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Advanced Card Systems Holdings Limited

龍傑智能卡控股有限公司*

HNA EcoTech Pioneer Acquisition

(Incorporated in the Cayman Islands with limited liability)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2086)

JOINT ANNOUNCEMENT

(1) ACQUISITION OF EXISTING SHARES IN ADVANCED CARD SYSTEMS HOLDINGS LIMITED BY HNA ECOTECH PIONEER ACQUISITION

AND

(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY FORTUNE (HK) SECURITIES LIMITED ON BEHALF OF

HNA ECOTECH PIONEER ACQUISITION

TO ACQUIRE ALL THE ISSUED SHARES OF

ADVANCED CARD SYSTEMS HOLDINGS LIMITED

(OTHER THAN THOSE ALREADY OWNED AND/OR

AGREED TO BE ACQUIRED

BY HNA ECOTECH PIONEER ACQUISITION AND PARTIES ACTING IN CONCERT WITH IT)

AND

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

AND

(4) RESUMPTION OF TRADING IN SHARES OF ADVANCED CARD SYSTEMS HOLDINGS LIMITED

Financial adviser to the Offeror



富強金融資本

FORTUNE FINANCIAL CAPITAL

* *For identification purpose only*

THE SALE AND PURCHASE AGREEMENT

The Company was notified by the Vendors that on 9 January 2017 (after trading hours), the Vendors and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase an aggregate of 196,171,395 Shares, representing approximately 61.39% of the entire issued share capital of the Company as at the date of this joint announcement, for a total cash consideration of HK\$521,815,910 (being approximately HK\$2.66 per Share).

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment or waiver (where applicable) of certain conditions as described in the section headed “The Sale and Purchase Agreement – Conditions Precedent” in this joint announcement.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement and immediately prior to Completion, none of the Offeror and parties acting in concert with it owns any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Assuming there is no change to the issued share capital of the Company, upon Completion, the Offeror and parties acting in concert with it will own in aggregate 196,171,395 Shares, representing approximately 61.39% of the entire issued share capital of the Company. The Offeror will therefore upon Completion be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Subject to Completion, Fortune Securities will, on behalf of the Offeror, make the Offer on the following basis:

For each Offer ShareHK\$2.66 in cash

The proposed offer price is the same as the price to be paid by the Offeror (rounded up to nearest cent) for each Sale Share pursuant to the Sale and Purchase Agreement.

As at the date of this joint announcement, there are 319,564,892 Shares in issue and the Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

Principal terms of the Offer are set out in the section headed “Possible Mandatory Unconditional Cash Offer” in this joint announcement and further details will be set out in the composite offer document to be posted subject to Completion. The Offeror intends to finance the Offer by its own resources. Fortune Financial, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offer.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

DESPATCH OF COMPOSITE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company intend to combine the offer document and the Company's board circular in a composite offer document to be posted. As the making of the Offer is conditional on Completion, an application will be made to seek the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer document, if necessary, in accordance with the Takeovers Code.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Kaung Cheng Xi Dawn, Mr. Lo Kar Chun, SBS, JP and Mr. Yim Kai Pung, has been established by the Company to advise the Offer Shareholders in respect of the Offer. Each of the independent non-executive Directors has no direct or indirect interest in the Offer other than Mr. Lo Kar Chun, SBS, JP being a holder of 450,000 Shares, representing approximately 0.14% of the entire issued share capital of the Company as at the date of this joint announcement. Save for the aforesaid interest of Mr. Lo Kar Chun, SBS, JP in the Shares, the independent non-executive Directors do not have any conflict of interest in respect of the Offer. The board of Directors considers that the members of the Independent Board Committee are therefore independent and able to consider the terms of the Offer and make recommendation to the Offer Shareholders.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 10 January 2017 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 January 2017.

WARNING

The Offer is a possible mandatory unconditional cash offer and will only be made if the Completion takes place. Completion is subject to satisfaction and/or waiver of conditions precedent contained in the Sale and Purchase Agreement. The Offer therefore may or may not be made. Shareholders and potential investors are advised to exercise caution when dealing in the Shares during the period of the Offer. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

THE SALE AND PURCHASE AGREEMENT

Date

9 January 2017

Parties

Vendors: Ms. Tsui Kam Ling, Mr. Wong Chi Ho, Mr. Wong Chi Kit and Ms. Chan Angelica Sheung Ying

Purchaser: The Offeror

The Vendors are third parties independent of, and not connected with, either the Offeror or its connected persons. Further information of the Vendors is set out in the section headed “Information of the Vendors” in this joint announcement.

