



## AUDITORS' REPORT

### 德勤 • 關黃陳方會計師行

**Certified Public Accountants**  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港中環干諾道中111號  
永安中心26樓

**Deloitte  
Touche  
Tohmatsu**

### TO THE SHAREHOLDERS OF HYCOMM WIRELESS LIMITED

*(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 18 to 79 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 statements and to report our opinion to you.

### Basis of Opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants except 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 are limited as set out below.



## AUDITORS' REPORT

### Basis of Opinion *(Continued)*

As explained in note 24(a) to the financial statements, included in the debtors, deposits and prepayments are amounts due from Mr. Lai Yiu Keung ("Mr. Lai"), a director of the Company, amounting to HK\$19,616,000. This amount includes HK\$14,949,000 in respect of the balance of consideration receivable as at 31st March, 2002 in connection with the disposal of certain subsidiaries to Mr. Lai in July, 2001; such amount being secured by 120,000,000 shares in the Company beneficially owned by Mr. Lai as explained in note 46(c), the market value of which was HK\$13,440,000 as at 26th August, 2002. Since 31st March, 2002, settlement of HK\$2,190,000 has been received by the Group from Mr. Lai and the date of settlement of the remaining balance of HK\$17,426,000 is proposed to be extended to 21st February, 2003. However, we were unable to obtain sufficient information regarding the financial resources of Mr. Lai to assess his ability to repay the remaining balance due to the Group and, consequently, to determine whether any allowance should be made in respect of the Group's residual exposure.

Any adjustments to the amounts referred to above would affect the net assets of the Group and the Company at 31st March, 2002 and the loss of the Group for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Qualified opinion arising from limitation of scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the recoverability of amounts due from Mr. Lai, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on our work relating to the recoverability of amounts due from Mr. Lai, 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, 27th August, 2002