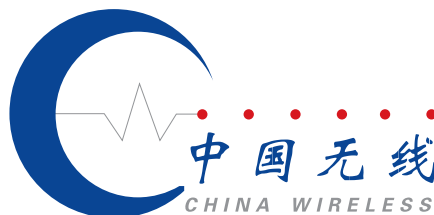


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## **CHINA WIRELESS TECHNOLOGIES LIMITED**

### **中國無線科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2369)**

#### **Discloseable Transaction Construction Contract**

On 5 June 2009 (after trading hours), an indirect wholly-owned subsidiary of the Company entered into the Construction Contract for the construction of a Factory for the Contract Price of RMB57,380,000 (equivalent to approximately HK\$65,413,200).

Before entering into the Construction Contracts, the Group has entered into various Other Project Contracts within 12 months before the date of this announcement that require aggregation under Rules 14.22 of the Listing Rules. The Construction Contract and the Other Project Contract constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

#### **INTRODUCTION**

On 5 June 2009 (after trading hours), an indirect wholly-owned subsidiary of the Company entered into the Construction Contract for the construction of a Factory for the Contract Price of RMB57,380,000 (equivalent to approximately HK\$65,413,200).

#### **THE CONSTRUCTION CONTRACT DATED 5 JUNE 2009**

##### **Parties**

- (1) 中建四局第三建筑工程有限公司 (China Construction Fourth Engineering Division No. 3 Co., Ltd\*) as the Builder.
- (2) 東莞宇龍通信科技有限公司 (Dongguan Yulong Computer Telecommunications Scientific Co., Ltd.\*) an indirect wholly-owned subsidiary of the Company.

The principal business of the Builder is construction in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Builder and its ultimate beneficial owner are Independent Third Parties. Pursuant to the Construction Contract, Dongguan Yulong agreed to, inter alia, appoint the Builder to construct the Factory.

## **Details of the Factory**

The Factory will be built on the land located at 東莞市松山湖科技產業園區北部工業城 (Northern Industrial District, Songshan Lake Science and Technology Industry Park, Dongguan, Guangdong Province) and the Construction Contract involves the use of approximately 11,620 square metres of the land. The Factory will comprise a factory premise and two staff dormitory buildings.

## **Contract Price and Terms of Payment**

On the 25th day of each calendar month, the Builder will deliver to Dongguan Yulong a certificate issued by the on-site engineer assessing the value of the work completed in the previous month. After approving the certificate, Dongguan Yulong is required to pay 80% of such value of work within 14 days after delivery of the certificate to Dongguan Yulong.

An aggregate payment of 90% of the Contract Price, after deducting all payments which have been settled, will be paid after the passing of the Completion Inspection. A further sum of 5% of the Contract Price will be settled within 30 days after completion of settlement audit.

A sum of 5% of the Contract Price will be withheld for the Quality Assurance Retention Money, being the retention money to cover the costs of rectifying any quality defects found within two years of the Completion Inspection. The Quality Assurance Retention Money will be paid within 15 days of the second anniversary of the Completion Inspection.

The Builder has provided a bank guarantee in the amount of RMB5,738,000 (equivalent to approximately HK\$6,541,320) to Dongguan Yulong at signing of the Construction Contract as performance bond for any breach of its obligations under the Construction Contract.

## **Selection of the Builder and Basis of the Contract Price**

The Builder was selected from a group of builders who responded through a tender process conducted in October 2008. A total of four builders responded to the tender, all of whom are Independent Third Parties. The Company assessed the quotations submitted, experience of the builders and the quality of work they demonstrated in other construction projects in which they have been involved and has chosen the Builder for the Construction.

The Contract Price was determined taking into account the above factors during the bidding process. The Contract Price will be funded by internal resources of the Group.

## **Completion of the Construction**

The Construction is expected to complete on or before March 2010.

## **Reasons for entering into the Construction Contract**

Upon completion of the Construction, the Group will relocate its manufacturing lines from Shenzhen, PRC to the Factory. The Directors believe that the Factory would enable the Group to enhance its overall production capacities and effectively control its manufacturing costs. In anticipation of business expansion and the need for enhancing overall production capacity, the Directors consider the Construction Contract to be in the interests of the Group and the Shareholders as a whole. The Directors believe that the terms of the Construction Contract are fair and reasonable.

