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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)

2009 ANNOUNCEMENT OF FINAL RESULTS

- Turnover reached approximately HK$2,604.9 million (2008: HK$1,007.1 million), up by 158.7%
- Net profit attributable to shareholders of approximately HK$240.0 million (2008: A net loss of approximately HK$76.1 million)
- Basic and diluted earnings per ordinary share were HK11.74 cents and HK11.59 cents, respectively (2008: Basic loss per ordinary share of HK3.75 cents)
- Proposed final dividend of HK3 cents per ordinary share, including interim dividend of HK1 cent per ordinary share paid, total dividend for 2009 amounting to HK4 cents per ordinary share (2008: nil)

The board (the "Board") of directors (the "Directors") of China Wireless Technologies Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009, together with the audited comparative figures for the corresponding period of 2008.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	4	**2,604,865**	1,007,135
Cost of sales		**(1,890,149)**	(681,454)
Gross profit		**714,716**	325,681
Other income and gains	4	**77,384**	59,518
Selling and distribution costs		**(244,409)**	(200,851)
Administrative expenses		**(265,661)**	(224,411)
Other expenses		**(4,292)**	(978)
Finance costs	6	**(14,156)**	(22,670)
Share of losses of an associate		**(3)**	(596)
PROFIT/(LOSS) BEFORE TAX	5	**263,579**	(64,307)
Income tax expense	7	**(23,574)**	(11,769)
PROFIT/(LOSS) FOR THE YEAR		**240,005**	(76,076)
OTHER COMPREHENSIVE INCOME			
Gains on property revaluation		**5,238**	2,812
Income tax effect		**(1,470)**	(323)
		3,768	2,489
Exchange differences on translation of foreign operations		**(750)**	40,381
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,018**	42,870
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**243,023**	(33,206)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**11.74 cents**	(3.75) cents
Diluted		**11.59 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**292,548**	285,481
Investment properties		**285,254**	243,669
Prepaid land lease payments		**62,062**	63,437
Intangible assets		**113,083**	96,577
Interest in an associate		**8,513**	8,516
Other non-current assets		**68,167**	24,680
Deferred tax assets		**1,803**	–
Total non-current assets		**831,430**	722,360
CURRENT ASSETS			
Inventories		**518,089**	235,681
Trade receivables	*10*	**294,378**	269,893
Bills receivable	*11*	**45,644**	11,812
Prepayments, deposits and other receivables		**121,616**	150,988
Due from directors		**551**	93
Pledged time deposits		**186,737**	69,533
Cash and cash equivalents		**251,401**	124,915
Total current assets		**1,418,416**	862,915
CURRENT LIABILITIES			
Trade payables	*12*	**369,870**	160,194
Bills payable	*13*	**138,279**	88,158
Other payables and accruals		**497,153**	183,320
Interest-bearing bank borrowings		**79,648**	264,086
Due to an associate		**7,413**	6,951
Tax payable		**33,261**	15,987
Total current liabilities		**1,125,624**	718,696
NET CURRENT ASSETS		**292,792**	144,219
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,124,222**	866,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,124,222**	866,579
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**212,356**	201,281
Deferred tax liabilities		**28,076**	19,380
Long term rental deposits		**4,664**	4,819
Total non-current liabilities		**245,096**	225,480
Net assets		**879,126**	641,099
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**20,591**	20,401
Shares held for the Share Award Plan	*14*	**(3,799)**	(2,835)
Reserves		**799,661**	623,533
Proposed final dividend	*8*	**62,673**	–
Total equity		**879,126**	641,099

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain buildings, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments – Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 8 and HKAS1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the mobile phone segment engages in the research, development, production and sale of mobile phones; and

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, share of losses of an associate, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged time deposits, deferred tax assets and interest in an associate as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and the amount due to an associate as these liabilities are managed on a group basis.