The Offeror and its ultimate beneficial owner are third parties independent of, and not connected with, either the Company or any of its connected persons, save that the Offeror will become a controlling shareholder of the Company immediately following the Completion. Further information of the Offeror is set out in the section headed “Information of the Offeror” in this joint announcement.

The Sale Shares

The Sale Shares comprise an aggregate of 196,171,395 Shares, representing approximately 61.39% of the entire issued share capital of the Company as at the date of this joint announcement. The Sale Shares are, immediately before Completion and as at the date of this joint announcement, owned (i) as to 127,813,637 Shares (representing approximately 40.00% of the entire issued share capital of the Company as at the date of this joint announcement) by Ms. Tsui Kam Ling, (ii) as to 29,717,158 Shares (representing approximately 9.30% of the entire issued share capital of the Company as at the date of this joint announcement) by Mr. Wong Chi Ho, (iii) as to 29,478,600 Shares (representing approximately 9.22% of the entire issued share capital of the Company as at the date of this joint announcement) by Mr. Wong Chi Kit, and (iv) as to 9,162,000 Shares (representing approximately 2.87% of the entire issued share capital of the Company as at the date of this joint announcement) by Ms. Chan Angelica Sheung Ying. Pursuant to the terms of the Sale and Purchase Agreement, the Sale Shares to be acquired by the Offeror shall be free from all Encumbrances and together with all rights and benefits attached and accrued to them on the Completion Date.

Purchase price and payment terms

The total purchase price for the Sale Shares pursuant to the Sale and Purchase Agreement was HK\$521,815,910, to be attributed (i) as to HK\$339,984,274 to Ms. Tsui Kam Ling, (ii) as to HK\$79,047,640 to Mr. Wong Chi Ho, (iii) as to HK\$78,413,076 to Mr. Wong Chi Kit, and (iv) as to HK\$24,370,920 to Ms. Chan Angelica Sheung Ying. The total consideration for the Sale Shares shall be satisfied by the Offeror in accordance with the Sale and Purchase Agreement by transferring immediately available cash in the aggregate sum of HK\$521,815,910 to the respective accounts designated by the Vendors upon Completion in the above proportion respectively, as the entire payment of the consideration payable by the Offeror under the Sale and Purchase Agreement.

The purchase price for the Sale Shares was agreed between the Offeror and the Vendors after arm's length negotiations, taking into account (i) the net asset value of the Group as at 30 November 2016; (ii) the financial position of the Group; (iii) the prevailing market prices of the Shares as further described in the section headed "Possible Mandatory Unconditional Cash Offer – Comparison of the proposed offer price" below; (iv) the fact that the Offeror can obtain a controlling interest in the Company upon Completion; and (v) the development potential and business prospects of the Group.

Conditions precedent

Completion shall be conditional on the following conditions having been fulfilled or waived by the Offeror in writing (as the case may be) in accordance with the Sale and Purchase Agreement on or before 15 January 2017 (or such later date as may be agreed between the Vendors and the Offeror in writing):

- (a) the Offeror having completed due diligence on the Group (including but not limited to financial, business, legal, litigation, tax etc.) and being satisfied with the results of such due diligence in all respects;
- (b) there is no event which (individually or collectively) would or would reasonably be expected to materially and adversely affect the value of the companies comprising the Group (including but not limited to their assets), or their business;
- (c) (i) the current listing of the Shares not having been withdrawn, and the Shares continuing to be traded on the Stock Exchange (save for any temporary halt in connection with the Sale and Purchase Agreement or transactions contemplated thereunder); (ii) neither the Stock Exchange nor the SFC having indicated that either one of them will object to such continued listing or the listing status of the Shares for reasons related to or arising from the transactions contemplated under the Sale and Purchase Agreement and/or the Offer; and (iii) no other event having arisen on or before the Completion which may materially and adversely affect the listing status of the Shares on the Stock Exchange;
- (d) the warranties given by the Vendors being true, accurate and not misleading in all respects, and being complied with, up to and as at Completion;
- (e) all necessary consents, licenses, registrations, declarations or filings in respect of the Acquisition having been obtained or made (including but not limited to any necessary approval required to be obtained in respect of the transactions contemplated under the Sale and Purchase Agreement from the Stock Exchange, the SFC or any other third party and/or competent regulatory authority); and
- (f) the Company having entered into new liability insurance contracts (in form and substance to be agreed by the Offeror, which shall not be unreasonably withheld) in respect of its directors and officers with an appropriate insured amount.

