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## THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS (IF ANY) ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION

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Capitalised terms used on this cover page shall have the same meanings as those defined in this Prospectus, unless otherwise stated.

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

If you have sold or transferred all your Shares, you should at once hand this Prospectus and the accompanying PAL(s) and EAF(s) to the purchaser(s) or the transferee(s) or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Issue Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Issue Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of the documents referred to above. You should read the whole of this Prospectus including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in the "Letter from the Board" of this Prospectus.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange, HKSCC and the SFC take no responsibility for the contents of the Issue Documents, 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 the Issue Documents.

Distribution of the Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Issue Documents comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state of the U.S., and may not be offered or sold within the U.S., absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the U.S. or to conduct a public offering of securities in the U.S..

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in the U.S. or any other jurisdiction in which such an offer or solicitation is unlawful.

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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)

## RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY EIGHT EXISTING SHARES HELD ON THE RECORD DATE

Financial adviser to the Company



Underwriter



The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares is 4:00 p.m. on Friday, 4 November 2016. The procedures for acceptance and payment and/or transfer of the Rights Shares in their nil-paid form are set out in the "Letter from the Board" on pages 11 to 26 of this Prospectus.

The Shares have been dealt in on an ex-rights basis since Friday, 14 October 2016. Dealings in the Rights Shares in their nil-paid form are expected to take place from Tuesday, 25 October 2016 to Tuesday, 1 November 2016 (both days inclusive). Any person contemplating buying or selling the Shares from now up to the date on which all conditions of the Rights Issue are fulfilled and any dealings in the Rights Shares in their nil-paid form between Tuesday, 25 October 2016 and Tuesday, 1 November 2016 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form. If they are in doubt about their position, they should consult their professional advisers.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions granting the Underwriter the right to terminate the Underwriting Agreement if certain events (including force majeure) happen at any time prior to the Latest Time for Termination. For further details, please refer to the paragraph headed "Termination of the Underwriting Agreement" in the "Letter from the Board" of this Prospectus. In addition, the obligations of the Underwriter under the Underwriting Agreement are conditional on the conditions set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in the "Letter from the Board" of this Prospectus being fulfilled or waived (as applicable).

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms thereof. If the conditions of the Rights Issue are not fulfilled or the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and the Rights Shares in their nil-paid and fully-paid forms, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

\* For identification purposes only

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## EXPECTED TIMETABLE

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### EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue and the associated trading arrangement are set out below:

Last day of dealings in the Shares on a cum-rights basis . . . . .	Thursday, 13 October 2016
Commencement of dealings in the Shares on an ex-rights basis . . . . .	Friday, 14 October 2016
Latest time for lodging transfers of Shares to be entitled for the Rights Issue . . . . .	4:30 p.m. on Monday, 17 October 2016
Register of members closes for determining entitlements under the Rights Issue (both days inclusive) . . . . .	Tuesday, 18 October 2016 to Thursday, 20 October 2016
Record Date . . . . .	Thursday, 20 October 2016
Register of members re-opens . . . . .	Friday, 21 October 2016
Despatch of the Issue Documents . . . . .	Friday, 21 October 2016
First day for dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Tuesday, 25 October 2016
Latest time for splitting of nil-paid Rights Shares . . . . .	4:30 p.m. on Thursday, 27 October 2016
Last day for dealings in nil-paid Rights Shares . . . . .	4:00 p.m. on Tuesday, 1 November 2016
Latest time for acceptance of, and payments for, the Rights Shares and application and payment for excess Rights Shares . . . . .	4:00 p.m. on Friday, 4 November 2016
Latest time for the termination of the Underwriting Agreement . . . . .	5:00 p.m. on Monday, 7 November 2016
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company . . . . .	Friday, 11 November 2016
Share certificates for fully-paid Rights Shares expected to be posted . . . . .	Monday, 14 November 2016
Refund cheques for wholly or partially unsuccessful excess applications to be posted . . . . .	Monday, 14 November 2016

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## EXPECTED TIMETABLE

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First day of dealings in fully-paid Rights Shares . . . . . 9:00 a.m. on Tuesday,  
15 November 2016

Provision of matching service for odd lots of Shares  
by the Share Registrar as an agent . . . . . Tuesday, 15 November 2016 to  
Tuesday, 6 December 2016

*Notes:*

- (i) All times and dates in this Prospectus refer to Hong Kong local times and dates.
- (ii) The dates or deadlines specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company and the Underwriter. The Company will notify the Shareholders in the event of any changes to the expected timetable as and when appropriate.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same business day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in the section headed “Expected timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of a separate announcement of any change to the expected timetable as soon as practicable.

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## SUMMARY OF THE RIGHTS ISSUE

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*The following information is derived from, and should be read in conjunction with, the full text of this Prospectus:*

Basis of the Rights Issue	:	one Rights Share for every eight existing Shares held on the Record Date and payable in full on acceptance
Subscription Price	:	HK\$1.14 per Rights Share
Number of the Shares in issue as at the Latest Practicable Date	:	284,057,682 Shares
Number of the Rights Shares	:	35,507,210 Rights Shares, representing: (i) approximately 12.50% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 11.11% of the Shares in issue as enlarged by the Rights Issue
Amount to be raised	:	approximately HK\$40.5 million and HK\$38.5 million will be raised from the Rights Issue before expenses and after expenses, respectively
Rights of excess application	:	Qualifying Shareholders will be able to apply for the Rights Shares in excess of their provisional allotment
Number of Shares in issue upon completion of the Rights Issue	:	319,564,892 Shares
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	:	4:00 p.m. on Friday, 4 November 2016

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## DEFINITIONS

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*In this Prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Acceptance Date”	4:00 p.m. on Friday, 4 November 2016, the latest time for acceptance of, and payments for, the Rights Shares and application and payment for excess Rights Shares
“AFC”	automatic fare collection
“Announcement”	the announcement of the Company dated 23 September 2016 in relation to the Rights Issue
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practice, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), including its amendments from time to time
“Company”	Advanced Card Systems Holdings Limited (stock code: 2086), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Despatch Date”	Friday, 21 October 2016, being the date of despatch of the Issue Documents
“Directors”	the directors of the Company
“EAF(s)”	the excess application form(s) for application for excess Rights Shares issued to the Qualifying Shareholders in connection with the Rights Issue

