



2006 Interim Results Announcement

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Agenda

- ◆ Financial Highlights
- ◆ Business Review
- ◆ Prospects
- ◆ Investment Highlights
- ◆ Appendix

Financial Highlights

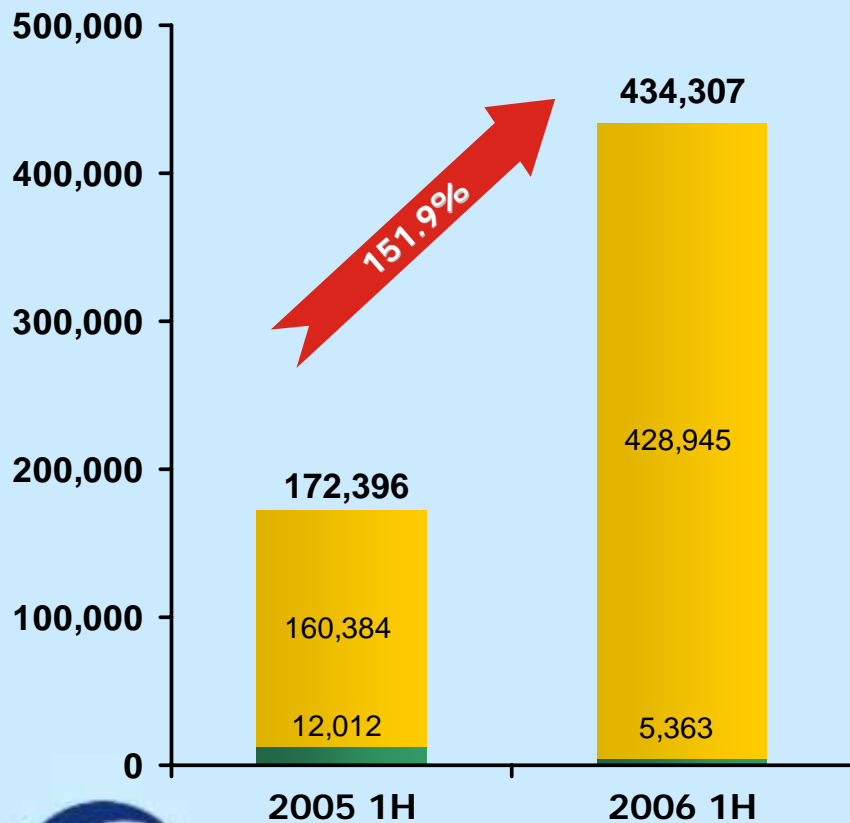
Overview of 2006 1H Results

For the 6 months ended 30 June

HK\$ '000 (Unaudited)	2006	2005	% change
Turnover	434,307	172,396	+ 151.9
Cost of sales	275,754	108,249	+ 154.7
Gross Profit	158,553	64,147	+ 147.2
Net Profit	62,285	32,626	+ 90.9
Earnings per share (HK cents)			
- Basic	12.54	8.00	+56.8
- Diluted	12.27	8.00	+53.4
Interim dividend per share (HK cents)	1	1	unchanged

Turnover

HK\$ '000
(Unaudited)



Remarkable financial results

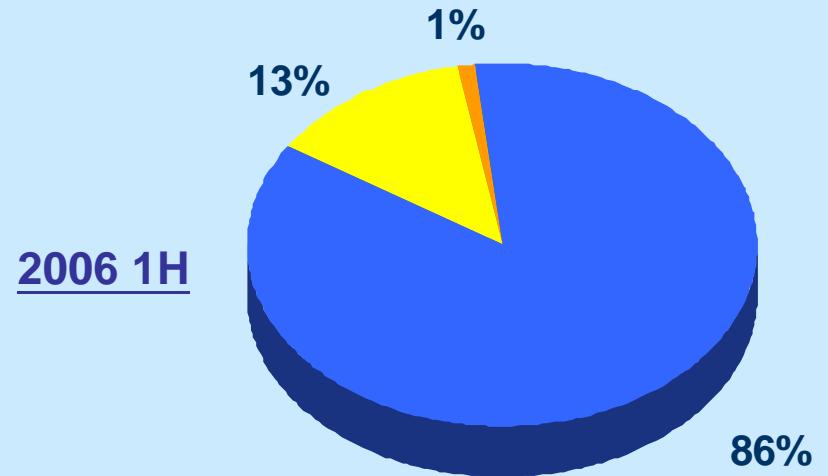
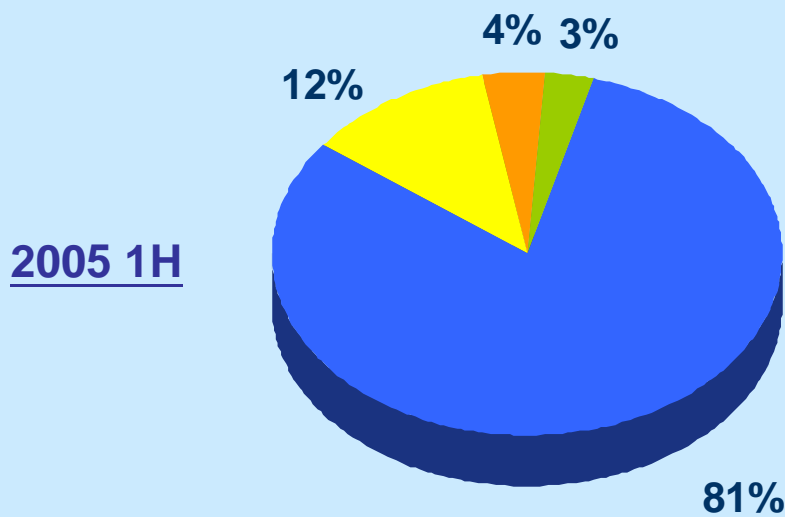
The Company recorded excellent financial results in 2006 1H