3. **SEGMENT INFORMATION (Continued)**

Year ended 31 December 2009	**Mobile phone** *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**2,604,865**	**–**	**2,604,865**
Other revenue	**–**	**19,553**	**19,553**
Total	**2,604,865**	**19,553**	**2,624,418**
Segment results	**259,773**	**18,574**	**278,347**
Reconciliation:			
Interest income			**3,683**
Corporate and other unallocated expenses			**(4,292)**
Finance costs			**(14,156)**
Share of loss of an associate			**(3)**
Profit before tax			**263,579**
Segment assets	**1,504,678**	**296,714**	**1,801,392**
Reconciliation:			
Interest in an associate			**8,513**
Other unallocated assets			**439,941**
Total assets			**2,249,846**
Segment liabilities	**1,005,302**	**4,664**	**1,009,966**
Reconciliation:			
Due to an associate			**7,413**
Other unallocated liabilities			**353,341**
Total liabilities			**1,370,720**
Other segment information:			
Impairment of trade receivables	**1,120**	**–**	**1,120**
Provision for inventories	**12,574**	**–**	**12,574**
Fair value gains on investment properties	**–**	**3,496**	**3,496**
Product warranty provision	**17,566**	**–**	**17,566**
Depreciation and amortisation	**52,419**	**216**	**52,635**
Capital expenditure	**108,952**	**–**	**108,952**

3. SEGMENT INFORMATION (Continued)

Year ended 31 December 2008	Mobile phone	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	1,007,135	–	1,007,135
Other revenue	–	13,776	13,776
Total	1,007,135	13,776	1,020,911
Segment results	(62,534)	20,085	(42,449)
Reconciliation:			
Interest income			2,386
Corporate and other unallocated expenses			(978)
Finance costs			(22,670)
Share of loss of an associate			(596)
Loss before tax			(64,307)
Segment assets	1,128,956	253,355	1,382,311
Reconciliation:			
Interest in an associate			8,516
Other unallocated assets			194,448
Total assets			1,585,275
Segment liabilities	431,672	4,819	436,491
Reconciliation:			
Due to an associate			6,951
Other unallocated liabilities			500,734
Total liabilities			944,176
Other segment information:			
Reversal of impairment of trade receivables	(5,689)	–	(5,689)
Provision for inventories	6,410	–	6,410
Fair value gains on investment properties	–	9,990	9,990
Product warranty provision	12,948	–	12,948
Depreciation and amortisation	41,439	158	41,597
Capital expenditure	250,769	41,987	292,756

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of value-added tax ("VAT") and other sales taxes, after allowances for returns and trade discounts, and after eliminations of all intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Sale of mobile phones	**2,604,865**	1,007,135
Other income		
Bank interest income	**3,683**	2,386
Government grants and subsidies *	**48,554**	31,430
Gross rental income	**19,553**	13,776
Others	**2,098**	1,936
	73,888	49,528
Gains		
Fair value gains on investment properties	**3,496**	9,990
	77,384	59,518

* Government grants and subsidies represented refunds of VAT paid from a tax bureau and government grants received from a finance bureau to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2009	2008
	HK$'000	*HK$'000*
Cost of inventories sold	**1,877,575**	675,044
Depreciation	**19,122**	18,074
Amortisation of patents and licences *	**18,541**	16,465
Recognition of prepaid land lease payments	**1,370**	1,107
Research and development costs:		
Product development costs amortised *	**13,602**	5,951
Current year expenditure	**71,142**	57,780
	84,744	63,731
Impairment/(reversal of impairment) of trade receivables	**1,120**	(5,689)
Provision for inventories	**12,574**	6,410
Product warranty provision	**17,566**	12,948
Loss on disposal of items of property, plant and equipment	**535**	483
Foreign exchange differences, net	**1,564**	(5,370)
Net rental income on investment properties	**(18,574)**	(9,829)
Changes in fair value of investment properties	**(3,496)**	(9,990)

* *The amortisation of patents and licences and product development costs for the year is included in "Administrative expenses" in the consolidated statement of comprehensive income.*

6. FINANCE COSTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on:		
Bank loans	**23,173**	28,132
Discounted bills receivable	**2,363**	3,552
	25,536	31,684
Less: Interest capitalised	**(11,380)**	(9,014)
	14,156	22,670

7. INCOME TAX

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its business through its subsidiaries established in Mainland China (the "PRC Subsidiaries").

