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**CREDIT CARD DNA SECURITY SYSTEM (HOLDINGS) LIMITED**  
*(Incorporated in Bermuda with limited liability)*

Advised by

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

**MAJOR AND CONNECTED TRANSACTIONS**

**Proposed implementing, completing and giving effect to  
the Subscription Agreement, the Shareholder Agreement  
and the Patent Licence Agreement**

**and the transactions contemplated thereunder including**

- (i) the subscription of a 30 per cent. interest in Ming Yuen by the Company and**
- (ii) the granting of a licence under the Patents by Ming Yuen to the Company**

**SUMMARY**

The Directors are pleased to announce that, on 26th September, 2002, the Company entered into the Subscription Agreement with Ming Yuen whereby Ming Yuen has agreed to issue and the Company has agreed to subscribe a 30 per cent. equity interest in Ming Yuen for a consideration of HK\$30 million payable by the issue of a promissory note by the Company with a maturity date on the date falling 18 months from the date of Completion. Principal terms of the promissory note are set out in the section headed “**THE SUBSCRIPTION AGREEMENT**” in this announcement.

Ming Yuen is a private company solely beneficial owned by Mr. Wong. It is the beneficial owner of the Patents which cover the technologies and processes in connection with a data processing intangible asset known as a security system for non-cash transaction. Further details regarding Ming Yuen and the Patents are summarised below.

Completion of the Subscription Agreement is conditional upon the fulfilment or wavier of the Conditions as set out below on or before 31st December, 2002 (or such later date as the parties thereto may agree in writing), and shall take place not more than 3 days (other than a Saturday, Sunday or public holiday in Hong Kong) following the fulfilment or wavier, as the case may be, of the last unfulfilled Condition pursuant to the Subscription Agreement, or such other date on or before 31st December, 2002.

On the same date, the Company also entered into the Shareholders' Agreement with Ming Yuen and Mr. Wong, and the Patent Agreement with Ming Yuen.

Pursuant to the Shareholders' Agreement, conditional on and upon Completion, the above parties agreed to govern the relationship between the Company and Mr. Wong as shareholders of Ming Yuen. The business of Ming Yuen is proposed to be the holding of the Patents and such other businesses as may from time to time be agreed by the proposed shareholders of Ming Yuen.

In accordance with the terms of the Patent Licence Agreement, conditional on and upon Completion, Ming Yuen as licensor agreed to grant to the Company as licensee, and the Company agrees to accept, an exclusive licence in respect of the Licensed Technology under the Patents for an initial term ending 31st January, 2006, renewable upon agreement. The Company will pay or accrue to Ming Yuen royalties equivalent to 15 per cent. of Gross Revenues.

Major terms of the Subscription Agreement, the Shareholders' Agreement and the Patent Licence Agreement are summarised below.

The proposed subscription of a 30 per cent. equity interest in Ming Yuen by the Company pursuant to the Subscription Agreement, and the Shareholders' Agreement together constitute a major and connected transaction of the Company under the Listing Rules and are conditional upon approval by the Independent Shareholders at a special general meeting of the Company.

The proposed transactions contemplated under the Patent Licence Agreement constitute continuing connected transactions of the Company under the Listing Rules and are conditional upon granting by Stock Exchange for a waiver from strict compliance with Chapter 14 of the Listing Rules subject to certain conditions including approval of the Patent Licence Agreement and the transactions contemplated thereunder by the Independent Shareholders at a special general meeting of the Company.

**A circular of the Company containing, amongst other things, details of the Subscription Agreement, the Shareholders' Agreement and the Patent Licence Agreement and the transactions contemplated thereunder, an advice from an independent financial adviser and a recommendation from the independent committee of the Board together with a notice convening a special general meeting of the shareholders of the Company will be despatched to the shareholders of the Company as soon as practicable.**

Trading in the ordinary shares of HK\$0.01 each of the Company ("Shares") was suspended temporarily at the request of the Company with effect from 9:30 a.m. on 27th September, 2002 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 4th October, 2002.

