CHINA WIRELESS TECHNOLOGIES LIMITED
中國無線科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2010	2009	
	(HK$'000)	*(HK$'000)*	**Change**
	(Unaudited)	(Unaudited)	
Revenue	**2,102,569**	715,701	+193.8%
Profit before tax	**288,082**	37,744	+663.3%
Tax	**15,728**	5,335	+194.8%
Net profit attributable to ordinary equity holders	**272,354**	32,409	+740.4%
Basic earnings per ordinary share	**13.08 cents**	1.59 cents	+722.6%
Diluted earnings per ordinary share	**12.65 cents**	1.58 cents	+700.6%
Proposed interim dividend per ordinary share	**1.0 cent**	1.0 cent	Nil

The board (the "Board") of directors (the "Directors") of China Wireless Technologies Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010 together with comparative figures for the corresponding period of 2009 as follows:

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
		HK$'000	HK$'000
	Notes	**(Unaudited)**	(Unaudited)
REVENUE	4	**2,102,569**	715,701
Cost of sales		**(1,481,821)**	(472,176)
Gross profit		**620,748**	243,525
Other income and gains	4	**41,464**	23,706
Selling and distribution costs		**(147,957)**	(104,021)
Administrative expenses		**(219,485)**	(111,090)
Other expenses		**(2,683)**	(5,367)
Finance costs	6	**(3,995)**	(9,009)
Share of loss of an associate		**(10)**	–
PROFIT BEFORE TAX	5	**288,082**	37,744
Tax	7	**(15,728)**	(5,335)
PROFIT FOR THE PERIOD		**272,354**	32,409
OTHER COMPREHENSIVE INCOME			
Surplus on revaluation of buildings, net of tax		**8,149**	4,315
Exchange differences on translation of foreign operations		**9,417**	(885)
Other Comprehensive income for the period, net of tax		**17,566**	3,430
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**289,920**	35,839
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**13.08 cents**	1.59 cents
Diluted		**12.65 cents**	1.58 cents

Condensed Consolidated Statement of Financial Position
As at 30 June 2010

	Note	**30 June 2010 HK$'000 (Unaudited)**	31 December 2009 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**300,774**	292,548
Investment properties		**287,903**	285,254
Prepaid land lease payments		**61,946**	62,062
Intangible assets		**111,768**	113,083
Interest in an associate		**–**	8,513
Other non-current assets		**80,095**	68,167
Deferred tax assets		**2,855**	1,803
Total non-current assets		**845,341**	831,430
CURRENT ASSETS			
Inventories		**591,108**	518,089
Trade receivables		**180,720**	294,378
Bills receivable		**92,908**	45,644
Prepayments, deposits and other receivables		**204,017**	121,616
Due from directors		**885**	551
Pledged time deposits		**464,216**	186,737
Cash and cash equivalents		**467,232**	251,401
Total current assets		**2,001,086**	1,418,416
CURRENT LIABILITIES			
Trade payables		**317,948**	369,870
Bills payable		**241,499**	138,279
Other payables and accruals		**611,276**	497,153
Interest-bearing bank and other borrowings		**279,437**	79,648
Due to an associate		**–**	7,413
Tax payable		**21,591**	33,261
Total current liabilities		**1,471,751**	1,125,624
NET CURRENT ASSETS		**529,335**	292,792
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,374,676**	1,124,222
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**160,549**	212,356
Deferred tax liabilities		**31,939**	28,076
Long term rental deposits		**4,711**	4,664
Total non-current liabilities		**197,199**	245,096
Net assets		**1,177,477**	879,126

	Note	**30 June 2010** *HK$'000* **(Unaudited)**	31 December 2009 HK$'000 (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**20,970**	20,591
Shares held for the Share Award Plan		**(320)**	(3,799)
Reserves		**1,156,827**	799,661
Proposed final dividend		**–**	62,673
Total equity		**1,177,477**	879,126

Notes:

1. CORPORATE INFORMATION

China Wireless Technologies Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands.