No provision for Hong Kong profits tax has been made (2008: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Mainland China	**18,151**	5,539
Deferred	**5,423**	6,230
Total tax charge for the year	**23,574**	11,769

The Group's subsidiaries located in Mainland China are subject to corporate income tax ("CIT") at a rate of 25%. Certain subsidiaries of the Group operating in Mainland China are eligible for certain tax concessions. Major tax concessions applicable to the entities within the Group are detailed as follows:

(a) Coolpad Software Tech (Shenzhen) Co., Ltd. ("Shenzhen Coolpad"), the Company's wholly-owned subsidiary, has been assessed as a high-technology enterprise and was subject to CIT at a rate of 15% for the year ended 31 December 2009. In addition, Shenzhen Coolpad has been assessed as a software enterprise and was exempted from CIT for the two years ended 31 December 2006 and 2007 and is entitled to a 50% reduction in the applicable tax rate for CIT for the three years ending 31 December 2010. In this connection, Shenzhen Coolpad was subject to CIT at a reduced rate of 7.5% for the current year; and

(b) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd., the Company's wholly-owned subsidiary, has also been assessed as a high-technology enterprise and was subject to CIT at a rate of 15% for the year ended 31 December 2009.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by the PRC Subsidiaries in respect of their earnings generated from 1 January 2008.

8. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim – HK1 cent (2008: Nil) per ordinary share	**20,279**	–
Proposed final – HK3 cents (2008: Nil) per ordinary share	**62,673**	–
	82,952	–

The proposed final dividend for the year is subject to the shareholders' approval at the forthcoming annual general meeting to be held on Thursday, 27 May 2010, the final dividend will be paid on or about Tuesday, 8 June 2010 to equity shareholders whose names appear on the register of members at the close of business on Thursday, 27 May 2010. For this purpose the register of members of the Company will be closed from 24 May 2010 to 27 May 2010 (both days inclusive) during which no transfer of shares will be effected. This dividend, together with the interim dividend of HK1 cent per ordinary share already paid, will make a total distribution of HK4 cents for the full year.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,044,155,189 (2008: 2,031,008,877) in issue during the year.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2009	2008
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic and diluted earnings/(loss) per share calculations	**240,005**	(76,076)

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**2,044,155,189**	2,031,008,877
Effect of dilution – weighted average number of ordinary shares: share options	**26,430,746**	–
	2,070,585,935	2,031,008,877

No adjustment was made to the basic loss per share amount presented for the year ended 31 December 2008 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

10. TRADE RECEIVABLES

	Group 2009 *HK$'000*	2008 *HK$'000*
Trade receivables	**295,465**	275,911
Impairment	**(1,087)**	(6,018)
	294,378	269,893

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group 2009 *HK$'000*	2008 *HK$'000*
Within 3 months	**292,426**	245,879
4 to 6 months	**1,702**	24,011
7 to 12 months	**250**	3
1 to 2 years	**510**	–
More than 2 years	**577**	6,018
	295,465	275,911
Less: Impairment	**(1,087)**	(6,018)
	294,378	269,893

11. BILLS RECEIVABLE

An aged analysis of the bills receivable as at the end of the reporting period, based on the issue date, is as follows:

	Group 2009 *HK$'000*	2008 *HK$'000*
Within 3 months	**45,644**	11,812

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**365,196**	143,721
4 to 6 months	**1,084**	12,533
7 to 12 months	**577**	2,730
More than 1 year	**3,013**	1,210
	369,870	160,194

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

13. BILLS PAYABLE

An aged analysis of the bills payable as at the end of the reporting period, based on the issue date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**138,279**	–
4 to 6 months	**–**	88,158
	138,279	88,158

14. SHARES HELD FOR THE SHARE AWARD PLAN

On 3 March 2008, the directors approved the adoption of a share award plan (the "Share Award Plan") to recognise and reward the contribution of certain employees to the growth and development of the Group through an award of the Company's shares. The Share Award Plan became effective on 3 March 2008 and will remain in force for 10 years from that date.

