



Charles Zhang

China Wireless

Investor Presentation

October 2009

Innovative wireless telecom company
Building on core technologies
For growing with the PRC market

Safe Harbor Statement



■ Important Notice

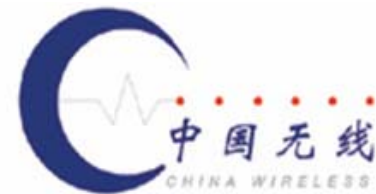
- This document is sole for reference only. Directors of China Wireless Technologies Limited hereby confirm, both in a personal capacity and as representative of a group, that the directors have conducted thorough consultation regarding the truth of the contents of this document.

■ Disclaimer

- This document does not constitute any recommendation or invitation to subscribe to or sell shares of China Wireless Technologies Limited, nor should it be used as the basis of any contract to buy or any pledge. Therefore, any decision to buy or sell the company's shares must be based solely on the prospectus published for the purpose of issuing shares.

Agenda

- Company Introduction
- Investment Highlights
- Financial Performance
- Future Growth Strategies



Coolpad 酷派
Dual-Standby Dual-Working Smart Phone

Company Introduction



- Established in 1993 and listed on the HKEx in Dec. 2004
- China's smartphone industry leader, leading developer and supplier of integrated wireless data solutions, expert in the wireless data industry
- Focusing on complex dual-mode designs, with particular strength in the technologies on CDMA2000/GSM and TD-SCDMA("TD")/GSM dual-mode models
- Main smartphone brand – Coolpad: the leader in the dual-mode smartphone global market, No.1 in Mainland China's dual-mode smartphone market
- Maintaining comprehensive & strong cooperation with China Telecom, China Mobile and China Unicom
- Leading R&D capability on the smartphone, sole proprietary on Linux® and Windows® CE-based operating systems
- Granted 2nd Honor of 2008 State Scientific and Technological Progress Award for "*CDMA/GSM dual-mode terminal technology*" by the State Council
- Keeping a rapid growth in the past years, ranked as "*Deloitte Technology Fast 50 China & Fast 50 Asia Pacific*" for 4 times in a row

Investment Highlights




(1) Coolpad: Dual-mode Smartphone Pioneer



■ Focus on Mid and High-end Dual-mode Smartphone

- More rapid growth with higher gross margin and ASPs
- Function advantages: networks swapping, dual SIM cards, multi-function applications; complex design & patent protection
- 25 models of Coolpad dual-mode smartphone in the market, taking the largest share in the dual-mode smartphone market (30% in Sep.2009)

Major Brands in the Dual-mode Smartphone Market in the Mainland

Brand	% Dual-mode Phone Sales	% CDMA	Total Sales
 SAMSUNG	26%		40%
Coolpad 酷派	30%		13%
 LG	6%		10%
 HUAWEI	-		10%
ZTE 中兴	0%		7%

Source: SINO-MR Report 2009.09







Investment Highlights

(2) Coolpad: 3G Smartphone Leader



- Mainly focusing on the R&D of CDMA2000 and TD/GSM 3G technologies
- Ranked top 3 in the Mainland's CDMA2000 and TD/GSM 3G market

Major 3G Mobile Brands' Market Share in the Mainland

	TD-SCDMA	EVDO	WCDMA	3G
	-	5.3%	56%	31.9%
	38%	40.3%	4%	19.3%
	-	-	32%	18.2%
	17%	26.4%	-	9.2%
	18%	3.5%	0.4%	5.7%
	3%	17.4%	0.8%	4.4%

Source: SINO-MR Report 2009.09

Investment Highlights

(3) Expert in the Integrated Wireless-data Solutions

- Rich experience in providing the integrated wireless-data solutions in kinds of industrial applications
- Accomplished some successful cases in the Finance, Commerce, Police and other Govt. sectors
- Initially launched a software application store in first half of 2009, namely **Coolmart**



Investment Highlights

(4) Leading R&D Capability

- Over 800 patents applications were made and gradually granted in the PRC, Korea, United States, etc. (1 Oct 2009)
- Nearly 3,000 employees; over 30% of them are involved in R&D

