreciation	281	233	548	459

#### 5 INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as a subsidiary of the Group has losses brought forward from previous years to offset against its current period's assessable profits and the Company and other subsidiaries sustained losses for taxation purposes for the three months and six months ended 30 June 2007 and 2006.

#### 6 DIVIDENDS

The Company had not declared or paid any dividends during the three months and six months ended 30 June 2007 (2006: Nil).

7 **EARNINGS PER SHARE**

The calculations of the basic and diluted earnings per share are based on the following data:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period for the purposes of calculating basic and diluted earnings per share	<b>780</b>	1,178	<b>1,372</b>	1,196
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	<b>281,800</b>	281,800	<b>281,800</b>	281,800
Effect of dilutive potential ordinary shares relating to outstanding share options	<b>979</b>	38	<b>778</b>	
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	<b>282,779</b>	281,838	<b>282,578</b>	

Diluted earnings per share for the six months ended 30 June 2006 was not presented because the exercise prices of the outstanding options exceeded the average market price of ordinary shares during the period.

**8 TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS**

	<b>30 June 2007 HK\$'000</b>	31 December 2006 HK\$'000
Trade receivables - net	4,479	5,368
Other receivables, deposits paid and prepayments	1,046	1,385
	<b>5,525</b>	<b>6,753</b>

Customers are generally granted credit terms of 30 to 60 days. The ageing analysis of the net trade receivables was as follows:

	<b>30 June 2007 HK\$'000</b>	31 December 2006 HK\$'000
0-30 days	3,143	2,993
31-60 days	147	777
61-90 days	210	36
Over 90 days	979	1,562
	<b>4,479</b>	<b>5,368</b>

**9 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS**

	<b>30 June 2007 HK\$'000</b>	31 December 2006 HK\$'000
Trade payables	3,977	1,871
Other payables, deposits received and accruals	2,184	2,601
	<b>6,161</b>	<b>4,472</b>

The ageing analysis of the trade payables was as follows:

	<b>30 June 2007 HK\$'000</b>	31 December 2006 HK\$'000
0-30 days	3,707	1,833
31-60 days	270	38
	<b>3,977</b>	<b>1,871</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group increased its sales revenue by only 1% in the first half of Year 2007 compared with the figure in the first half of Year 2006. The higher gross profit margins generated by the new products launched to the market more than compensated the drop in gross profit margins of the more mature products. Thus the gross profit margin as a whole increased. The bottom line increased by 15% to HK\$1.4 million.

### FINANCIAL REVIEW

The sales revenue increased by 1% in the half year ended 30 June 2007 compared with the figure in the corresponding period in Year 2006. The gross profits increased by 12% as the gross profit margin increased to 54% in the first half year of 2007 from the figure of 49% in the first half year of 2006. Total expenses increased by 14% to HK\$10.6 million and the Group was able to increase its net profits by 15%.

	Six months ended		Change
	30 June		
	2007	2006	
	HK\$'000	HK\$'000	
Revenue	21,838	21,516	+1%
Cost of sales	(10,010)	(11,000)	-9%
Gross profit	11,828	10,516	+12%
Other revenue and net loss	148	(18)	+922%
Expenses	(10,604)	(9,302)	+14%
Profit before income tax	1,372	1,196	+15%
Income tax	—	—	—
Profit for the period	1,372	1,196	+15%

The sales revenue breakdown by product and service shows that the sales of smart cards represented 23% of the total sales revenue in the first half of Year 2007. Smart cards sales increased 57% to HK\$4.9 million in the first half of Year 2007 from the figure of HK\$3.1 million in the first half of Year 2006. The bulk of the total sales revenue of the Group came from smart card readers of which was recorded a decrease in sales revenue by 8%. Revenue from smart card related services accounted for a small percentage of the total sales revenue. Usually such revenues resulted from the services fees for modifying the Group's products to fit the specific requirements of customers.

