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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

**Effects of the proposed subscription of a 30 per cent.
interest in Ming Yuen by the Company pursuant
to the Subscription Agreement and
despatch of circular**

- The effects of the proposed subscription of a 30 per cent. interest in Ming Yuen by the Company pursuant to the Subscription Agreement, as announced by the Company on 3rd October, 2002, on the unaudited consolidated net asset value and the unaudited consolidated net tangible asset value of the Group are summarised below.
- A circular in respect of the major and connected transactions will be despatched to the shareholders of the Company on 29th October, 2002

Reference is made to the proposed major and connected transactions as set out in the announcement made by the Company on 3rd October, 2002 (the “first announcement”), and the deletion of a major term in the Patent Licence Agreement and delay in despatch of the circular as set out in the announcement made by the Company on 25th October, 2002 (the “second announcement”). Defined terms and expressions used herein shall have the same meanings as those in the first announcement unless the context requires otherwise.

Effects of the proposed subscription

Set out below is the unaudited pro forma statement of the adjusted consolidated net tangible assets and the adjusted consolidated net asset value of the Group based on the unaudited consolidated net asset value of the Group as at 30th June, 2001, adjusted to reflect the effects of the unaudited consolidated net loss of the Group for the six months ended 31st December, 2001, the proposed subscription of a 30 per cent. interest in Ming Yuen by the Company pursuant to the Subscription Agreement and assuming the completion of the major and connected transactions:

	<i>HK\$'000</i>
Audited consolidated net assets of the Group as at 30th June, 2001	7,706
Add: Conversion of three convertible loan notes (issued by the Company) on 20th July, 2001, 1st August, 2001 and 15th August, 2001, respectively	1,250
Less: Unaudited consolidated net loss of the Group for the six months ended 31st December, 2001 as disclosed in the Company's interim results announced on 20th March, 2002	<u>(29,311)</u>
Unaudited consolidated net liabilities of the Group as at 31st December, 2002	(20,355)
Add: Completion of the capital injection by the existing controlling shareholders of the Company as announced on 23rd April, 2002	44,001
Add: Conversion of two convertible loan notes (issued by the Company) on 20th June, 2002	10,350
Add: Issue of 38,000,000 shares of the Company for HK\$0.085 each on 24th July, 2002	<u>3,230</u>
<i>Adjusted net tangible assets of the Group immediate before Completion</i>	<u>37,226</u>
Less: Issue of a promissory note for the acquisition of a 30 per cent. equity interest in Ming Yuen upon Completion	(30,000)
Add: Share of net tangible assets in Ming Yuen upon Completion	<u>8,998</u>
<i>Adjusted net tangible assets of the Group upon Completion</i>	<u>16,224</u>
Add: Share of net assets in Ming Yuen based on the valuation of the fair market value of the entire equity interest in Ming Yuen as at 23rd August, 2002 (note 1)	<u>36,000</u>
<i>Adjusted net assets of the Group upon Completion</i>	<u>52,224</u>
Adjusted net tangible asset value per share (note 2)	<u>HK\$ 0.0032</u>
Adjusted net asset value per share (note 2)	<u>HK\$ 0.0102</u>

Notes:

1. Based on the valuation of the fair market value of the entire equity interest in Ming Yuen by LCH (Asia-Pacific) Surveyors Limited as referred to in the first announcement but will not be reflected in the accountants' report on Ming Yuen to be incorporated in the circular to be issued by the Company to its shareholders for the proposed major and connected transactions as set out in the first announcement, and will not be included in the Group's accounts for the financial period ending 30th June, 2003.
2. The adjusted net tangible asset value per share and the adjusted net asset value per share are arrived at on the basis of 5,136,334,165 issued and fully paid ordinary shares of the Company as at the date of this announcement.

Despatch of circular

In the second announcement, the Directors announced, apart from the deletion of a major term in the Patent Licence Agreement, that there would be a delay to on or before 29th October, 2002 in the posting of the circular to be issued by the Company to its shareholders for the proposed major and connected transactions

The Directors are pleased to announce that the Company will despatch the circular on 29th October, 2002.

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

28th October, 2002, Hong Kong

Made by the order of Credit Card DNA Security System (Holdings) Limited, the Board of the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

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