



CHINA WIRELESS ANNOUNCES 2009 ANNUAL RESULTS
TURNOVER BOOSTED BY 159% TO HK\$ 2.6 BILLION

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RIDING ON CHINA TELECOM OPERATORS RESTRUCTURING
AND SURGING 3G MARKET OPPORTUNITIES
INTRODUCES MIDDLE AND LOW-END SMARTPHONES
TO STRENGTHEN PRODUCT DIFFERENTIATION

ESTABLISHED LEADING POSITION AS A DOMESTIC CDMA & TD-SCDMA SMARTPHONE PROVIDER

Financial Summary (audited)

	For the Year Ended 31 December		
	2009	2008	Change
	HK\$'000	HK\$'000	
Turnover	2,604,900	1,007,100	↑158.7%
Gross Profit	714,700	325,700	↑119.4%
Profit/ (Loss) Attributable to Shareholders	240,005	(76,076)	N/A
Basic Earnings/ (Loss) per Share	HK11.74cents	HK(3.75)cents	N/A
Gross Profit Margin	27.4%	32.3%	↓4.9ppt
Net Profit Margin	9.2%	Nil	N/A

(Hong Kong, 16 April 2010) – **China Wireless Technologies Limited** (“China Wireless” or the “Company”) (stock code: 2369), China’s leading provider of integrated wireless data solutions and smartphones, today announced its annual results for the year ended 31 December 2009.

Benefitting from the vibrant industry situation after the completion of Mainland China’s telecommunications restructuring (the “Restructuring”), and its expanded product pipeline of mid and low-end smartphone strategy, China Wireless achieved a breakthrough with surging sales of CDMA and 3G smartphones. The strong sales fuelled a remarkable growth of 158.7% in the Company’s turnover to approximately HK\$2.6 billion. Gross profit rose by 119.4% to about HK\$715 million.

Gross profit margin remained at a positive 27.4%, a slight decrease compared to last year. The decrease of gross profit margin was primarily attributable to the significant decrease of its average selling price, resulting from keen competition in mobile phone market after the Restructuring as more CDMA mobile phone vendors entered into the market. The extension of the Group’s business to the mid and low-end smartphone market also contributed to the gross profit margin adjustment. Despite the slight decrease in gross profit margin, rising revenues helped generate a profit attributable to shareholders of HK\$240 million compared to a loss in the previous year. Basic and diluted earnings per share were HK11.74cents and HK11.59cents respectively. The Board recommended payment of a final dividend of HK3 cents per share.

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Mr. Guo Deying, Chairman of China Wireless, said, “China Wireless successfully seized the unique opportunity presented by new industry dynamics after the restructuring of China’s telecom industry and the commercialization of 3G technologies in 2009. The subsequent changes in the development of the industry have enabled us to achieve substantial increase in sales and record highs in financial results. The remarkable growth of the Company was also due to our relentless efforts developing and marketing 3G products. China Wireless has established its position as China’s leading CDMA and TD-SCDMA smartphone vendor. As the 3G technology matures in China and enjoys wider takeup, China Wireless is confident in maintaining our leading position in the 3G realm through newer and better product offerings.”

China Wireless sold approximately 2 million units of **Coolpad** smartphones in 2009, an increase of 300% over the 0.5 million units sold in 2008. The total included 13 new models of CDMA1X (and CDMA1X(EVDO)) smartphones with shipments of approximately 1,500,000 units, and four new models of TD-SCDMA smartphones with shipment of about 500,000 units. The Company’s “Coolpad” brand has become the best-selling domestic brand in China’s 3G smartphone market. In addition, the Company’s strategic breakthrough in the domestic mid and low-end CDMA handset market, highlighted by a series of mid and low-end smartphones such as Coolpad S100 and Coolpad S60 in the first half of 2009, was a hit in the market. Relying on its constant inputs into 3G technologies, the Company has stepped into the harvest season as 3G cell phones have been popularized gradually in Mainland China.

For the year ended 31 December 2009, smartphone sales grew by 163.3% to about HK\$2.589 billion, accounting for 99.4% of turnover, compared with 97.6% in 2008. TD-SCDMA/GSM dual-mode smartphones and CDMA single mode smartphones recorded the largest growth in sales revenue, increasing by 1,772.6% and 448%, notching revenues of approximately HK\$719.0 million and HK\$836 million respectively.

In 2009, China Wireless blazed a trail in China’s mobile phone market by introducing a “**Coolmart**” software application store, and worked with other mobile phone software developers proactively to expand application capacity for the “**Coolmart**” store. The Company will continue technological innovation in the user-interface and interaction as well as industrial design, to enhance the mobile phone experience and build consumer loyalty.

On the brand marketing front, China Wireless initiated a variety of branding campaigns under the “**LIVE SMART**” theme in 2009 to heighten the brand recognition of **Coolpad**, as well as to project a positive and healthy corporate image within Mainland China’s 3G mobile phone market. The Company has also initiated strategic cooperation through more than 100 new distribution partnerships both domestically and abroad over the year. The new brand version and strong distribution channels have expanded the reach of the **Coolpad** brand and further boosted its competitive and market positioning.

In its bid to consolidate market leadership and market share, in 2010 China Wireless plans to launch at least 10 TD-SCDMA/GSM dual-mode smartphones, over 10 CDMA2000/GSM dual-mode smartphones, and 4 WCDMA/GSM dual-mode smartphones. Furthermore, it intends to diversify its product portfolio through developing a series of wireless access devices for the surging 3G market.

In the future, China Wireless will continue to expand its customer base by strengthening the relationships with the domestic telecom operators and distribution partners. As a long-term development strategy, the Company will continue to move into overseas markets through close collaboration with foreign telecommunications operators for the **Coolpad** brand. Moreover, it will continue cooperation with technology leading partners in the R&D of high-end chipsets and operating systems, such as Qualcomm, Freescale, TI, Leadcoretech, and Microsoft. Plans are also made to build more image shops and after-sales service centres in Mainland China in order to boost its product presence and after-sales service network.

Mr. Guo concluded, “As we enter the second year of China’s 3G era, we expect continued rapid growth for China’s 3G mobile market. China Wirelss will take advantage of the new opportunities brought by the rapid development of both 3G technologies and smartphone market in China, cooperate closely with telecommunications operators, optimize products and company structure and launch more popular characteristics 3G smartphones to maintain the leading position in China 3G market. ”

Mr. Guo continued that, “The management is also aware of challenges in the year ahead. The Company will bear a continuing pressure in terms of the average selling price of products and gross profit margin caused by new selling and marketing model and more severe competitions. Nevertheless, the management is still optimistic about the future and believes that China Wireless will be of great success in a long term, as long as the Company maintains its commitment to implement strategies of product differentiation, advancing R&D efforts, strengthening multi-channel marketing and distribution, and enhancing product and service quality as well as administrative efficiency.”

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About China Wireless Technologies Limited

China Wireless Technologies Limited, a leading developer and supplier of wireless data total solutions in China, was founded in 1993, and listed in the Main Board in Hong Kong in December 2004. Leveraging its expertise and knowledge in wireless communication, the Company provides integrated solutions mainly for industry applications from back-end systems to wireless intelligent terminals with proprietary operating system for the telecom, public security, securities brokerages, and other industrial and commercial sectors. Its subordinate brand “Coolpad” has been one of the most famous brands in China smartphone market.

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