During the period, the Group continued to focus on the production and sales of Coolpad smartphone.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Data Dreamland Holding Limited, which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These unaudited condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and other relevant standards and interpretations and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the Group's interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of the new standards and interpretations mandatory as of 1 July 2009 and 1 January 2010, noted below:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards-Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement-Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations-Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases-Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting polices applied in these financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the mobile phone segment engages in the research, development, production and sale of mobile phones; and

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, share of loss of an associate, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged time deposits, deferred tax assets and interest in an associate as these assets are managed on a group basis.

	Mobile phone *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
The six months ended 30 June 2010 (Unaudited)			
Segment revenue:			
Sales to external customers	**2,102,569**	**–**	**2,102,569**
Other revenue	**–**	**11,617**	**11,617**
Total	**2,102,569**	**11,617**	**2,114,186**
Segment results	**281,860**	**10,948**	**292,808**
Reconciliation:			
Interest income			**1,962**
Corporate and other unallocated expenses			**(2,683)**
Finance costs			**(3,995)**
Share of loss of an associate			**(10)**
Profit before tax			**288,082**
The six months ended 30 June 2009 (Unaudited)			
Segment revenue:			
Sales to external customers	715,701	–	715,701
Other revenue	13,061	9,943	23,004
Total	728,762	9,943	738,705
Segment results	41,475	9,943	51,418
Reconciliation:			
Interest income			702
Corporate and other unallocated expenses			(5,367)
Finance costs			(9,009)
Profit before tax			37,744
Segment assets			
At 30 June 2010 (Unaudited)	**1,613,800**	**298,324**	**1,912,124**
At 31 December 2009 (Audited)	1,504,678	296,714	1,801,392

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold during the six months ended 30 June 2010, after allowances for returns and trade discounts and net of sales tax and value-added tax (the "VAT"). All significant intra-group transactions have been eliminated on consolidation. An analysis of revenue, other income and gains is as follows:

	The six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of mobile phones	**2,102,569**	715,701
Other income		
Gross rental income	**11,617**	9,943
Bank interest income	**1,962**	702
Government grants and subsidies*	**17,385**	12,958
Others	**10,500**	103
	41,464	23,706
	2,144,033	739,407

* Government grants and subsidies represented refunds of VAT paid from a tax bureau and government grants received from several government bureau to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	The six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,481,821**	472,176
Depreciation	**9,157**	9,482
Amortisation of patents and licences*	**4,493**	8,360
Recognition of prepaid land lease payments	**687**	685
Research and development costs:		
Product development costs amortised*	**17,877**	5,017
Current period expenditure	**34,284**	46,097
	52,161	51,114
Operating lease rental	**3,701**	3,546
Loss on disposal of items of property, plant and equipment	**302**	344
Loss on disposal of materials	**–**	4,834
Provision for inventories	**27,994**	–

* The amortisation of patents and licences and product development costs for the period are included in "Administrative expenses" on the face of the condensed consolidated statement of comprehensive income.

6. FINANCE COSTS

	The six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans	**8,871**	12,701
Bills payable	**–**	1,527
	8,871	14,228
Less: Interest capitalised	**(4,876)**	(5,219)
	3,995	9,009

7. TAX

No provision for Hong Kong profits tax has been made (six months ended 30 June 2009: nil) as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2010. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	The six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Group:		
Current – Mainland China	**15,465**	1,400
Deferred income tax	**263**	3,935
Total tax charge for the period	**15,728**	5,335

8. DIVIDENDS

On 6 August 2010, the Directors resolved to declare interim dividend of HK$0.01 per share in respect of the six months ended 30 June 2010 to shareholders whose name appear on the register of member of the Company by close of business on Friday, 10 September 2010 (six months ended 30 June 2009: HK$0.01). The interim dividend will be attributed on or about 15 September 2010. For this purpose, the register of members of the Company will be closed from 8 September 2010 to 10 September 2010 inclusive, during which no transfer of shares will be affected. In order to qualify for the interim dividends, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 7 September 2010.

As the interim dividend is declared after the end of the reporting period, such dividend is not recognised as a liability as at 30 June 2010.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the net profit for the six months ended 30 June 2010 attributable to ordinary equity holders of the Company of HK$272,354,000 (six months ended 30 June 2009: HK$32,409,000), and the weighted average number of ordinary shares in issue during the six months ended 30 June 2010 of 2,082,263,249 (six months ended 30 June 2009: 2,038,842,889).