If any of the above conditions had not been fulfilled or waived by the Offeror on or before 15 January 2017 (or such later date as may be agreed between the Vendors and the Offeror in writing), the Sale and Purchase Agreement shall be terminated.

All of the above conditions have been fulfilled as at this date of this joint announcement and there is no other specific consent or approval required.

Representations and warranties

Representations and warranties in respect of the Group (including but not limited to the Group's business, financial position and tax, other liabilities and other representations and warranties commonly included in similar transactions) have been given by each of Ms. Tsui Kam Ling, Mr. Wong Chi Ho and Mr. Wong Chi Kit under the Sale and Purchase Agreement.

Indemnity

Subject to the terms and limitations under the Sale and Purchase Agreement, the Vendors agreed to indemnify the Offeror and the companies comprising the Group from and against all losses, expenses and fees (including reasonable legal fees and/or other expenses) arising out of, suffered by or incurred by the Offeror in respect of, among others: (i) breach of any of the warranties given by the Vendors (including settlement in respect of claims for any such breach); and (ii) the Vendors failing to perform their obligations under the Sale and Purchase Agreement.

Completion of the Acquisition

Completion shall take place on the Completion Date, being a day within five business days (being any day on which banks in Hong Kong and the PRC are open for general business, except Saturday, Sunday and public holidays) after the satisfaction of the conditions as detailed in the section headed "The Sale and Purchase Agreement – Conditions precedent" above unless waived by the Offeror (or such other date as may be agreed between the parties in writing).

Immediately prior to Completion, the Vendors hold an aggregate of 196,171,395 Shares, representing approximately 61.39% of the total issued share capital of the Company as at the date of this joint announcement. Immediately after Completion, none of the Vendors will hold any Shares.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement and immediately prior to Completion, none of the Offeror and parties acting in concert with it owns any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Assuming there is no change to the issued share capital of the Company, upon Completion, the Offeror and parties acting in concert with it will own 196,171,395 Shares, representing approximately 61.39% of the entire issued share capital of the Company. The Offeror will therefore be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Subject to Completion, Fortune Securities will, on behalf of the Offeror, make the Offer on the following basis:

For each Offer Share HK\$2.66 in cash

The proposed offer price is the same as the price to be paid by the Offeror (rounded up to the nearest cent) for each Sale Share pursuant to the Sale and Purchase Agreement.

As at the date of this joint announcement, there are 319,564,892 Shares in issue and the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Based on the proposed offer price of HK\$2.66 per Offer Share, the entire issued share capital of the Company is valued at HK\$850,042,612.72. Subject to Completion, the Offer will be made to the Offer Shareholders. As the Offeror and parties acting in concert with it hold in aggregate 196,171,395 Shares immediately after Completion, 123,393,497 Shares will be subject to the Offer. Based on the proposed offer price of HK\$2.66 per Offer Share, the total consideration of the Offer would be HK\$328,226,702.02 (assuming full acceptance of the Offer).

Comparison of the proposed offer price

The proposed offer price of HK\$2.66 per Offer Share represents:

- (a) a premium of approximately 17.7% over the closing price of HK\$2.26 per Share as quoted on the Stock Exchange on 9 January 2017, being the Last Trading Day;
- (b) a premium of approximately 15.5% over the average closing price of HK\$2.30 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 12.9% over the average closing price of HK\$2.36 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 31.4% over the average closing price of HK\$2.02 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 549.6% over the audited consolidated net asset value per Share of approximately HK\$0.41 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets of approximately HK\$130.85 million as at 31 December 2015 and 319,564,892 Shares in issue as at the date of this joint announcement; and
- (f) a premium of approximately 688.7% over the unaudited consolidated net asset value per Share of approximately HK\$0.34 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of the Group were made up), calculated based on the Group's unaudited consolidated net assets of approximately HK\$107.78 million as at 30 June 2016 and 319,564,892 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the commencement of the Offer Period (i.e. from 6 June 2016 to 5 December 2016) were HK\$2.10 per Share on 5 December 2016 and HK\$1.33 per Share on 7 July 2016, respectively.

