

The following is the text of the letter together with the summary of valuations and valuation certificates from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with their opinion of values of the property interests of the Group as at 30 September, 2004.



30 November, 2004

China Wireless Technologies Limited
8th Floor High Tech Plaza
Tian An Cyberpark
Che Gongmiao
Shenzhen
Guangdong Province
The People's Republic of China

Dear Sirs,

In accordance with the instruction for us to carry out open market valuation of the property interests held by the Company or its subsidiaries (together "the Group") situated in the People's Republic of China ("the PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 30 September, 2004 ("the date of valuation").

Our valuation of each of the property interests represents our opinion of its open market value which we would define as intended to mean "an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation, assuming:—

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

Our valuation has been made on the assumption that the owner sells the property interests on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the property interest.

In the course of our valuation of the property interests in the PRC, we have relied on the advice given by the Group and its PRC legal adviser, Beijing JunZeJun Law Offices, regarding the title to the property interests and the interests of the Group in the property. In valuing property no. 1 in Group I, we have relied on the advice of Beijing JunZeJun Law Offices that transferable land use rights in respect of the property interest for respective specific terms at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on such advice that grantee or the user of the property interest has free and uninterrupted rights to use or to assign the property interest for the whole of the respective unexpired terms as granted.

In valuing property no. 1 in Group I, which is held by the Group in the PRC, we have valued it by comparison approach by making reference to the comparable sale evidences in the relevant locality.

In valuing property no. 2 in Group I, we have taken into account the legal opinion of Beijing JunZeJun Law Offices. The said legal opinion stipulates, inter alia, that the property is in the nature of Public Community Housing which cannot be freely transferred. We have therefore not assigned value to such property interest.

The property interests in Group II, which are leased by the Group in the PRC, have no commercial value due to prohibition against assignment or lack of substantial profit rent.

We have relied to a very considerable extent on information given by the Group and the opinion of the Company's PRC legal adviser. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date, identification of property interests, particulars of occupancy, lease terms, rental details, floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information supplied.

The Group has provided us with some documents in relation to the title to the property interests. However, we have not searched the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us.

We have inspected the exterior and, where possible, the interior of each of the properties. However, no structural survey had been made and no tests had been carried out on any of the services but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

We have prepared our valuation in accordance with the Guidance Notes on the Valuation of Property Assets published by the Hong Kong Institute of Surveyors, the relevant provisions of the Companies Ordinance and Chapter 5 of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited and its Practice Note 12 published by the Stock Exchange of Hong Kong Limited.

The summary of valuations and valuation certificates are attached.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S
Director

Note: Mr. Andrew K. F. Chan is a registered professional surveyor with over 17 years of experience in valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 30 September, 2004 <i>RMB</i>	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 30 September, 2004 <i>RMB</i>
Group I — Property interests held by the Group in the PRC			
1. 7 industrial units in High Tech Plaza, Tian An Cyberpark, Che Gongmiao, Futian District, Shenzhen, Guangdong Province	23,500,000	100	23,500,000
2. 12 residential units in Taoyuan Village, Longzhu Avenue, Nansan District, Shenzhen, Guangdong Province	No commercial value	100	No commercial value
		Sub-total:	<u>23,500,000</u>
Group II — Property interests leased by the Group in the PRC			
3. Unit Nos. 801B & 801D, Level 8 East, Block 206, Tairan Industrial Zone, Futian District, Shenzhen, Guangdong Province			No commercial value
4. Unit No. 402 Zhongshui Building, 31 Wenfeng Alley, Xidan, Xicheng District, Beijing			No commercial value
		Sub-total:	<u>No commercial value</u>
		Grand total:	<u><u>23,500,000</u></u>

VALUATION CERTIFICATE

Group I — Property interests held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September, 2004
1. 7 industrial units in High Tech Plaza, Tian An Cyberpark, Che Gongmiao Futian District, Shenzhen, Guangdong Province	<p>High Tech Plaza, Tian An Cyberpark is an industrial composite development completed in 2002.</p> <p>The property comprises 1 unit of Block A and 6 units of Block B in High Tech Plaza, Tian An Cyberpark.</p> <p>The property has a total gross floor area of 3,802.01 sq.m. (40,925 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 50 years from 16 November, 1988 to 15 November, 2038 for industrial use.</p>	<p>6 units in Block B are currently occupied by the Group as research and training center, warehouse and ancillary office use whilst the remaining one unit in Block A is currently leased to a third party for a term of 3 years expiring on 20 May, 2005 at a monthly rent of RMB30,250.</p>	RMB23,500,000

Notes:—

- (1) The property comprises the following 7 industrial units:—

Block A — Unit Nos. 801

Block B — Unit Nos. 807, 808, 809, 810, 811 & 812

- (2) According to 7 Real Estate Title Certificates all issued by Shenzhen Planning and Land Resources Bureau dated 8 March, 2004, the legal title of the 7 units with a total gross floor area of 3,802.01 sq.m. is vested in Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. (宇龍計算機通信科技(深圳)有限公司). The land use terms of the property have been granted for a term of 50 years from 16 November, 1988 to 15 November, 2038 for industrial use. The property was purchased at a total consideration of RMB16,524,116.
- (3) According to Business Licence No. 309115, Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. was established with a registered capital of RMB30,000,000.
- (4) According to the PRC legal opinion:—
- (i) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. has legally obtained the land use rights and the building ownership of the property and is the sole legal owner to the land use rights and buildings ownership right of the property. The land use rights of the property have been granted to Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. The buildings have a total gross floor area of 3,802.01 sq.m.;
- (ii) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. has duly settled all the land premium.