The calculation of diluted earnings per share amounts is based on the net profit for the six months ended 30 June 2010 attributable to ordinary equity holders of the Company of HK$272,354,000.The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the period of 2,082,263,249 as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 70,918,643 assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	The six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Net profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**272,354**	32,409

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations	**2,082,263,249**	2,038,842,889
Effect of dilution-weighted average number of ordinary shares:		
Share options	**70,918,643**	6,555,388
	2,153,181,892	2,045,398,277

10. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment with a net book value of HK$314,000 were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: HK$351,000), resulting in a loss on disposal of HK$302,000 (six months ended 30 June 2009: HK$344,000).

(b) During the six months ended 30 June 2010, property, plant and equipment with a book value of HK$15,026,000 were purchased.

MANAGEMENT DISCUSSION & ANALYSIS

Revenue Analyzed by Product Types

A comparative breakdown of the consolidated revenue by product types are set forth in the following table for the periods indicated:

	Six months ended 30 June			
	2010		2009	
Revenue	**Revenue** *HK$ million* **(Unaudited)**	**% of total revenue**	Revenue *HK$ million* (Unaudited)	% of total revenue
3G Coolpad smartphone	**1,799.9**	**85.6%**	247.9	34.6%
2G Coolpad smartphone	**285.9**	**13.6%**	459.1	64.2%
Others	**16.8**	**0.8%**	8.7	1.2%
Total	**2,102.6**	**100%**	715.7	100%

	Six months ended 30 June	
	2010 **(Unaudited)**	2009 (Unaudited)
Number of Coolpad smartphone sold *(units)*	**2,000,000**	570,000
Average Selling Price ("ASP") *(HK$)*	**1,040**	1,240

The Group's unaudited revenue for the six months ended 30 June 2010 amounted to HK$2,102.6 million, representing a remarkable growth of 193.8% as compared with HK$715.7 million for the six months ended 30 June 2009. The significant increase in revenue during the reporting period was driven by the strong increase in the sales volume of 3G Coolpad smartphone as a result of the continuously vibrant development of 3G mobile subscribers in Mainland China during the first half of 2010.

The revenue from 3G Coolpad smartphone increased by 626.1% to HK$1,799.9 million for the six months ended 30 June 2010 as compared with HK$247.9 million for the corresponding period in 2009. The sales volume of 3G Coolpad smartphone increased by approximately 1,320,000 units to 1,420,000 units in the first half of 2010, as compared with 100,000 units in the corresponding period of 2009. Revenue contribution from this segment surged from 34.6% in the first half of 2009 to 85.6% in the first half of 2010. The significant increase in the sales volume of 3G Coolpad smartphone was primarily attributable to the successful introduction of some 3G smartphone models to the domestic vibrant 3G mobile market during the reporting period. So far, the Group's 3G product lines have covered all range of 3G networks, including TD-SCDMA, CDMA1X(EVDO) as well as WCDMA network. Therefore, the sales of 3G Coolpad smartphone have already become the Group's main revenue stream.

The revenue from 2G Coolpad smartphone decreased to HK$285.9 million for the six months ended 30 June 2010 from HK$459.1 million for the corresponding period in 2009. Notwithstanding the increase in the sales volume of 2G Coolpad smartphone from 480,000 units in the first half of 2009 to 560,000 units in the first half of 2010, revenue contribution from this segment dropped from 64.2% in the first half of 2009 to 13.6% in the first half of 2010, due primarily to the dramatic decline in the ASP of 2G Coolpad smartphone in the reporting period.

Other revenue was primarily generated from the sales of Coolpad smartphone's accessories. Other revenue increased by HK$8.1 million, or 93.1%, to HK$16.8 million for the six months ended 30 June 2010 as compared with HK$8.7 million for the corresponding period in 2009. The increase in other revenue during the reporting period was mainly attributable to the increase in the sales of Coolpad smartphone's accessories and others.

The Group's overall ASP decreased to HK$1,040 in the first half of 2010 from HK$1,240 for the corresponding period in 2009. The decline of the overall ASP resulted primarily from a change in the Group's product mix since the Group entered the field of mid and low-end highly competitive mobile phone market during the reporting period.

