

[FOR IMMEDIATE RELEASE]

**CHINA WIRELESS TECHNOLOGIES ANNOUNCES 2005 ANNUAL RESULTS**  
**PROFIT ATTRIBUTABLE TO SHAREHOLDERS**  
**RISES 16.5% TO HK\$50.88 MILLION**

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**NEW MODELS OF SMARTPHONE WITH PROPRIETARY OPERATING SYSTEM**  
**BOOSTS EARNINGS**

**Financial summary (Audited)**

	For the year ended 31 December		change
	2005	2004	
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	
Turnover	353,995	245,545	↑44.2%
Gross profit	124,115	99,408	↑24.9%
Profit attributable to shareholder	50,876	43,667	↑16.5%
Gross profit margin	35.1%	40.5%	↓5.4 ppt
Net profit margin	14.4%	17.8%	↓3.4 ppt

(Hong Kong, 12 April, 2006) – China Wireless Technologies Limited (“China Wireless Technologies” or the “Company”) (stock code: 2369) and its subsidiaries (collectively known as “the Group”), China’s leading developer and provider of wireless system solutions and wireless terminals, today announced its audited annual results for the year ended 31 December 2005.

In the period under review, China Wireless Technologies’ turnover increased 44.2% to about HK\$354.00 million. Profit attributable to shareholders rose 16.5% to approximately HK\$50.88 million. Diluted earnings per share were 12.6 HK cents. The Board of Directors recommended the payment of a final dividend of two HK cents per share.

Mr. Guo Deying, Chairman of China Wireless Technologies, said, “During the year, we stepped up efforts to develop new wireless data applications, and actively expanded the market with new models of customized smartphones and related solutions that satisfied the needs of diverse industries and individual users in the high-end market. We had laid the foundation for such expansion by extending the operating system platform for the Group’s products from Linux to Window CE, and by cementing the business tie with a major mobile telecom carrier in China, China Unicom. The robust growth of our business showed that our strategies paid off.”

During the period under review, the Group used its proprietary smartphone operating system to boost sales of smartphones and related systems to the industrial, corporate and individual users. The products are tailored for over ten different industries, which range from public security, aviation to securities trading.

The Group sold approximately 100,000 smartphones in 2005, compared with the 45,000 units sold in 2004. The sales were lifted by the launch of four new models of smartphone into the market, including three models based on Linux operating system and one model on Windows CE operating system.

As part of its aggressive sales efforts, the Group signed three big contracts with China Unicom to supply 120,000 Coolpad 858 smartphones and 150,000 Coolpad 728 smartphones in the report period. The majority of the 120,000 Coolpad858 smartphones were delivered to China Unicom in 2005 and the 150,000 Coolpad728 smartphones will be delivered in 2006.

The Coolpad858 model, which is the world's first dual-mode smartphone, was customized specifically for China Unicom's "Worldwind Dual-mode mobile phone" series.

The "Coolpad 728" dual-mode model is the world's first dual-mode smartphone, which enables two SIM cards of GSM and CDMA networks to work simultaneously in one smartphone, saving the users from having to switch SIM cards of different wireless networks. The Coolpad728 dual-mode model has caught the attention of the global mobile telecommunication industry.

Smartphone sale grew 85.6% to HK\$325.6 million in 2005. The proportion of smartphones in the Company's turnover rose to 92% in 2005 from the 71% in 2004. Revenue from the sale of wireless system solutions, which included wireless coverage system and integrated telecom business platform, totaled HK\$28.4 million, or 8% of turnover in 2005.

The gross profit margin decreased to 35.1% in 2005 from 40.5% in 2004 because of the increased weighting of smartphones in turnover. Smartphones have lower gross profit margin than the wireless system solutions. The bulk orders for smartphones that China Unicom placed with the Group in 2005 also resulted in a lower gross profit margin than that in 2004.

The net profit margin fell to 14.4% in 2005 from 17.8% in 2004 because the gross profit margin decreased. Other factors that squeezed the net profit margin included the increased expenditure on research and development and marketing and brand-building.

During the period under review, the Group formed strategic partnerships with well-known enterprises such as Microsoft Corporation, Qualcomm Incorporated, Texas Instruments Incorporated and Datang Telecom Technology Co., Ltd. to develop new technologies and products.

The cooperation with Microsoft enabled the Group to develop wireless terminals on Window CE. As a result, the Group widened the scope of application of its products and expanded its customer base.

Through the cooperation with Qualcomm, Texas Instruments and Datang Telecom Technology, the Group was developing 3G smartphones and 3G wireless data solutions based on the standards of WCDMA, CDMA2000 and TD-SCDMA. The move would enable the Group to develop smartphones from module platform to chipset platform, and thus would obviously decrease the unit cost of the smartphones and increase the gross profit margin.

As China is poised to launch its policies on the 3G telecommunication, the country's demand for 3G coverage system and 3G wireless data total solutions is expected to emerge.

To capture the business opportunities, the Group is now developing wireless data total solutions, multi-media data platform and network coverage system for the 3G telecommunications.

The Group plans to launch one or two new models of smartphones in 2006 for the 3G network. Meanwhile, it also plans to introduce four models of smartphones this year for the 2.5G network.

To enhance its sales and marketing efforts, the Group will continue to maintain its close relationship with China Unicom, and will strengthen its partnership with other major telecom operators such as China Mobile, China Telecom and China Netcom.

In 2005, China Wireless Technologies also fathomed the overseas market by having its smartphones tested and exhibited in India and Germany. Mr Guo said, "We believe the endeavor would enhance our reputation in the international market."

Mr Guo concluded, "We will step up our research and development efforts to keep abreast with the trend of the 3G technology to ensure that our shareholders will be able to get a good return from China's promising market for wireless communication products and solutions."

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### **About China Wireless Technologies Limited**

Established in 1993, China Wireless Technologies is a leading developer and supplier of wireless data total solutions. Leveraging its expertise and knowledge in wireless communication, the Group 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.

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