- The growth is mainly attributable to the significant increase in the sales of smartphone products
- Turnover from smartphones accounted for 99% of the Group's turnover, compared with the 93% in 2005 1H
- Approximately 100,000 Units of smartphones were sold in 2006 1H compared to 45,000 units in 2005 1H

- Smartphone
- Wireless systems solutions

Sales Analysis

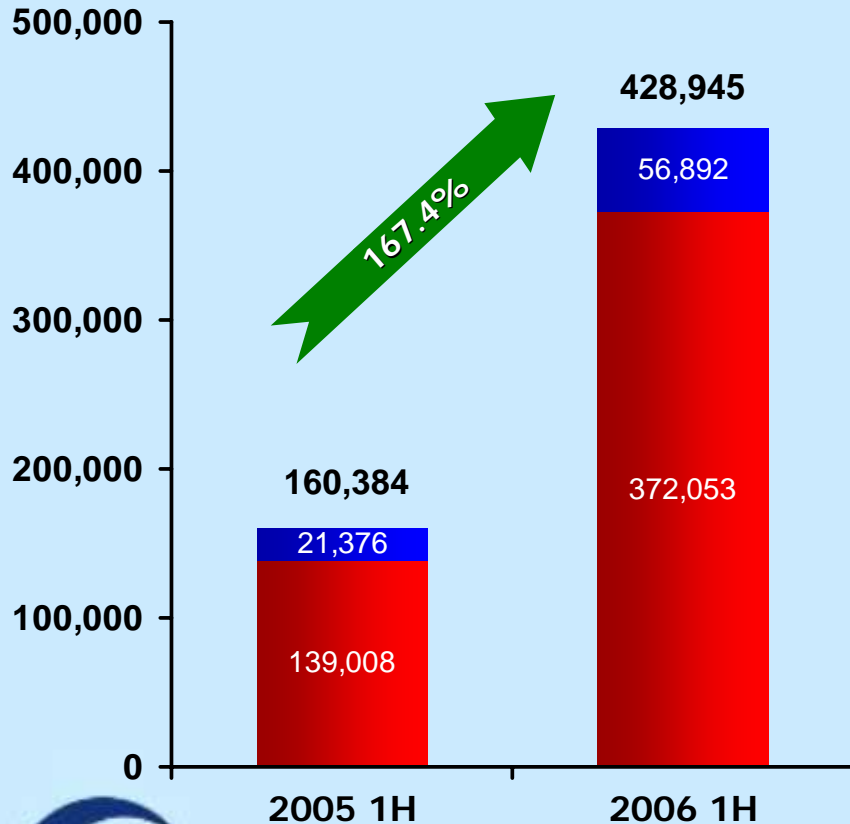
- In the market, wireless terminal products were being upgraded to smartphones
- The company further shifted its focus to the smartphone business, and launched 4 new models of smartphones to boost the proportion of the smartphone sales in turnover



- PHS Intelligent Coverage System
- Integrated telecom business platform (1)
- Dual-mode smartphone
- Single-mode Smartphone

Turnover of Smartphones by Models

HK\$ '000
(Unaudited)