■ Leadership of CDMA2000 & TD Technology in the Mainland

- Cooperating with Qualcomm by using its high-end integrated CDMA2000 chipset
- Adopting Datang's hardware technology in developing its TD-SCDMA chipset

■ Diversified Mobile Operating Systems Platform (O/S)

- Embedded LINUX O/S
- Cooperating with Microsoft to develop its Windows CE-based O/S (Different from Windows Mobile)
- Operating BREW and Datang's TD O/S
- Launching Google's Android O/S

Investment Highlights

(5) Close Cooperation with the Mainland's Operators

■ **China Telecom** — CDMA & CDMA2000 network operator

- The biggest client, accounted for 70% of total business (1H09A)
- Having approximately 47 million mobile subscribers (2009.09)
- Tailor-made 9 Coolpad models in the first half of 2009

■ **China Mobile** — GSM & TD network operator

- The second client, accounted for 15% of total business (1H09A)
- Having approximately 508 million mobile subscribers (2009.09)
- Tailor-made 1 TD/GSM Coolpad smartphone and 1 TD/CMMB TV-enable Coolpad smartphone in the first half of 2009

■ **New China Unicom** — GSM & WCDMA network operator

- Having approximately 143 million mobile subscribers (2009.09)
- Maintains a solid and strong relations over ten years
- Tailor-made 1 WCDMA/GSM high-end Coolpad smartphone in November

Investment Highlights

(6) Outstanding Sales Marketing Strategy



■ Sales Service Covering the Domestic Market

- Coolpad Sales Channel: 6 major districts; 30 provincial offices; Sales services cover most of cities in Mainland China
- Strong after-sales services system: employed 400 VIP ambassadors; over 1000 Commissioned Repair Centers

■ Overseas Market

- Actively expanding overseas markets in cooperation with the local telecom operators in respect of “Coolpad” brand
- Launched its dual-mode smartphone in Vietnam, India, Indonesia, Sudan, and China’s Taiwan etc.