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## DEFINITIONS

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“EMV”	a standard for interoperation of IC cards and IC card processing devices, for financial transactions. The name EMV comes from the initial letters of Europay, MasterCard and Visa, the three companies which originally cooperated to develop the standard
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertakings”	each of the irrevocable undertakings dated 23 September 2016 given by each of the Undertaking Covenants
“Issue Documents”	this Prospectus, the PALs and the EAFs despatched to the Qualifying Shareholders on the Despatch Date
“ITS”	intelligent transportation systems
“Last Trading Day”	Friday, 23 September 2016, being the last trading day for the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	Tuesday, 18 October 2016, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information referred to in this Prospectus
“Latest Time for Termination”	5:00 p.m. on Monday, 7 November 2016, being the latest time for the termination of the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Tsui”	Ms. Tsui Kam Ling, an executive Director, the chairman of the Board and the controlling Shareholder

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## DEFINITIONS

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“NFC”	Near Field Communication, a short-range high frequency wireless connectivity technology which enables the exchange of data between devices over about a 10 cm (around 4 inches) distance
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account of either the legal restrictions under the laws of the relevant jurisdiction(s) or any requirements of the relevant regulatory body(ies) or stock exchange(s) in such jurisdiction(s)
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) as shown in the register of members of the Company on the Record Date is (are) not situated in Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PBOC”	The People’s Bank of China
“POS”	point-of-sale
“Prospectus”	this prospectus issued by the Company relating to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 20 October 2016, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Rights Issue”	the issue of the Rights Shares by the Company on the basis of one Rights Share for every eight existing Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions contained in the Issue Documents
“Rights Share(s)”	35,507,210 Shares to be allotted and issued under the Rights Issue



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## DEFINITIONS

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“SEC”	the Securities and Exchange Commission in the Philippines
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each of the Company
“Share Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the Company’s Hong Kong branch share registrar and transfer office
“Shareholder(s)”	holder(s) of the Shares
“SRC”	the Securities Regulation Code of the Philippines
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.14 per Rights Share
“Undertaking Covenantors”	Ms. Tsui, Mr. Wong Chi Ho, Mr. Wong Chi Kit and Ms. Chan Angelica Sheung Ying
“Underwriter”	Quam Securities Company Limited
“Underwriting Agreement”	the underwriting agreement dated 23 September 2016 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	the 13,710,389 Rights Shares, i.e. the Rights Shares other than those for which the Undertaking Covenantors have undertaken to subscribe under the Irrevocable Undertakings
“U.S.”	the United States of America
“US\$”	United States dollar(s), the lawful currency of the U.S.
“%”	per cent.

*For the purpose of illustration only, amounts denominated in US\$ in this Prospectus have been translated into HK\$ at the rate of US\$1.00 = HK\$7.78. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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### TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may, by notice in writing to the Company served at any time prior to the Latest Time for Termination or such later time as the Company and the Underwriter may agree, terminate the Underwriting Agreement if, in the reasonable opinion of the Underwriter:

- (i) the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (ii) any material and adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Issue Documents or other announcements in connection with the Rights Issue; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (v) this Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

**Upon the giving of such notice, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed by the parties thereto.**

**The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or in the event the Underwriter exercises its rights to rescind or terminate the Underwriting Agreement prior to the Latest Time for Termination, then the Rights Issue will not proceed. In such an event, the Company will make a further announcement at the relevant time.**

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## FORWARD-LOOKING STATEMENTS

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### FORWARD LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. Tsui Kam Ling (*Chairman*)

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

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

*Independent non-executive Directors:*

Ms. Kaung Cheng Xi Dawn

Mr. Lo Kar Chun, *SBS, JP*

Mr. Yim Kai Pung

*Registered office:*

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Head office and principal place  
of business:*

Units 2010–2013, 20th Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay

Hong Kong

21 October 2016

*To the Qualifying Shareholders and,*

*for information only, the Non-Qualifying Shareholders (if any)*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ONE RIGHTS SHARE FOR EVERY EIGHT EXISTING SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the Announcement in relation to the Rights Issue.

On 23 September 2016, the Company proposed to raise approximately HK\$40.5 million, before expenses, by way of a rights issue of 35,507,210 Rights Shares on the basis of one Rights Share for every eight existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$1.14 per Rights Share payable in full on acceptance. The Rights Shares will be fully underwritten by the Underwriter, other than those that will be provisionally allotted to and taken up by the Undertaking Covenantors pursuant to the Irrevocable Undertakings.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with details of the Rights Issue, including information on dealings, transfer and acceptance of the Rights Shares, and certain financial information and other information of the Group.

### RIGHTS ISSUE

#### Issue Statistics

Basis of the Rights Issue	:	one Rights Share for every eight existing Shares held on the Record Date and payable in full on acceptance
Subscription Price	:	HK\$1.14 per Rights Share
Number of the Shares in issue as at the Latest Practicable Date	:	284,057,682 Shares
Number of the Rights Shares	:	35,507,210 Rights Shares, representing: <ul style="list-style-type: none"><li>(i) approximately 12.50% of the total number of Shares in issue as at the Latest Practicable Date; and</li><li>(ii) approximately 11.11% of the Shares in issue as enlarged by the Rights Issue.</li></ul>
Aggregate nominal value of the Rights Shares to be issued	:	HK\$3,550,721
Amount to be raised	:	approximately HK\$40.5 million and HK\$38.5 million will be raised from the Rights Issue before expenses and after expenses, respectively
Number of Shares in issue upon completion of the Rights Issue	:	319,564,892 Shares
Underwriter	:	Quam Securities Company Limited

#### Qualifying Shareholders

The Issue Documents have not been registered or filed under the applicable securities laws or equivalent legislation of any jurisdiction other than Hong Kong.

The Rights Issue is only available to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders (if any). The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send this Prospectus, but without the related PALs and EAFs, to the Non-Qualifying Shareholders (if any) for information purposes only.

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## LETTER FROM THE BOARD

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To qualify for the Rights Issue, the Shareholders must have been registered as members of the Company at the close of business on the Record Date and not be Non-Qualifying Shareholders.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled under the PALs should note that their shareholdings in the Company will be diluted.