**Shareholders should note that completion of the Subscription Agreement and the effectiveness of the Shareholders' Agreement and Patent Licence Agreement are conditional on a number of conditions precedent as summarised below. The release of this announcement does not in any way imply that the proposed subscription under the Subscription Agreement will be implemented and completed. Shareholders and the public should exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Company is a company incorporated in Bermuda with limited liability. Its ordinary shares are listed on the Stock Exchange. The Company and its subsidiaries are principally engaged in the provision of credit card security services, trading of electronic products such as electronic dictionaries, provision of financial information through pagers, internet and mobile phones and investments in high-tech related businesses.

The directors of the Company are pleased to announce that, on 26th September, 2002, the Company has entered into the Subscription Agreement by which, subject to certain conditions, it will subscribe for a 30 per cent. equity interest in Ming Yuen. On the same date, the Company has also entered into the Shareholders' Agreement by which, subject to certain conditions, it has agreed with Mr. Wong for governing the relationship between the Company and Mr. Wong as potential shareholders in Ming Yuen. In addition, the Company and Ming Yuen, also on the same date, entered into the Patent Licence Agreement by which, subject to certain conditions, Ming Yuen will grant a licence to the Company for commercialising and marketing in the Mainland China and Hong Kong of certain technologies relating to a patented security system for non-cash transactions as described below.

## **THE SUBSCRIPTION AGREEMENT**

*Date:* 26th September, 2002  
*Parties:* the Company, Ming Yuen and Mr. Wong

Under the Subscription Agreement, subject to the fulfilment (or waiver) of the Conditions and other terms summarised below, the Company agreed to subscribe for and Ming Yuen agreed to issue to the Company 3 new shares of US\$1.00 each which will represent a 30 per cent. equity interest in the enlarged issued share capital of Ming Yuen following Completion. Mr. Wong has joined the Subscription Agreement to guarantee the performance of the obligations by Ming Yuen under that agreement.

### **Consideration**

The consideration for the subscription of a 30 per cent. equity interest is HK\$30 million payable by a promissory note to be issued by the Company to Ming Yuen. The date of maturity of the promissory note is the date falling 18 months from the date of Completion. The principal amount outstanding under the promissory note is repayable in full by the Company to Ming Yuen on any day from the first day of the 13th month from the date of Completion to the maturity date of the promissory note. Simple interest will be accrued on

such principal amount at the rate of 2 per cent. per annum to be calculated on a monthly basis. The Company has the absolute right (but not the obligation) to repay all outstanding principal and interest under the promissory note on any day prior to the date of commencement of the repayment period stated above.

### **Information on Ming Yuen**

Ming Yuen is a private company limited by shares incorporated in the British Virgin Islands on 12th February, 2002 having at the date of this announcement an authorised share capital of US\$50,000 consisting of 50,000 shares of US\$1.00 each and an issued share capital of US\$1.00 consisting of one fully paid share of US\$1.00 owned by Mr. Wong, and on or before Completion, Mr. Wong will subscribe for further 6 shares of US\$1.00 each in Ming Yuen at an aggregate price of US\$6.00. Mr. Wong and Mr. Wong Hoi Keung, both of whom are Directors, are the directors of Ming Yuen. Mr. Wong is the sole beneficial owner of Ming Yuen. Upon Completion, Mr. Wong and the Company will hold 70% and 30% of the issued share capital of Ming Yuen respectively.

