



CHINA WIRELESS ANNOUNCES 2011 INTERIM RESULTS

* * * * *

TURNOVER INCREASES TO APPROXIMATELY HK\$3,027 MILLION

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY TOPS HK\$119 MILLION

Financial Summary (Unaudited)

(HK\$'000)	For the Six Months Ended 30 June		
	2011	2010	Change
Turnover	3,027,298	2,102,569	↑44.0%
Gross Profit	507,767	620,748	↓18.2%
Profit Attributable to Owners of the Company	118,981	272,354	↓56.3%
Basic Earnings per Ordinary Share	HK5.33 cents	HK13.08 cents	↓59.3%
Diluted Earnings per Ordinary Share	HK5.20 cents	HK12.65 cents	↓58.9%
Gross Profit Margin	16.8%	29.5%	↓12.7ppt

(Hong Kong, 16 August 2011) – **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 2011.

Benefiting from rapid growth of 3G subscribers in Mainland China during the first half of 2011, China Wireless recorded strong sales volume increase for its “Coolpad” 3G smartphones, leading to a remarkable 44.0% rise in turnover for the first half year to approximately HK\$3,027 million compared to HK\$2,103 million reported for the same period last year. During the reporting period, the Group strategically changed the product mix to increase the sales volume of mid- to low-end Coolpad smartphones. However, due to keen competition in the mid- to low-end mobile phone market, the average selling price of Coolpad smartphones for the aforesaid segment decreased, resulting in a general gross profit decline of 18.2% to HK\$508 million; gross profit margin was 16.8%. Net profit attributable to owners of the Company was HK\$119 million. Basic earnings per ordinary share and diluted earnings per ordinary share were HK5.33 cents and HK5.20 cents respectively. The Board suggested distributing a dividend of HK1.0 cent per share for the six months ended 30 June.

Mr. Guo Deying, Chairman of China Wireless said, “Despite keen competition in the mid- to low-end 3G mobile phone market in China, we have proactively equipped ourselves with a 3G lineup of products that completely covers all of the 3G networks, including TD-SCDMA, CDMA1X (EVCO) and WCDMA. In addition, the Group continued to further develop products based on the Android platform, launching different Coolpad branded products, and enlarging the user base and brand reputation of Coolpad smartphones. In an effort to transform Coolpad into a leader of the 3G smartphone market, the Group has taken a series of measures to enhance cost control, optimize workflow of different departments in the Group, and improve R&D in relation to the smartphones field.”

During the reporting period, the Group successfully introduced numerous 3G smartphone models to the vibrant domestic 3G mobile market. The sale volume of 3G Coolpad smartphone surged by 212.2% year on year to 4.43 million units, with revenue increasing by 64.6% to HK\$2,962 million compared to HK\$1,800 million for the same period last year, representing the Group's main revenue stream. Moreover, revenue contributions from this segment rose significantly from 85.6% in the first half of 2010 to 97.9% in the first half of 2011.

During the reporting period, the Group stopped developing 2G smartphones, and directed all of its R&D resources toward 3G smartphones. Revenue from 2G Coolpad smartphones decreased to HK\$52.50 million compared to HK\$286 million for the same period in 2010, while sales volume plunged to 163,000 units in the first half of 2011 in contrast to 560,000 units for the corresponding period of 2010.

During the reporting period, the Group further developed the Android open operating system, and successfully launched 10 new models: 6 new models of EVDO Android 3G smartphones (such as **Coolpad Daguan 9930** which features a 5-inch display; **Coolpad D539**, a long standby time smartphone; and **Coolpad E239**, an entry-level 3G smartphone), 2 models of TD-SCDMA smartphones (such as **Coolpad 8810**), and 2 WCDMA smartphones (such as **Coolpad W721**). To enhance customers' enjoyment of Coolpad smartphones, the Group cooperated with independent third-party Android software developers to increase software applications, such as online shopping, games and books, available from the "Coolmart" Application Store, which is exclusively offered to Coolpad customers. Furthermore, the Group continued to develop and strengthen cooperation with domestic mobile operators specializing in the research of mobile payment solutions (such as NFC technology) and next generation network support (such as 4G technology of TD-LTE).