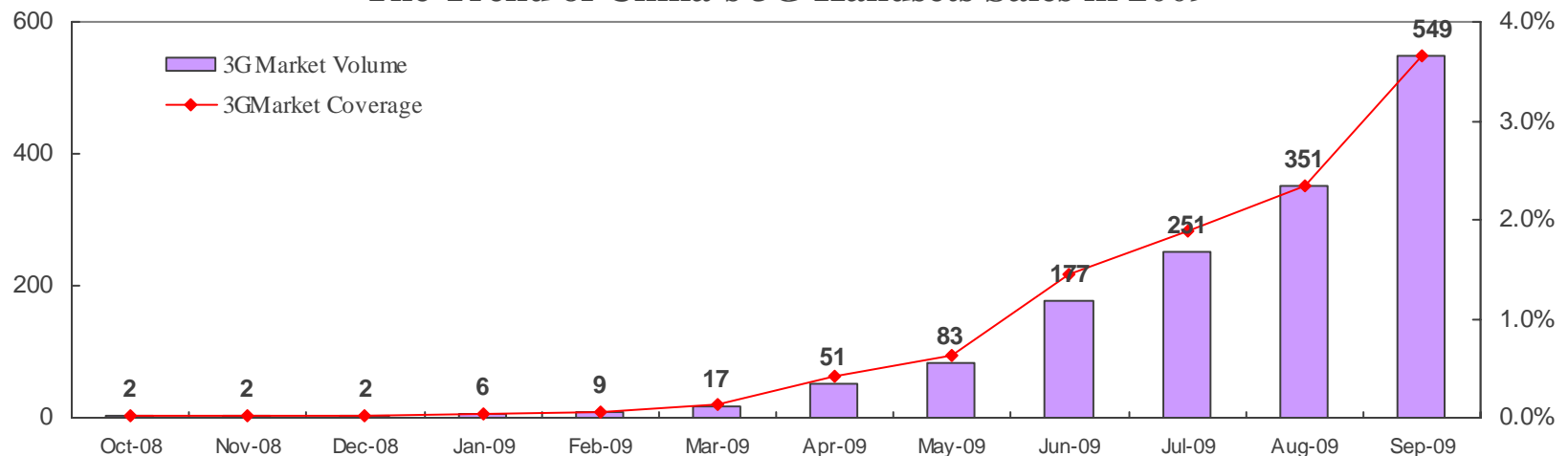
Investment Highlights

(7) Blooming Market Opportunities



- A blooming business opportunities to the CDMA market since the 2008 Telecom Restructuring
- China's 3G Era in 2009: 3G cell-phone subscribers would rapidly increase with an emerging trend of upgrading to 3G mobile phones in China
- A best solution to taking dual-mode phones in China as expected that 2G & 3G mobile networks will co-exist in the next years

The Trend of China's 3G Handsets Sales in 2009



Source: SINO-MR Report 2009.09

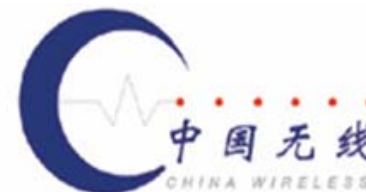
1H09A Financial Highlights



- Revenues of HK\$715.7 million (1H08A: HK\$441.3 million, ▲ 62.2%)
- Total sales volume of 570,000 units smartphone (1H08A: 160,000 units)
- Gross profit margin of 35.5% (1H08A: 42.2%)
- Net profit of HK\$32.4 million (1H08A: a net loss of HK\$49.3 million)
- Interim dividend of HK\$0.01 per share (1H08A: Nil)
- Operating expenses more or less 22%, including continued investment in R&D and sales & marketing



Revenue Segmentation



Products Segment	1H09A (HK\$'M)	% of Total Revenue	2008A (HK\$'M)	% of Total Revenue
CDMA/GSM Dual-mode Smartphone	289.1	40.0%	624.7	62.0%
GSM/GSM Dual-mode Smartphone	9.4	1.3%	146.1	14.5%
TD/GSM Dual-mode Smartphone	92.2	12.9%	56.5	5.6%
CDMA Single-mode Smartphone	316.4	44.2%	155.8	15.5%
Subtotal	707.1	98.8%	983.1	97.6%
Other Products	8.6	1.2%	24.0	2.4%
Total	715.7	100%	1,007.1	100%

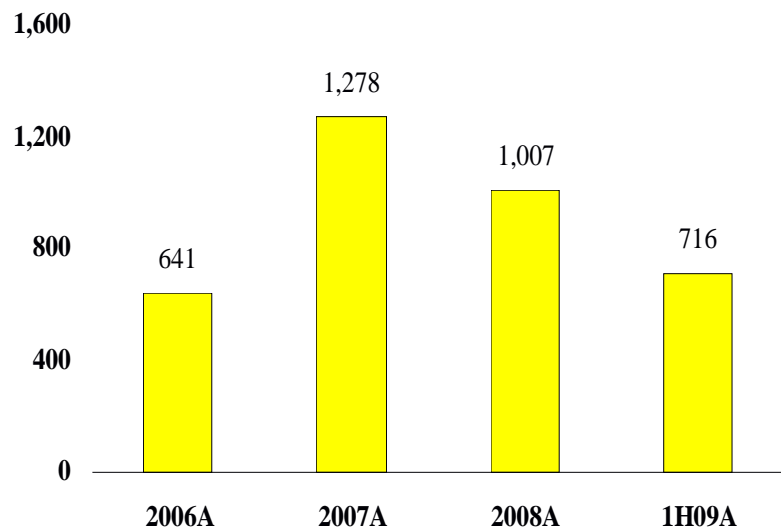
- About 55% of total revenue in dual-mode smartphone — as major business
- Tripled the sales of CDMA single-mode smartphone
- Enhance the business of TD/GSM dual-mode smartphone