According to a patent assignment dated and effective on 3rd August, 2002 between Mr. Wong as assignor and Ming Yuen as assignee, the Patents were assigned by Mr. Wong to Ming Yuen. Pursuant to this assignment, Ming Yuen has become the beneficial owner of the Patents, details of which are as follows:

	<b>Patent number</b>	<b>Date of commencement/ Filing</b>	<b>Patent title</b>
Hong Kong Patent	HK1000772	30th June, 1994	A security system 非現金即時付款的防盜保安系統 (Unofficial translation: A security system comprising technologies and processes in connection with a data processing for non-cash transactions)
PRC Patent	94105095.5	19th May, 1994	非現金即時付款的防盜保全的方法和設備系統 (Unofficial translation: A equipment system and a security infrastructure comprising technologies and processes in connection with a data processing for non-cash transactions)

Following the said assignment, application has been made to the relevant patent authorities in the Mainland China and Hong Kong, respectively, for the Patents to be registered in the name of Ming Yuen, as part of the Conditions to be fulfilled before Completion takes place.

The Patents cover the technologies and processes in connection with a data processing intangible asset known as a security system for non-cash transactions. The intangible asset is an invention of Mr. Wong relating to a security system with which holders of debit/credit card (including banking cards) can prevent other people from using their cards for payment without their authorisation. Each cardholder can give the authorisation by transmitting a secret code number known to the cardholder only through his/her mobile phone.

From the date of its incorporation up to the date of this announcement, Ming Yuen has not commenced any business operation. Currently, its only business activity is acting as a holding company of the Patents. The unaudited profit and loss accounts of Ming Yuen recorded a net loss of HK\$5,070 for the period from 12th February, 2002 (being the date of incorporation) to 31st August, 2002.

### **Basis on which the consideration was determined**

The consideration amount of HK\$30 million for the subscription of a 30 per cent. equity interest in Ming Yuen was determined based on arms' length negotiations between the parties to the Subscription Agreement, and with reference to the fair market value of the entire equity interest of Ming Yuen. Based on a valuation report prepared by LCH (Asia-Pacific) Surveyors Limited with the effective date of the appraisal set at 23rd August, 2002, , the fair market value of the entire equity interest of Ming Yuen (before taking into consideration any transaction costs such as legal cost, stamp duty, share registration fees and other statutory fees as imposed by the relevant authorities), as a going-concern business and with Ming Yuen being the owner of the Patents, was reasonably stated by the amount of HK\$120,000,000.

The unaudited balance sheet of Ming Yuen as at 31st August, 2002 recorded net liabilities of approximately HK\$5,062.2, which consisted of cash for HK\$7.8, cost of the Patents (being the consideration for assignment of the Patents from Mr. Wong to Ming Yuen) for HK\$78.0 and amounts due to Mr. Wong for HK\$5,148.0.

The consideration amount of HK\$30 million represents a discount of approximately 16.7 per cent. of the fair market value of the entire equity interest of Ming Yuen attributable to the 30 per cent. equity interest of HK\$36,000,000 based on the valuation report from LCH (Asia-Pacific) Surveyors Limited as mentioned above.

### **Waiver for past user of the Licensed Technologies**

The Company has in the past conducted its businesses partly by utilising the Licensed Technologies based on the Patents then owned by Mr. Wong and now assigned to Ming Yuen. As disclosed in the circular dated 26th April, 2002 of the Company, "Since the DNA Security System (*ie the Licensed Technologies in this announcement*) requires further development before it can be launched on a large scale, Mr. Wong allows the Company to use the existing technology for DNA Security System without any charges.". Subsequently, the Company, based on the above consent from Mr. Wong, further developed, marketed and launched pilot schemes of the products relating to the Licensed Technologies in preparation of rolling out of various products relating to the Licensed Technologies on a large scale. In consideration of the Company entering into the Subscription Agreement, Mr. Wong and Ming Yuen respectively confirmed and ratified the Company's past user of the Patents owned by Mr.

Wong up to including 3rd August, 2002 and by Ming Yuen since that date in the businesses of the Group and Mr. Wong and Ming Yuen confirmed that there is no compensation, remuneration, fees or any payment due from the Company for such prior use, and waived all their respective rights to claim any compensation, remuneration, fees or payment against the Company, and undertook not to institute any claim or legal proceedings against the Company for such past user of the Patents by the Company at any time on or before the date of Completion or 31st December, 2002, whichever is the earlier to occur.