### **Overseas Shareholders**

Overseas Shareholders registered on the Company's register of members at the close of business on the Record Date may not be eligible to take part in the Rights Issue as the Issue Documents will not be registered or filed under the applicable securities laws or equivalent legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, to the Company's best knowledge, there was an Overseas Shareholder whose address as shown in the register of members of the Company was situated in the Philippines (the "**PP Shareholder**"). As such, the Company has made an enquiry regarding the feasibility of extending the Rights Issue to the PP Shareholder pursuant to Rule 13.36(2)(a) of the Listing Rules.

The Company has made an enquiry with its legal advisers in the Philippines (the "**PP Legal Advisers**") as to whether there is any legal restriction and requirement of the relevant body or stock exchange under the laws of the Philippines with respect to offering the Rights Shares to the PP Shareholder. The PP Legal Advisers advised that the Issue Documents will not be required to be registered or filed with (and declared effective by) the SEC under the SRC by reason that (i) the Rights Shares are offered to all Shareholders exclusively without a commission or other remuneration being paid in connection with the Rights Issue in the Philippines; (ii) the Rights Issue in the Philippines is a private placement where the Rights Shares are offered to fewer than 20 persons in the Philippines during the last 12-month period; and (iii) other than the transmission of the Issue Documents, there shall be no other form of solicitation, marketing or advertising of the Rights Shares in connection with the Rights Issue within the Philippines by an entity, including the Company's agents, representatives, employees or any person acting on its behalf. Therefore, the Rights Issue will be extended to the PP Shareholder.

So far as the Directors are aware, as at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

**THE RIGHTS SHARES ARE BEING OFFERED BY THE COMPANY BY WAY OF A PRIVATE PLACEMENT OF THE SHARES IN THE PHILIPPINES, WITHOUT REGISTRATION, CLAIMING THE EXEMPTION THEREFROM UNDER SECTION 10.(K) OF THE SRC.**

**THE RIGHTS SHARES HAVE NOT BEEN REGISTERED WITH THE SEC UNDER THE SRC. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

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## LETTER FROM THE BOARD

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Arrangements have been made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be distributed by the Company to the Non-Qualifying Shareholders (if any), at their own risk, pro rata to their respective entitlements provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any unsold nil-paid Rights Shares to which the Non-Qualifying Shareholders (if any) would otherwise have been entitled, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, will be available for excess application by the Qualifying Shareholders under the EAFs.

Notwithstanding any other provisions in the Issue Documents, the Company reserves the right to treat as invalid any acceptance of or application for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any jurisdiction.

### **Subscription Price**

The Subscription Price is HK\$1.14 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 26.0% to the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 27.4% to the average closing price of approximately HK\$1.57 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 26.9% to the average closing price of approximately HK\$1.56 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 24.0% to the theoretical ex-rights price of approximately HK\$1.50 per Share, based on the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 200.0% over the unaudited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2016 of approximately HK\$0.38; and
- (vi) a discount of approximately 27.8% to the closing price of HK\$1.58 per Share on an ex-rights basis as quoted on the Stock Exchange as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the market prices of the Shares under the prevailing market conditions and the amount of fund to be raised under the Rights Issue.



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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price to the prevailing market prices of the Shares will encourage the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their pro rata shareholdings in the Company and participate in the future growth of the Group.

After taking into account the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and use of proceeds” below, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price and the rate of commission to be paid to the Underwriter, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot fractions of the Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold aggregate of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the then existing Shares in issue on the date of allotment of the Rights Shares. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholders (if any) had they been Qualifying Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by the Qualifying Shareholders and only by completing and signing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Share Registrar by not later than 4:00 p.m. on Friday, 4 November 2016. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and as far as practicable on the following principles:

- (i) no preference will be given to applications for topping up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their nil-paid Rights Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and

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## LETTER FROM THE BOARD

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- (ii) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess Rights Shares on a pro rata basis based on the number of excess Rights Shares applied for by them.

In applying the principles in (i) and (ii) above, reference will only be made to the number of excess Rights Shares being applied for. No reference will be made to the Rights Shares comprised in applications by PALs or the existing number of Shares held by the Qualifying Shareholders.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by ordinary mail to the Qualifying Shareholders and unsuccessful applicants who have validly accepted and applied for (where appropriate), and paid for the Rights Shares on Monday, 14 November 2016 at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the new Shares arising from the Rights Issue, the Company has appointed, Computershare Hong Kong Investor Services Limited, as an agent to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the new Shares to make up a full board lot, or to dispose of their holding of odd lots of the new Shares during the period from Tuesday, 15 November 2016 to Tuesday, 6 December 2016. Shareholders who wish to take advantage of this service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders should note that successful matching of the sale and purchase of odd lots of the new Shares is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisers.

### **Application for the listing of and permission to deal in the Rights Shares**

The Company has applied to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 8,000 Shares in one board lot. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the

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## LETTER FROM THE BOARD

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Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

### **PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER**

#### **Subscription for all Rights Shares provisionally allotted**

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of the Rights Shares shown on the PAL. If the Qualifying Shareholder wishes to exercise his/her/its right to subscribe for all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed on the PAL, together with a remittance for the full amount payable on acceptance, with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Friday, 4 November 2016. All remittances must be made in Hong Kong dollars and must be forwarded either by cheques drawn on an account with, or cashier’s orders issued by, a licensed bank in Hong Kong and made payable to “**ADVANCED CARD SYSTEMS HOLDINGS LIMITED — RIGHTS ISSUE ACCOUNT**” and crossed “**Account Payee Only**”.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Share Registrar by 4:00 p.m. on Friday, 4 November 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

#### **Transfer and splitting of nil-paid Rights Shares**

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Thursday, 27 October 2016 to the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, which will cancel the original PAL and issue new PAL in the denominations required, which will be available for collection at the same place on the second business day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above.

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## LETTER FROM THE BOARD

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If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Share Registrar by no later than 4:00 p.m. on Friday, 4 November 2016. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

The PAL contains full information regarding the procedures to be followed if a Qualifying Shareholder wishes to accept a number of Rights Shares different from his/her/its assured entitlement and the procedures to transfer the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholder.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to being rejected, and in that event the provisional allotment and all rights under the provisional allotment will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions to which the Rights Issue is subject is not fulfilled in accordance with the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" below, the application monies will be refunded, without interest, by sending cheques made out to the applicants (or in the case of joint applicants, to the first named applicant) through ordinary post at the risk of the applicants on or before Monday, 14 November 2016.

