



CHINA WIRELESS ANNOUNCES 2010 INTERIM RESULTS

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS SURGES 740.4% TO ABOUT HK\$270 MILLION

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OPERATING PROFIT AND SHIPMENT FOR THE PERIOD ACHIEVE RECORD HIGH

“COOLPAD” IS RECOGNISED AS CHINA’S TOP 3G SMARTPHONE BRAND

ONE OF FEW VENDORS WORLDWIDE OFFERING ALL MODES OF 3G MOBILE PHONES

Financial Summary (Unaudited)

(HK\$'000)	For the Six Months Ended 30 June		
	2010	2009	Change
Turnover	2,102,569	715,701	↑193.8%
Gross Profit	620,748	243,525	↑154.9%
Profit Attributable to Equity Holders	272,354	32,409	↑740.4%
Basic Earnings per Ordinary Share	HK13.08 cents	HK1.59 cents	↑722.6%
Diluted Earnings per Ordinary Share	HK12.65 cents	HK1.58 cents	↑700.6%
Gross Profit Margin	29.5%	34.0%	↓4.5ppt
Net Profit Margin	13.0%	4.5%	↑8.5ppt

(Hong Kong, 8 August 2010) – **China Wireless Technologies Limited** (“China Wireless” or the “Company”) (stock code: 2369), China’s leading provider of integrated wireless data solutions and smartphones, announced its unaudited interim results for the six months ended 30 June 2010.

Benefiting from the huge investment of Chinese telecom operators in 3G networks and solutions and the rapid increase in 3G subscribers in Mainland China during the first half of 2010, China Wireless achieved strong growth in sales of its “Coolpad” 3G smartphone. The strong sales growth fuelled a remarkable growth of 193.8% in the Company’s turnover for the first half year to about HK\$2.1 billion with profit attributable to equity holders surging by 740.4% to approximately HK\$270 million.

The Company’s development strategy extending its scope of business from high-end to the mass mobile market in a bid to capture greater market share proved an enormous success. During the reporting period, both operating profit and unit shipments reached record highs with notable economies of scale. Gross profit rose by 154.9% year-on-year to approximately HK\$620 million. As a result of the increase in the sales of China Wireless’ mid and low-end smartphones in the first half of 2010, the average selling price (“ASP”) of its products declined slightly to HK\$1,040 from HK\$1,240 in the same period of 2009. Gross profit margin dropped by 4.5 percentage points year-on-year due to the change of its product mix, but managed to maintain a relatively high level at 29.5%. Basic and diluted earnings per ordinary share were HK13.08 cents and HK12.65 cents respectively. The Board recommended payment of an interim dividend of HK1 cent per share for the six months ended 30 June 2010.

Mr. Guo Deying, Chairman of China Wireless, said, “In the first half, China Wireless successfully seized the opportunities presented by China’s booming 3G market which enabled us to achieve a record high in sales of our “Coolpad” smartphones and remarkable growth in operating profit and unit shipments. These results testified to the significant success of our strategy of developing the mid- and low-end market, broadening product lines and enlarging market share.”

In the first half of 2010, sales of the Company’s smartphones reached 2 million units, matching the total sales volume in the full year of 2009 and representing a more than twice increase compared with the 570,000 units in the same period last year. Approximately 1.42 million units were 3G smartphones, a substantial increase of 626.1% in revenue to HK\$1.8 billion, accounting for 85.6% of the Company’s total revenue in the first half of 2010 compared with 34.6% in the same period of 2009. This was mainly attributable to the quick response of the Company to the specific requirements of Chinese telecom operators and the launch of 11 kinds of 3G smartphone products with different modes, functions and prices which were well received by the market. The “Coolpad” brand has been widely recognised as China’s top 3G smartphone brand by consumers and business partners alike primarily due to the Company’s strong 3G product mix.