### **Conditions**

Completion of the Subscription Agreement is conditional upon the fulfilment or waiver of the following Conditions on or before 31st December, 2002 (or such later date as the parties thereto may agree in writing):

- (i) where necessary, the Independent Shareholders having passed the necessary resolutions to approve the Subscription Agreement, the Shareholders' Agreement and/or the Patent Licence Agreement at a special general meeting of the Company to be convened;
- (ii) registration by the Patents Registry of the Hong Kong Intellectual Property Department of the Hong Kong Patent in the name of Ming Yuen; and
- (iii) registration by the Chinese Patent Office of the PRC State Intellectual Property Office of the PRC Patent in the name of the Ming Yuen; and
- (iv) where necessary, all approvals from government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents and third party consents for the transactions contemplated under the Subscription Agreement being obtained.

The Company, Ming Yuen and Mr. Wong are not obliged to complete the Subscription unless there is simultaneous completion of the Shareholders' Agreement and the Patent Licence Agreement.

### **Completion**

Completion shall take place not more than 3 days (other than a Saturday, Sunday or public holiday in Hong Kong) following the fulfilment or waiver, as the case may be, of the last unfulfilled Condition pursuant to the Subscription Agreement, or such other date on or before 31st December, 2002.

### **SHAREHOLDERS' AGREEMENT**

*Date:* 26th September, 2002  
*Parties:* the Company, Ming Yuen and Mr. Wong

Pursuant to the Shareholders' Agreement, the above parties agreed to govern the relationships between the Company and Mr. Wong as shareholders of Ming Yuen.

The Shareholders' Agreement will become effective upon Completion.

Under the Shareholders Agreement, the business of Ming Yuen is proposed to be the holding of the Patents and such other businesses as may from time to time be agreed by the proposed shareholders of Ming Yuen.

Although the proposed equity shareholding by the Company is 30 per cent., certain decision-making matters are subject to unanimous shareholder approval. These include, among other matters, the amendment of the memorandum and articles of association, material changes in the nature of the business, variation of share capital, issue of and investment in securities, transfer of assets or undertaking, entering into material or related party transactions, arrangements for intellectual property rights (including the Patents) and certain remuneration and expenditure.

The Shareholders Agreement contains a right of first refusal by either shareholder if the other shareholder proposes to transfer shares to a third party transferee. The offer is required to be made by the other shareholder to the first shareholder on the same (or more favourable) terms and will be open for acceptance for one month. If such offer is not accepted by the first shareholder, the offering shareholder may transfer such shares to the third party transferee but not on more favourable terms than those offered to the first shareholder.

The Shareholders Agreement is terminable immediately, among other events, (1) by mutual agreement; (2) upon execution of distress; (3) appointment of a liquidator; (4) upon insolvency or resolution for winding up of Ming Yuen or any of its shareholders. The Shareholders Agreement is also terminable by notice upon persistent breach of the same.

The board of directors of Ming Yuen comprises Mr. Wong and Mr. Wong Hoi Keung. Mr. Wong Hoi Keung is an executive Director and the managing director of the Company but has no relationship with Mr. Wong. Ming Yuen has no intention to change the composition of its board of directors following the Completion.

## **PATENT LICENCE AGREEMENT**

*Date:* 26th September, 2002  
*Parties:* the Company and Ming Yuen

Conditional on and upon Completion, Ming Yuen as licensor agreed to grant to the Company as licensee, and the Company agrees to accept, a licence under the Patents in accordance with the terms of the Patent Licence Agreement. It is expected that, upon the Patent Licence Agreement becoming effective, the Patents will have been registered in the name of Ming Yuen.

Upon the Licence Agreement becoming effective, Ming Yuen will grant an exclusive licence to the Company for the commercial application in the Territories of the Licensed Technology based on the Patents. Ming Yuen will pay registration renew fees on the Patents as and when due.