GROSS PROFIT

	Six months ended 30 June			
	2010		2009	
Gross Profit	**Gross profit** ***HK$ million*** **(Unaudited)**	**Gross profit margin**	Gross profit *HK$ million* (Unaudited)	Gross profit margin
3G Coolpad smartphone	**552.2**	**30.7%**	100.2	40.4%
2G Coolpad smartphone	**61.7**	**21.6%**	138.9	30.3%
Other	**6.8**	**40.5%**	4.4	50.6%
Total	**620.7**	**29.5%**	243.5	34.0%

The Group's overall gross profit for the six months ended 30 June 2010 grew to HK$620.7 million, representing an increase of 154.9% as compared with HK$243.5million for the corresponding period in 2009. Its overall gross profit margin dropped to 29.5% in the reporting period, down 4.5% as compared with 34.0% in the corresponding period of 2009. Meanwhile, the gross profit margin relating to 3G Coolpad smartphone and 2G Coolpad smartphone decreased by 9.7% and 8.7%, respectively as compared with the corresponding period of 2009. The decrease in gross profit margin was primarily attributable to the decline of its ASPs as a result of the increase in the sales of mid and low-end Coolpad smartphone during the reporting period.

OTHER INCOME AND GAINS

Other income and gains of the Group increased by HK$17.8 million, or 75.1%, to HK$41.5 million for the six months ended 30 June 2010 as compared with HK$23.7 million for the corresponding period in 2009. This net increase of HK$17.8 million was primarily generated from the increase of the Group's rental income, interest income, government grants and subsidies, and others.

SELLING AND DISTRIBUTION COSTS

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Selling and distribution costs *(HK$ million)*	**148.0**	104.0
As a percentage of total revenue	**7.0%**	14.5%

Selling and distribution costs of the Group for the six months ended 30 June 2010 increased by HK$44.0 million to HK$148.0 million from HK$104.0 million for the corresponding period in 2009. The net increase of HK$44.0 million was primarily attributable to increased expenditures for marketing, advertising and promotion expenses to support new product launches. As a percentage of total revenue, selling, and distribution costs significantly dropped to 7.0% in the first half of 2010 as compared with 14.5% in the corresponding period of 2009. The net decrease of 7.5% as a percentage of total revenue primarily reflected the Group has effectively controlled the marketing expenses through a series of strict expenses budgeting policies and measures during the reporting period.

ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Administrative expenses *(HK$ million)*	**219.5**	111.1
As a percentage of total revenue	**10.4%**	15.5%

Administrative expenses increased by HK$108.4 million to HK$219.5 million for the six months ended 30 June 2010 from HK$111.1 million for the corresponding period in 2009. The net increase of HK$108.4 million was primarily attributable to HK$43.5 million increase of the expenses of awarded shares of the Company to the Group's employees according to the Share Award Plan and increased expenditures for staff costs and welfare expenses primarily as a result of increased headcounts of R&D personnel. As a percentage of total revenue, administrative expenses dropped by 5.1% to 10.4% in the first half of 2010 as compared with 15.5% in the corresponding period of 2009. The net decrease of 5.1% as a percentage of total revenue primarily indicated the economy of scale achieved by the Group amid its continuous business expansion.

TAX

For the six months ended 30 June 2010, the Group's income tax expenses increased to HK$15.7 million, representing an increase of HK$10.4 million as compared with HK$5.3 million for the corresponding period in 2009. The increase in the current income tax expenses was primarily due to increased gross profit during the reporting period.

NET PROFIT

Net profit of the Group amounted to HK$272.4 million, or basic EPS of HK13.08 cents, for the six months ended 30 June 2010 as compared with HK$32.4 million, or basic EPS of HK1.59 cents, for the six months ended 30 June 2009. The HK$240 million increase in net profit in the first half of 2010 reflected primarily an increase in gross profit in the amount of HK$377.2 million, which was partially offset by an aggregate increase of HK$162.8 million in the Group's selling and distribution costs, administrative expenses and income tax expenses.