## General Information and Listing Rules Implications

The principal activities of the Group are provision of wireless solution and equipment in the PRC.

Before entering into the Construction Contracts, the Group has entered into various Other Project Contracts within 12 months before the date of this announcement that require aggregation under Rules 14.22 of the Listing Rules. As the applicable percentage ratios under the Listing Rule regarding the Construction Contract and the Other Project Contracts exceed 5% but are less than 25%, the Construction Contract and the Other Project Contracts constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

The details of the Other Project Contracts are set out below:-

| <b>Name of counter party</b>  | <b>Principal Business of the counter party</b>   | <b>Content of the Agreement/Arrangement</b>    |
|---|--|--|
| 東莞市國土資源局<br>(the Bureau of Land and Resources of Dongguan*)                       | Administering dealings of land use rights  | Acquisition of land use right                  |
| 東莞市財政局松山湖分局<br>(Songshan Lake Branch of Dongguan Finance Bureau*)                 | Executing laws and regulations on national and provincial levels regarding tax   | Tax payment relating to the land transfer deed |
| 東莞市國土資源局<br>(the Bureau of Land and Resources of Dongguan*)                       | Administering dealings of land use rights  | Service fees for land transaction              |
| 深圳市建築設計研究總院<br>(Shenzhen General Institute of Architectural Design and Research*) | Civil and industrial architectural design, decorative engineering design, construction drawing audit, supervision construction and cost consultation | Design contract                                |

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the counterparties of the Other Project Contracts and their respective ultimate beneficial owners are Independent Third Parties.

The book value of the subject matter of the Construction Contract and Other Project Contracts as at the date of this announcement was approximately RMB105,054,059 (equivalent to approximately HK\$119,761,627).

## DEFINITIONS

|                                     |  |
|-------------------------------------|--|
| “Builder”                           | 中建四局第三建筑工程有限公司 (China Construction Fourth Engineering Division No.3 Co., Ltd*), an enterprise established in the PRC   |
| “Company”                           | China Wireless Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange                               |
| “Completion Inspection”             | the inspection conducted by Dongguan Yulong at the completion of the Construction  |
| “Construction”                      | the construction of the Factory pursuant to the Construction Contract  |
| “Construction Contract”             | the construction contract dated 5 June 2009 entered into between the Builder and Dongguan Yulong in relation to the Construction   |
| “Contract Price”                    | RMB57,382,000 (equivalent to approximately HK\$65,413,200) being the contract price of the Construction Contract   |
| “Directors”                         | directors of the Company   |
| “Dongguan Yulong”                   | 東莞宇龍通信科技有限公司 (Dongguan Yulong Computer Telecommunications Scientific Co., Ltd.*), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability                             |
| “Factory”                           | the factory premises and two staff dormitory buildings to be constructed at 東莞市松山湖科技產業園區北部工業城 (Northern Industrial District, Songshan Lake Science and Technology Industry Park, Dongguan, Guangdong Province) |
| “Group”                             | the Company and its subsidiaries   |
| “Independent Third Party”           | a party who is third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company   |
| “Listing Rules”                     | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Other Project Contracts”           | the other project contracts entered into by the members of the Group as described under the paragraph headed “General Information and Listing Rules Implications” of this announcement                         |
| “PRC”                               | The People’s Republic of China   |
| “Quality Assurance Retention Money” | the retention money to cover the costs of rectifying any quality defects found within two years after the date of the Completion Inspection  |

|                |  |
|----------------|--|
| “RMB”          | Renminbi, the lawful currency of the PRC |
| “Shareholders” | the holder of shares of the Company      |
| “%”            | percentage                               |

*For the purpose of this announcement, the exchange rate used is RMB1 = HK\$1.14.*

By order of the Board  
**China Wireless Technologies Limited**  
**Guo Deying**  
*Chairman and Chief Executive Officer*

Hong Kong, 5 June 2009

*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.*

\* *For identification purpose only*