

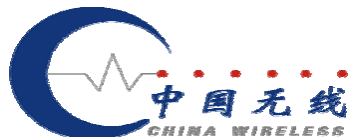
2006 Annual Results Presentation



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Agenda

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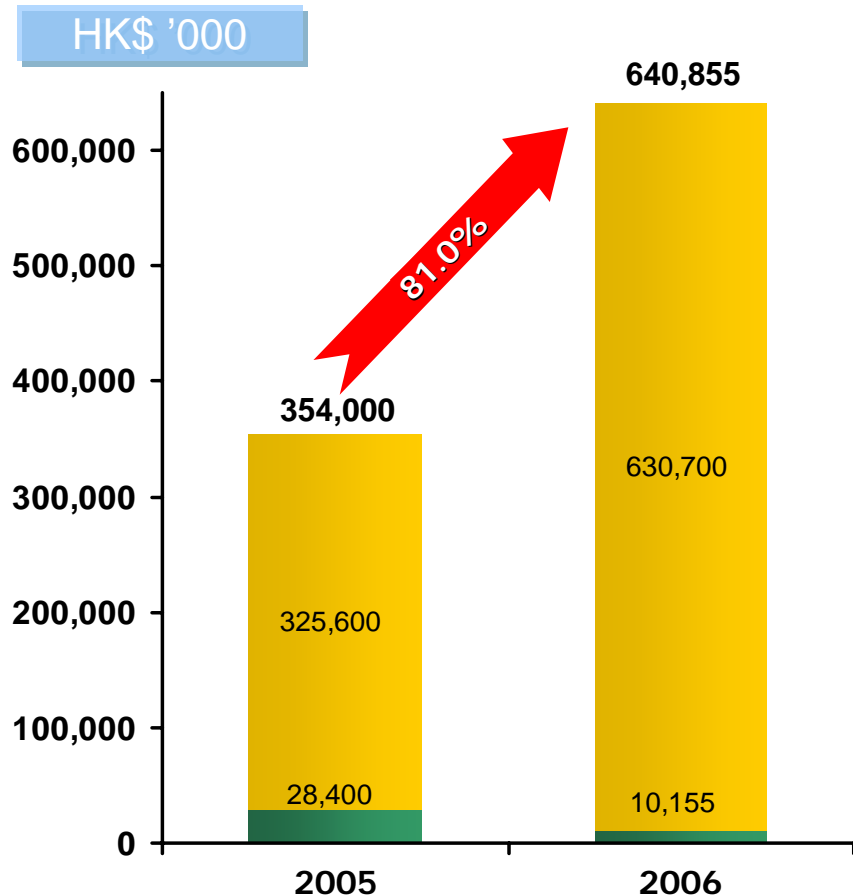
- ◆ **Financial Highlights**
- ◆ **Business Review**
- ◆ **Prospects**
- ◆ **Investment Highlights**
- ◆ **Appendix**

Financial Highlights

Overview of 2006 Results

HK\$ '000	2006	2005	% change
Turnover	640,855	353,995	+81.0
Cost of sales	(400,859)	(229,880)	+74.4
Gross Profit	239,996	124,115	+93.4
Net Profit	53,684	50,876	+5.5
Earnings per share (HK cents)			
- Basic	10.79	12.66	-14.8
- Diluted	10.54	12.55	-16.0
Final Dividend per share (HK cents)	3.00	2.00	+50.0