GEARING RATIO & THE BASIS OF CALCULATION

The Group's gearing ratio as at 30 June 2010 was 49.3%, representing a decrease of 5.7% as compared with 55.0% as at 31 December 2009. The decrease was mainly attributable to the increase of capital as a result of increased revenue and net profit during the reporting period. The gearing ratio is equal to net debt divided by the sum of capital and net debt.

LIQUIDITY AND FINANCIAL RESOURCE

For the six months ended 30 June 2010, the Group's operating capital was mainly generated from cash from its daily operation and bank borrowings. The Group's cash requirements related primarily to production and operating activities, repayment of due liabilities, capital expenditure, interest and dividend payments and other unforeseeable cash requirements.

Cash and cash equivalents of the Group as at 30 June 2010 amounted to HK$467.2 million, while it was HK$251.4 million as at 31 December 2009.

CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any significant contingent liabilities.

BUSINESS REVIEW

The Group was significantly benefited from the rapid growth of 3G subscribers and maintained a strong and steady growth momentum during the reporting period. Both operating profit and shipment achieved a record for the six months ended 30 June 2010. Operating revenue for the six months ended 30 June 2010 nearly tripled that of the corresponding period of 2009. Its market share and Coolpad brand reputation in the domestic 3G mobile phone market has further improved. The Group as well broke into WCDMA smartphone market since the roll-out of Coolpad W700 smartphone in January 2010, which featured as the first WCDMA/GSM dual-mode dual-working functionality in the world as well as the Group's first flip ("chamshell") phone. So far, the Group has become one of the few 3G mobile phone vendors who are able to offer any mode of 3G mobile phones worldwide.

The Group quickly responded to the domestic mobile operators' tailor-made requirement and successfully rolled out a record number of 3G smartphone products for the six months ended 30 June 2010, that's, one WCDMA/GSM dual-mode flip smartphone (Coolpad W700), four TD-SCDMA(HSDPA)/GSM dual-mode smartphone (such as Coolpad 603 featured with low-end smarphone, Coolpad 8900 smartphone with China Mobile's Ophone operating system) and six CDMA1X(EVDO)/GSM dual-mode smartphone (such as Coolpad 520 with a feature-rich, higher price performance smartphone, Coolpad E230 an entry-level 3G smartphone with retail price at approximately RMB1,000). These new products significantly contributed the strong revenue and market share growth during the first half of 2010. Currently, Coolpad brand has been widely recognized as China's top 3G smartphone brand by its consumers and business partners primarily due to its strong 3G product mix.

The Group continued to focus on the enhancement of R&D capabilities. The Group has further strengthened its multi mobile operating system platform through developing Android-embedded mobile operating system. The Group's mobile software platform now included Windows® CE, Brew, Linux® and Android (on developing and testing), respectively. In respect of mobile hardware designing, the Group began to collaborate with several 3G mobile chipset providers such as Marvell, T3G and Texas Instruments (TI) and with some famous mobile industry designers apart from the close collaboration with Qualcomm, Freescale, Datang Telecom and Leadcoretech. Hence, the Group achieved some breakthrough in regard of mobile software, hardware and new generation technologies through these outside supports from the leading suppliers in the industry. Moreover, the Group further developed and simplified Coolmart platform of mobile software application store that supports industry standards, so as to make more third-party independent software service and applications compatible with Coolpad smartphone. In particular, there are more and more Coolpad users beginning to enroll a Coolpadtone account for enjoying the exciting mobile experience.

Maintaining well-known brand recognition is absolutely critical to the Group, as it stretched its product positioning from high and super high-end market to the mobile mass market. Thus, the Group set 2010 as Coolpad Brand Promotion Year. The Group initiated a variety of brand promotion campaign, including putting lots of advertisement on some famous television programs, newspaper and magazine, as well as outdoor media, to promote its new brand version "Coolpad, live smart". On the other hand, the Group further expanded its social distribution channels apart from its traditional channel in the domestic mobile operators' resale market. As at 30 June 2010, the Group developed more than 150 local distributors and agents at home and abroad, and directly established four Coolpad image shops and more than 10 Coolpad 3G specialized outlets inside some supermarket throughout Mainland China.

