CREDIT CARD DNA SECURITY SYSTEM (HOLDINGS) LIMITED

信用卡防盜系統(控股)有限公司*

(Incorporated in Bermuda with limited liability)

PLACING OF NEW SHARES
AND
CHANGE IN BOARD LOT SIZE

- **Placing Agreements**

  The Board announces that the Company had on 21st February, 2004 and 22nd February, 2004 entered into a total of three Placing Agreements, pursuant to which the Company agreed conditionally to issue a total of 1,400,000,000 Placing Shares at a price of HK$0.018 each. The three Placing Agreements are not inter-conditional on each other.

  The Placing Shares will be issued to three Placees who are not connected persons of the Company and are independent of and not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries, or any of their respective associates as defined in the Listing Rules. The Placees are also independent of each other.

  The Placing Shares represent approximately 19.74% of the Company's existing issued share capital and approximately 16.49% of the Company's issued share capital as enlarged by the Placing Shares.

  Completion of the Placing Agreements are conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares.

  The net proceeds of the Placing will be about HK$25 million, of which HK$18 million will be used for the launching of the Company's DNA products with five to six banks in the PRC, Hong Kong and Macau, and the remaining balance of HK$7 million will be used as the Group's general working capital.

- **Change in board lot size**

  The board lot for trading in the Shares on the Stock Exchange will be changed from 2,000 Shares to 100,000 Shares with effect from 31st March, 2004.

  Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 23rd February, 2004 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 25th February, 2004.

THE PLACING AGREEMENTS

The board of directors (the "Board") of Credit Card DNA Security System (Holdings) Limited (the "Company") announces that the Company had on 21st February, 2004 and 22nd February, 2004 entered into a total of three placing agreements (the "Placing Agreement(s)"), pursuant to which the Company agreed conditionally to issue (the "Placing") a total of 1,400,000,000 new shares (the "Placing Shares") of HK$0.01 each in the Company (each, a "Share") at a price of HK$0.018 each (the "Placing Price") to three placees (the "Placees").

Placing Agreement (1)

1. Date

   21st February, 2004

2. Placee

   The Hong Kong Beijing Finance and Investment Limited (the "First Placee"), a wholly-owned subsidiary of the Capital Group (北京首都創業集團有限公司). The Capital Group is a state-owned limited liability company, which is the holding company of Beijing Capital Land Ltd., the shares of which are listed on the Main Board of the Stock Exchange. The First Placee is not a connected person of the Company and is independent of and not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries, or any of their respective associates as defined in the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The First Placee is also independent of the other Placees. As at the date of the Placing Agreement and the date of this announcement, the First Placee and its associates did not hold any Shares or interest in the Company.

   Upon completion of the Placing Agreement, the First Placee will nominate an executive Director into the Board. Announcement will be made by the Company whenever there is any change in its directorship.

3. Number of Placing Shares

   1,000,000,000 Shares

Placing Agreement (2)

1. Date

   22nd February, 2004

2. Placee

   Volcanic Group Limited (the "Second Placee"). The Second Placee, an investment holding company incorporated in the British Virgin Islands with limited liability. The beneficial owner of the Second Placee is Ms. Chu Oi Wan, Cecilia ("Ms. Chu"). Both the Second Placee and Ms. Chu are not connected persons to the Company and are independent of and not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries, or any of their respective associates as defined in the Listing Rules. The Second Placee is also independent of the other Placees. As at the date of the Placing Agreement and the date of this announcement, the Second Placee and its associates did not hold any Shares or interest in the Company.

3. Number of Placing Shares

300,000,000 Shares

Placing Agreement (3)

1. Date

22nd February, 2004

2. Placee

Jumbo World Company Limited (the "Third Placee"). The Third Placee, is 70% owned by 北京國際信託投資有限公司 (Beijing International Trust Investments Limited) and 30% owned by 北京國際貿易有限公司 (Beijing International Trading Limited), both are state-owned limited liability companies. The Third Placee is not a connected person to the Company and is independent of and not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries, or any of their respective associates as defined in the Listing Rules. The Third Placee is also independent of the other Placees. As at the date of the Placing Agreement and the date of this announcement, the Third Placee and its associates did not hold any Shares or interest in the Company.

3. Number of Placing Shares

100,000,000 Shares

Total number of Placing Shares

A total of 1,400,000,000 new Shares, representing about 19.74% of the Company's existing issued share capital and 16.49% of the Company's issued share capital as enlarged by the issue of the Placing Shares.

Placing Price

HK$0.018 per Placing Share, representing a discount of about 14.29% to the closing price of HK$0.021 per Share on 20th February, 2004 (being the last trading day of the Shares prior to the suspension of the Shares on 23rd February, 2004), a discount of about 17.43% to the average closing price of HK$0.0218 per Share for the five trading days up to and including 20th February, 2004, and a discount of about 13.88% to the average closing price of HK$0.0209 per Share for the ten trading days up to and including 20th February, 2004.

