



# China Wireless Technologies Limited

(2369.HKSE)



## 2009 Annual Results Investor Presentation

April 2010

**Coolpad** 酷派  
live smart



# Safe Harbor Statement



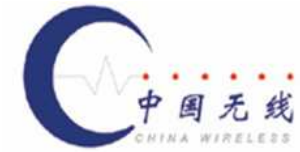
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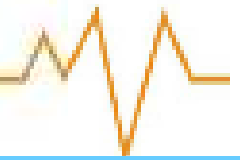
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# Agenda



- Company Introduction
- Investment Highlights
- Financial Performance
- Future Growth Strategies





# Company Introduction

# Company Introduction



## China Wireless Technologies

China's leading smartphone developer and supplier

*An innovative wireless telecom company  
building on core technologies  
for growing with the PRC market*

- Established in 1993 and listed on the HKEx in Dec 2004
- Granted “**China Patent Award of Excellence**” by the State Intellectual Property Bureau of the PRC for its **CDMA/GSM dual-mode dual-working technologies**
- Keeping a rapid growth in the past years, ranked as “**Deloitte Technology Fast 50 China & Fast 500 Asia Pacific**” for 5 years

## Company Introduction



# Coolpad 酷派

- Flagship smartphone brand **Coolpad** – a famous brand of China's smartphone, the **leader** in the domestic dual-mode smartphone market
- Focusing on complex dual-mode designs, with particular strength in the technologies on **CDMA2000/GSM, TD-SCDMA/GSM** and **WCDMA/GSM** dual-mode models
- Leading R&D capability on the smartphone, sole proprietary on **Linux®** and **Windows® CE-based operating systems**
- Maintaining comprehensive & strong cooperation with **China Telecom, China Mobile** and **China Unicom**



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# Investment Highlights

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# Investment Highlights



**Enlarged Market Share in CDMA Mobile Phone**

**Coolpad as China's 3G Smartphone Leader**

**Enhanced Mobile Experience**

**Leading R&D Capability**

**Improved Brand Recognition**

**Close Cooperation with Mainland Operators**

**Blooming Market Opportunities**



# Investment Highlights



## (1) Enlarged Market Share in CDMA Mobile Phone

- Achieved a big breakthrough through extension to domestic mid and low-end CDMA handset market
  - Launched a series of mid and low-end smartphones, such as **Coolpad** S100 and **Coolpad** S60
  - Shipped a total of over **2,000,000** units smartphones (2008: 500,000 units), including
    - **above 1,500,000 units** of CDMA1X (including CDMA2000) smartphones
    - **500,000 units** of TD-SCDMA smartphones
  - Strengthened **leading** market position in the share of CDMA and TD-SCDMA mobile phone market

# Investment Highlights



## (2) Coolpad as China's 3G Smartphone Leader

- Launched **4 TD-SCDMA/GSM** and **6 CDMA2000/GSM** dual-mode smartphones for its network operators in 2009
- Shipped above **900,000 units** 3G dual-mode smartphones
- Ranked **No. 3** in the Mainland's 3G smartphones in SINO-MR report

### Major 3G Mobile Brands' Market Share in Mainland (by Volume)

	TD-SCDMA	CDMA2000	WCDMA	3G
	36.0%	34.9%	10.1%	26.1%
	-	3.2%	52.6%	20.3%
	<b>13.7%</b>	<b>27.5%</b>	-	<b>10.6%</b>
	-	-	18.0%	6.8%
	3.4%	9.9%	0.8%	3.4%
	6.0%	2.7%	0.4%	3.4%

Source: SINO-MR Report [2009.12]

# Investment Highlights



## (3) Enhanced Mobile Experience

- Initially launched “**Coolmart**”, an innovative and powerful software application store in 2009
- Diversified **mobile software applications** for **Coolpad** users to download
- Rich experience in providing the integrated wireless-data solutions in kinds of industrial applications
- Accomplished some successful cases in Finance, Commerce, Police and other government sectors