Confirmation of financial resources

The Offeror intends to finance the total consideration payable by the Offeror in respect of the Offer by its own resources. Fortune Financial, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offer.

Effect of accepting the Offer

By validly accepting the Offer, the Offer Shareholders shall sell their Shares free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Offer is made.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but within seven (7) Business Days of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Offer Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Offer Shareholders who accept the Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office of Hong Kong. The Offeror will bear buyer's ad valorem stamp duty.

Taxation advice

Offer Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

OFFEROR'S INTERESTS IN SECURITIES OF THE COMPANY

The Offeror confirms that, save as disclosed in this joint announcement, as at the date of this joint announcement:

- (a) save for the Sale Shares, none of the Offeror, the ultimate beneficial owner of the Offeror, nor any person acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) save for the acquisition of the Sale Shares, none of the Offeror, the ultimate beneficial owner of the Offeror, nor any person acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the 6 months prior to the commencement of the Offer Period, up to and including the date of this joint announcement;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (d) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror, the ultimate beneficial owner(s) of the Offeror, or any person acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror, the ultimate beneficial owner of the Offeror, nor any person acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code);

- (f) none of the Offeror, the ultimate beneficial owners of the Offeror, nor any person acting in concert with any of them has received any irrevocable commitment to accept the Offer; and
- (g) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, the ultimate beneficial owner of the Offeror, nor any person acting in concert with any of them.

INFORMATION OF THE GROUP

The Group is principally engaged in the development, sales and distribution of smart card products, software and hardware and the provision of smart card related services. The Group's principal business activities are currently classified into four different product and service lines, namely, readers, terminals, card operating systems and solutions business, which currently includes automatic fare collection solutions and intelligent transportation systems solutions.

Effect at Completion on the shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately prior to Completion and as at the date of this joint announcement; and (ii) immediately following Completion:

	Immediately prior to Completion and as at the date of this joint announcement		Immediately following Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror and parties acting in concert with it	–	–	196,171,395	61.39
<i>Vendors (Note 1)</i>				
Ms. Tsui Kam Ling	127,813,637	40.00	–	–
Mr. Wong Chi Ho	29,717,158	9.30	–	–
Mr. Wong Chi Kit	29,478,600	9.22	–	–
Ms. Chan Angelica Sheung Ying	9,162,000	2.87	–	–
Sub-total	196,171,395	61.39	–	–
Mr. Lo Kar Chun, SBS, JP (Note 2)	450,000	0.14	450,000	0.14
Public	122,943,497	38.47	122,943,497	38.47
Total	319,564,892	100.00	319,564,892	100.00

Note 1: Further information of the Vendors is set out in the section headed "Information of the Vendors" in this joint announcement.

Note 2: Mr. Lo Kar Chun, SBS, JP, is an independent non-executive Director.

FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 December 2015 as extracted from the annual report of the Company for the year ended 31 December 2015 and certain unaudited consolidated financial information of the Group for the six months ended 30 June 2016 as extracted from the interim report of the Company for the six months ended 30 June 2016:

	Year ended 31 December		Six months
	2014	2015	ended 30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Revenue	246,323	234,526	57,731
Gross profit	121,857	116,239	28,930
Profit/(Loss) before taxation	26,579	22,251	(22,612)
Profit/(Loss) for the year/period	<u>23,724</u>	<u>20,304</u>	<u>(19,863)</u>
	As at 31 December	As at 30 June	
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Consolidated net asset value attributable to the owners of the Company	<u>117,087</u>	<u>130,850</u>	<u>107,775</u>

INFORMATION OF THE VENDORS

The Vendors are Ms. Tsui Kam Ling, Mr. Wong Chi Ho, Mr. Wong Chi Kit and Ms. Chan Angelica Sheung Ying.