	<b>Six months ended</b>		<b>Change</b>
	<b>30 June</b>		
	<b>2007</b>	<b>2006</b>	
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	
Smart cards	4,924	3,141	+57%
Smart card readers	16,327	17,699	-8%
Smart card related services	587	676	-13%
	<b>21,838</b>	<b>21,516</b>	<b>+1%</b>

The Group sold its products to customers in over eighty countries in the world. The region Europe, Middle East and Africa accounted for the biggest percentage of the sales revenue (54% in the first half of Year 2007). The Group has not reached a scale to be able to establish a network of offices in the world. Thus it co-operates with IT solution providers and distributors to serve the users of the smart cards and readers.

	<b>Six months ended</b>		<b>Change</b>
	<b>30 June</b>		
	<b>2007</b>	<b>2006</b>	
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	
The Americas	4,054	3,515	+15%
Asia Pacific	5,951	7,246	-18%
Europe, Middle East and Africa	11,833	10,755	+10%
	<b>21,838</b>	<b>21,516</b>	<b>+1%</b>

## **DIVIDEND**

The Board does not declare an interim dividend in respect of the six months ended 30 June 2007. The declaration, payment, and amount of future dividends will be decided by the Board and will depend upon, among other things, the Group's results of operations, capital requirements, cash flows, general financial condition, and such other factors as the Board may deem relevant.

## **BUSINESS REVIEW**

The Group continued to execute three business strategies (1) to increase the ratio of junior to senior staff members so that one experienced staff member can guide a bigger number of junior staff members, (2) to optimize the deployment of staff members in the three offices in Hong Kong, Manila, The Philippines and Shenzhen, China and (3) to enhance its IT systems. As a result of the business strategy (1) above, the payroll did not increase as much as the headcount increase. To execute business strategy (2), more work assignments are being transferred from Hong Kong office to the Manila and Shenzhen offices whenever possible so that the headquarters can concentrate on the less routine jobs such as building relationships with key customers, planning, defining strategies, system improvement, etc. A good IT system is required to pull the staff members from different offices to work together effectively. The Group made some enhancements of its IT system.

Of the three main products which were launched in Year 2006, namely (1) ACR100, PC-linked reader with mass storage, (2) ACOS5 PKI (Public key infrastructure) smart cards for enhancing the security of using the Internet, and (3) ACR88, the portable PIN-pad reader with LCD, the first two products generated encouraging results. A European customer that started to buy ACR100 products in the first quarter of Year 2007 experienced great success in selling the product for secure storage of files and programs. It is increasing its scale of purchase. A customer in Kenya that bought, in the first half year of 2007, 70 thousand ACOS5 cards for multi-function loyalty programs and for Internet security solutions, received great responses from the customers. Deliveries for bigger quantities are expected for the second half of Year 2007.

In the first half year, the Group launched the product CryptoMate, which is a USB PKI token with embedded smart card chip, ACOS5 chips, for secure access to the Internet. The product aroused keen interest from IT solution houses and some of them are developing applications to use the product.

There are three main products being developed during the first half year of Year 2007: (1) APG82, a dynamic password generator which generates one time password for authentication of users of the Internet for on-line transactions, such as for on-line banking or on-line stock trading (2) eH880, a multi-function smart card reader with the first target use for the German health card project using smart cards and (3) ACR122, a reader for contactless smart cards including the Sony's Felica cards, such as the Hong Kong Octopus cards which are Felica cards. The ACR122 reader is to be used with the PC and can read the balance plus transaction records in a card for micro-payments, such as transportation fare payments.

## **PROSPECTS**

The Group has built a range of products and technologies over the years. It has also established a firm customer base in all continents in the world. Its strategy to increase its economy of scale is taking effect. The new staff members, including junior staff members, are demonstrating their capability to make substantial contributions to the company in developing products, in building the IT system and in securing orders. Some customers have been waiting for the introduction of the three main products (APG82, eH880 and ACR122) actively being developed. These products are ready to be launched to the market in the coming months.

The Group aims to build the needed financial strengths to grow its business more quickly. It was able to attain a positive bottom line and a mildly positive cash flow and is thus moving in the right direction to attain its goal.

