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信用卡防盗系统(控股)有限公司*

CREDIT CARD DNA SECURITY SYSTEM (HOLDINGS) LTD.

(Incorporated in Bermuda with limited liability)

DISPOSAL OF EXISTING SHARES OF THE COMPANY BY A SUBSTANTIAL SHAREHOLDER, EXCEPTIONAL MARKET PRICE AND TRADING VOLUME MOVEMENTS AND RESUMPTION OF TRADING

The Board has noted the recent increases in market price and trading volume of the shares of the Company and wish to state that they are not aware of any reasons for such increases save as disclosed in this announcement.

Regarding the Increases, the Company has inquired each of the substantial shareholders and the directors of the Company in respect of dealings in shares of the Company. Upon enquiry by the Company, Win Channel, one of the substantial shareholders of the Company, informed the Company that Win Channel had disposed of 952,192,348 shares, 347,000,000 shares and 347,000,000 shares of the Company, representing approximately 13.4%, 4.9% and 4.9% respectively of the entire issued share capital of the Company, at a price of HK\$0.013 per share to Ming Sang Finance Limited, Yim Sang and Ng Chi Shing respectively.

At the request of the Company, trading in shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 17th February, 2004 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 18th February, 2004.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board has noted the recent increases in market price and trading volume of the shares of the Company (the "Increases") and wish to state that they are not aware of any reasons for such increases save as disclosed in this announcement.

Regarding the Increases, Credit Card DNA Security System (Holdings) Ltd. (the "Company") has inquired each of the substantial shareholders and the directors of the Company in respect of dealings in shares of the Company. Upon enquiry by the Company, Win Channel Investments Limited ("Win Channel"), one of the substantial shareholders of the Company, informed the Company that Win Channel had disposed of 952,192,348 shares, 347,000,000 shares and 347,000,000 shares of the Company (the "Disposed Shares"), representing approximately 13.4%, 4.9% and 4.9% respectively of the entire issued share capital of the Company, at a price of HK\$0.013 per share (the "Disposal Price") to Ming Sang Finance Limited, Yim Sang and Ng Chi Shing respectively (the "Purchasers") on 16th February, 2004. The Disposal Price represented a discount of approximately 43.5% over the closing price of the shares of the Company of HK\$0.023 on 16th February, 2004.

The Purchasers are independent of and not acting in concert with each other. All of the Purchasers and their ultimate beneficial owners are independent third parties not connected with or acting in concert with the Company, its directors, chief executive, substantial shareholders and any of their respective subsidiaries, or an associate of any of them, except that Ming Sang Finance Limited is an existing shareholder of the Company who held 414,645,000 shares of the Company, representing approximately 5.9% of the entire issued share capital of the Company, prior to the disposal and Yim Sang is a holder of a convertible bond of the Company in an aggregate amount of HK\$12.6 million (the “Bond”). The conversion price of the Bond equals the lower of (a) 80% of the average closing price per share of the Company on the Stock Exchange for the last 10 trading days immediately preceding the conversion date on which dealings in the shares of the Company took place or may have taken place or may have taken place; and (b) HK\$0.40. Assuming the Bond is converted on 16th February, 2004, being the last trading day before the release of this announcement, approximately 787,500,000 shares of the Company will fall to be issued representing approximately 11.1% of the entire issued share capital of the Company. Taking into account the 347,000,000 shares disposed by Win Channel to Yim Sang, Yim Sang will hold 1,134,500,000 shares of the Company upon full conversion of the Bond, representing approximately 16.0% of the issued share capital of the Company and 14.4% of the issued share capital of the Company as enlarged by the conversion of the Bond.

The table below sets out the changes of the Company’s shareholding structure immediately before and after the disposal:

	Existing Shareholding (assuming no conversion of the Bond)	Approximate %	Shareholding after the disposal	Approximate %
Win Channel	1,993,192,348	28.1%	347,000,000	4.9%
Sheung Hai Developments Ltd. and its associates (<i>Note 1</i>)	1,702,991,543	24.0%	1,702,991,543	24.0%
Ming Sang Finance Limited	414,645,000	5.9%	1,366,837,348	19.3%
Yim Sang	0	0%	347,000,000	4.9%
Ng Chi Shing	0	0%	347,000,000	4.9%
Public	2,978,271,274	42.0%	2,978,271,274	42.0%
Total	<u>7,089,100,165</u>	<u>100.0%</u>	<u>7,089,100,165</u>	<u>100.0%</u>

Note:

1. Sheung Hai Developments Limited is wholly and beneficially owned by Mr. Wong Kam Fu, the chairman of the Company and one of the existing substantial shareholders of the Company.

Prior to the disposal, Win Channel held 1,993,192,348 shares of the Company, representing 28.1% of the entire issued share capital of the Company. The percentage of Win Channel’s shareholding in the Company decreased to approximately 4.9% after the disposal. Win Channel is wholly and beneficially owned by Mr. Chim Pui Chung, who is not a director of the Company. The disposal was conducted off the market.

The Directors confirm that no change in the composition of the board of directors of the Company (the “Board”) following the disposal is anticipated.

Save as disclosed above, the Board is not aware of any negotiations or agreements relating to intended acquisition or realization which is discloseable under paragraph 3 of the Listing Agreement; neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price sensitive nature.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 17th February, 2004 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 18th February, 2004.

Made by the order of the Board, the directors of the Company collectively and individually accept responsibility for the accuracy of this announcement.

By order of the Board
Wong Hoi Keung
Managing Director

Hong Kong, 17th February, 2004

* *For identification purpose only*

“Please also refer to the published version of this announcement in The Standard”