Turnover



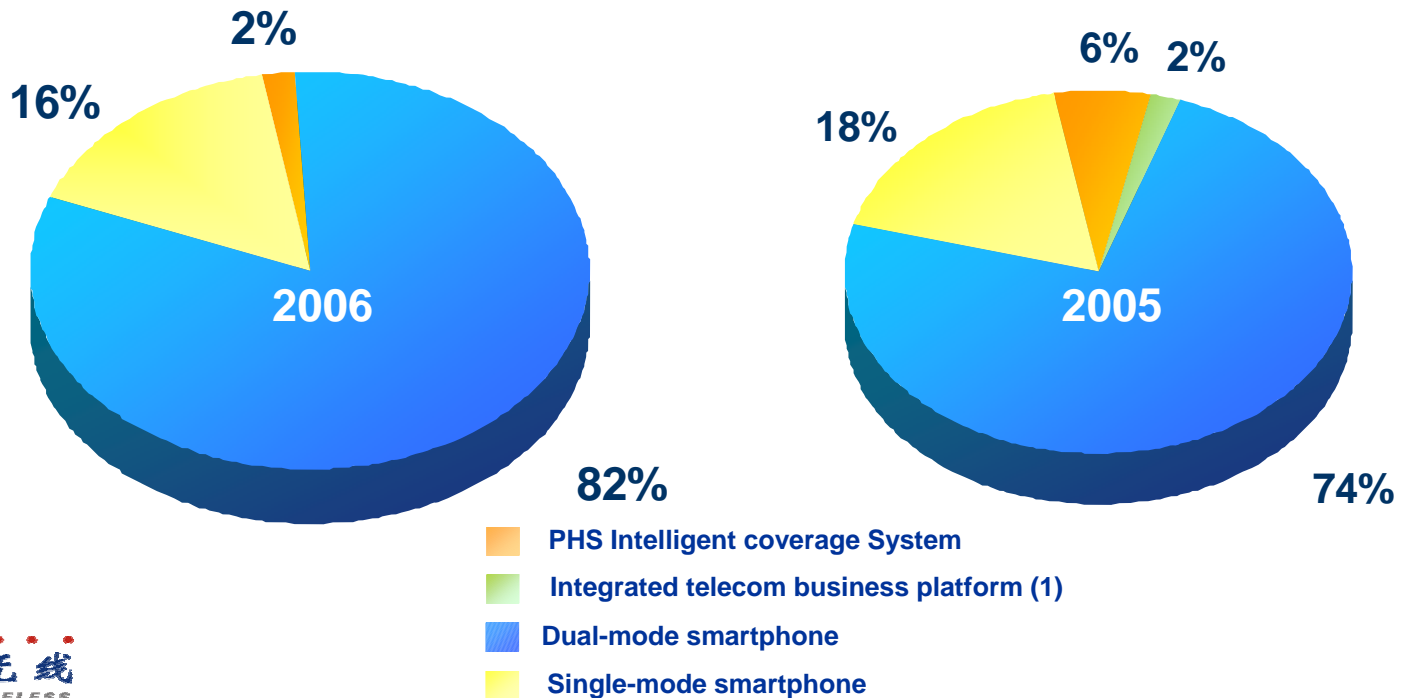
Remarkable financial results

The Company recorded excellent financial results in 2006

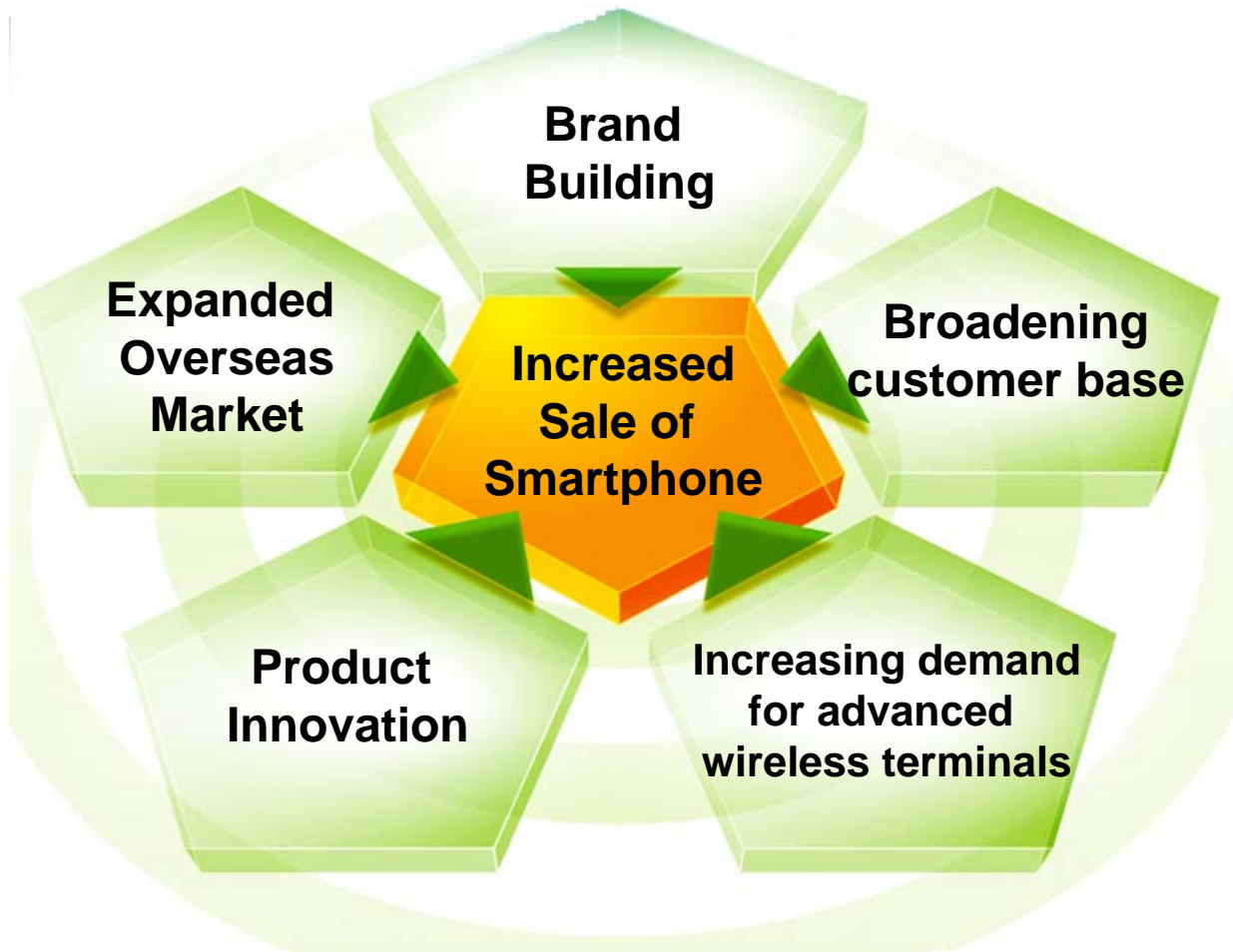
- The growth is mainly attributable to the significant increase in the sales of smartphones
- Smartphone sales accounted for 98% of the Group's turnover, compared with the 92% in 2005
- Approximately 200,000 units of smartphones were sold in 2006 compared to 100,000 units sold in 2005