The Company will also have, during the term of the Licence Agreement, the right to sub-licence the technology and processes associated with the Patents, provided that the sub-licensing royalties are not less than those under, and the sub-licensee has the like obligations as, the Patent Licence Agreement.

The Company will pay or accrue to Ming Yuen royalties equivalent to 15 per cent. of Gross Revenues received by or accrued to the Company or its sub-licensees calculated on a quarterly basis without deduction, such as any value-added or sales taxes, in Hong Kong dollars or its equivalent.

If there is an actual or potential infringement of the Patents, then unless Ming Yuen and the Company agree on a course of action, the Company has the right to take action on its own and is entitled to damages recovered.

The initial term of the Patent Licence Agreement shall expire on 31st January, 2006, unless there is early termination by one of the following methods:

- (i) immediate termination by mutual agreement;
- (ii) termination by 90 days' notice by Ming Yuen if the royalties under the Patent Licensing Agreement (a) is less than HK\$10,000,000 for the period commencing on the effective date of the Patent Licence Agreement and ending 31st December, 2003; or (b) represents a less than 20 per cent. year-on-year increase for the year ending 31st December, 2004 over the immediately preceding year; or (c) represents a less than 20 per cent. year-on-year increase for the year ending 31st December, 2005 over the immediately preceding year.
- (iii) termination after 90 days for non-remedial breach of the Patent Licence Agreement;
- (iv) termination if a party becomes insolvent or commences winding up;
- (v) termination by Ming Yuen if the Company challenges the Patents by legal proceedings; and
- (vi) termination by Ming Yuen if the equity shareholding in the Company held by Mr. Wong (including his associates (as defined in the Listing Rules) but not including parties acting in concert (as defined in the Takeovers Code) with him) falls below 30 per cent. for any reason whatsoever.

The relevant provisions of the Patent Licence Agreement will continue in force until any Patent expires on a Territory by Territory basis, but without prejudice to the effectiveness of its provisions in respect of any Territory in which a Patent has not yet expired. The existing Patents registered in Hong Kong and the Mainland China will expire on 30th June, 2014 and 14th May, 2014, respectively.

Following the expiry of the initial term of the Patent Licence Agreement ending 31st January, 2006, the parties may renew the agreement on the same or other terms as may be agreed at that time, providing that the Company will have the exclusive priority to renewing any licence agreement with Ming Yuen to the exclusion of other parties.

Pursuant to a supplemental agreement to the Patent Licence Agreement that was subsequently entered into between Ming Yuen and the Company on 3rd October, 2002, the Company has the right to terminate the Patent Licence Agreement by giving written notice to Ming Yuen

if the terms of the Patent Licence Agreement or any renewal or continuation thereof (whether on the same terms or otherwise) is not approved by a majority of independent shareholders at a general meeting of the Company convened for approving the Patent Licence Agreement as required by the Listing Rules.

## **REASONS FOR THE PROPOSED TRANSACTIONS**

As mentioned above, Ming Yuen owns the Patents. The Directors believe that this patented innovation is important to the Group's core businesses in the provision of credit card security and payment authorisation services. On the basis of the cooperative relationship with Ming Yuen established by the subscription of the 30 per cent. equity interest in Ming Yuen, the Company would be granted, upon Completion, the licence to commercialise and market the Licensed Technologies in the Mainland China and Hong Kong pursuant to the Patent Licence Agreement.

The Directors note that there is no business operation in nor cash flow currently generated from Ming Yuen up to the date of this announcement. Having considered that (i) the Licensed Technologies would potentially replace the current credit card security and payment authorisation infrastructure; (ii) there is also favourable national policy in the Mainland China to expedite the implementation of electronic and credit card payment network; and (iii) the encouraging results (including the signing of an agreement with a Hong Kong bank for the provision of a platform for the Licensed Technologies and three agreements with three Mainland China banks by the Company, respectively, in respect of trial uses of the Licensed Technologies) from the preliminary marketing of the Licensed Technologies by the Company, the Directors believe that the Licensed Technologies have a high growth potential which is expected to improve the Group's overall performance. In view of the above, the Board is of the view that the proposed transactions contemplated under the Subscription Agreement, the Shareholders' Agreement and the Patent Licence Agreement are fair and reasonable and in the interest of the Group and the Company's shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

### **Major and connected transaction**

Pursuant to the Listing Rules, the subscription of a 30 per cent. interest in Ming Yuen by the Company constitutes a major transaction of the Company and therefore subject to the approval of the Independent Shareholders at a special general meeting of the Company to be convened.