The Group has appointed a trustee (the "Trustee") for the purposes of administering the Share Award Plan. During the year, the Trustee purchased a total number of 2,800,000 (2008: 16,224,000) ordinary shares of the Company at a total cash consideration of approximately HK$964,000 (2008: HK$2,835,000), including transaction costs. At 31 December 2009, none of these purchased shares was awarded.

15. COMPARATIVE AMOUNTS

As further explained in note 2 to this announcement, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

Royalty expense of HK$32,405,000 which was previously classified as administrative expense was reclassified as cost of sales. In the opinion of the directors, such reclassification of the prior year comparative amounts provides better presentation as to the nature of the transaction and accords with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE ANALYSIS BY PRODUCT TYPES

The breakdown of the consolidated revenue by product types is set forth in the following table for the periods indicated:

Product Types	Year ended 31 December 2009 Revenue *HK$million*	2009 Percentage of total revenue	2008 Revenue *HK$million*	2008 Percentage of total revenue
Smartphone				
CDMA/GSM Dual-mode Smartphone[1]	**1,011.4**	**38.8%**	624.7	62.0%
GSM/GSM Dual-mode Smartphone	**22.4**	**0.9%**	146.1	14.5%
TD-SCDMA/GSM Dual-mode Smartphone	**719.0**	**27.6%**	56.5	5.6%
CDMA Single-mode Smartphone[2]	**835.9**	**32.1%**	155.8	15.5%
Subtotal	**2,588.7**	**99.4%**	983.1	97.6%
Other Products	**16.2**	**0.6%**	24.0	2.4%
Total	**2,604.9**	**100.0%**	1,007.1	100.0%

Notes:

1. Including the revenue of CDMA1X(EVDO)/GSM dual-mode smartphone of HK$492.4 million in 2009, accounting for 18.9% of the Group's total revenue;

2. Including the revenue of CDMA1X(EVDO) single-mode smartphone of HK$315.1 million in 2009, accounting for 12.1% of the Group's total revenue.

The Group's consolidated revenue for the year ended 31 December 2009 reached HK$2,604.9 million, representing a substantial increase of 158.7% as compared with HK$1,007.1 million for the year ended 31 December 2008. The substantial growth of the consolidated revenue indicated that the Group benefited directly from the rapid growth of domestic CDMA mobile phone market and the surging demand of 3G smartphone including TD-SCDMA and CDMA1X(EVDO) mobile phones during the year under review.

The Group's revenue from CDMA/GSM dual-mode smartphone reached HK$1,011.4 million for the year ended 31 December 2009, representing an increase of 61.9% as compared with HK$624.7 million for the year ended 31 December 2008. The significant increase was mainly attributable to the Group's business on CDMA/GSM dual-mode smartphone that has been back on track for rapid growth since the completion of the restructuring of the Mainland China's telecommunications industry (the "Restructuring") in 2008.

REVENUE ANALYSIS BY PRODUCT TYPES (Continued)

The Group's revenue from GSM/GSM dual-mode smartphone decreased considerablely from HK$146.1 million in 2008 to HK$22.4 million in 2009, representing a drop of 84.7%. The decrease was because the Group shifted to develop more TD-SCDMA/GSM dual-mode Coolpad smartphones in 2009 and had not introduced any new GSM/GSM dual-mode Coolpad smartphone in 2009.

The Group's revenue from TD-SCDMA/GSM dual-mode smartphone increased from HK$56.5 million in 2008 to HK$719.0 million in 2009, representing a tremendous increase of 1,172.6%. The surge was principally related to the mass introduction of tailor-made TD-SCDMA/GSM dual-mode Coolpad smartphones to its operator during the year under review. The Group successfully launched two TD-SCDMA/GSM high-end dual-mode Coolpad smartphones, one TD-SCDMA/CMMB enabled-TV high-end Coolpad smartphone and one fashionable entry-level TD-SCDMA/GSM dual-mode Coolpad smartphone respectively, with shipment of approximately 500,000 units for the current year (2008: 15,000 units). Additionally, the Group has become one of the major vendors for TD-SCDMA terminals in Mainland China.