No receipt will be issued in respect of any application monies received.

### **Application for excess Rights Shares**

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed on the EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Friday, 4 November 2016. All remittances must be made in Hong Kong dollars and must be forwarded either by cheques drawn on an account with, or cashier's orders issued by, a licensed bank in Hong Kong and made payable to "**ADVANCED CARD SYSTEMS HOLDINGS LIMITED — EXCESS APPLICATION ACCOUNT**" and crossed "**Account Payee Only**".

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to being rejected.

If no excess Rights Shares are allotted to a Qualifying Shareholder, a refund cheque for the full amount tendered on application is expected to be despatched by ordinary post to the

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## LETTER FROM THE BOARD

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Qualifying Shareholder at his/her/its own risk on or before Monday, 14 November 2016. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, a cheque for the surplus application monies is expected to be despatched by ordinary post to the Qualifying Shareholder at his/her/its own risk on or before Monday, 14 November 2016.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions to which the Rights Issue is subject is not fulfilled in accordance with the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” below, the monies received in respect of applications for excess Rights Shares will be returned without interest to the relevant Qualifying Shareholders and, in the case of joint applicants, to the registered address of the first-mentioned person by means of cheques to be despatched by ordinary post at their own risk on or before Monday, 14 November 2016.

No receipt will be issued in respect of any application monies received.

### UNDERWRITING ARRANGEMENT FOR THE RIGHTS ISSUE

Date	:	23 September 2016 (after trading hours)
Underwriter	:	Quam Securities Company Limited
Number of the Underwritten Shares	:	a maximum of 13,710,389 Rights Shares (having taken into account the Irrevocable Undertakings and assuming no new Shares being allotted and issued and there being no repurchase of Shares by the Company on or before the Record Date)
Underwriter’s commission	:	4% of the aggregate Subscription Price in respect of 13,710,389 Underwritten Shares

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The underwriting commission was determined after arm’s length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, the prevailing market conditions and the commission payable in other similar transactions in the market. The underwriting commission to be charged by the Underwriter under the Underwriting Agreement is 4% of the underwritten portion which amounts to approximately HK\$625,000, being approximately 1.6% of the net proceeds to be raised from the Rights Issue. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the Underwriting Agreement are conditional upon the following:

- (i) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Issue Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Despatch Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (ii) the posting of the Issue Documents to the Qualifying Shareholders on the Despatch Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Despatch Date;
- (iv) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (v) the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement.

The conditions set out above are incapable of being waived (other than the condition set out in paragraph (iv) above which can be waived by the Underwriter). If all of the above conditions are not satisfied or, if applicable, waived by 5:00 p.m. (Hong Kong time) on Monday, 7 November 2016, the Latest Time for Termination, or such later date as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any surviving provisions and any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination, and the Rights Issue will not proceed.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

The Underwriter may, by notice in writing to the Company served at any time prior to the Latest Time for Termination or such later time as the Company and the Underwriter may agree, terminate the Underwriting Agreement if, in the reasonable opinion of the Underwriter:

- (i) the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (ii) any material and adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Issue Documents or other announcements in connection with the Rights Issue; or

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## LETTER FROM THE BOARD

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- (v) this Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

**Upon the giving of such notice, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed by the parties thereto. If the Underwriter exercises such right, the Rights Issue will not proceed.**

### **Irrevocable Undertakings by the Undertaking Covenantors**

As at the Latest Practicable Date, (i) Ms. Tsui, an executive Director, the chairman of the Board and the controlling Shareholder, held 113,612,122 Shares; (ii) Mr. Wong Chi Ho, an executive Director, a co-chief executive officer of the Group and a son of Ms. Tsui, held 26,415,252 Shares; (iii) Mr. Wong Chi Kit, an executive Director, a co-chief executive officer of the Group and a son of Ms. Tsui, held 26,203,200 Shares; and (iv) Ms. Chan Angelica Sheung Ying, the wife of Mr. Wong Chi Kit, held 8,144,000 Shares, representing approximately 40.00%, 9.30%, 9.22% and 2.87% of the total issued Shares, respectively.

Pursuant to the respective Irrevocable Undertakings, each of the Undertaking Covenantors has provided an irrevocable and unconditional undertaking to the Company, among other things:

- (i) to subscribe for the Rights Shares provisionally allotted to him/her under the PAL;
- (ii) to lodge the relevant PAL together with remittance for the full amount payable on acceptance of subscription of such Rights Shares in accordance with the instructions for acceptance to be contained in the Issue Documents on or before the Acceptance Date; and
- (iii) not to transfer or otherwise dispose of the existing Shares held by them or acquire any Shares on or before the Record Date unless with the prior written consent of the Company.



## LETTER FROM THE BOARD

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming no acceptance by the Qualifying Shareholders other than the Undertaking Covenantors		Assuming full acceptance by the Qualifying Shareholders	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
			<i>(Note 5)</i>		<i>(Note 5)</i>	
Ms. Tsui <i>(Note 1)</i>	113,612,122	40.00%	127,813,637	40.00%	127,813,637	40.00%
Mr. Wong Chi Ho <i>(Note 2)</i>	26,415,252	9.30%	29,717,158	9.30%	29,717,158	9.30%
Mr. Wong Chi Kit <i>(Note 2)</i>	26,203,200	9.22%	29,478,600	9.22%	29,478,600	9.22%
Ms. Chan Angelica Sheung Ying <i>(Note 3)</i>	8,144,000	2.87%	9,162,000	2.87%	9,162,000	2.87%
	174,374,574	61.39%	196,171,395	61.39%	196,171,395	61.39%
Mr. Lo Kar Chun, SBS, JP <i>(Note 4)</i>	400,000	0.14%	400,000	0.13%	450,000	0.14%
Underwriter	–	–	13,710,389	4.29%	–	–
Other public Shareholders	109,283,108	38.47%	109,283,108	34.19%	122,943,497	38.47%
<b>Total</b>	<b>284,057,682</b>	<b>100.00%</b>	<b>319,564,892</b>	<b>100.00%</b>	<b>319,564,892</b>	<b>100.00%</b>

*Notes:*

- Ms. Tsui is an executive Director, the chairman of the Board and the controlling Shareholder.
- Each of Mr. Wong Chi Ho and Mr. Wong Chi Kit is an executive Director, a co-chief executive officer of the Group and a son of Ms. Tsui.
- Ms. Chan Angelica Sheung Ying is the wife of Mr. Wong Chi Kit.
- Mr. Lo Kar Chun, SBS, JP is an independent non-executive Director.
- The number of Shares is subject to rounding adjustment in order to eliminate any fractional Shares.

