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CHINA WIRELESS TECHNOLOGIES LIMITED

中國無線科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Sole Placing Agent



PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR NEW SHARES

After the trading hours on 19 January 2011, Data Dreamland entered into (i) the Placing Agreement with the Company and the Sole Placing Agent; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, Data Dreamland, as vendor, agreed to appoint the Sole Placing Agent as agent to the exclusion of all others and the Sole Placing Agent agreed to act as agent for Data Dreamland to procure on, a best efforts basis, purchasers to purchase the Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares represent (i) approximately 7.14% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Pursuant to the Subscription Agreement, Data Dreamland conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue the Subscription Shares at the Subscription Price upon the terms and subject to the conditions set out in the Subscription Agreement. The Subscription Price, being equal to the Placing Price, was determined after arm's length negotiation between Data Dreamland and the Company with reference to the Placing Price. The Subscription Shares represent (i) approximately 7.14% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The maximum net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$669 million. The Company intends to apply such net proceeds for the Company's general working capital.

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The shareholding interest of Data Dreamland and its concert parties (if any) in the issued share capital of the Company will be reduced from approximately 39.54% to approximately 32.40% immediately upon completion of the Placing and will increase to approximately 36.90% immediately after the completion of the Subscription, thereby triggering a general offer obligation under Rule 26 of the Takeovers Code. Data Dreamland and its concert parties (if any) will apply to the Securities and Futures Commission for the grant of a waiver to Data Dreamland and its concert parties (if any) from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the acquisition of the Subscription Shares.

As the Placing and the Subscription are subject to the satisfaction of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

PLACING AGREEMENT

The Placing Agreement was entered into between the Company, Data Dreamland, as vendor, and the Sole Placing Agent after the trading hours on 19 January 2011 pursuant to which Data Dreamland agreed to appoint the Sole Placing Agent as agent to the exclusion of all others and the Sole Placing Agent agreed to act as agent for Data Dreamland to procure, on a best efforts basis, purchasers to purchase the Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares may be sold by the Sole Placing Agent as principal to purchasers at any price(s) as the Sole Placing Agent in its sole discretion may determine, without being under any obligation to notify Data Dreamland of the price(s) at which those Shares are sold to purchasers.

Parties

- (1) Data Dreamland, the controlling shareholder of the Company;
- (2) the Sole Placing Agent (as placing agent), who will procure, on a best efforts basis, purchasers to purchase the Placing Shares. To the best knowledge and information of the Directors, the Sole Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company; and
- (3) the Company, who entered into the Placing Agreement on certain matters relating to certain Placing Shares which are placed by Data Dreamland for the sole purpose of facilitating completion of the Subscription Agreement.

Prior to the Placing, Data Dreamland and its concert parties (if any) owned 831,171,248 Shares representing approximately 39.54 % of the existing issued share capital of the Company. Upon completion of the Placing but before the Subscription, Data Dreamland and its concert parties (if any) will own 681,171,248 Shares representing approximately 32.40% of the issued share capital of the Company.

Placees

The Placing Shares under the Placing Agreement are placed by the Sole Placing Agent at the Placing Price to Placees who shall be determined solely by the Sole Placing Agent and will be independent professional, institutional and other investors.

It is expected that (i) the Placees (the number of which is more than six) and their ultimate beneficial owners will be independent of and not connected with the Company, any director, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules) and are not acting in concert with Data Dreamland, Mr. Guo Deying and parties acting in concert with any of them; and (ii) none of the Placees will become a substantial shareholder of the Company (as defined in the Listing Rules) immediately after completion of the Placing.

Placing Price

The Placing Price is HK\$4.55 per Share. The Placing Price was determined after arm's length negotiation between the Company, Data Dreamland and the Sole Placing Agent with reference to the market prices of the Shares and represents (i) a discount of approximately 6.76% to the closing price of HK\$4.88 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a discount of approximately 1.34% to the average of the closing prices of approximately HK\$4.612 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Directors (including the independent non-executive Directors) consider the Placing Price (and the terms of the Placing Agreement) to be fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

Placing Shares

An aggregate of up to 150,000,000 Shares, which will be placed by the Sole Placing Agent, representing (i) approximately 7.14% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Rights to the Placing Shares

The Placing Shares will be sold free from all liens, charges, pledges, mortgages, security interests, pre-emption rights, options, equities, trusts and any other encumbrances or third party rights or claims of any kind, and together with all rights attaching to them as at the date of the Placing Agreement, including the right to receive all dividends declared, made or paid at any time after the date of the Placing Agreement.

