

**2005 Annual Results
Corporate Presentation**

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Financial Highlights



Overview of FY 2005 Results

For the year Ended 31 December

Change

HK\$million

2004

2005

%

Turnover

245.5

354.0

+44.2%

Cost of sales

146.1

229.9

+57.4%

Gross profit

99.4

124.1

+24.9%

Net profit

43.7

50.9

+16.5%

Earnings per share
(in HK\$)

Basic

0.14

0.127

-9.3%

Diluted

-

0.126

N/A

Final Dividend per share
(in HK\$)

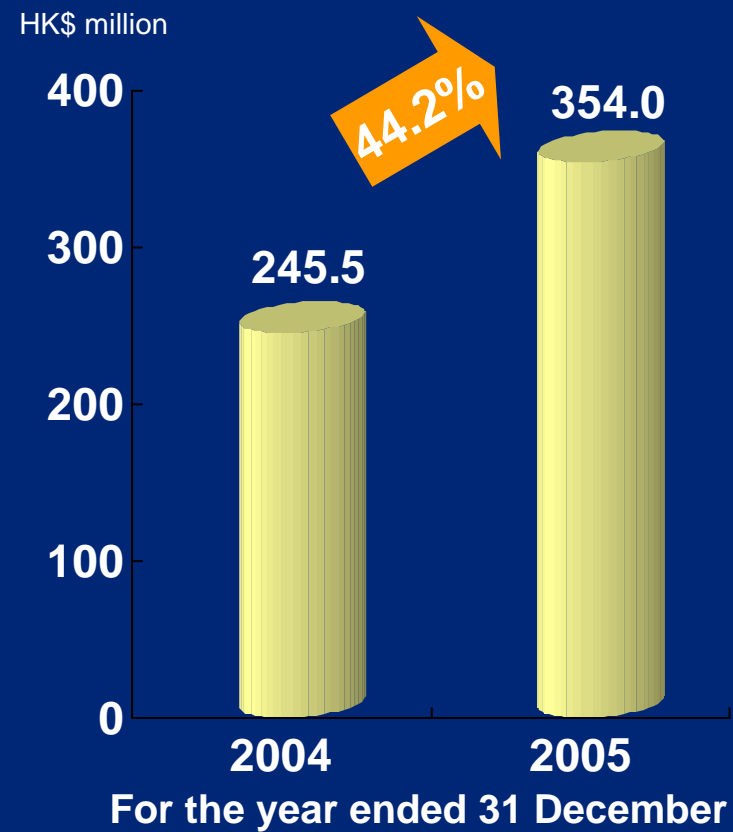
0.02

0.02

unchanged

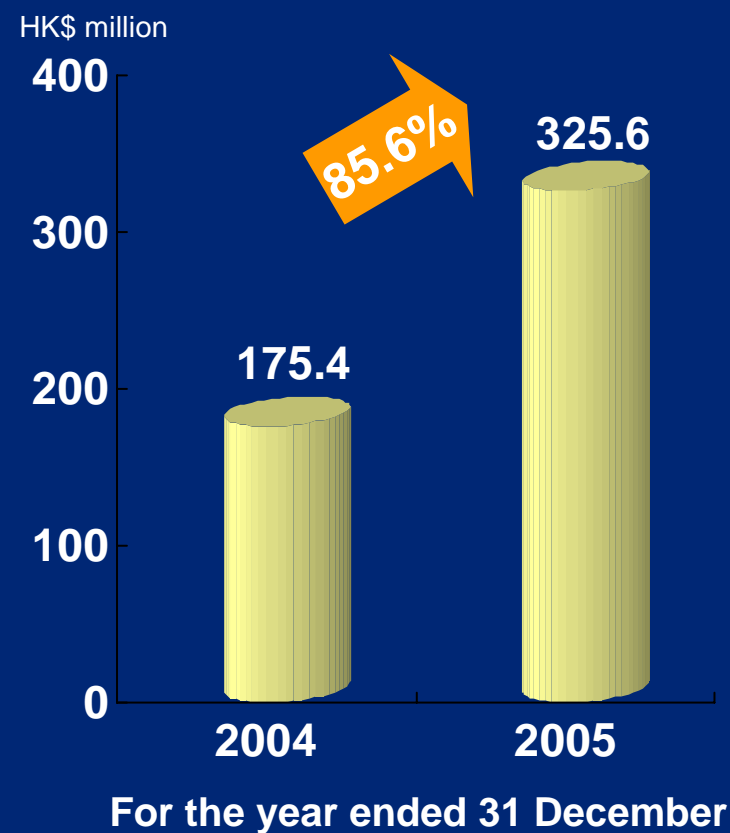
Turnover

- Turnover increased by 44.2% to HK\$354.0 million
- Due to strong growth in smartphones sales in 2005



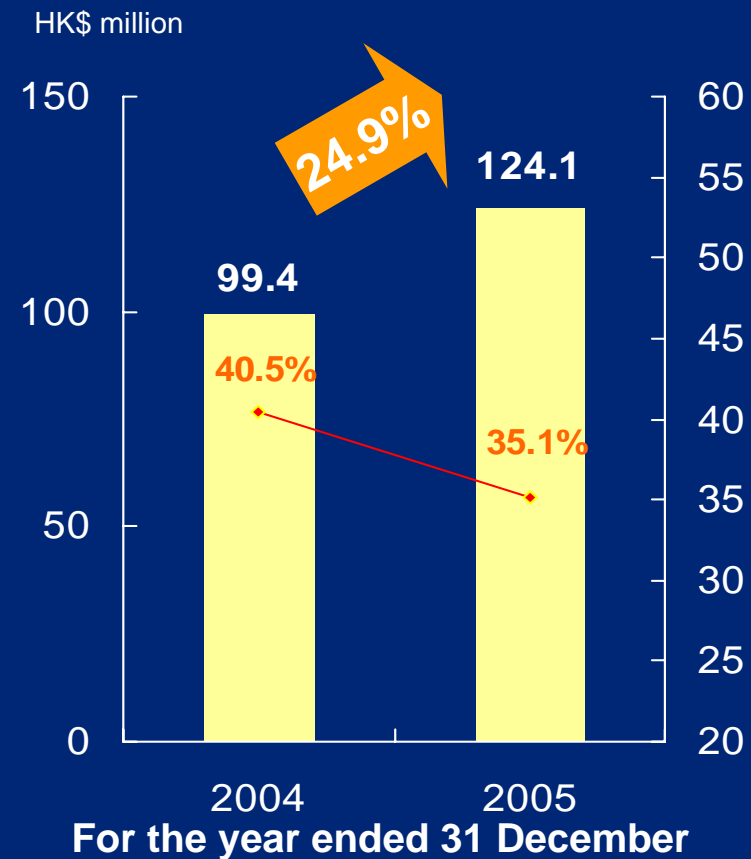
Turnover of Smartphones

- Turnover of smartphones increased by 85.6% to HK\$325.6 million
- Due to:
 - Increased efforts in R&D and marketing of tailor-made smartphones
 - Bulk orders from China Unicom for Coolpad858 and Coolpad728 smartphones