The market of smart cards, readers and related security products is growing. The Group has a small share of the total market. However, it has the technical ability to develop state-of-the-art technological products to compete in the world. It has strengthened its sales and marketing team by training junior staff members to take up more responsibilities. Once the Group reaches its economy of scale, the sales and the profitability will take off.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2007, the Group's cash at banks and on hand amounted to HK\$10.6 million (30 June 2006: HK\$8.9 million) which included the pledged bank deposits of HK\$2.0 million (30 June 2006: HK\$1.8 million). The HK\$2.0 million pledged bank deposits were to secure bank credit lines. At 30 June 2007, no credit line was outstanding (30 June 2006: HK\$1.3 million).

The current ratio, being the ratio of current assets to current liabilities, was kept at 4.3 (30 June 2006: 3.2). Net asset value as at the end of the review period was HK\$34.3 million (30 June 2006: HK\$31.5 million). As at 30 June 2007, the Group did not have any borrowings and, accordingly, the gearing ratio, being the total interest bearing debts over the total equity, was zero (30 June 2006: 4.1%).

## **CAPITAL STRUCTURE**

Since the Group got money from the Placing, the Group has relied on internally generated profit to fund its working capital needs. The Group keeps most of its cash in Hong Kong dollars and United States dollars in bank accounts.

## **INVESTMENTS**

During the first six months, the Group did not make any significant investments.

## **ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group did not have any acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2007.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATIONS**

The assets, liabilities and transactions of the Group are primarily denominated in Hong Kong dollars or United States dollars and the exchange rates between such currencies have been stable during the review period. There is no significant exposure to foreign exchange rate fluctuations. No hedging or other alternatives have been implemented during the period.

## **PLEDGE OF ASSETS**

As at 30 June 2007, the Group had pledged deposits of US\$257,000 with two banks for getting banking facilities. Save as disclosed herein, the Group did not pledge any of its assets.

## **CONTINGENT LIABILITIES**

As at 30 June 2007, the Company had outstanding corporate guarantee of HK\$5 million (plus accrued interest thereon) to two banks in respect of banking facilities granted to its main subsidiary. Save as disclosed herein, the Group did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2007, the Group had 77 full-time employees. Staff costs amounted to HK\$6.0 million (corresponding period in 2006: HK\$5.9 million). Remuneration policies and packages for the Group's employees are based on individual qualifications, performance, experience and conditions prevailing in the industry. In addition, various training sessions are offered to employees to enhance their product and market knowledge.

The Group has also adopted share option schemes under which the employees of the Group may be granted share options to subscribe for shares in the Company for the purposes of recognising their contributions to the Group.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Based on the information available to the Company and within the knowledge and belief of the directors of the Company, none of the directors or the management shareholders of the Company (as defined under the GEM Listing Rules) have any interests in a business which competes or may compete with the business of the Group during the period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## **THE CODE ON CORPORATE GOVERNANCE PRACTICES**

A.2 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "Code") provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Yiu Chu, Denny was appointed as the chairman and chief executive officer of the Company. The roles of chairman and chief executive officer were not separated. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that his appointment being both the chairman and chief executive officer is beneficial to the business prospects of the Company. Save as disclosed above, the Company has met the code provisions set out in the Code throughout the six months ended 30 June 2007.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the rules governing dealings by directors in listed securities of the Company ("dealings rules") on terms no less exacting than the required standard of dealings as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors of the Company, all directors of the Company confirm that they complied with such dealings rules throughout the six months ended 30 June 2007.



## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee comprises three independent non-executive directors namely, Mr. Yu Man Woon (being the chairman of the audit committee), Dr. Yip Chak Lam, Peter and Mr. Wong Yick Man, Francis and reports to the board of directors. The primary duties are to carry out the duties of reviewing and supervising the financial reporting process and internal control system of the Group. The audit committee has reviewed the Group's unaudited results for the six months ended 30 June 2007.

By order of the Board of  
**Advanced Card Systems Holdings Limited**  
**WONG Yiu Chu, Denny**  
*Chairman*

Hong Kong, 13 August 2007

*As at the date of this announcement, the Board comprises 3 executive directors, namely Mr. Wong Yiu Chu, Denny, Mr. Tan Keng Boon and Ms. Tsui Kam Ling, Alice; and 3 independent non-executive directors, Dr. Yip Chak Lam, Peter, Mr. Yu Man Woon and Mr. Wong Yick Man, Francis.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the day of its posting.*