Condition and Completion of the Placing

The obligation of the Sole Placing Agent to proceed to complete the Placing is conditional upon (unless otherwise waived by the Sole Placing Agent):

- (A) the Subscription Agreement having been entered into by the parties thereto and not subsequently having been revoked, terminated or modified;
- (B) there not having occurred at any time prior to the Closing Date (i) any breach of, or any event rendering untrue, incorrect or breached in any respect, any of the representations, warranties or undertakings referred to in the Placing Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company or Data Dreamland which are required to be performed at or before completion of the Placing Agreement;
- (C) there not having occurred at any time prior to the Closing Date (i) any event, or series of events beyond the reasonable control of the Sole Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), acts of war and acts of God); (ii) any change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, whether or not arising in the ordinary course of business; (iii) any change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong or overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions; (iv) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any director of the Company or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or (v) the introduction of any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws

or regulations or the interpretation or application thereof by any court or other competent authority, which individually or together, in the sole opinion of the Sole Placing Agent, prejudices or is likely to prejudice materially the success of the Placing or dealings in the Placing Shares in the secondary market or makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the offer, sale, distribution or delivery of the Placing Shares on the terms and in the manner contemplated in the Placing Agreement; and

- (D) there not having occurred at any time prior to the Closing Date (i) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market or (ii) any material disruption in securities settlement, payment or clearance services in Hong Kong or the PRC or (iii) the imposition of any moratorium on commercial banking activities by the authorities in Hong Kong or the PRC or the United States Federal or New York State authorities.

Completion of the Placing will take place on the Closing Date.

Lock-up undertakings

Data Dreamland has undertaken to the Sole Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing Agreement) for a period of 90 days from the date of the Placing Agreement, it will not and will procure that none of its nominees and companies controlled by it or trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares to be issued under the Subscription Agreement but excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Sole Placing Agent.

The Company has undertaken to the Sole Placing Agent that (except for (i) the Subscription Shares to be allotted and issued to Data Dreamland (ii) any new Shares to be issued pursuant to the existing employee share options of the Company in issue as at the date of the Placing Agreement and (iii) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with its articles of association or on the exercise of rights existing at the date of the Placing Agreement) from the date of the Placing Agreement and on and prior to the date being 90 days after the date of the Placing Agreement it will not (without the prior written consent of the Sole Placing Agent) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

Each of Data Dreamland and the Sole Placing Agent will use its reasonable endeavours to ensure that, to its knowledge, each Placee, and its ultimate beneficial owner, respectively, will be third parties independent of and not connected with the Company, any director, chief executive or substantial shareholder (including Data Dreamland) of the Company or any of its subsidiaries, or any of their respective associates, and not acting in concert with Data Dreamland, Mr. Guo Deying and parties acting in concert with any of them. Data Dreamland shall in any event notify the Sole Placing Agent if it becomes aware that any party connected with the Company, any director, chief executive or substantial shareholder (including Data Dreamland) of the Company or any of its subsidiaries, or any of their respective associates intends to acquire Shares in the Placing. Data Dreamland has not been involved and undertakes not to be involved in the selection or identification of the Placees.

SUBSCRIPTION AGREEMENT

The Subscription Agreement was made between Data Dreamland and the Company after the trading hours on 19 January 2011 pursuant to which Data Dreamland had conditionally agreed to subscribe and the Company had conditionally agreed to allot and issue the Subscription Shares at the Subscription Price upon the terms and subject to the conditions set out in the Subscription Agreement.

Parties

- (1) Data Dreamland (as subscriber).
- (2) The Company (as issuer).

Subscription Price

The Subscription Price, being equal to the Placing Price, was determined after arm's length negotiation between Data Dreamland and the Company with reference to the Placing Price. The Directors (including the independent non-executive Directors) consider that the Subscription Price of the Subscription Shares to be issued by the Company is fair and reasonable.

Subscription Shares

An aggregate of 150,000,000 Shares, which will be subscribed by Data Dreamland, representing (i) approximately 7.14% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription, and have an aggregate nominal value of HK\$1,500,000. The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following:

- (A) completion of the Placing having occurred pursuant to the terms of the Placing Agreement;
- (B) the Stock Exchange granting approval for the listing of, and permission to deal in, all of the Subscription Shares; and
- (C) a waiver granted by the Securities and Futures Commission to Data Dreamland and its concert parties (if any) waiving any obligation to make a general offer under Rule 26 of the Takeovers Code in relation to the Subscription.

There is no provision in the Subscription Agreement allowing the parties thereto to waive any of the above conditions.

Completion of the Subscription

Completion of the Subscription shall take place on or before the day which is 14 days from the date of the Subscription Agreement (or such other time and/or date as Data Dreamland and the Company may agree).

The Subscription constitutes a connected transaction under the Listing Rules but it falls within the exemption under Rule 14A.31(3)(d) of the Listing Rules if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement (i.e. on or before 2 February 2011). In the event that the Subscription is not completed within 14 days from the date of the Placing and Subscription Agreement, the Subscription will not fall within the exemption under Rule 14A.31(3)(d) of the Listing Rules and shall be subject to the approval of independent Shareholders and the Company will comply with the relevant connected transaction requirements under Chapter 14A of the Listing Rules.

In the event that the conditions of the Subscription are not fulfilled by 2 February 2011, or such later date as may be agreed between the Company and Data Dreamland, all rights, obligations and liabilities of the Company and Data Dreamland in relation to the Subscription shall cease and terminate.