Excellent Sales Performance

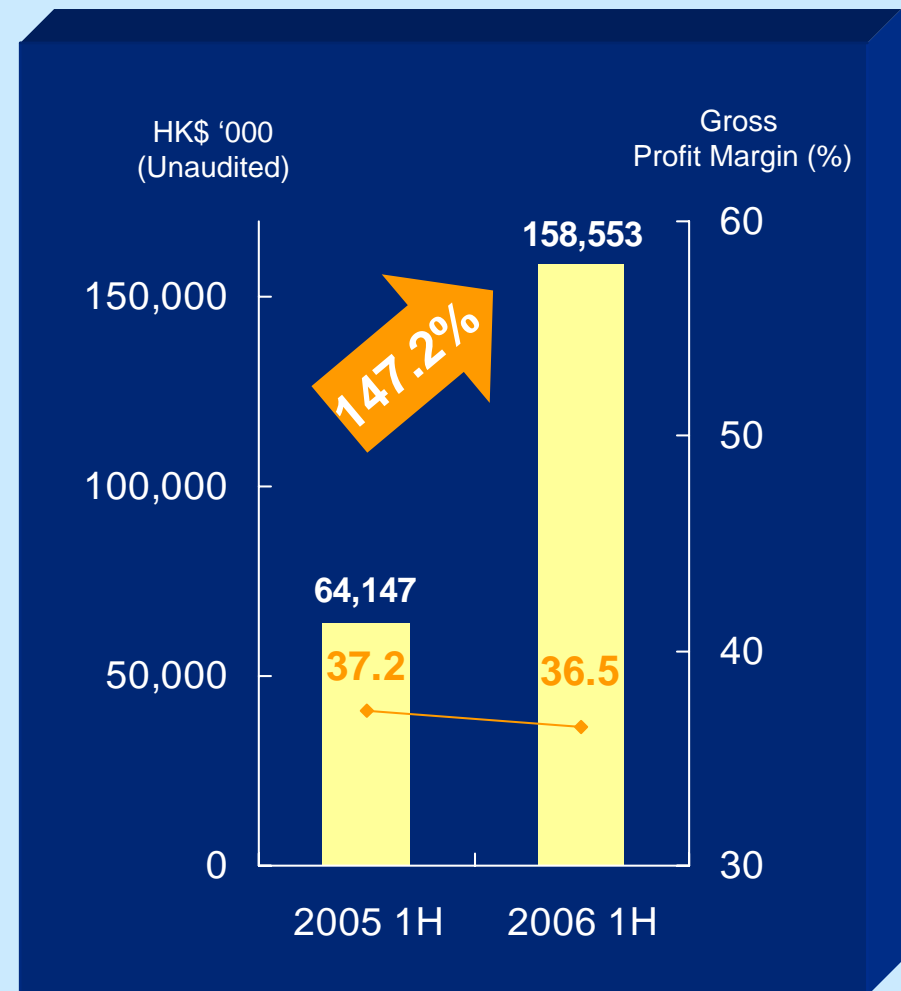
- ▶ Sales of smartphones amounted to HK\$ 428.9 million, a 167.4% rise y-o-y over 2005 1H
- ▶ Delivered approximately 100,000 units of smartphones, of which
 - CDMA-GSM dual mode smartphones: 80,000 units
 - CDMA smartphones: 18,000 units
 - PHS-GSM dual-mode smartphones: 5,000 units
 - GSM-GSM dual-card smartphones: 400 units