The Group also put focus on the improvement of general operation efficiency. The Group took a series of measures to improve its internal operating process and administrative efficiency during the reporting period. For example, the Group intensively promoted its Integrated Program Development (IPD) process and Integrated Intelligence Proprietary Platform (IPP) in the R&D department, and established Electronic Finance System (EFS), Integrated Office Automation (IOA) and Supplier Relations Management (SRM) System and other information technology integrated systems to improve internal operating process and administrative efficiency.

The factory in Songshan Lake, Dongguan city, put into operation in January 2010. The new production infrastructure were expanded and improved its equipment for product testing and assembly which further assured product quality and production cost controls.

BUSINESS OUTLOOK

The Group, as a leading 3G mobile phone vendor, is expected to continuously keep close pace with the growth of domestic 3G mobile phone market in the coming future through firmly adhering to the strategies of R&D enhancement and technology innovation, product differentiation, marketing and distributions strengthening and administrative efficiency improvements.

Innovation is the Group's core culture. Driven by the rapid deployment of new technologies and evolving consumer requirements, the Group will further invest in R&D and continuous innovation on products and service. The Group will continue to develop and optimize its standard software and hardware development platform through close cooperation with the industry leading suppliers so as to introduce more feature-rich, ease-to-use Coolpad products and service. The Group will continue to grow and strengthen the depth of cooperation with the domestic mobile operators in the field of R&D on next generation network support (such as 4G technology of TD-LTE), mobile payment and related technologies about cloud computing and storage. Particularly, the Group will also continue to focus the technological innovation on user-interface (UI) and interaction industry design (ID) so as to improve consumer's mobile experience and loyalty. The Group's Android-embedded Coolpad smartphone, which expensed more-than-one-year intensive R&D by over two hundred engineers, will be introduced with a completely new UI and ID to the consumer in the second half of 2010. The series of new Android-embedded Coolpad smartphone is considered another excellent flagship model following the Coolpad N900 series launched last year. The Group believes the Android-embedded Coolpad smartphone will not only largely improve the Group's brand recognition but also broaden its revenue resource.

Product differentiation is the Group's key competitive advantage. The Group will persist in differentiated product positioning to develop more user-friendly, innovative products for its consumers. The Group will introduce a series of dual-mode dual-working Coolpad 3G smartphone based on its technology advantage in regard to dual-mode dual-working smartphone, so as to further strengthen its leading position in the domestic high-end dual-mode niche market. The Group plans to develop two TD-SCDMA(HSDPA)/GSM dual-mode dual-working Coolpad smartphone, four CDMA1X(EVDO)/GSM dual-mode dual-working Coolpad smartphone, and one or two WCDMA/GSM dual-mode dual-working Coolpad smartphone. The Group also plans to launch several TD-SCDMA(HSDPA), CDMA1X(EVDO), WCDMA and CDMA1X single-mode smartphones, respectively, so as to enlarge its 3G/2G product portfolio.

Mobile appearance becomes most of importance to the consumers nowadays. The Group will strive to diversify its product appearance, and develop more flip and slide phones in different colors in addition to its traditional bar phones. In order to enlarge its market share in domestic 3G mobile phone market, the Group will also put more focus on mid and low-end entry-level smartphone models in the second half of 2010. In addition, the Group has much incentive to develop a series of wireless data access devices and MID (like iPad) products to meet the blooming 3G market demand in Mainland China. Thus, business scope and depth of the Group will be aggressively broadened and strengthened in the coming future.

The Group believes the availability for product sales is critical to attract new and retain existing customers. The Group will strive to develop the direct and indirect social distribution channels besides the focus on mobile operators' resale market, so as to further expand its customer base. The Group will continue to build more Coolpad image shops and 3G specialized outlets in China's main municipal cities, and develop more social distributors and agents at home and abroad.

The Group put a strong emphasis on the enhancement of general operation efficiency. The Group will continue to reorganize the R&D and marketing department's structure and function, and optimize the operating and manufacturing process through internal information technology integrated systems in order to quickly respond to market demand and customer needs. Sound internal management and quick responding to market and consumers is gradually becoming another key competitive advantage for the Group.