Shareholders and public investors should note that the above changes in the shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Rights Issue is subject to various factors including, among other things, the results of acceptance of the Rights Issue.

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## LETTER FROM THE BOARD

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### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the development, sales and distribution of smart card products, both hardware and software, and provision of smart card related services. The Group's principal business activities are currently classified into four different product and service lines, namely (i) readers; (ii) terminals; (iii) card operating systems; and (iv) solutions business including (a) AFC solutions; and (b) ITS solutions.

Based on the unaudited results of the Group for the six months ended 30 June 2016 as set out in the Company's interim report, the Group recorded a loss attributable to the Shareholders of approximately HK\$19.9 million, as compared to a profit attributable to the Shareholders of approximately HK\$9.4 million for the corresponding period in 2015, primarily attributable to the decrease in revenue and gross profit as a result of the global economy downturn which affected many customers in the smart card industries. Given such business environment, the Group has been exploring new markets and projects in order to diversify its income sources and maintain a sustainable growth in the long term. While the Group has established a foothold in the AFC and ITS markets and will continue to develop new products and take on new projects in these markets, Java cards (i.e. EMV bank cards) and payment terminals will be the new growth drivers of the Group in the future, as disclosed in the annual report of the Company for the year ended 31 December 2015. The development of these new products requires substantial capital expenditure. The Directors consider that the amount to be raised from the Rights Issue is sufficient to fund the development of these new products.

In anticipation of further demand from the payment and financial services markets, the Group is developing a smart card operating system, namely the ACOSJ series, which is powered by Java and can be applied for EMV bank card payments. The ACOSJ series are due to receive its China PBOC certification and worldwide recognised Visa and MasterCard certifications. Worldwide shipments of EMV bank cards in 2015 grew by 34% to US\$2.06 billion in 2015. This represents an opportunity for the Group to penetrate the EMV bank card market through development of EMV bank cards like the ACOSJ series.

Apart from selling non-banking POS terminals which are used for applications other than bank cards payment, the Group aims to enter the banking POS terminal market, given the potential market growth and the industry trend of migrating towards EMV and contactless technologies. As disclosed in the annual report of the Company for the year ended 31 December 2015, the banking POS terminal market experienced a growth of 32% in terms of total shipment in 2014. To take advantage of such potential growth, the Group is working towards launching an all-in-one banking POS terminal designed for payments using bank-issued cards.

The proposed Rights Issue is intended to raise funds of approximately HK\$40.5 million (before expenses). The net proceeds from the Rights Issue after deducting expenses are estimated to be approximately HK\$38.5 million. The Company intends to apply the net proceeds from the Rights Issue for the following purposes:

- (i) as to approximately HK\$22.0 million for development of Java cards and related payment applications, banking POS terminals and new products for the AFC and ITS markets, including purchase of raw materials, payment of engineers' remuneration, payments to certification bodies for application for industry standard certification, related product testing expenses and sales and marketing expenses; and
- (ii) as to approximately HK\$16.5 million for general working capital purposes.

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## LETTER FROM THE BOARD

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The Rights Issue will increase the capital base of the Group and strengthen the financial position of the Group in the face of the global economy downturn. Moreover, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future developments of the Group, in particular the growth potential in Java cards and payment terminals. Furthermore, compared to a share placement, a rights issue will have the least potential dilution impact given it will give each Shareholder an opportunity to maintain his/her/its pro rata shareholding in the Company. The Directors also consider that the Rights Issue will enable the Group to raise additional fund for operational use without incurring further debts and interests arising from additional borrowings. Accordingly, the Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

### **EQUITY FUND-RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS**

The Company did not conduct any rights issue, open offer or other equity fund raising exercise in the twelve months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

### **GENERAL**

Since the Rights Issue would not increase either the total issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be approved by the Shareholders in a general meeting under the Listing Rules.

### **FURTHER INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated (see the section headed “Underwriting arrangement for the Rights Issue – Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.**

**The Shares have been dealt in on an ex-rights basis from Friday, 14 October 2016. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 25 October 2016 to Tuesday, 1 November 2016 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

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## LETTER FROM THE BOARD

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Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

By order of the Board  
Advanced Card Systems Holdings Limited  
TSUI Kam Ling  
*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 is disclosed in the following documents which have been published on the websites of the Company ([www.acs.com.hk](http://www.acs.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)):

- (i) the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2013 (pages 42 to 103):  
<http://www.hkexnews.hk/listedco/listconews/GEM/2014/0326/GLN20140326057.pdf>
- (ii) the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2014 (pages 41 to 111):  
<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0309/GLN20150309087.pdf>
- (iii) the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2015 (pages 49 to 117):  
<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0406/LTN20160406519.pdf>
- (iv) the unaudited consolidated financial statements included in the Company's interim report for the six months ended 30 June 2016 (pages 1 to 12):  
<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0830/LTN20160830345.pdf>

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, available banking facilities and the net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its requirements for at least twelve months from the date of this Prospectus in the absence of any unforeseen circumstances.

## 3. INDEBTEDNESS STATEMENT

### **Borrowings**

As at the close of business on 31 August 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had bank loans of approximately HK\$35.5 million which were secured by a corporate guarantee from the Company.

### **Shareholder loan**

As at 31 August 2016, the Group had an unsecured shareholder loan of approximately HK\$19.6 million. There was no guarantee for the shareholder loan.