- Single-mode Smartphone
- Dual-mode smartphone



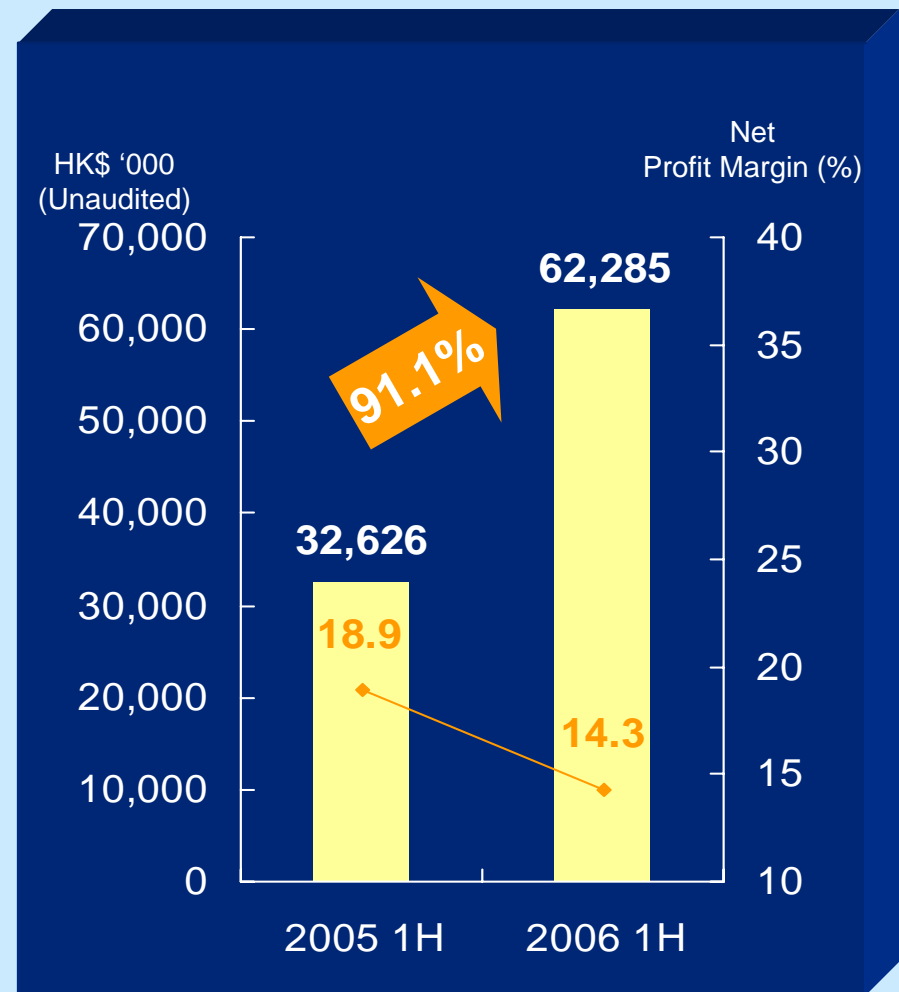
Gross Profit and Margin

- **Gross profit surged 147.2% y-o-y to HK\$158.6 million**
- **Gross margin slightly declined due to:**
 - Decreased sales of wireless system solutions, which have higher gross margins



Net Profit and Margin

- Net profit increased by 91.1% to HK\$62.3 million
- Net profit margin declined because of:
 - Increased expenses on R&D





Business Review

Current Product Portfolio

Wireless system solutions



Wireless system solutions

- PHS Intelligent Coverage System
- TD-SCDMA coverage system

Smartphones with Linux and Windows CE operating systems



Successfully launched:

GSM-GSM

PHS-GSM

CDMA-GSM

CDMA

Successfully developed:

TDSCDMA-GSM dual mode

Effective Strategies Realize Outstanding Performance

Business Strategies

Broaden Product Range

Upgrade Technology of Products

Expand Customer Base

Implementation

- Launch 4 new models of smartphones with proprietary operating systems
 - 1) One GSM-GSM model
 - 2) One PHS-GSM model
 - 3) Two CDMA models

- Successfully developed a 3G product: TDSCDMA-GSM model
- Developing 3G smartphones and 3G wireless data solutions based on WCDMA, CDMA2000 and TD-SCDMA

- Offers innovative products and custom-made solutions to satisfy demands of different clients, industries and telecom operators

Tangible Results

Sustain Strong Growth



Prospects

Future Plans

With 3G policies expected to be announced in China in foreseeable future:

The Group has planned to launch 5-6 new models of smartphone in 2006 2H

- 2 CDMA-GSM dual-mode models
- 2 CDMA models
- 1 PHS-GSM dual-mode model
- 1 TDSCDMA-GSM model

Launch New Products

Put more efforts in promoting "Coolpad" brand after having obtained licences to produce GSM and CDMA handsets

Enhance the Brand

Expand Customer Base

China Unicom – CDMA-GSM/CDMA

China Telecom

China Netcom

} PHS-GSM

China Mobile – GSM-GSM smartphones

TDSCDMA network telecom operators

- TDSCDMA-GSM Smartphones
- TDSCDMA 3G coverage system

Overseas Market – GSM-GSM smartphones

Develop 3G Products

Develop 3G smartphones and 3G wireless data solutions based on WCDMA, CDMA2000 and TDSCDMA

Develop TDSCDMA coverage system





Investment Highlights

Investment Highlights

One of the First Comers to China's Emerging Market for 3G Products

Strong R&D Capability

Recognized and Leading Brand

Innovative Products

Strong Customer Base

Quick Response to Changes in Market and Technology





Thank You

Appendix

Consolidated Income Statement

	<u>2006</u>	<u>2005</u>
For the year ended 31 December	HK\$'000	HK\$'000
	Unaudited	Unaudited
Turnover	434,307	172,396
Cost of sales	(275,754)	(108,249)
Gross profit	158,552	64,147
Other income and gains	6,996	4,079
Selling and distribution costs	(30,362)	(16,564)
Administrative expenses	(59,369)	(10,518)
Other expenses	(175)	(860)
Finance costs	(2,370)	(1,815)
Profit before tax	73,273	38,469
Tax	(10,988)	(5,843)
Profit for the year	62,285	32,696
Earnings per share (HK cents)		
- Basic	12.54	8.00
- Diluted	12.27	8.00

