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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)

INSIDE INFORMATION

This announcement is made by Advanced Card Systems Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company that the Group will implement an internal restructuring to consolidate certain research and development functions to Shenzhen from other current locations (the “**Restructuring**”). The Restructuring is expected to be completed by or before September 2016. The Restructuring would enable the Group to streamline and enhance its operations, improve efficiency and reduce office overheads by consolidating various research and development teams. The Board is of the view that the Restructuring will bring long-term benefits to the Group.

The Restructuring will involve the departure of up to 70 staff and the termination of lease agreements and the surrender of certain office premises. As a result of the Restructuring, the Company estimates that a non-recurring loss of a maximum of approximately HK\$5.0 million, including termination and redundancy payments to be made to staff of up to HK\$3.7 million and an impairment loss on plant and equipment of approximately HK\$0.7 million, will be incurred and which will be reflected in the upcoming unaudited financial results of the Group for the six months ending 30 June 2016.

* *For identification purposes only*

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 11 May 2016

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