Lastly, the Board and management of the Group would like to address that the Group has never faced so severe competition and threats from a significant number of competitors, many of which have broader product lines, lower cost structure, larger customer bases, and significant technical, marketing, distribution and other resources, since it expanded its product focus on mid and low-end mobile phone market from high-end market presently. Moreover, the Group's client base is still concentrated within the domestic mobile operators. Thus the Group's sales is susceptible to the change of operators' 3G subscribers promotion strategies and policies. All of the above factors imposed much uncertainty and volatility with respect of the Group's sales and shipment, and put harsh pressure on its ASP and gross margins. Nevertheless, the Group believes that it is well positioned to lead the 3G telecommunications market and gain enormous success in the coming future through leveraging the strategy of continuous R&D investments and technology innovation, differentiated product positioning, maintaining quick-responded capabilities to market demand and consumer needs, and hard-working (天道酬勤) philosophy.

FOREIGN EXCHANGE EXPOSURE

During the reporting period, the Group's revenue, expenses, assets and liabilities were mainly denominated in Renminbi (RMB). Taking into account the Group's operation and capital needs, the Directors consider that the Group did not have any significant foreign exchange exposure.

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

INTEREST RATE RISK

The risk in interest rate concerning the Group primarily related to our short-time and long-time bank loans and other borrowings. The interests are calculated at fixed and floating rates. Any rise in the current interest rate will increase the interest cost. To the end of the reporting period, the Group has neither executed any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

EMPLOYEES AND REMUNERATION POLICY

The total staff cost for the six months ended 30 June 2010 amounted to approximately HK$174.1 million. The remuneration of the Group's employees is commensurate with their responsibilities and market rates, with discretionary bonuses given on a merit basis. The Group also provides on-the-job training to its employees from time to time.

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 30 June 2010.

MATERIAL ACQUISITION AND DISPOSAL DURING THE REPORTING PERIOD

There were no material acquisitions and disposals of the Company, its subsidiaries and associated companies during the reporting period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

SHARE OPTION SCHEME

The Company has adopted a share option scheme by a written resolution of all shareholders of the Company on 21 November 2004 (the "Share Option Scheme").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and "Share option scheme" in this announcement, at no time during the reporting period were rights to acquire benefits by means of acquisition of shares in the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the interests and short positions of the Directors, the chief executive or their respective associates in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO''), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code (the "Model Code''), for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules'') were as follows:

Long positions in shares of the Company:

Name of director	*Notes*	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Founder of a discretionary trust	Share option	Total	Approximate percentage of the Company's issued share capital
Mr. Guo Deying	1 & 2	–	831,171,248	14,332,000	–	831,171,248	–	845,503,248	40.32
Mr. Jiang Chao	3	–	–	–	14,332,000	–	–	14,332,000	0.68
Mr. Li Bin	4	6,400,000	–	–	–	–	7,000,000	13,400,000	0.64
Mr. Li Wang	4	6,400,000	–	–	–	–	5,000,000	11,400,000	0.54
Ms. Yang Xiao	1&2	–	831,171,248	14,332,000	–	–	–	845,503,248	40.32
Mr. Chan King Chung	4	–	–	–	–	–	192,000	192,000	0.01
Dr. Huang Dazhan	4	–	–	–	–	–	192,000	192,000	0.01
Mr. Xie Weixin	4	–	–	–	–	–	192,000	192,000	0.01
Mr. Yang Xianzu	4	–	–	–	–	–	192,000	192,000	0.01

Long positions in shares of an associated corporation:

		Number of shares held, capacity and nature of interest			
Name of director	*Note*	**Name of associated corporation**	**Through spouse or minor children**	**Founder of a discretionary trust**	**Percentage of issued share capital of the associated corporation**
Mr. Guo Deying	1	Data Dreamland Holding Limited	1,000	1,000	100
Ms. Yang Xiao	1	Data Dreamland Holding Limited	1,000	1,000	100

Notes:

1. The entire issued share capital of Data Dreamland Holding Limited ("Data Dreamland'') is held by Barrie Bay Limited ("Barrie Bay''), which is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is held by HSBC International Trustee Limited ("HSBC Trustee'') acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is a discretionary trust set up by Mr. Guo Deying ("Mr. Guo''), an executive Director, and his spouse, Ms. Yang Xiao ("Ms. Yang''), a non-executive Director, the beneficiary objects of which include the minor children of Mr. Guo and Ms. Yang.