- (iii) The property is subject to a mortgage in favour of Shenzhen Commercial Bank for a loan of RMB15,000,000.
 - (iv) Subject to the terms of the mortgage, Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. is entitled to freely transfer, lease, mortgage or dispose of the land use rights together with the building ownership of the property during the term of the land use rights of the property at no extra land premium payable to the government.
- (5) We have based on the PRC legal opinion and prepared our valuation on the following assumptions:—
- (i) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. is in possession of a proper legal title to the property interest and is entitled to transfer the property interest in its existing state and condition for the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all considerations for acquiring a proper legal title have been settled in full;
 - (iii) the design and construction of the development as set out in this valuation certificate is in compliance with the local planning regulations; and
 - (iv) the property interest can be disposed of freely to third parties.
- (6) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licences are as follows:—

Real Estate Title Certificate	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September, 2004
2. 12 residential units in Taoyuan Village, Longzhu Avenue, Nansan District, Shenzhen, Guangdong Province	<p>Taoyuan Village is a residential development completed in 1997.</p> <p>The property comprises 12 residential units in Taoyuan Village.</p> <p>The property has a total gross floor area of 885.60 sq.m. (9,533 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 50 years from 16 August, 1997 to 15 August, 2047 for residential use.</p>	The property is currently occupied by the Group as staff quarters.	No commercial value

Notes:—

(1) The property comprises the following 12 residential units:—

Block No. 27 — Unit No. 703

Block No. 32 — Unit Nos. 107, 108, 207, 208, 307, 308, 607, 608, 707 & 708

Block No. 47 — Unit No. 204

(2) The property is in the nature of Public Community Housing (安居房) and according to the PRC legal opinion, it cannot be freely transferred. We have therefore assigned no commercial value to the property interest.

(3) According to 12 Real Estate Title Certificates, the legal title of the 12 units with a total gross floor area of 885.60 sq.m. is vested in Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. (宇龍計算機通信科技(深圳)有限公司). The land use terms have been granted for a term of 50 years from 16 August, 1997 to 15 August, 2047 for residential use. The property was purchased at a total consideration of RMB2,238,097.

(4) According to Business Licence No. 309115, Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. was established with a registered capital of RMB30,000,000.

(5) According to the PRC legal opinion:—

(i) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. has legally obtained the land use rights and the building ownership of the property and is the sole legal owner to the land use rights and buildings ownership right of the property. The land use rights of the property have been granted to Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. The buildings have a total gross floor area of 885.6 sq.m.;

(ii) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. has duly settled all the land premium.

(iii) The property is in the nature of Public Community Housing;

- (iv) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. cannot freely transfer the land use rights and the building ownership of the property.
- (6) We have based on the PRC legal opinion and prepared our valuation on the following assumptions:—
- (i) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. is in possession of a proper legal title to the property interest;
- (ii) all considerations have been settled in full; and
- (iii) the design and construction of the development as set out in this valuation certificate is in compliance with the local planning regulations.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licences are as follows:—

Real Estate Title Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Property interests leased by the Group in the PRC

Property	Description and tenure	Capital value in existing state as at 30 September, 2004
<p>3. Unit Nos. 801B & 801D, Block 206, Level 8 East, Tairan Industrial Zone, Futian District, Shenzhen, Guangdong Province</p>	<p>The property comprises 2 office units in an industrial building completed in 1993.</p> <p>The property has a gross floor area of approximately 446 sq.m. (4,801 sq.ft.).</p> <p>The lessor, Shenzhen Space Star Network Company Limited, an enterprise owned by Ms. Yang and Ms. Ma, leases the property to Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd, an indirect wholly-owned subsidiary of the Company, for a term of 5 years from 1 January, 2003 to 31 December, 2007 at a monthly rent of RMB9,161.40.</p> <p>According to the PRC legal opinion, the lessor is the sole legal owner to the property and the lease arrangement is valid and binding.</p>	No commercial value
<p>4. Unit No. 402 Zhongshui Building, 31 Wenfeng Alley, Xidan, Xicheng District, Beijing</p>	<p>The property comprises one office unit in an office building completed in the 1970's.</p> <p>The property has a gross floor area of 58.93 sq.m. (634 sq.ft.).</p> <p>The lessor, an independent third party, leases the property to Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd, an indirect wholly-owned subsidiary of the Company, for a term of 1 year from 29 February 2004 to 28 February 2005 at a daily rent of RMB3.6 per sq.m. per day.</p> <p>According to the PRC legal opinion, the lessor is the sole legal owner to the property and the lease arrangement is valid and binding.</p>	No commercial value