As Mr. Wong is (i) the chairman and an executive director of the Company; and (ii) the sole beneficial owner of a controlling shareholder of the Company, Sheung Hai Developments Limited, as well as (iii) the sole beneficial owner of Ming Yuen, Ming Yuen is therefore a connected person of the Company under the Listing Rules. Accordingly, the subscription also constitutes a connected transaction of the Company and, together with the Shareholders' Agreement, is subject to the approval of the Independent Shareholders at a special general meeting.

## **Continuing connected transactions**

Following Completion, Ming Yuen will be owned as to 70 per cent. by Mr. Wong and 30 per cent. by the Company. By virtue of Mr. Wong being a director and controlling shareholder of the Company, and a beneficial owner of 70 per cent. equity interest in Ming Yuen, Ming Yuen will be a connected person of the Company under the Listing Rules. Accordingly, the proposed payment of royalties by the Company to Ming Yuen under the Patent Licence Agreement constitutes connected transactions of the Company which will take place repeatedly until the expiry or termination (whichever happens earlier) of the Patent Licence Agreement.

The Directors expect that the aggregate amount of the royalties payable to Ming Yuen pursuant to the Patent Licence Agreement will not exceed HK\$8.4 million, HK\$15.8 million and HK\$19.4 million for each of the three financial years ending 30th June, 2005, respectively (the “Cap Amounts”). The Cap Amounts are estimated by the Company based on the projected Gross Revenue derived from the commercialisation of the Patents (with reference to the agreement with a Hong Kong bank for the provision of a platform for the Licensed Technologies and the three agreements with three Mainland China banks as mentioned above) times the royalty percentage.

For these continuing connected transactions, the Company has applied from the Stock Exchange a waiver from strict compliance with Chapter 14 of the Listing Rules subject to the following conditions:

- (i) the Patent Licence Agreement and the transaction contemplated thereunder shall be subject to approval by the Independent Shareholders in a special general meeting of the Company;
- (ii) the continuing connected transactions shall be entered into (a) in ordinary and usual course of business of the Group; (b) on normal commercial terms or, where there is no available comparison, on terms that are fair and reasonable so far as the independent shareholders are concerned; and (c) in accordance with terms of the Patent Licence Agreement;
- (iii) the aggregate amount of the royalties payable to Ming Yuen for each of the three financial years ending 30th June, 2005 shall be within the respective Cap Amounts;
- (iv) the independent non-executive directors of the Company will review the continuing connected transactions annually and confirm in the Company’s next annual report that they are not aware of any of these transactions which were not conducted in the manner as stated in conditions (ii) and (iii) above;
- (v) The Company’s auditors shall review the continuing connected transactions annually and confirm in a letter to the Directors (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating whether (1) the continuing connected transactions have been entered into in accordance with the Patent Licence Agreement and (2) the relevant Cap Amount has been exceeded;

- (vi) details of the continuing connected transactions in each financial year as specified under Rule 14.25(1)(A) to (D) of the Listing rules shall be disclosed in the annual report of the Company for that financial year; and
- (vii) any subsequent change of major term(s) in the Patent Licence Agreement shall be subject to approval of the Independent Shareholder at a special general meeting and other requirements under the Listing Rules.