# Investment Highlights



## (4) Leading R&D Capability

- **Over 1500 patents** applications were made and gradually granted in the PRC, Korea, United States, etc. (1 April 2010)
- Above **3,000** employees; more than **1,000** of them are involved in R&D
- Established **3 R&D centers** and **1 production base** in Shenzhen, Xi'an, Beijing and Dongguan, respectively
- Enhanced cooperation with a wide range of well-known partners in regard of the R&D of the **high-end chipsets** and **operating systems**, such as Qualcomm, TI, Freescale, Leadcoretech, Microsoft, etc.
- Built a **multi-platform operating system R&D**, including Linux<sup>®</sup>, Windows<sup>®</sup>-CE, Android and Datang, etc.

# Investment Highlights



## (5) Improved Brand Recognition

- Initiated a variety of brand campaign to promote “**LIVE SMART**” version of the **Coolpad** smartphone
- Established over 100 new distributions partnerships in China and overseas
- Continued to expand overseas by close cooperation with foreign telecommunications operators in respect of **Coolpad** brand





## Investment Highlights

### (6) Close Cooperation with Mainland Operators

- **China Telecom** — CDMA & CDMA2000 network operator
  - The **biggest** client, accounted for **70%** of total business (2009A)
  - Tailor-made **10 Coolpad** models in 2009
  
- **China Mobile** — GSM & TD network operator
  - The **2nd biggest** client, accounted for **28%** of total business (2009A)
  - Tailor-made 3TD/GSM **Coolpad** smartphone and 1 TD/CMMB TV-enable **Coolpad** smartphone in 2009
  
- **New China Unicom** — GSM & WCDMA network operator
  - Maintains a solid and strong relations over ten years
  - Initially launched 1 WCDMA/GSM dual-mode **Coolpad** smartphone

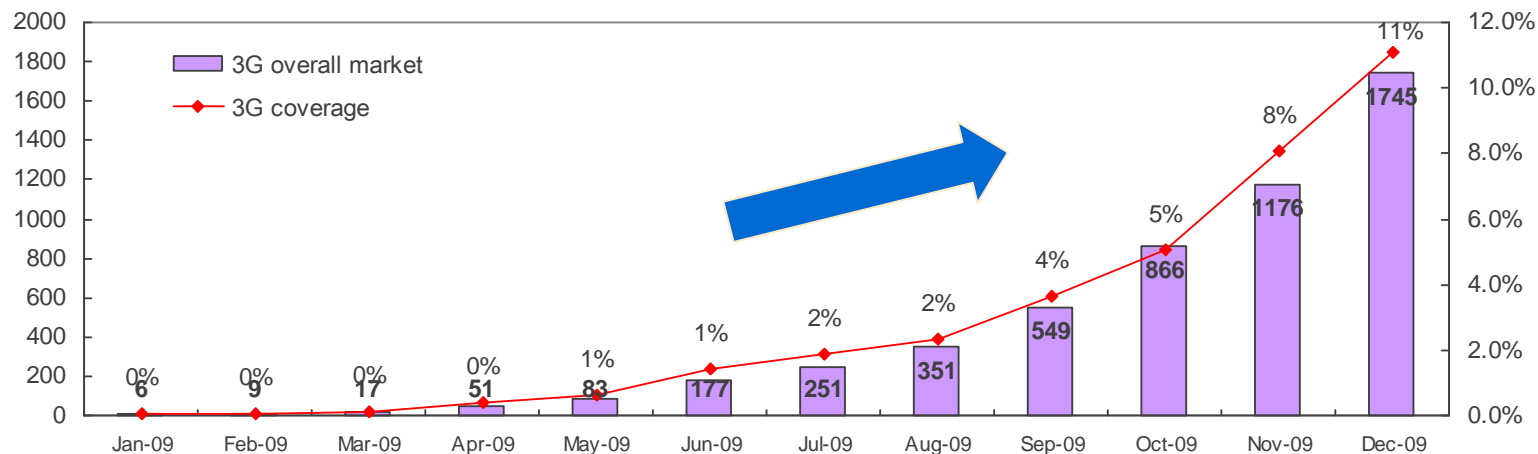
# Investment Highlights



## (7) Blooming Market Opportunities

- **Blooming CDMA mobile phone market** riding on the robust demand due to completion of Telecom Operators Restructuring in China
- **New Era in 2010: 3G mobile phone subscribers would rapidly increase** with an emerging trend of upgrading to 3G mobile phones in China
- The best solution to take dual-mode phones in China as expected that 2G & 3G mobile networks will co-exist in the next years