Undertakings

Data Dreamland undertakes to accept the Subscription Shares subject to the memorandum and articles of association of the Company. In addition, Data Dreamland undertakes that it will not sell or otherwise dispose of any of the Subscription Shares on or before the date which is six months after the date of the Subscription Agreement or (in any circumstances which may be deemed to constitute the issuance of a prospectus by the Company) before the date which is six months after the date of completion of the Subscription Agreement.

Mandate to allot and issue new Shares

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting held on 27 May 2010. Under such general mandate, the Company is allowed to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company. As at the date of this announcement, the Company has not issued any new Shares pursuant to such general mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to any approval by the Shareholders.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURES

The shareholding structures of the Company before and after completion of the Placing and the Subscription is summarised as follows:

	Before Placing and Subscription	%	After Placing but before Subscription	%	After Placing and Subscription	%
Data Dreamland and its concert parties (if any) (Note)	831,171,248	39.54	681,171,248	32.40	831,171,248	36.90
Other public shareholders	1,271,188,752	60.46	1,271,188,752	60.46	1,271,188,752	56.44
Placees	–	–	150,000,000	7.14	150,000,000	6.66
Total issued share capital	2,102,360,000	100.00	2,102,360,000	100.00	2,252,360,000	100.00

Note: Data Dreamland is wholly-owned by Barrie Bay Limited, which is in turn acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is held by HSBC Trustee, which is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is a discretionary trust set up by Mr. Guo Deying, an executive Director of the Company and the spouse of Ms. Yang Xiao, and Ms. Yang Xiao, a non-executive Director of the Company and the spouse of Mr. Guo Deying, and the discretionary objects of which include their minor children.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVER

As there will be changes in the aggregate percentage shareholdings in respect of Data Dreamland and its concert parties (if any) from 39.54% to 32.40% after completion of the Placing and from 32.40% to 36.90% after completion of the Subscription (namely an increase in the voting right of Data Dreamland and its concert parties (if any) to 30% or more of the voting rights of the Company), Data Dreamland and its concert parties (if any) would be obliged to make a general offer for all the other issued Shares under Rule 26 of the Takeovers Code.

Data Dreamland and its concert parties (if any) will apply to the Securities and Futures Commission for a waiver to Data Dreamland and its concert parties (if any) from the obligation to make a general offer pursuant to Note 6 on dispensation from Rule 26 of the Takeovers Code with respect to the acquisition of the Subscription Shares.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The maximum gross proceeds from the Subscription are expected to be approximately HK\$682.5 million. The Directors has estimated that the net proceeds from the Subscription are expected to be approximately HK\$669 million. The Company intends to apply such net proceeds for the Company's general working capital.

The Placing Price is HK\$4.55 per Share and the net proceeds raised per new Share under the Subscription will be approximately HK\$4.46. Other than the intended use stated above, there is no other specific usage for the net proceeds.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activity in the past twelve-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The proposed Placing and Subscription would achieve the following benefits for the Company:

- (A) it would increase the amount of Shares held by public investors which may in turn enhance the trading liquidity of the Shares;
- (B) it would introduce new investors to the Company and hence further optimize and diversify the shareholder base of the Company; and
- (C) it would capture the current share price for the Company to raise new proceeds for the Company's general working capital.

The Directors, taking into account the above benefits to the Company, considered that the proposed Placing and Subscription is beneficial to the Company and in the best interests of the Company and the Shareholders as a whole.

COMPANY'S PRINCIPAL ACTIVITIES

The Group is a wireless solution and equipment provider in the PRC and is engaged in the production and sales of smart phones.

DEFINITIONS

In this announcement, unless the context otherwise requires the following terms shall have the following meanings:

“Closing Date”	24 January 2011 or, such other date as Data Dreamland and the Sole Placing Agent may agree in writing pursuant to the terms of the Placing Agreement
“Company”	China Wireless Technologies Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2369)
“connected persons”	as defined in the Listing Rules
“Data Dreamland”	Data Dreamland Holding Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and the controlling shareholder of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	19 January 2011, being the day of execution of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placees”	any professional institutional and other investors whom the Sole Placing Agent has procured to purchase any of the Placing Shares
“Placing”	the placing of the Placing Shares by Data Dreamland pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 19 January 2011 made between the Company, Data Dreamland and the Sole Placing Agent for the placing of the Placing Shares at the Placing Price
“Placing Price”	HK\$4.55 per Share

“Placing Shares”	the 150,000,000 Shares to be placed by Data Dreamland pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Sole Placing Agent”	UBS AG, Hong Kong Branch
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Data Dreamland for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 19 January 2011 made between Data Dreamland and the Company for the subscription of the Subscription Shares at the Subscription Price
“Subscription Price”	HK\$4.55 per Share
“Subscription Shares”	150,000,000 Shares to be issued to Data Dreamland by the Company under the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board
China Wireless Technologies Limited
Guo Deying
Chairman

Hong Kong, 20 January 2011

As at the date of this announcement, the executive Directors are Mr. Guo Deying, Mr. Jiang Chao, Mr. Li Bin and Mr. Li Wang; the non-executive Director is Ms. Yang Xiao; and the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, Mr. Chan King Chung and Mr. Yang Xianzu

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.