### **Abstention from voting**

Sheung Hai Developments Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Wong and his associates, holds approximately 32.8% of the issued share capital of the Company. Mr. Wong and Sheung Hai Developments Limited and their associates will abstain from voting in respect of the Subscription Agreement, the Shareholder Agreement and the Patent Licence Agreement at a special general meeting to be convened. Ming Yuen has confirmed that it does not own any share in the Company.

### **GENERAL**

A circular of the Company containing, amongst other things, details of the Subscription Agreement, the Shareholders' Agreement and the Patent Licence Agreement and the transactions contemplated thereunder, an advice from an independent financial adviser and a recommendation from the independent committee of the Board together with a notice convening a special general meeting of the shareholders of the Company will be despatched to the shareholders of the Company as soon as practicable.

Trading in the ordinary shares of HK\$0.01 each of the Company ("Shares") was suspended temporarily at the request of the Company with effect from 9:30 a.m. on 27th September, 2002 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 4th October, 2002.

**Shareholders should note that completion of the Subscription Agreement and the effectiveness of the Shareholders' Agreement and Patent Licence Agreement are conditional on a number of conditions precedent as summarised above. The release of this announcement does not in any way imply that the proposed transactions contemplated under the Subscription Agreement, the Shareholders' Agreement and Patent Licence Agreement will be implemented and completed. Shareholders and the public should exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

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

“Board”	the board of the Directors
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission in Hong Kong
“Company”	Credit Card DNA Security System (Holdings) Limited
“Completion”	completion of the Subscription Agreement
“Conditions”	conditions of the Subscription Agreement as summarised in the section headed “ <b>Subscription Agreement</b> ” in this announcement
“Director(s)”	the director(s) of the Company, including the independent non-executive directors of the Company
“Gross Revenue”	the invoiced price of Licensed Technologies charged by the Company or its sub-licensees to independent third parties in arm’s length transactions exclusively for money without deduction of normal trade discounts granted of packaging, insurance, carriage and freight, any value added tax or other sales tax, and any import duties or similar applicable government levies
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Patent”	the patent of Ming Yuen to be registered in Hong Kong, details of which are summarised in “ <b>Information on Ming Yuen</b> ” above
“Independent Shareholders”	the shareholders of the Company other than Mr. Wong, Sheung Hai Developments Limited and their respective associates (as defined under the Listing Rules)
“Licensed Technology/ Technologies”	the technologies and processes associated with the Patents
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mainland China”	the PRC which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Ming Yuen”	Ming Yuen Assets Limited, a private company incorporated in the British Virgin Islands on 12th February, 2002 and is solely beneficial owned by Mr. Wong.
“Mr. Wong”	Mr. Wong Kam Fu who is the chairman, an executive director and the sole beneficial owner of Sheung Hai Developments Limited (a controlling shareholder of the Company) and is also a director and the sole beneficial owner of Ming Yuen
“Patents”	the Hong Kong Patent and the PRC Patent
“Patent Licence Agreement”	the conditional patent licence agreement dated 26th September, 2002 and entered into between the Company as licensee and Ming Yuen as licensor in relation to the Patents
“PRC”	the People’s Republic of China
“PRC Patent”	the patent of Ming Yuen to be registered in the Mainland China, details of which are summarised in “Information on Ming Yuen” above
“Shareholders’ Agreement”	the conditional shareholders’ agreement dated 26th September, 2002 and entered into between the Company, Ming Yuen and Mr. Wong by which the Company and Mr. Wong agreed to conduct their relationship as shareholders in Ming Yuen in accordance with the agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional subscription agreement dated 26th September, 2002 and entered into between the Company, Ming Yuen and Mr. Wong relating to the subscription of a 30 per cent. equity interest in Ming Yuen by the Company
“Territories”	Hong Kong and the Mainland China, each a “Territory”

By order of the board of  
**CREDIT CARD DNA SECURITY SYSTEM (HOLDINGS) LIMITED**  
**Wong Hoi Keung**  
*Managing Director*

3rd October, 2002, Hong Kong

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their 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 of their statements in this announcement misleading.*

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