**Contingent liabilities**

As at 31 August 2016, the Company had outstanding corporate guarantee of HK\$81.5 million (plus accrued interest thereon) to banks in respect of banking facilities granted to its two main subsidiaries. As at 31 August 2016, the Group had available banking facilities of approximately HK\$69.6 million, of which approximately HK\$34.1 million had not been utilised. Save as disclosed herein, the Group did not have any significant contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, apart from intra-group liabilities and normal trade and other payables, the Group did not have any debt securities issued and outstanding or agreed to be issued, any outstanding bank overdrafts or loans, or other similar indebtedness, loan capital, debentures, liabilities under acceptances, acceptance credits, hire purchase or finance lease commitments, mortgages, charges, or guarantees or other material contingent liabilities as at the close of business on 31 August 2016.

**4. MATERIAL ADVERSE CHANGE**

Based on the unaudited results of the Group for the six months ended 30 June 2016 as set out in the interim report of the Company, the Group recorded a loss attributable to the Shareholders of approximately HK\$19.9 million for the six months ended 30 June 2016, as compared to a profit attributable to the Shareholders of approximately HK\$9.4 million for the corresponding period in 2015. This was primarily caused by (i) the decrease in revenue and gross profit due to postponement of placement of orders by clients in the first half of 2016 as a result of the global economy downturn; (ii) the receipt of benefits amounting to US\$1.3 million (equivalent to approximately HK\$10.1 million) under the life insurance policy for the late Mr. Wong Yiu Chu for the corresponding period in 2015 while there was no such income for the six months ended 30 June 2016; and (iii) the non-recurring loss of approximately HK\$4.4 million as a result of an internal restructuring of the Group which mainly comprised of termination and redundancy payments to staff and a disposal loss on plant and equipment.

Save as aforesaid, the Directors confirmed that there have been no material adverse changes in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in the development, sales and distribution of smart card products, both hardware and software, and provision of smart card related services. The Group's principal business activities are currently classified into four different product and service lines, namely (i) readers; (ii) terminals; (iii) card operating systems; and (iv) solutions business including (a) AFC solutions; and (b) ITS solutions.

Over the past years, the Group has already developed expertise in the smart card and NFC markets as well as the AFC and ITS markets. The Group anticipates greater demand for its existing and newly launched products and services in the smart card and NFC markets as supported by different initiatives around the world to replace magnetic technologies with smart card-based and

NFC systems. Given the growth potential of the ITS market and its strength in other technological aspects of transport apart from AFC such as fleet management and tracking, the Group will continue to take on new projects in the ITS market.

While the Group has established a foothold in the smart card and NFC markets as well as the AFC and ITS markets, Java cards (i.e. EMV bank cards) and payment terminals will be the new growth drivers of the Group in the future. Currently, in anticipation of further demand from the payment and financial services markets, the Group is developing a smart card operating system, namely the ACOSJ series, which is powered by Java and can be applied for EMV bank card payments. The rapid growth in worldwide shipments of EMV bank cards provides an opportunity for the Group to penetrate the EMV bank card market through development of EMV bank cards like the ACOSJ series. The industry trend of migrating from magnetic stripe towards EMV and contactless technologies presents demand not only for EMV bank cards like the ACOSJ series, but also for banking POS terminals. The Group is currently working towards launching an all-in-one banking POS terminal designed for payments using bank-issued cards.

With its technology base, knowledge base and portfolio of projects, the Group expects to be able to make greater achievements towards realising its prospects in the aforementioned markets.

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) which has been prepared to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to equity shareholders of the Company as if the Rights Issue had been completed on 30 June 2016.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net assets of the Group attributable to equity shareholders of the Company as at 30 June 2016 as extracted from the interim report of the Company for the six months ended 30 June 2016 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 30 June 2016.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to equity shareholders of the Company immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

Unaudited consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2016 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company HK\$'000	Unaudited consolidated net tangible assets attributable to equity shareholders of the Company per share as at 30 June 2016 <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per share as at 30 June 2016 <i>(Note 4)</i> HK\$	
Based on 35,507,210 Rights Shares to be issued at the Subscription Price of HK\$1.14 per Rights Share	57,938	38,539	96,477	0.20	0.30



*Notes:*

1. The unaudited consolidated net tangible assets attributable to equity shareholders of the Company of approximately HK\$57,938,000 as at 30 June 2016 is based on consolidated net assets attributable to equity shareholders of the Company of approximately HK\$107,775,000 after deducting intangible assets and goodwill of approximately HK\$49,837,000 as extracted from the interim report of the Company for the six months ended 30 June 2016.
2. The estimated net proceeds from the Rights Issue of approximately HK\$38,539,000 are calculated based on 35,507,210 Rights Shares to be issued at the Subscription Price of HK\$1.14 per Rights Share as at the Latest Practicable Date and after deduction of estimated related expenses, including among others, professional fees, which are directly attributable to the Rights Issue, of approximately HK\$1,939,000.
3. The unaudited consolidated net tangible assets attributable to equity shareholders of the Company per share as at 30 June 2016 is based on the consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2016 of approximately HK\$57,938,000 divided by 284,057,682 ordinary shares of the Company in issue as at 30 June 2016.
4. The unaudited pro forma adjusted consolidated net tangible assets per share as at 30 June 2016 after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company of approximately HK\$96,477,000 divided by 319,564,892 ordinary shares of the Company in issue after completion of the Rights Issue as at 30 June 2016, which comprises of 35,507,210 Rights Shares.
5. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2016.

**(B) ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF  
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of inclusion in this Prospectus.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

21 October 2016

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF ADVANCED CARD SYSTEMS HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Advanced Card Systems Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2016 and related notes as set out in Part (A) of Appendix II to the prospectus dated 21 October 2016 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part (A) of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 35,507,210 rights shares at HK\$1.14 each on the basis of one rights share for every eight existing shares held on the record date (the “**Proposed Rights Issue**”) on the Group's financial position as at 30 June 2016 as if the Proposed Rights Issue had taken place at 30 June 2016. As part of this process, information about the Group's consolidated net tangible assets as at 30 June 2016 has been extracted by the Directors from the consolidated financial statements of the Company for the six months ended 30 June 2016, on which no audit or review report has been published.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 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, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately after completion of the Rights Issue (assuming no further change in the share capital of the Company from the Latest Practicable Date up to completion of the Rights Issue) will be, as follows:

*Authorised share capital:*

		<i>HK\$</i>
<u>1,000,000,000</u>	Shares	<u>100,000,000</u>

*Issued and fully paid share capital:*

284,057,682	Shares in issue as at the Latest Practicable Date	28,405,768.20
<u>35,507,210</u>	Rights Shares to be issued	<u>3,550,721.00</u>
<u>319,564,892</u>	Shares	<u>31,956,489.20</u>

All the issued Shares rank *pari passu* with each other in all respects including all rights as to dividends, voting and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form. The Company had no debt securities in issue as at the Latest Practicable Date.