Sales & Profit



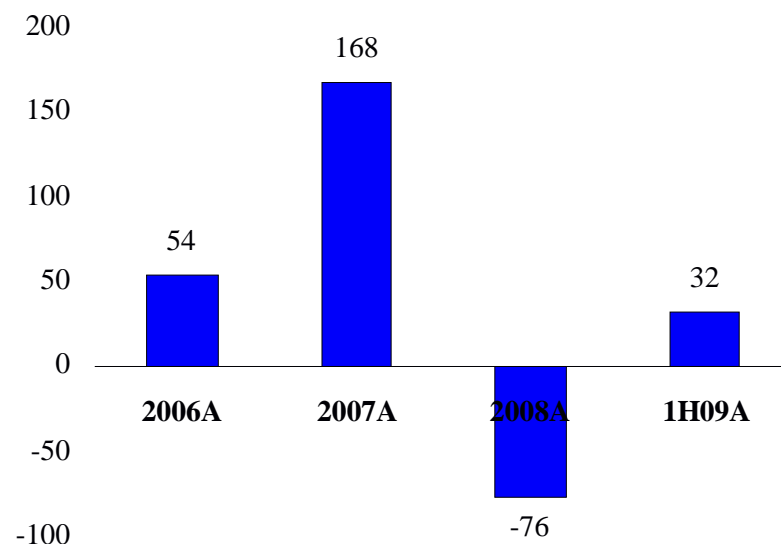
(Unit: HK\$'M)

Revenue



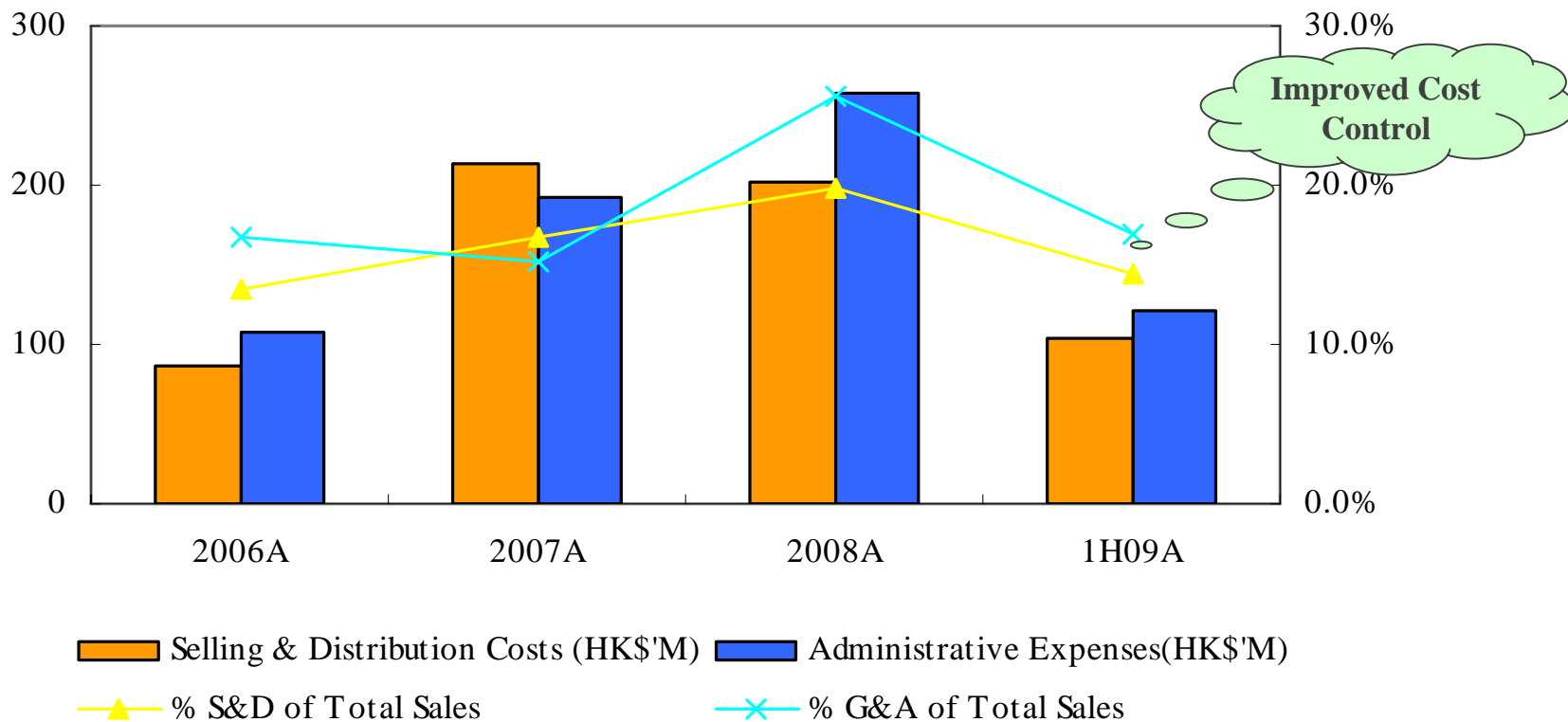
- Revenue increased by 62.2% to about HK\$716M.
- The income resumed to increase as receiving more orders of CDMA products.