Sales Analysis

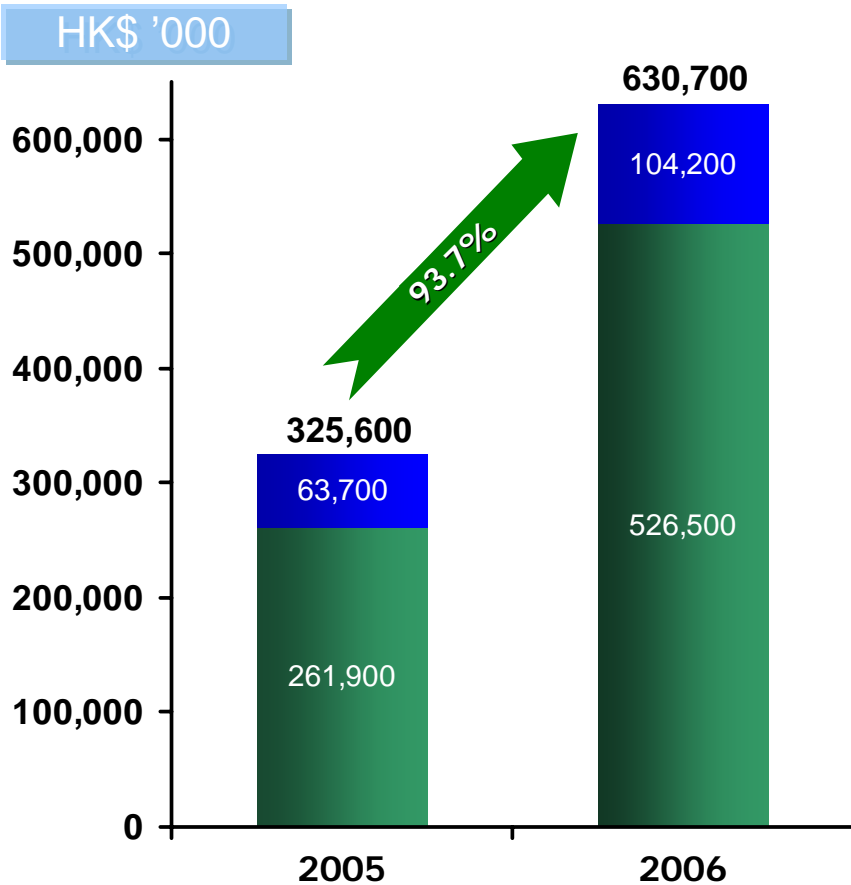
- Focusing on smartphone business
- Launch of 6 new models of smartphones
 - Coolpad 288 dual-mode model targeting mass market
 - Coolpad 728 series for high-end market