Ms. Tsui Kam Ling is an executive Director, the chairman of the board of Directors of the Company and the controlling shareholder of the Company prior to the Completion. Ms. Tsui Kam Ling is the mother of Mr. Wong Chi Ho and Mr. Wong Chi Kit and the mother-in-law of Ms. Chan Angelica Sheung Ying.

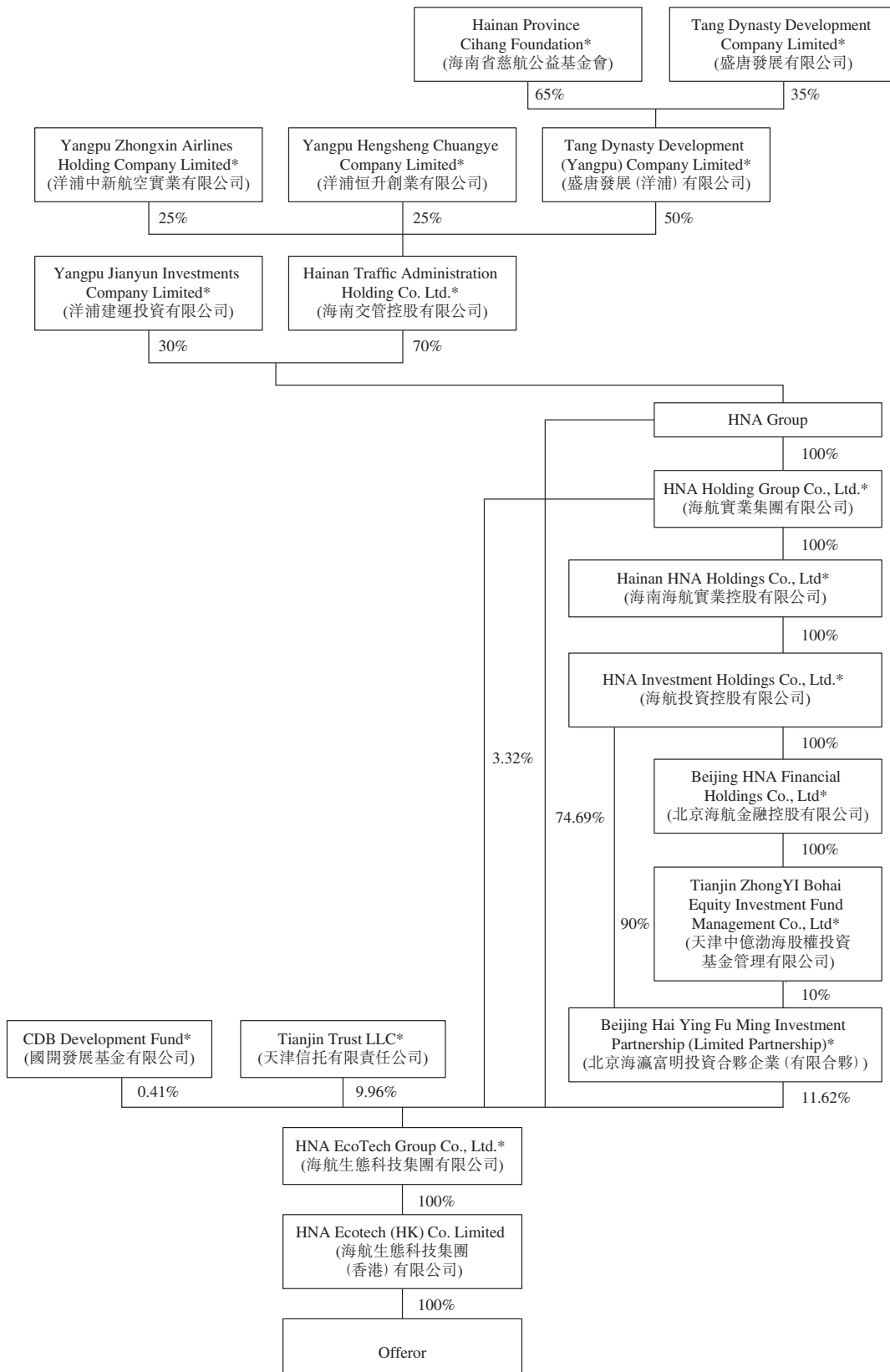
Mr. Wong Chi Ho is an executive Director and a co-chief executive officer of the Group. Mr. Wong Chi Ho is a son of Ms. Tsui Kam Ling, the brother of Mr. Wong Chi Kit and the brother-in-law of Ms. Chan Angelica Sheung Ying.

