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The Directors
Advanced Card Systems Holdings Limited
Units 2010-2013, 20th Floor
Chevalier Commercial Centre
8 Wang Hoi Road, Kowloon Bay
Hong Kong

1 March 2017

Dear Sirs,

Advanced Card Systems Holdings Limited ("the Company")

Profit Estimate for Year Ended 31 December 2016

We refer to the estimate of the loss attributable to the equity shareholders of the Company for the year ended 31 December 2016 which has been prepared to enable the Company's directors to issue the following statements ("the Profit Estimate") set forth in the composite document of the Company dated 1 March 2017 (the "Composite Document"):

- (a) the Group's revenue for the year ended 31 December 2016 ("FY2016") decreased as compared to the year ended 31 December 2015 ("FY2015"). As a result, the Group's corresponding cost of sales and gross profit for FY2016 also decreased as compared to FY2015;
- (b) there was a payment of benefit in FY2015 under the life insurance policy for the late Mr. Wong Yiu Chu who was a non-executive Director and the Honorary Chairman of the Board prior to his passing away. In the absence of the aforesaid payment of benefit in FY2016, the other income of the Group for FY2016 decreased as compared to FY2015; and
- (c) the Group recorded loss attributable to the equity shareholders of the Company for FY2016 as compared to profit attributable to the equity shareholders of the Company for FY2015, which was mainly due to the changes as stated under points (i) to (iv) under the section headed "5. MATERIAL CHANGE" in Appendix II to the Composite Document.

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2016.

The Company's directors are solely responsible for the Profit Estimate.



Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Company’s directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Company’s published annual report filed with The Stock Exchange of Hong Kong Limited for the year ended 31 December 2015.

Yours faithfully,

Certified Public Accountants
Hong Kong