The Group's revenue from CDMA single-mode smartphone grew to HK$835.9 million for the year ended 31 December 2009 from HK$155.8 million for the year ended 31 December 2008, representing a significant year-on-year increase of 436.5%. The increase was primarily because the Group expanded its product mix into the mid and low-end CDMA mobile phone market during the year under review. The Group successfully launched four cutting-edge feature-rich smartphone with a lower price to the domestic CDMA network operator in 2009. Moreover, the strategy of launching mid and low-end CMDA single Coolpad smartphone has significantly expanded the Group's market share.

The Group's revenue from other products was HK$16.2 million for the year ended 31 December 2009, representing a decrease of 32.5% as compared with HK$24.0 million for the year ended 31 December 2008. The decrease was mainly attributable to the price-cutting of the accessories of smartphone and related products.

Above all, the revenue contribution from CDMA single-mode smartphone, TD-SCDMA/GSM dual-mode smartphone and CDMA/GSM dual-mode smartphone were 32.1%, 27.6% and 38.8% for the year ended 31 December 2009, respectively, GSM/GSM dual-mode smartphone and other products contributing the remainder. The Group's revenue resource has actively strengthened due to its product mix expansion to include the mid and low-end CDMA single-mode smartphone and TD-SCDMA/GSM dual-mode smartphone during the year under review.

Contribution from the dual-mode smartphone accounted for 67.3% of the total revenue of the Group in 2009 or down 14.8% as compared with 82.1% in 2008, and the revenue from CDMA network products accounted for 70.9% or down 6.6% as compared with 77.5% in 2008. The result positively reflected that the Group not only maintained the competitive advantages on leading the dual-mode smartphone and the domestic CDMA smartphone market, also further improved its product structure and revenue resource during the year under review.

GROSS PROFIT/(LOSS)

Product Types	Year ended 31 December 2009 Gross Profit/(Loss) *HK$ million*	 Gross Profit Margin	2008[1] Gross Profit/(Loss) *HK$ million*	 Gross Profit Margin
Smartphone				
CDMA/GSM Dual-mode Smartphone[2]	**341.3**	**33.7%**	181.7	29.1%
GSM/GSM Dual-mode Smartphone	**(24.3)**	**N/A**	31.5	21.6%
TD-SCDMA/GSM Dual-mode Smartphone	**169.5**	**23.6%**	24.5	43.4%
CDMA Single-mode Smartphone[3]	**243.8**	**29.2%**	77.7	49.9%
Other Products	**(15.6)**	**N/A**	10.3	42.9%
Total	**714.7**	**27.4%**	325.7	32.3%

Notes:

1. Royalty expense of HK$32,405,000 which was previously classified as administrative expense was reclassified as cost of sales in order to conform to the presentation for the year ended 31 December 2009. As such, the Group's gross profit and gross profit margin by product types for the year ended 31 December 2008 have been recomputed.

2. Including the gross profit from CDMA1X(EVDO)/GSM dual-mode smartphone of HK$235.1 million in 2009.

3. Including the gross profit from CDMA1X(EVDO) single-mode smartphone of HK$91.5 million in 2009.

The Group's overall gross profit for the year ended 31 December 2009 grew to HK$714.7 million, representing an increase of 119.4% as compared with HK$325.7 million in 2008. The Group's overall gross profit margin dropped to 27.4%, down 4.9% as compared with 32.3% in 2008. The decrease of the Group's overall gross profit margin was primarily attributable to the significant decline of the Group's average selling price, which was the result of (1) the Group's strategy to expand the domestic mid and low-end smartphone market in 2009; and (2) the intensified competition in the CDMA mobile phone market as more and more CDMA mobile phone manufacturers entered into this market after the Restructuring.

The Group's gross profit from CDMA/GSM dual-mode smartphone for the year ended 31 December 2009 amounted to HK$341.3 million, representing an increase of 87.8% as compared with HK$181.7 million in 2008. The Group's gross profit margin of this product type increased from 29.1% in 2008 to 33.7% in 2009. The increase was mainly due to the introduction of more high-end models to the CDMA network operator during the year under review.