Sales Analysis



Turnover of Smartphones by Models

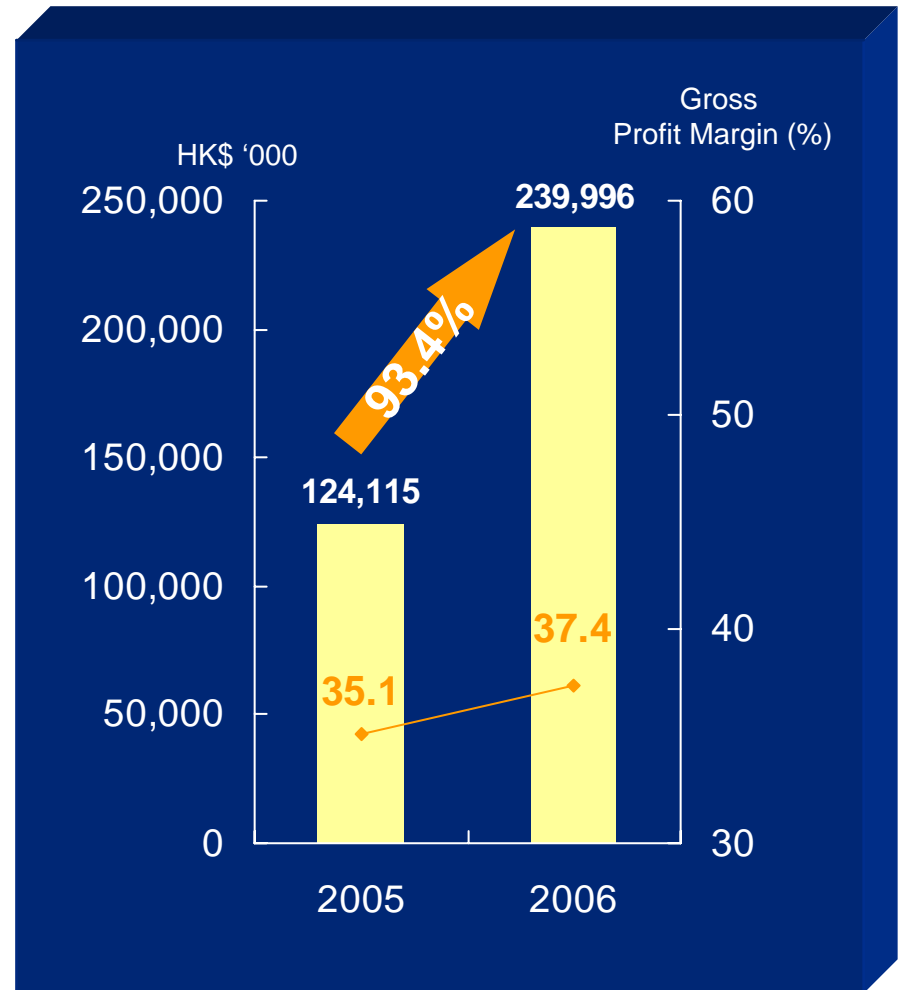


Excellent Sales Performance

- ▶ Sales of smartphones amounted to HK\$ 630.7 million, a 93.7% rise over 2005
- ▶ Delivered approximately 200,000 units of smartphones, of which
 - Dual-mode smartphones: 160,000 units
 - Single-mode smartphones: 40,000 units