Mainland China's 3G Handsets Sales in 2009 (unit:'000)



Source: SINO-MR Report [2009.12]



# Financial Highlights



# Financial Highlights



<i>HK\$'000</i>	<b>2009A</b>	<b>2008A</b>	<b>Change</b>
<b>Revenue</b>	<b>2,604,865</b>	1,007,135	+ 158.6%
<b>Gross profit</b>	<b>714,716</b>	325,681	+119.5%
<b>Gross profit margin</b>	<b>27.4%</b>	32.3%	- 4.9 pts
<b>Net profit</b>	<b>263,579</b>	(64,307)	N/A
<b>Tax</b>	<b>(23,574)</b>	(11,769)	+ 100.3%
<b>Net profit/ (loss) attributable to shareholders</b>	<b>240,005</b>	(76,076)	N/A
<b>Proposed final dividend per share (HK cents)</b>	<b>3</b>	N/A	N/A

# Revenue Segmentation



Products Segment	2009A (HK\$'M)	% of Total Revenue	2008A (HK\$'M)	% of Total Revenue
CDMA/GSM Dual-mode Smartphone	1,011.4	38.8%	624.7	62.0%
GSM/GSM Dual-mode Smartphone	22.4	0.9%	146.1	14.5%
TD/GSM Dual-mode Smartphone	719.0	27.6%	56.5	5.6%
CDMA Single-mode Smartphone	835.9	32.1%	155.8	15.5%
<b>Subtotal</b>	<b>2,588.7</b>	<b>99.4%</b>	<b>983.1</b>	<b>97.6%</b>
Other Products	16.2	0.6%	24.0	2.4%
<b>Total</b>	<b>2,604.9</b>	<b>100.0%</b>	<b>1,007.1</b>	<b>100.0%</b>

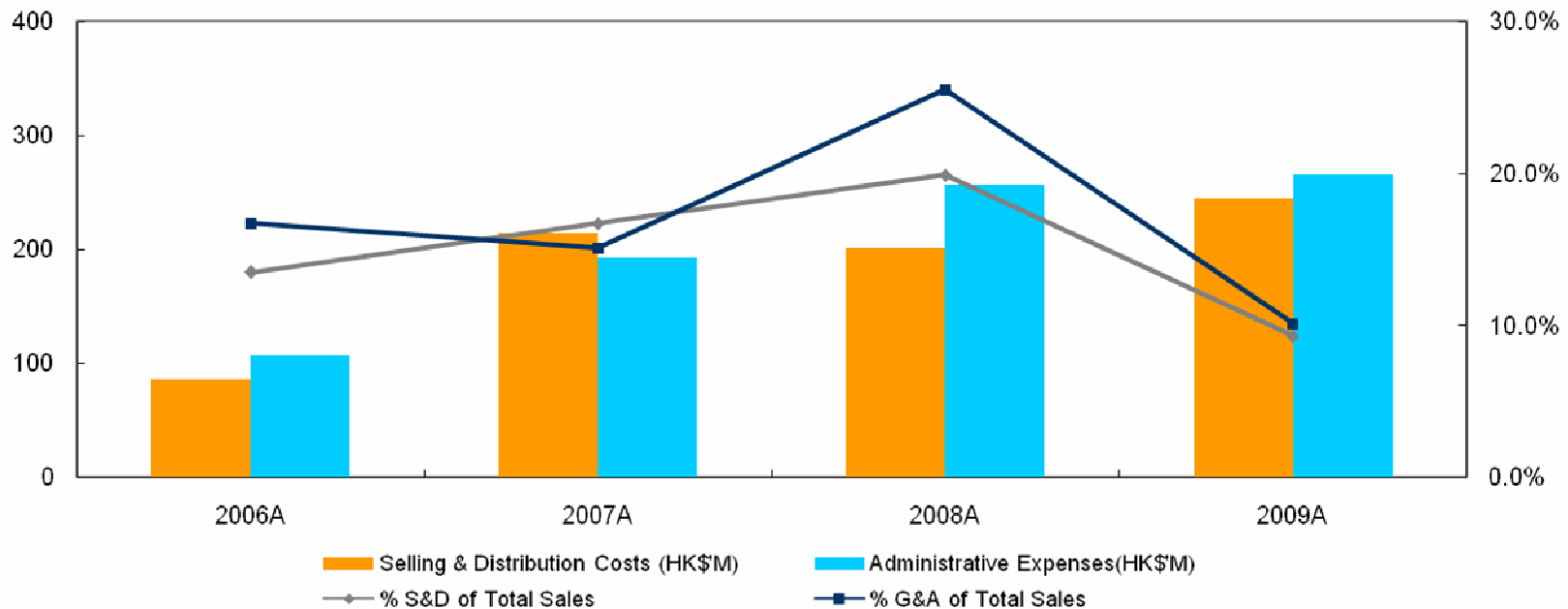
- Major Business: **dual-mode smartphone** contributed about **67.3%** of total revenue
- Sales of **CDMA single-mode smartphone** achieved a **436.5%** growth
- **TD/GSM dual-mode smartphone's** contribution to total revenue enhanced