Each of Mr. Guo and Ms. Yang is taken to be interested in the 831,171,248 shares held by Data Dreamland as each of them is a settlor of the Barrie Bay Unit Trust and by virtue of the interests of their minor children under the Barrie Bay Unit Trust. The long positions in the Company's shares of each of Mr. Guo and Ms. Yang under the column "Through spouse or minor children'' and the column "Founder of a discretionary trust'' in the table headed "Long positions in shares of the Company'' above refers to the same 831,171,248 shares. Each of Mr. Guo and Ms. Yang is taken to be interested in the entire issued share capital of Data Dreamland as each of them is a settlor of the Barrie Bay Unit Trust and by virtue of the interests of their minor children under the Barrie Bay Trust. The long positions in shares of Data Dreamland of each of Mr. Guo and Ms. Yang in the column "Through spouse or minor children'' and the column "Founder of a discretionary trust'' under the table headed "Long positions in shares of an associated corporation'' above refers to the same 1,000 shares.

2. Mr. Guo was taken to be interested in the 14,332,000 Shares held by Wintech Consultants Limited as he was one out of the three directors of Wintech Consultants Limited and the other two directors were accustomed to act in accordance with Mr. Guo's direction.

3. Mr. Jiang Chao, an executive Director, was interested in the 14,332,000 shares held by Wintech Consultants Limited as he was one of the discretionary objects under the China Wireless Employee Benefit Trust, a discretionary trust established for the benefit of the employees of the Group and the China Wireless Share Award Plan.

4. The interests of these Directors are in the underlying Shares of the options granted to the relevant Directors by the Company under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the following interests and short positions of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares of the Company:

Name	*Notes*	Number of shares in which interested	Nature of interest	Total number of shares	Percentage of the Company's issued share capital
Data Dreamland Holding Limited ("Data Dreamland")	1	831,171,248	Beneficial owner	831,171,248	39.64
Barrie Bay Limited ("Barrie Bay")	2	831,171,248	Interest of controlled corporation	831,171,248	39.64
HSBC International Trustee Limited ("HSBC Trustee")	2	831,171,248	Trustee	831,171,248	39.64

Notes:

1. The entire issued share capital of Data Dreamland is held by Barrie Bay. Barrie Bay is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is held by HSBC Trustee, which is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is a discretionary trust set up by Mr. Guo and Ms. Yang and the discretionary objects of which include the minor children of Mr. Guo and Ms. Yang.

2. The 831,171,248 shares were held by Data Dreamland, the entire share capital of which is held by Barrie Bay, which is acting as the trustee of the Barrie Bay Unit Trust and the entire issued share capital of which is held by HSBC Trustee.

Save as disclosed above, as at 30 June 2010, so far as the directors are aware, there are no other persons, other than the directors and chief executive of the Company, who had interests or short positions in the shares, underlying shares or debentures of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

Code Provision A.2. 1 of the Code of Corporate Governance Practices (the "Code") as was set out in Appendix 14 of the Listing Rules stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Mr. Guo Deying is the chairman of the Board and the Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management and believes that this structure enables the Group to make and thus implement decisions promptly and efficiently.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company was not, for any part of the six months ended 30 June 2010, in compliance with the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code, throughout the accounting period under review.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprising the four independent non-executive Directors, namely Mr. Chan King Chung (the Chairman), Dr. Huang Dazhan, Mr. Xie Weixin and Mr. Yang Xianzu, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Group's unaudited financial statements for the six months ended 30 June 2010 have been reviewed by the members of the Audit Committee, who are of the opinion that such statements comply with applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made therein.

For and on behalf of
China Wireless Technologies Limited
Guo Deying
Chairman & Chief Executive Officer

Hong Kong, 6 August 2010

As at the date of this announcement, the executive Directors are Mr. Guo Deying, Mr. Jiang Chao, Mr. Li Bin and Mr. Li Wang, the non-executive Director is Ms. Yang Xiao and the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, Mr. Chan King Chung and Mr. Yang Xianzu.