Mr. Wong Chi Kit is an executive Director and a co-chief executive officer of the Group. Mr. Wong Chi Kit is a son of Ms. Tsui Kam Ling, the brother of Mr. Wong Chi Ho and the husband of Ms. Chan Angelica Sheung Ying.

Ms. Chan Angelica Sheung Ying is the spouse of Mr. Wong Chi Kit, the daughter-in-law of Ms. Tsui Kam Ling and the sister-in-law of Mr. Wong Chi Ho.

INFORMATION OF THE OFFEROR

The Offeror was incorporated in the Cayman Islands on 12 December 2016 as an exempt company with limited liability and is an investment holding company established for the purpose of holding the Sale Shares and any Shares to be acquired under the Offer. It is owned as to approximately 89.63% by HNA Group Co., Ltd. (“HNA Group”). To the best of the directors of the Offeror’s knowledge, information and belief, HNA Group is held as to 30% by Yangpu Jianyun Investments Company Limited* (洋浦建運投資有限公司) and 70% by Hainan Traffic Administration Holding Co. Ltd.* (海南交管控股有限公司), which is in turn held as to 50% by Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司), 25% by Yangpu Zhongxin Airlines Holding Company Limited* (洋浦中新航空實業有限公司) and 25% by Yangpu Hengsheng Chuangye Company Limited* (洋浦恒升創業有限公司). Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司) is held as to 65% by Hainan Province Cihang Foundation* (海南省慈航公益基金會) and 35% by Tang Dynasty Development Company Limited* (盛唐發展有限公司). HNA Group is a PRC conglomerate encompassing core divisions of tourism, holding, capital, logistics and ecotechnology. According to the Fortune Global 500 ranking released by the U.S. “Fortune” magazine in 2015, HNA Group ranked No. 464 among all companies in the world, with an annual revenue of over US\$25.6 billion. In July 2016, HNA Group was listed among Fortune Global 500 once again, ranking No. 353 with annual revenue of approximately US\$29.56 billion. The ranking rose by 111 positions compared with the previous year. Immediately prior to the entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not hold any securities of the Company, and were independent of the Company and its connected persons.



INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror will become the controlling shareholder of the Company and is expected to be interested in approximately 61.39% of the total issued share capital of the Company. Following Completion, the Offeror intends that the Group will continue with its existing businesses. The Offeror will also conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities for the Group such as acquisitions or investments in assets and/or business divestment and fund-raising, with a view to enhancing its overall growth and future development.

The board of directors of the Company is currently made up of six Directors, comprising of three executive Directors and three independent non-executive Directors. It is currently expected that the Offeror will require two executive Directors to resign from the board of directors of the Company, and the Offeror will nominate new Directors to be appointed to the board of directors of the Company at the earliest time as allowed under the Takeovers Code. Any such resignation and appointment will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) will be made upon any appointment of new Directors.

Save as the Offeror's intention regarding the Group as set out above and the potential changes to the members of the board of directors of the Company, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

MAINTAINING THE LISTING STATUS AND PUBLIC FLOAT OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

Each of the Offeror and the Company will undertake to the Stock Exchange that it would take appropriate steps to ensure that sufficient public float exists in the Shares.