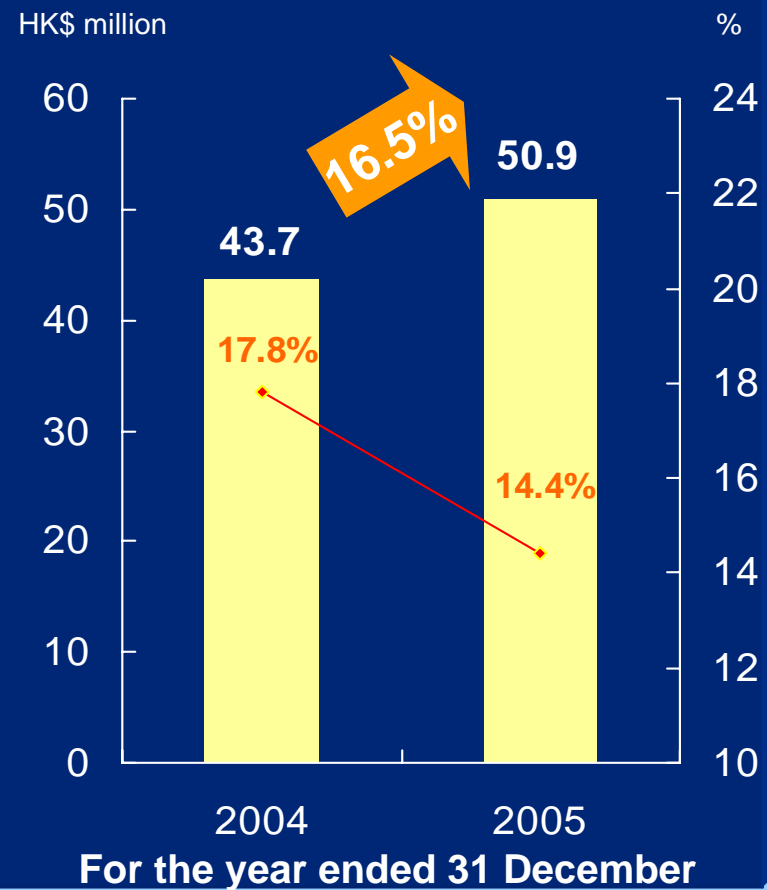
Gross Profit and Margin

- **Gross profit grew 24.9% to HK\$124.1 million**
- **Gross margin declined due to:**
 - Decreased contribution from system solutions, which offer higher gross margin
 - Decreased smartphone gross margin of bulk orders from China Unicom



Net Profit and Margin

- Net profit increased by 16.5% to HK\$50.9 million
- Net profit margin declined because:
 - Gross profit margin decreased
 - Increased expenses on R&D
 - Increased spending on marketing and brand building