The Group has constantly placed emphasis on enhancing R&D capabilities and proactively promoting its key mobile Internet strategy. During the reporting period, the Group rolled out "Coolcloud", the first mobile cloud computing service platform in Mainland China, which will serve as a strategic area of focus in the future. Coolcloud is a technology that is based on cloud computing, representing an integrated solution as well as an application platform service of the Coolpad terminals. The launch of Coolcloud particularly targets users and markets in China, offering instant synchronization of application data including contact list, call records, SMS, memos, photos and files.

Apart from further cooperation with domestic telecommunications operators, the Group has also established long-term strategic relations with qualified distributors and agents, realizing the Group's plan of developing a multi-channel sales model. By establishing specialized Coolpad 3G outlets in several major supermarkets throughout Mainland China, or building flagship stores owned by the Group, China Wireless will be able to effectively enhance brand-awareness of "Coolpad".

In terms of business outlook, the Group will seek to bolster its competitiveness through technological innovation. By incorporating a number of proprietary functions into its smartphones and thus meet customers' needs, the Group will be able to further capture market share of a segment that is experiencing high-volume growth of 3G subscribers. The Group will step ahead with secondary development of the Android OS, and consolidate Coolpad features into the platform so as to create further products based on the operating system. The Group will also direct efforts toward developing the Coolmart Application Store, providing more popular games, books and solutions to Coolpad customers. The Group will be dedicated to developing the mobile Internet business, continuously promoting cloud computing and a storage related technology-based Coolcloud platform.

To further strengthen the Group's leading position in the dual-mode dual-working smartphone segment, it plans to launch more than 25 new models covering the three categories of mobile networks, including 12 new models of EVDO dual-mode dual-working smartphones, 8 new models of TD-SCDMA smartphones, and 5 new models of WCDMA smartphones. All of these new models will not only be bar phones, but also flip and slide models as well. The screen sizes of these new models will exceed 3.5 inches.

The Group will continue to focus on the user interface (UI) and interaction industry design (ID) as areas to innovate, and will launch more diversified smartphones for customers to choose from. As well, the Group will develop more mid- to low-end entry-level smartphones in the second half of 2011. In order to enlarge its share of the WCDMA mid- to low-end market, the Group will direct greater R&D resources toward this segment, and cooperate with overseas operators, including promoting the "Coolpad" brand and selling "Coolpad" smartphones overseas.

Chairman Guo concluded, "Looking ahead, rapid growth of 3G subscribers is expected in China. We will target the mid- to low-end smartphone market, and constantly strengthen the brand reputation of "Coolpad", as well as push forward the promotion of mid- to high-end smartphones. The Group will provide customers with more affordable and high cost-performance compatible smartphones with enhanced R&D capabilities – delivering technological innovation and product diversification. Apart from mobile phones, the Group has rolled out "Coolcloud", the first mobile cloud computing service platform in China, as well as other software applications. These new launches are expected to become the Group's high-profile growth drivers. The Group is confident about its ability to continue maintaining a top position in the domestic integrated wireless data solutions market and a leader among smartphone providers."

~ End ~

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 on the Main Board in Hong Kong in December 2004. Leveraging its expertise and knowledge in wireless communications, 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's smartphone market.

For Enquiries:

Strategic Financial Relations (China) Limited

Winne Lau	(852) 2864 4876	winnie.lau@sprg.com.hk
Annie Lau	(852) 2864 4941	annie.lau@sprg.com.hk
Vivienne Leung	(852) 2864 4846	vivienne.leung@sprg.com.hk

China Wireless Technologies Limited

Cao Yuanfu	(86 755) 3302 3607	ir@yulong.com
------------	--------------------	--