There had been no alteration to the issued capital of the Company since 31 December 2015, the date to which the latest audited accounts of the Group were made up, up to the Latest Practicable Date.

None of the securities of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into the Shares.

As at the Latest Practicable Date, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### 3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, so far as the Directors were aware, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Long position in the Shares				Total number of Shares held	Approximate percentage of the Company's issued share capital
	Personal interests (Note 1)	Family interests	Corporate interests	Other interests		
<i>Executive Directors</i>						
Ms. Tsui Kam Ling	113,612,122	–	–	–	113,612,122	40.00%
Mr. Wong Chi Ho	26,415,252	–	–	–	26,415,252	9.30%
Mr. Wong Chi Kit (Note 2)	26,203,200	8,144,000	–	–	34,347,200	12.09%
<i>Independent non-executive Director</i>						
Mr. Lo Kar Chun, SBS, JP	400,000	–	–	–	400,000	0.14%

*Notes:*

- The Shares were registered under the name of the Directors who are the beneficial owners.
- 26,203,200 Shares were held by Mr. Wong Chi Kit personally and 8,144,000 Shares were held by his wife, Ms. Chan Angelica Sheung Ying, personally. Mr. Wong Chi Kit was considered to be interested in the Shares held by Ms. Chan Angelica Sheung Ying under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the directors and the chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

#### 4. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as the Directors were aware, the following person (other than the Directors whose interests are disclosed above) had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (except the changes arising as a result of the Rights Issue and the Underwriting Agreement), or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital:

Name of Shareholder	Long position in ordinary Shares of HK\$0.10 each				Total number of Shares held	Approximate percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Ms. Chan Angelica Sheung Ying (Note 1)	8,144,000	26,203,200	-	-	34,347,200	12.09%

Note:

- 8,144,000 Shares were held by Ms. Chan Angelica Sheung Ying personally and 26,203,200 Shares were held by her husband, Mr. Wong Chi Kit, personally. Ms. Chan Angelica Sheung Ying was considered to be interested in the Shares held by Mr. Wong Chi Kit under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, the Directors were not aware of any person (other than the Directors whose interests are disclosed above) who had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

#### 5. INTEREST OF DIRECTORS

As at the Latest Practicable Date:

- none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2015 (being the date to which the latest published audited

financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

- (ii) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group.

## 6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## 8. CORPORATE INFORMATION

<b>Registered office</b>	P.O. Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
<b>Head office and principal place of business</b>	Units 2010–2013, 20th Floor Chevalier Commercial Centre 8 Wang Hoi Road, Kowloon Bay Hong Kong
<b>Company secretary</b>	Ms. Lee Ka Man, <i>ACS, ACIS</i>
<b>Authorised representatives</b>	Mr. Wong Chi Ho Mr. Wong Chi Kit
<b>Auditors</b>	KPMG <i>Certified Public Accountants</i> 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong
<b>Principal share registrar and transfer office</b>	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman, KY1-1110 Cayman Islands



<b>Hong Kong branch share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
<b>Principal bankers</b>	Citibank, N.A. 50th Floor, Champion Tower 3 Garden Road, Central Hong Kong
	DBS Bank (Hong Kong) Limited 11th Floor, The Center 99 Queen’s Road Central Central, Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen’s Road Central Hong Kong

## 9. PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Underwriter</b>	Quam Securities Company Limited 18th–19th Floors, China Building 29 Queen’s Road Central Hong Kong
<b>Financial adviser to the Company</b>	Quam Capital Limited 18th–19th Floors, China Building 29 Queen’s Road Central Hong Kong
<b>Legal adviser to the Company as to Hong Kong law</b>	Sidley Austin 39/F, Two International Finance Centre Central Hong Kong

## 10. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### Business address

The business address of all Directors and senior management is located at Units 2010–2013, 20th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong.

**Brief biographical details***Executive Directors***Ms. Tsui Kam Ling**

Ms. Tsui Kam Ling, aged 64, is an executive Director, the Chairman of the Board and the Chairman of the nomination committee of the Company (the “**Nomination Committee**”). She joined the Group in September 1998 and was mainly responsible for supervising the sourcing of raw materials, logistics, human resources and finance. She was appointed as an executive Director on 23 March 2005, a member of the Nomination Committee on 30 March 2012 and the Chairman of the Board on 24 March 2015. She is also the director of several subsidiaries of the Group. Prior to joining the Group, Ms. Tsui was a director of Advanced Electronics Limited, a distributor of semiconductor components until 1997 when it was acquired by Future Electronics Holdings Inc. She then worked as the Administration Manager of Future Advanced Electronics Limited until September 1998. Ms. Tsui had a teaching career from 1975 to 1983. Ms. Tsui graduated from The Chinese University of Hong Kong with a Bachelor of Arts degree in October 1975. She is the mother of Mr. Wong Chi Ho and Mr. Wong Chi Kit, both are executive Directors.

**Mr. Wong Chi Ho**

Mr. Wong Chi Ho, aged 38, was appointed as an executive Director, a Co-Chief Executive Officer of the Group and a member of the Nomination Committee 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 and the brother of Mr. Wong Chi Kit.

**Mr. Wong Chi Kit**

Mr. Wong Chi Kit, aged 33, was appointed as an executive Director, a Co-Chief Executive Officer of the Group and a member of the remuneration committee of the Company (the “**Remuneration Committee**”) on 24 March 2015. He is also a director of several subsidiaries of the Group. He joined the Group in October 2008 as the Vice President of Global Sales. Mr. Wong Chi Kit became the head of business development of the Group in 2013 and he is currently in charge of the Group’s solutions business, providing e-purse, automatic fare collection, retail and loyalty, and payment solutions. Mr. Wong Chi Kit graduated with a Bachelor of Arts degree with Distinction, double majoring in Psychology and Economics from The University of Michigan at Ann Arbor in Michigan, U.S.A. in December 2004. He is a son of Ms. Tsui and the brother of Mr. Wong Chi Ho.