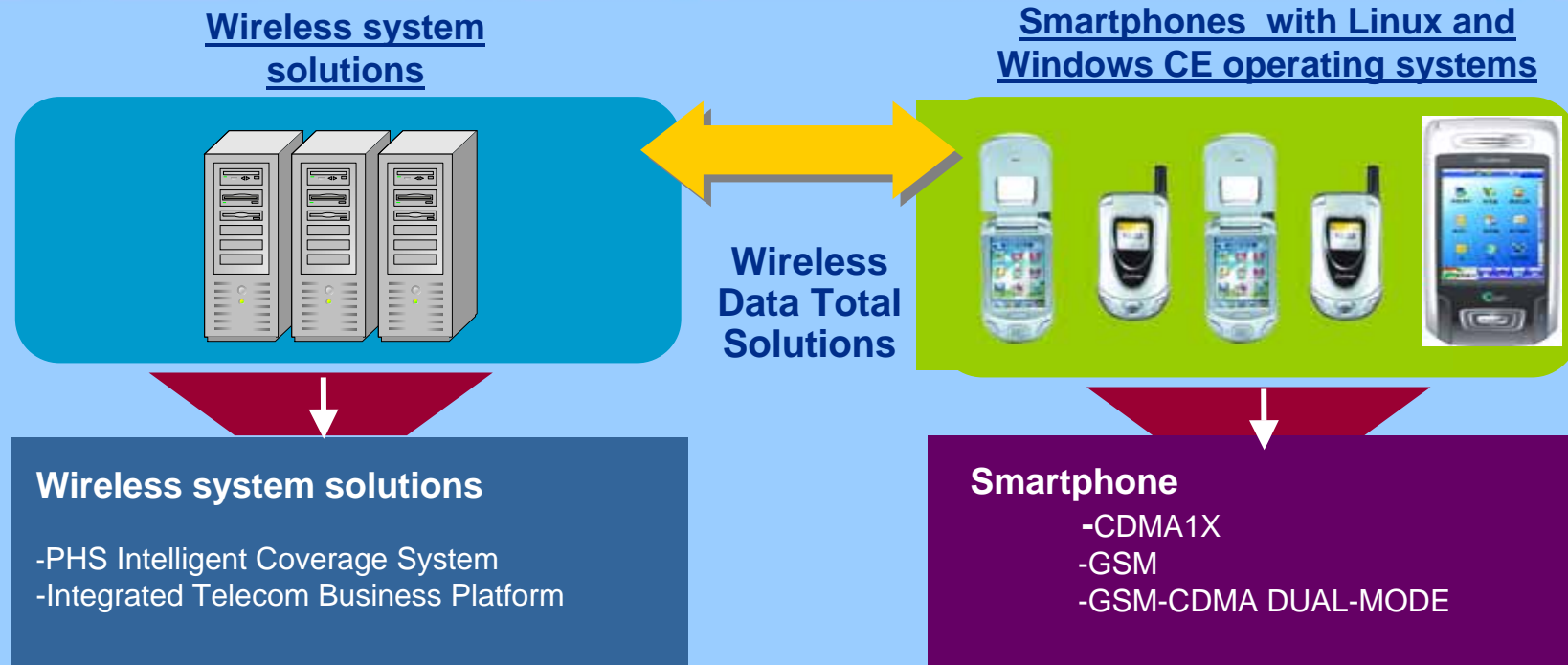


Business Review



Current Product Portfolio

- **Wireless system solutions + wireless terminals with proprietary mobile OS = unique wireless data total solutions**



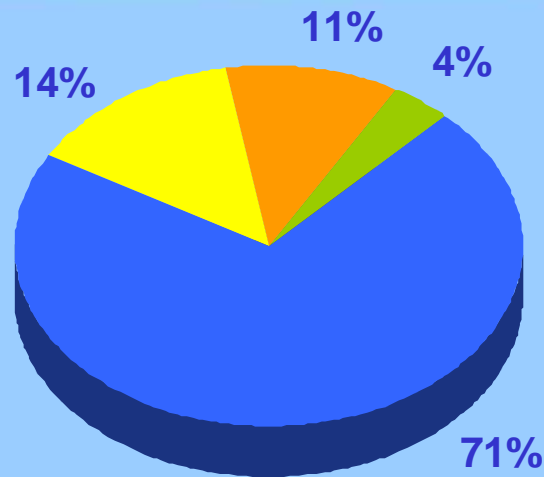
Sales Analysis

With the launch of 4 new types of smartphones, sales of smartphones took up the largest portion in sales mix.

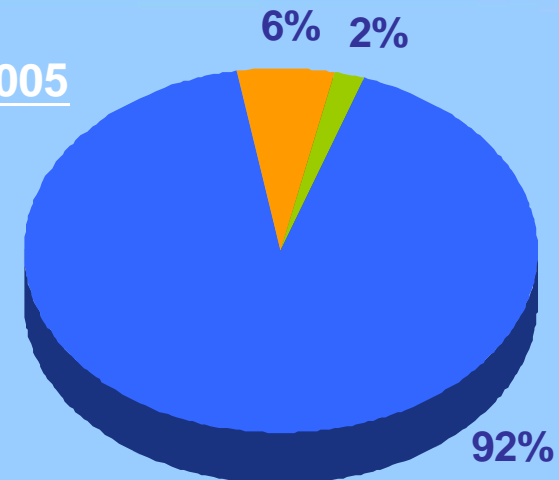
Sales from other terminal products vanished because:

- wireless terminal products were being upgraded
- Environment for market and technological developments was improving

2004



2005



For the year ended 31 December

■ Wireless coverage system (1) ■ Integrated telecom business platform (2) ■ Smartphones ■ Other wireless terminals

Notes:

(1) including PHS intelligent coverage systems and paging network systems

(2) including supporting call centre services and telecom operators' value-added services, such as SMS, Internet paging, gaming and interactive voice response system



Effective Strategies Realize Outstanding Performance

Business Strategies

Broaden Product Range

Enhance Technological Capability

Expand Customer Base

Implementation

- Launched 3 Linux-based and 1 Windows CE-based smartphones
- Strategic partner: Microsoft
- Won contracts to supply “Coolpad 858” dual-mode smartphones and “Coolpad 728” GSM-CDMA dual-mode smartphones to China Unicom

- Established strategic partnerships with enterprises to develop 3G smartphones and 3G wireless data solutions based on WCDMA, CDMA2000 and TD-SCDMA
- Strategic partners include TI, Qualcomm and Datang Telecom Tech

- Offering integrated solutions to corporate clients of various industries and sectors, such as public security, aviation, securities, industrial and commercial, etc., and individual users

Tangible Results

High Brand Recognition Locally and Internationally

Tap into 3G market for future growth

Sustain Strong Growth



Fact Sheet on Achievements

Time

Achievements

May 2005	won a contract to supply 30,000 “Coolpad 858” dual-mode smartphones to China Unicom
Aug 2005	won the 2nd contract to supply 90,000 “Coolpad 858” dual-mode smartphones to China Unicom
Dec 2005	won the third contract to supply 150,000 “Coolpad 728” dual-mode smartphones to China Unicom
Jul 2005	“Top 100 Suppliers of Telecom Industry” by <i>China Internet Weekly</i>
Nov 2005	made the list of Key Software Enterprises under state planning (國家規劃佈局) for 2004
Nov 2005	Deloitte Technology Fast 50 China 2005
Nov 2005	Deloitte Technology Fast 500 Asia Pacific 2005





Prospects



Prospects

Broaden smartphone product range

- Launch 4 models based on 2.5G network
- Launch 1-2 smartphone models based on 3G network
- TD-SCDMA-GSM dual-mode smartphone as Group's most advanced 3G model to be launched in 2006

Maintain close relationship with telecom operators

- Maintain ever strong relationship with China Unicom
- Strengthen cooperation with China Mobile, China Telecom and China Netcom

Develop 3G Technology

- Strengthen R&D in 3G wireless data total solutions, multi-media data platform and network coverage systems
- Cooperate with Qualcomm, TI and Datang Telecom Tech in 3G Technology R&D to develop CDMA2000, WCDMA and TD-SCDMA smartphones

Establish brand recognition in PRC and global markets

- Consolidate client relationship and broaden market coverage in PRC
- Actively participate in international exhibitions to enhance reputation in global market



Investment Highlights



Investment Highlights

Longstanding relationships with telecom operators and local enterprises

Developed the world's first GSM-CDMA dual-mode smartphone; developing TD-SCDMA-GSM dual-mode Smartphone, WCDMA and CDMA2000 smartphone.

Established **Coolpad 酷派** brand for sale of terminal products

Strong R&D capabilities and technological know-how

Strategic partnerships with local and international enterprises

High growth potential of China's 3G Technology market



Thank You





Appendix



Consolidated Income Statement

For the year ended 31 December	2005	2004
	HK\$'000	HK\$'000
Turnover	353,995	245,545
Cost of sales	[229,880]	[146,137]
Gross profit	124,115	99,408
Other revenue and gains	13,801	2,966
Selling and distribution costs	[39,427]	[25,926]
Administrative expenses	[34,909]	[21,758]
Other operating expenses	[283]	[1,447]
Profit from operating activities	63,297	53,243
Finance costs	[2,979]	[2,048]
Share of losses of an associate	-	-
Profit before tax	60,318	51,195
Tax	[9,442]	[7,528]
Profit attributable to shareholders	50,876	43,667
Basic earnings per share (HK\$)	0.127	0.14
Dividend per share (HK\$)	0.02	0.02



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