The Group's gross profit from GSM/GSM dual-mode smartphone amounted to a net loss of HK$24.3 million for the year ended 31 December 2009, while it recorded a gross profit of HK$31.5 million in 2008. The result of a net loss in 2009 was primarily resulting from the Group not launching new GSM/GSM dual-mode Coolpad smartphone as well as the write down of certain inventories of GSM/GSM dual-mode Coolpad smartphone during the year under review.

GROSS PROFIT/(LOSS) (Continued)

The Group's gross profit from TD-SCDMA/GSM dual-mode smartphone reached HK$169.5 million for the year ended 31 December 2009, representing an increase of 591.8% as compared with HK$24.5 million in 2008. The gross profit margin with respect to this product type decreased from 43.4% in 2008 to 23.6% in 2009. The significant decrease during the year under review was mainly attributable to: (1) the Group's introduction of the entry-level TD-SCDMA Coolpad smartphone with a lower selling price for its network operator during the year under review; and (2) the higher R&D and production costs as its production volume has not yet to reach a reasonable scale in 2009.

The Group's gross profit from CDMA single-mode smartphone for the year ended 31 December 2009 amounted to HK$243.8 million, approximately tripled that of HK$77.7 million in 2008. The gross profit margin of this product type decreased by 20.7% from 49.9% in 2008 to 29.2% in 2009 due mainly to lower selling price.

The Group's gross profit from other products recorded a net loss of HK$15.6 million in 2009, while it was a net profit of HK$10.3 million in 2008. The reason for the net loss during the year under review was that the Group recorded a loss on the disposal of certain scrap materials and certain inventories were provided for impairment in 2009.

OTHER REVENUE AND GAINS

Other revenue and gains of the Group amounted to HK$77.4 million in 2009, representing an increase of 30.1% as compared with HK$59.5 million in 2008. The increase was mainly attributable to the increase of the value-added tax rebate income, government's subsidies and gross rental income.

SELLING AND DISTRIBUTION COSTS

	Year ended 31 December	
	2009	2008
Selling and distribution costs *(HK$million)*	**244.4**	200.9
Selling and distribution costs/Sales	**9.4%**	19.9%

Selling and distribution costs of the Group for the year ended 31 December 2009 amounted to HK$244.4 million, representing an increase of 21.7% as compared with HK$200.9 million in 2008. As a percentage of total sales, it accounted for 9.4% in 2009, down 10.5% as compared with 19.9% in 2008. Despite of the increase in the current year gross balance of selling and distribution costs, the decrease in the percentage of selling and distribution costs to total sales was mainly attributable to the economy of scale achieved by the Group in 2009.

ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2009	2008
Administrative expenses *(HK$million)*	**265.7**	224.4
Administrative expenses/Sales	**10.2%**	22.3%

Administrative expenses increased by 18.4% from HK$224.4 million in 2008 to HK$265.7 million in 2009. As a percentage of total sales, it accounted for 10.2% in 2009, down 12.1% as compared with 22.3% in 2008. The decrease was because the Group implemented strict control measures on its administrative expenses and the economy of sale achieved by the Group in 2009.

INCOME TAX

For the year ended 31 December 2009, the Group's income tax expense amounted to HK$23.6 million (2008: HK$11.8 million). The increase in the income tax expense during the year under review was mainly attributable to the increase of the Group's profit before tax.

NET PROFIT/(LOSS)

For the year ended 31 December 2009, the Group recorded a net profit of HK$240.0 million (2008: a net loss of HK$76.1 million). The reasons for the improvement were that, during the year under review: (1) the Group recorded a substantial revenue growth; and (2) the Group recorded a drop in the percentage of selling and distribution costs and administrative expenses to sales as the Group benefited from the economy of scale with the growth in sales in 2009.

LIQUIDITY AND FINANCIAL RESOURCE

For the year ended 31 December 2009, the Group's operating capital was mainly generated from cash from its daily operation and bank borrowings. The Group's cash requirements related primarily to production and operating activities, repayment of due liabilities, capital expenditure, interest and dividend payments and other unforeseeable cash requirements.