*Independent non-executive Directors***Ms. Kaung Cheng Xi Dawn**

Ms. Kaung Cheng Xi Dawn, aged 36, was appointed as an independent non-executive Director on 24 March 2015. She is also a member of the audit committee of the Company (the “**Audit Committee**”) and the Nomination Committee. Ms. Kaung Cheng Xi Dawn was a Sales Director at Avery Dennison Hong Kong B.V. from September 2014 to February 2016. Prior to joining Avery Dennison Hong Kong B.V. as Senior Manager of Global Supply Chain in February 2013, Ms. Kaung worked as an Associate with McKinsey & Company from November 2010 to January 2013. Previously, Ms. Kaung worked at Dell Inc. group of companies in U.S.A. and Singapore from July 2003 to August 2008. Ms. Kaung obtained her Master in Business Administration degree from Harvard University in Massachusetts, U.S.A. in May 2010. She also received her Master of Science in Management, Science and Engineering degree from Stanford University in California, U.S.A. in June 2003 and her Bachelor of Science in Engineering in Industrial and Operations Engineering (Summa Cum Laude) degree from The University of Michigan at Ann Arbor in Michigan, U.S.A. in April 2002.

**Mr. Lo Kar Chun, SBS, JP**

Mr. Lo Kar Chun, aged 64, was appointed as an independent non-executive Director on 17 March 2014. He is also a member of the Audit Committee and the Nomination Committee, and the Chairman of the Remuneration Committee. Mr. Lo Kar Chun started his career as an Administrative Officer in the Hong Kong Government in 1974, occupying various senior positions in the Hong Kong Government during his 13 years of public service, before joining the private sector in 1987. He was the President and Chief Executive Officer in Synnex Technology International (HK) Ltd from December 1987 to December 2013 and Synnex Distributions (China) Ltd since its inception until December 2013. Mr. Lo is currently the Chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administration Region. He is also a member of the Exchange Fund Advisory Committee in Hong Kong. Mr. Lo obtained a Bachelor of Science General (First Class Honour) degree from The University of Hong Kong in November 1973.

**Mr. Yim Kai Pung**

Mr. Yim Kai Pung, aged 51, was appointed as an independent non-executive Director on 10 June 2014. He is also the Chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee. Mr. Yim Kai Pung has extensive experience working in CPA firms providing services of audit, tax advices and capital consultancy and planning arrangements for initial public offering services. He is a Managing Director of CCTH CPA Limited. He served as an independent non-executive director of Greens Holdings Limited (Stock Code: 1318) from 2009 to 2015; an independent non-executive director of Success Universe Group Limited (formerly known as Macau Success Limited) (Stock Code: 487) from 2004 to 2012; an executive director of Heng Xin China Holdings Limited (formerly known as Tiger Tech Holdings Limited) (Stock Code: 8046) from 2006 to 2007; and an independent non-executive director of Magician Industries

(Holdings) Limited (presently known as LISI Group (Holdings) Limited) (Stock Code: 526) from 2005 to 2006. Mr. Yim graduated from the City Polytechnic of Hong Kong with a Bachelor of Arts in Accountancy degree in November 1993. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom.

### *Senior Management*

#### **Ms. Lai Yuen Yee | Executive Vice President**

Ms. Lai Yuen Yee, aged 52, is the Executive Vice President of the Group and mainly responsible for human resources and product development. Ms. Lai joined the Group in August 2000. She is also the head of the Product Marketing Department, leading a team to focus on product management and marketing functions of the Group. She worked for Orient Overseas Container Line Ltd. for 9 years, where she started to accumulate her solid experience in sales and marketing activities for container transport services. She obtained a Bachelor of Business Administration degree from the University of East Asia, Macau in September 1987.

#### **Mr. Leung Tin Chak Gilbert | Senior Vice President, Sales and Marketing**

Mr. Leung Tin Chak Gilbert, aged 41, joined the Group in January 2002 as a Technical Marketing Engineer and was mainly responsible for handling activities of respective product lines. He is the Senior Vice President of Sales and Marketing, responsible for sales and marketing duties for existing and prospective customers of the Group. He has been involved actively in promoting the products of the Group, innovating smart card technologies in the market, identifying and exploring new market opportunities. Mr. Leung obtained his Bachelor of Engineering in Industrial Engineering and Engineering Management and Master of Philosophy in Industrial Engineering and Engineering Management from The Hong Kong University of Science and Technology in November 1999 and November 2001, respectively.

**Ms. Suen Yu May Sammi | Financial Controller**

Ms. Suen Yu May Sammi, aged 37, joined the Group in June 2014 as the Financial Controller of the Group. Ms. Suen is responsible for the general financial planning and management and the treasury functions. Ms. Suen has over 15 years of experience in audit, finance, and accounting management through her previous financial positions with several international accounting firms and listed companies in Hong Kong. Ms. Suen obtained her Bachelor of Business Administration degree in Accounting from The Hong Kong University of Science and Technology in November 2001. She is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

**11. MATERIAL CONTRACTS**

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group and are or may be material:

- (a) the Underwriting Agreement; and
- (b) the Irrevocable Undertakings.

**12. EXPERT'S QUALIFICATION AND CONSENT**

The following are the name and the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
KPMG	Certified Public Accountants

As at the Latest Practicable Date, KPMG was not beneficially interested in the shares of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares of any member of the Group.

As at the Latest Practicable Date, KPMG did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, KPMG had given and had not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and/or report and reference to its name in the form and context in which it appears.

**13. EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fee, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$2.0 million and will be payable by the Company.

**14. LEGAL AND BINDING EFFECT**

The Issue Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an acceptance or application is made pursuant to any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of the Issue Documents, having attached thereto the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix, has been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (WUMP) Ordinance.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at Units 2010–2013, 20th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong for a period of 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2014 and 2015;
- (c) the interim report of the Company for the six months ended 30 June 2016;
- (d) the report on the unaudited pro forma financial information of the Group issued by KPMG, the text of which is set out in Appendix II to this Prospectus;
- (e) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (f) the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix; and
- (g) this Prospectus.

**17. MISCELLANEOUS**

The English text of this Prospectus shall prevail over the Chinese text.