

*The forecast of the consolidated profit after taxation but before extraordinary items of the Group for the year ending 31 December 2004 is set forth under the section headed "Financial information — Profit forecast" in this prospectus.*

#### **(A) BASES AND ASSUMPTIONS**

The Directors have prepared the forecast of the consolidated profit after taxation but before extraordinary items of the Group for the year ending 31 December 2004 on the basis of the audited results of the Group for the five months ended 31 May 2004, the unaudited management accounts of the Group for the five months ended 31 October 2004 and a forecast of the results of the Group for the remaining two months ending 31 December 2004.

The Directors are not aware of any extraordinary item which has arisen, nor do they expect that any is likely to arise, in respect of the year ending 31 December 2004. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the accountants' report, the text of which is set out in Appendix I to this prospectus and on the following principal assumptions:

- (a) there will be no material changes in the existing political, legal, fiscal or economic conditions in the PRC, Hong Kong or any of the countries and territories in which the Group carries on its business;
- (b) there will be no material changes in the bases or rates of taxation or duties in the PRC, Hong Kong, or any of the countries and territories in which the Group operates or in which the Group companies are incorporated or registered;
- (c) there will be no material changes in foreign currency exchanges rates, interest rates and inflation rates in the PRC and Hong Kong from those currently prevailing; and
- (d) there will be no material changes in the legislation or regulations in the PRC, Hong Kong or any of the countries and territories in which the Group operates or in which the Group companies are incorporated or registered, which will affect the Group's business.

**(B) LETTERS**

Set forth below is the text of the letters received by the Directors from Ernst & Young, and from DBS Asia in connection with the profit forecast of the Group for the year ending 31 December 2004.

**(i) Letter from Ernst & Young**

15th Floor  
Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

30 November 2004

The Directors  
China Wireless Technologies Limited  
DBS Asia Capital Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit after taxation but before extraordinary items of China Wireless Technologies Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2004 (the "Profit Forecast") as set forth in the section headed "Financial information — Profit forecast" in the prospectus of the Company dated 30 November 2004 (the "Prospectus").

We conducted our work in accordance with the Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited results of the Group for the five months ended 31 May 2004, the unaudited results of the Group for the five months ended 31 October 2004 and a forecast of the results of the Group for the remaining two months ending 31 December 2004 on the basis that the current Group structure had been in existence throughout the whole financial year ending 31 December 2004.

In our opinion, the Profit Forecast, so far as the calculation and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set forth in part (A) of Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in our accountants' report dated 30 November 2004, the text of which is set forth in Appendix I of the Prospectus.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

## (ii) Letter from DBS Asia



30 November 2004

The Directors  
China Wireless Technologies Limited

Dear Sirs,

We refer to the forecast of the consolidated profit after taxation but before extraordinary items of China Wireless Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ending 31 December 2004 (the "Forecast") as set forth in the prospectus dated 30 November 2004 (the "Prospectus") issued by the Company.

The Forecast is based on the audited results of the Group for the five months ended 31 May 2004, the unaudited results of the Group for the five months ended 31 October 2004 and a forecast of the results of the Group for the remaining two months ending 31 December 2004 on the basis that the current Group structure had been in existence throughout the whole financial year ending 31 December 2004.

We have discussed with you the bases and assumptions, as set forth in part (A) of Appendix III to the Prospectus, upon which the Forecast has been made. We have also considered the letter dated 30 November 2004 addressed to yourselves and ourselves from Ernst & Young regarding the accounting policies and calculations upon which the Forecast has been based.

On the basis of the foregoing, the bases and assumptions adopted by you and the accounting policies and calculations reviewed by Ernst & Young, we are of the opinion that the Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry and consideration.

Yours faithfully,  
For and on behalf of  
**DBS Asia Capital Limited**  
**Kelvin S. K. Lau**  
*Managing Director*