Net Profit

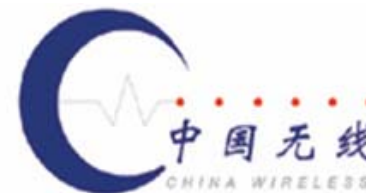


- Recorded a net profit of approximately HK\$32M.
- With the newly commercialized 3G technologies, the telecom industry is filled with opportunities

Operation Review



Historical Operating Metrics

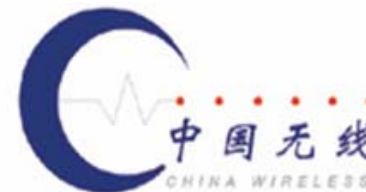


	1H09A	2008A	2007A	2006A
Revenue Growth (Y/Y)	62.2%*	-21.2%	99.4%	81.0%
Gross Margin	35.5%	35.6%	40.8%	37.4%
% S&M	14.5%	19.9%	16.7%	13.5%
% G&A	17.0%	25.5%	15.1%	16.7%
Net Profit Margin	4.5%	-	13.1%	8.4%

- A significant drop of revenue in 2008 was resulted from the temporarily discontinued orders in the Telecommunications Restructuring.
- Turning back on the growth track in 1H2009 after the Restructuring

* Comparing with the results of 1H08A

Summary Balance Sheet Items



	1H09A *	2008A	2007A	2006A
Cash & Cash Equivalents (HK\$'M)	165.5	124.9	91.2	83.4
Receivable Turnover Days	131	88	51	78
Payables Turnover Days	153	103	64	119
Total Debt/ Book Equity	1.2	1.5	0.9	1.3
Quick Ratio (X)	0.9	0.9	1.1	1.2
Current Ratio (X)	1.3	1.2	1.6	1.7
Gearing Ratio (%)	48.7	54.9	41.3	53.1

■ Improved working capital management and strengthened balance sheet

* All items were compared with the corresponding results of 1H08A.

Future Growth Strategies



Launch New Products (2H09A)

- 3 CDMA/GSM dual-mode
- 2 CDMA2000(EVDO)/GSM dual-mode
- 2 TD (HSDPA)/GSM dual-mode
- 5 CDMA single-mode
- 3G data cards and wireless netbook

Expand Sales Channel

- Network operators: Enhance the depth of tailor-made cooperation
- Major industrial clients: Finance, police and other government department, etc
- Increase high-end smartphone clients and enterprises
- Emphasize brand building; expand both domestic and oversea markets

Continue Increase R&D Investments

- R&D on operating system, hardware & software platform and industrial applications
- Introducing new smartphone operating system, such as Android, Ophone
- R&D on HSDPA and CMMB technologies
- Developing 3G multi-media data platform and 3G wireless internet technologies



CDMA2000 flagship handset: N900



Q&A

Investor Relations

Mr. Charles Zhang (張林)

Tel: (86 755) 3302 3607

Email: ir@yulong.com