Sales volume of 2G smartphones increased to 560,000 units during the period from 480,000 units in the same period of 2009. However, sales value of 2G smartphones decreased from approximately HK\$460 million in the first half of 2009 to approximately HK\$290 million. Revenue contribution from this segment in the first half of 2010 dropped substantially from 64.2% in the same period of 2009 to 13.6%, due primarily to the dramatic decline in the ASP of 2G smartphones. In addition to the sales of smartphones, other revenue primarily generated from the sales of smartphone accessories also increased by 93.1% year-on-year to HK\$16.8 million.

The sales of 3G smartphones has become the Company’s main revenue stream. The Company also broke into the WCDMA smartphone market with the roll-out of the “Coolpad” W700 smartphone in January 2010, which featured as the world’s first WCDMA/GSM dual-mode 3G phone. The Company has become one of the world’s few 3G mobile phone vendors who are able to offer the three network modes of 3G mobile phones including TD-SCDMA, CDMA1X(EVDO) as well as WCDMA.

China Wireless has continued to expand its production capacity during the period under review to meet the increasing market demand. The new plant in Dongguan City went into operation in January 2010, further increasing the Company’s productivity.

In the first half of 2010, China Wireless has initiated a variety of promotion campaigns, including advertisements on popular television programmes, as well as newspapers and magazines, and outdoor media, to enhance the brand profile of “Coolpad” smartphones. To expand distribution network, apart from strengthening domestic telecom operators’ resale market, China Wireless has developed long term strategic partnerships with more than 150 local distributors and agents domestically and abroad, and directly established 4 “Coolpad” image shops and more than 10 “Coolpad” 3G specialized retail outlets.

To further enlarge its market share in the domestic 3G mobile phone market, China Wireless is to put more focus on mid- and low-end entry-level smartphone models in the second half of 2010 and launch more dual-mode dual-working and single-mode 3G smartphones. The Company plans to develop 2 TD-SCDMA(HSDPA)/GSM dual-mode dual-working smartphones, 4 CDMA1X(EVDO)/GSM dual-mode dual-working smartphones, and 1 or 2 WCDMA/GSM dual-mode dual-working “Coolpad” smartphones, as well as several TD-SCDMA(HSDPA), CDMA1X(EVDO), WCDMA and CDMA1X single-mode smartphones, to enlarge its 3G/2G product portfolio. Besides, the Company plans to diversify its product appearance, developing more flip and slide phones in different colors in addition to its traditional bar phones, so as to satisfy the customers’ demand for mobile phones of different styles.

The Company's Android-embedded "Coolpad" smartphone, which was developed after more than one year of intensive R&D by more than 200 engineers, is expected to be introduced with a completely new user interface ("UI") and interaction industry design ("ID") to the consumer in the second half of 2010. The new Android-embedded "Coolpad" smartphone is considered another excellent flagship model following the "Coolpad" N900 launched last year. On top of the R&D of smartphones, the Company has much incentive to develop a series of wireless data access devices MID (like iPad) to meet the blooming 3G market demand in Mainland China and further broaden its business scope.

Looking ahead, China Wireless 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 TD-LTE technology), mobile payment solutions and related technologies about cloud computing and storage. In particular, the Company will also further focus technological innovation on UI and ID to improve the consumer's mobile experience and loyalty. The Company 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, to further extend its sales network.

Mr. Guo concluded, "China Wireless, as a leading 3G mobile phone vendor in China, is expected to seize the opportunities created by the growth of the domestic 3G mobile phone market in the future and enlarge our market share through firmly adhering to the strategies of innovation, R&D enhancement and product differentiation as well as strengthening marketing and distribution operations, while improving product and service quality and administrative efficiency. We believe that the launch of Android-embedded "Coolpad" smartphone in the second half of this year will notably enhance our brand while expanding our income sources. We intend to strike a balance between profit margin and market share with the overriding aim to enhance our 'Coolpad' brand and ultimately generate better returns for our shareholders."

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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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