# Operation Review



## Higher Operational Efficiency Achieved

- Better Economies of Scale
- Stricter Measures on administrative and marketing expense control



# Historical Operating Metrics



	2009A	2008A	2007A	2006A
Revenue Growth (Y/Y)	158.6%	-21.2%	99.4%	81.0%
Gross Margin	27.4%	32.3%	40.8%	37.4%
% S&M	9.4%	19.9%	16.7%	13.5%
% G&A	10.2%	22.3%	15.1%	16.7%
Net Profit Margin	9.2%	N/A	13.1%	8.4%

**Robust revenue growth attributable to rapid growth of domestic CDMA and 3G smartphone market**

## Summary Balance Sheet Items

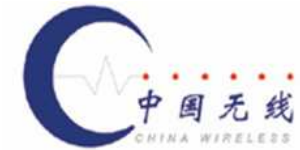


	2009A	2008A	2007A	2006A
Cash & Cash Equivalents (HK\$'M)	251.4	124.9	91.2	83.4
Receivable Turnover Days	39.5	88	51	78
Payables Turnover Days	73.5	103	64	119
Total Debt/ Book Equity	1.6	1.5	0.9	1.3
Quick Ratio (X)	0.8	0.9	1.1	1.2
Current Ratio (X)	1.3	1.2	1.6	1.7
Gearing Ratio (%)	55.0	54.9	41.3	53.1

Improved working capital management and strengthened balance sheet

# Future Growth Strategies

# Future Growth Strategies(1)



## Introduce New Innovative Products

- Over 10 TD-SCDMA/GSM dual mode smartphones
- Over 10 CDMA2000/GSM dual-mode smartphones
- 4 WCDMA/GSM dual-mode smartphones
- Strengthen market share in mid and low-end smartphones
- Other 3G access device

## Enhanced 3G R&D Capacities

- Innovate 3G smartphone and 3G related applications technologies and products
- Enrich applications and contents available in “Coolmart”
- Focus on innovation of user-interface (UI) and interaction industry design (ID) to enhance users’ mobile experience

## Future Growth Strategies(2)



### Expand Customer Base

- Enhance the depth of cooperation with telecom operators on R&D, marketing of tailor-made 3G smartphones
- Further enhance cooperation with a wide range of well-known partners on R&D of high-end chipsets and operating systems
- Build more image shops and after-sales service centers in major cities of China to improve product presence and expand after-sales service network
- Try to expand overseas markets through close cooperation with foreign telecom operators





CDMA2000 flagship handset: N900



Q & A