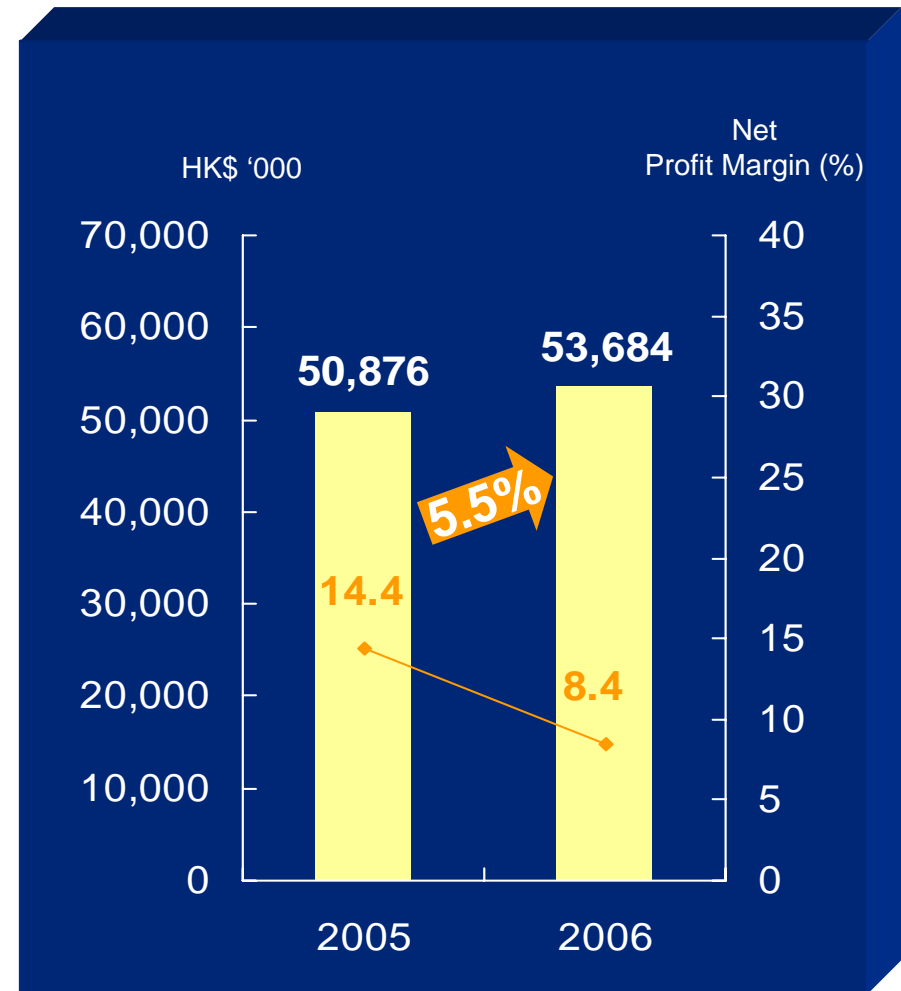
Gross Profit and Margin

- **Gross profit grew 93.4% to HK\$240million**
- **Gross margin increased by 2.3 ppt to 37.4% because of:**
 - Enhanced Technological Strengths
 - Stringent Cost Control



Net Profit and Margin

- Net profit increased by 5.5% to HK\$53.7 million
- Net profit margin declined because of increased expenses on :
 - R&D
 - Advertising & Promotion



Business Review

Current Product Portfolio

Wireless system solutions



Smartphones with Linux and Windows CE operating systems



Successfully launched:

- GSM-GSM
- PHS-GSM
- CDMA-GSM
- CDMA

Successfully developed:

- TDSCDMA-GSM dual mode

Market Segmentation



High-end models

- Business executives
- Various industries & sectors

Medium-priced models

- Mass Market

Effective Strategies Realize Outstanding Performance

Business Strategies

Broaden Product Range

Strengthen R&D

Expand Customer Base & Market

Brand Building

Implementation

- Launch 6 new models of smartphones with proprietary operating systems
 - 1) 1 GSM-GSM model
 - 2) 1 PHS-GSM model
 - 3) 2 CDMA-GSM model
 - 4) 2 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
- Expanded R&D team
- Cooperation with TI, Qualcomm, Microsoft and Datang Telecom Tech
- Offers innovative products to capture different market segments in the PRC
- Expanded overseas market, e.g. Russia, Vietnam, Indonesia, India, etc
- Develop products for different telecom carriers
- Increased efforts in advertising & promotions

Tangible Results

Sustain Strong Growth



Prospects

Prospects

The Group plans to launch at least 12 new models of smartphone in 2007

- 5 CDMA-GSM dual-mode models
- 2 TDSCDMA-GSM models in 2H 2007
- 3 GSM-GSM dual-mode model
- 2 CDMA models

Launch New Products

Further enhance "Coolpad" brand through advertising & promotion

Continue to enhance brand

Expand Clientele

Develop products for China Mobile

- China Mobile is testing GSM-GSM dual-mode smartphone and TDSCDMA-GSM dual-mode smartphone, orders expected in 2007

3 models of 2.5G smartphones will be marketed overseas

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 "Coolpad"

Innovative Products
the dual-mode smartphone leader in the world

Strong Customer Base &
Expanding Overseas Market

Quick Response to Changes in
Market and Technology

Q & A

Appendix

Consolidated Income Statement

	<u>2006</u>	<u>2005</u>
	HK\$'000	HK\$'000
Turnover	640,855	353,995
Cost of sales	(400,859)	(229,880)
Gross profit	239,996	124,115
Other income and gains	17,336	13,801
Selling and distribution costs	(86,372)	(39,427)
Administrative expenses	(106,830)	(34,909)
Other expenses	(991)	(283)
Finance costs	(9,455)	(2,979)
Profit before tax	53,684	60,318
Tax	0	(9,442)
Profit for the year	53,684	50,876
Earnings per share (HK cents)		
- Basic	10.79	12.66
- Diluted	10.54	12.55