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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)

ANNOUNCEMENT

MONTHLY PROGRESS UPDATE ON THE POSSIBLE TRANSACTION PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

This announcement is made by Advanced Card Systems Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is made to the announcement of the Company dated 5 December 2016 (the “**Announcement**”) in relation to the Possible Transaction. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

UPDATE ON THE POSSIBLE TRANSACTION

The Company wishes to update its shareholders and potential investors that as informed by the Potential Vendors, the negotiation regarding the Possible Transaction are still in progress and as at the date of this announcement, no formal or legally binding sale and purchase agreement in respect of the Possible Transaction has been entered into between the Potential Vendors and the Potential Purchaser.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the relevant requirements of the Takeovers Code and the Listing Rules. In particular, in accordance with Rule 3.7 of the Takeovers Code, the Company will make a monthly announcement regarding the progress of the Possible Transaction until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made.

* *For identification purpose*

Shareholders and potential investors of the Company should be aware that there is no certainty that the Possible Transaction will proceed or that a binding sale and purchase agreement will be entered into. There is no assurance that the Possible Transaction will either materialise or eventually be consummated and the negotiation between the Potential Vendors and the Potential Purchaser may or may not lead to the making of an offer for the shares of the Company. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares and/or other securities of the Company.

By Order of the Board
Advanced Card Systems Holdings Limited
Lee Ka Man
Company Secretary

Hong Kong, 5 January 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Tsui Kam Ling, Mr. Wong Chi Ho and Mr. Wong Chi Kit, and three independent non-executive Directors, namely Ms. Kaung Cheng Xi Dawn, Mr. Lo Kar Chun, SBS, JP and Mr. Yim Kai Pung.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.