The terms of the Placing Agreements, including the Placing Price, were arrived at after arm's length negotiations between the Company and the Placees. The Board considers that the terms, including the Placing Price, to be fair and reasonable and in the best interests of the Company.

Ranking

The Placing Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

Condition of the Placing Agreements

Completion of each of the Placing Agreements is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares on or before 18th March, 2004. The Placing Agreements are not inter-conditional on each other.

Completion

Completion of the Placing Agreements will take place on the second business day after fulfillment of the above condition.

General mandate

The Placing Shares will be issued under the general mandate granted to the Board at the annual general meeting of the Company held on 12th December, 2003. Other than the Placing Shares, no shares had been issue pursuant to the aforesaid existing general mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Placing Shares.

Use of net proceeds

The net proceeds from the Placing are estimated to be approximately HK$25 million. The Company intends to apply the net proceeds of approximately HK$18 million for the launching of the Company's DNA products with banks in the People's Republic of China (the "PRC"), Hong Kong and Macau. The DNA products provide credit/debit cards security and payment authorization services to the customers of the banks. The Company intends to enter into cooperation agreements with 5 to 6 banks in the PRC, Hong Kong and Macau to commercialize the DNA products and the proceeds will be used for hardware purchase and project implementation. The remaining proceeds of approximately HK$7 million will be used as the Group's general working capital.

Reasons for the Placing Agreements

The Board considers that the Placing Agreements represent an opportunity to raise additional funds for the Group while broadening the shareholder's base and capital base of the Company.

Shareholding of the Company

The table below sets out the Company's shareholding structure before and after completion of the Placing Agreements which are prepared on the basis of the existing issued Shares as enlarged by the Placing Shares:

	Existing Shareholding	**Approximate %**	**Shareholding upon issue of Placing Shares**	**Approximate %**
Sheung Hai Developments Limited *(Note 1)*	1,702,991,543	24.02	1,702,991,543	20.06%
Ming Sang Finance Limited	1,097,103,848	15.48	1,097,103,848	12.92%
The First Placee	–	–	1,000,000,000	11.78%
The Second Placee	–	–	300,000,000	3.53%
The Third Placee	–	–	100,000,000	1.18%
Other public	4,289,004,774	60.50	4,289,004,774	50.53%
Total	7,089,100,165	100.00	8,489,100,165	100.00%

Note 1: Sheung Hai Developments Limited is wholly and beneficially owned by Mr. Wong Kam Fu, the Chairman and the single largest shareholder of the Company.

Change in board lot size

The Board announces that the board lot for trading in the Shares on the Stock Exchange will change from 2,000 Shares to 100,000 Shares with effect from 31st March, 2004. The change is effected in order to reduce the trading costs for the Shareholders and investors of the Company. The change of the size of the board lot of Shares will not affect the entitlement to dividend attributable to the Shares.

As from 31st March, 2004, the existing certificates of the Shares in board lots of 2,000 Shares will continue to be evidence of entitlement to such Shares and be valid for trading, delivery and settlement purposes.

In order to alleviate the difficulties in trading odd lots of the Shares, the Company will appoint Kingston Securities Limited as the agent to match the sale and purchase of odd lots of Shares.

A circular providing further details of the change in board lot size and odd lot trading facility arrangement for the Shares will be sent to shareholders of the Company as soon as practicable.

General

The Company is an investment holding company and its subsidiaries of which are principally engaged in the provision of credit card security services and provision of financial information through internet and mobile phones and investment in high-tech and related businesses.

The following table summarises the capital raising activities of the Group for the 12 months immediately before the date of this announcement:

Date of announcement	**Event**	**Net proceeds**	**Intended and actual use of proceeds**
3rd June, 2003	Issuance of convertible bond	HK$10 million	The entire amount was used as intended as described in the announcement as investment capital to enhance the Group's core business and as its general working capital.
10th June, 2003	Placing of new shares	HK$3.1 million	The entire amount was used as intended as described in the announcement to enhance the Group's core business and as its general working capital.
21st October, 2003	Placing of new shares	HK$3.2 million	The entire amount was used as intended as described in the announcement for the commercialization of an e-bill payment system and as general working capital of the Group.

13th November, 2003	Placing of new shares	HK$6.3 million	HK$4.3 million was used as intended as described in the announcement for the marketing of an e-bill payment system and the remaining HK$2 million will be used for the working capital of the Group as described in the announcement.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 23rd February, 2004 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 25th February, 2004.

By order of the Board
Wong Hoi Keung
Managing Director

Hong Kong, 24th February, 2004

* *For identification purpose only*

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