DESPATCH OF COMPOSITE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror will despatch an offer document in relation to the Offer. The Offeror and the Company intend to combine the offer document and the Company's board circular in a composite offer document to be posted. As the making of the Offer is conditional on Completion, an application will be made to seek the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer document, if necessary, in accordance with the Takeovers Code.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Kaung Cheng Xi Dawn, Mr. Lo Kar Chun, SBS, JP and Mr. Yim Kai Pung, has been established by the Company to advise the Offer Shareholders in respect of the Offer. Each of the independent non-executive Directors has no direct or indirect interest in the Offer other than Mr. Lo Kar Chun, SBS, JP being a holder of 450,000 Shares, representing approximately 0.14% of the entire issued share capital of the Company as at the date of this joint announcement. Save for the aforesaid interest of Mr. Lo Kar Chun, SBS, JP in the Shares, the independent non-executive Directors do not have any conflict of interest in respect of the Offer. The board of Directors considers that the members of the Independent Board Committee are therefore independent and able to consider the terms of the Offer and make recommendation to the Offer Shareholders.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons who own or control 5% or more of any class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stock brokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 10 January 2017 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 January 2017.

WARNING

The Offer is a possible mandatory unconditional cash offer and will only be made if the Completion takes place. Completion is subject to satisfaction and/or waiver of conditions precedent contained in the Sale and Purchase Agreement. The Offer therefore may or may not be made. Shareholders and potential investors are advised to exercise caution when dealing in the Shares during the period of the Offer. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the purchase of the Sale Shares by the Offeror from the Vendors in accordance with the terms and conditions of the Sale and Purchase Agreement
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Company”	Advanced Card Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2086)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement

“Completion Date”	a day within five business days (being any day on which banks in Hong Kong and the PRC are open for general business except Saturday, Sunday and public holiday) after satisfaction or waiver of the conditions set out in the Sale and Purchase Agreement (or such other date as may be agreed between parties to the Sale and Purchase Agreement in writing)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgage, pledge, charge, lien, option, restriction, rights to acquire, rights of preemption, trust arrangement, third party right or interest, or any other similar encumbrances, priorities, guarantee or restriction of rights, associated rights or obligations, including any agreement, arrangement in relation thereto
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Fortune Financial”	Fortune Financial Capital Limited 富強金融資本有限公司, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Fortune Securities”	Fortune (HK) Securities Limited 富強證券有限公司, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and being the independent financial adviser to advise the Independent Board Committee in respect of the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HNA Group”	HNA Group Co., Ltd.* (海航集團有限公司), a limited liability company established in the PRC and a PRC conglomerate
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the board of directors of the Company, comprising Ms. Kaung Cheng Xi Dawn, Mr. Lo Kar Chun, SBS, JP and Mr. Yim Kai Pung, formed for the purpose of advising the Offer Shareholders in respect of the Offer
“Last Trading Day”	9 January 2017, being the last trading day immediately prior to the suspension of trading in the Shares pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the possible mandatory unconditional cash offer to be made by Fortune Securities, on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offeror”	HNA EcoTech Pioneer Acquisition, an exempted company incorporated in the Cayman Islands with limited liability, details of which are set out in the paragraph headed “Information of the Offeror” in this joint announcement
“Offer Share(s)”	any of the 123,393,497 Shares held by the Offer Shareholders that are subject to the Offer
“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 January 2017 and entered into among the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 196,171,395 Shares, being such number of Shares as shall represent all the Shares that the Vendors held or were otherwise interested in the Company immediately prior to Completion, and a “Sale Share” means any of them

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	Ms. Tsui Kam Ling, Mr. Wong Chi Ho, Mr. Wong Chi Kit and Ms. Chan Angelica Sheung Ying
“%”	per cent

By order of the board of directors of
HNA EcoTech Pioneer Acquisition
Peng Fang
Director

By order of the board of directors of
Advanced Card Systems Holdings Limited
Yim Kai Pung
Director

Hong Kong, 12 January 2017

As at the date of this joint announcement, the board of directors of the Offeror comprises Mr. Yu Yanbing, Mr. Peng Fang and Mr. Ke Shengcan.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Vendors, the Group or its respective director(s)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Vendors, the Group or its respective director(s)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of HNA Group comprises Mr. Chen Feng, Mr. Wang Jian, Mr. Li Xianhua, Mr. Tan Xiangdong, Mr. Chen Wenli, Mr. Lu Ying, Mr. Zhang Ling, Mr. Huang Qijun, Mr. Xin Di, Mr. Tang Liang and Mr. Tong Fu.

The directors of HNA Group jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Vendors, the Group or its respective director(s)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Vendors, the Group or its respective director(s)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of the Company 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 of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.