

## Auditors' Report

**Deloitte.**  
德勤

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Hong Kong

TO THE SHAREHOLDERS OF

**CREDIT CARD DNA SECURITY SYSTEM (HOLDINGS) LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 18 to 59 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited as set out below.

The intangible asset with a carrying value of HK\$85,884,000 at 30th June, 2004 represents a patent licence for the provision of credit card security device and digital network authorisation services. However, we were unable to obtain sufficient audit evidence to satisfy ourselves the amount of approximately HK\$86,697,000 was the fair value of this intangible assets at the date of acquisition. Accordingly, we were unable to satisfy ourselves that the intangible asset is free from material misstatement. Any adjustments to the figure would have a consequential effect on the net assets of the Group and the Company as at 30th June, 2004 and on the net loss of the Group for the year then ended.

## Auditors' Report (continued)

### **DISCLAIMER OF OPINION**

Because of the significance of the possible effect of the limitation in evidence available to us referred to in the basis of opinion section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June, 2004 and of the loss and cash flows of the Group for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work as set out in the basis of opinion section of this report, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 15th October, 2004