Cash and cash equivalents of the Group as of 31 December 2009 amounted to HK$251.4 million (2008: HK$124.9 million).

GEARING RATIO AND THE BASIS OF CALCULATION

The Group's gearing ratio for 2009 was 55%, equivalent to that of 2008. The gearing ratio represented net debt divided by capital plus net debt.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2009, the following Group's assets were pledged to secure the Group's bank loans, bills payable and for issuance of letters of credit:

(i) the pledge of certain of the Group's buildings and investment properties situated in Mainland China, which had an aggregate carrying value at the end of the reporting period of approximately HK$171,651,000 (2008: HK$225,290,000);

(ii) the pledge of the Group's leasehold land which had an aggregate carrying value at the end of the reporting period of approximately HK$62,062,000 (2008: HK$63,437,000); and

(iii) charges over the Group's rental income on certain investment properties (2008: nil).

BUSINESS REVIEW OF THE GROUP IN 2009

In respect of the year 2009, we are feeling proud of the accomplishment achieved by the Group through the dedicated staff's hard-work to seize the opportunity presented by the domestic telecommunications industry development after the Restructuring. The Group achieved a record financial result with strong revenue and earnings growth, shipped an unprecedented number of Coolpad smartphones, and maintained expanding market share momentum in Mainland China. Nowadays, the Group has been one of the reputable smartphone providers in the domestic CDMA and TD-SCDMA mobile phone market.

The Group further strengthened its market position and significantly narrowed the gap with its main competitors in the share of CDMA mobile phone market. The Group shipped above 2,000,000 units of Coolpad smartphone (2008: 500,000 units), including approximately 1,500,000 units of CDMA (and CDMA1X(EVDO)) Coolpad smartphone with 13 models and approximately 500,000 units of TD-SCDMA Coolpad smartphone with 4 models launched in 2009. Notably, the Group achieved a big breakthrough in the domestic mid and low-end CDMA mobile phone market by launching a series of mid and low-end Coolpad smartphone (such as Coolpad S100 and Coolpad S60) in 2009.

The Group made inroads into the 3G mobile phone market and quickly captured a leading position as the 3G technologies were beginning to mass commercialize during the year under review. The Group initially launched four TD-SCDMA/GSM dual-mode Coolpad smartphone and six CDMA1X(EVDO)/GSM dual-mode Coolpad smartphone for their network operators respectively, with the shipment of 3G smartphone approximately 900,000 units in all (including approximately 400,000 units of CDMA1X(EVDO) Coolpad smartphones and approximately 500,000 units of TD-SCDMA/GSM Coolpad smartphones). Additionally, the Group's brand "Coolpad" has been the famous local brand selling 3G smartphone in Mainland China and gained an initial momentum in the market since its long-term commitment to the R&D of 3G smartphone.

The Group initially launched an innovative and powerful software application store (namely, "Coolmart") with a fashionable user-interface in July 2009. The mobile application store has strongly enhanced its consumer's experience and loyalty. The Group's "Coolmart" software application store has offered a pioneering example in China's mobile phone market, and aroused enormously positive response among its consumers and the domestic telecommunications industry during the year under review.

The Group initiated a variety of brand campaign to promote Coolpad smartphone in "LIVE SMART" version during the year under review. The Group has significantly improved the Coolpad brand recognition, as well as projected a positive and healthy corporate image in Mainland China's 3G mobile phone market through these initiatives related to LIVE SMART. Besides, the Group has further broadened its marketing and distribution channels by taking lots of effective measures to develop social distribution agents, apart from the close cooperation with the domestic telecommunications operators during the year under review. The Group has established long and strategic cooperation with over 100 new distributions partnerships at home and abroad over the year. Above all, the new brand version and strong distribution channels expanded the reach of Coolpad brand and further boosted its competitive and market positioning.

BUSINESS REVIEW OF THE GROUP IN 2009 (Continued)

The Group has established three R&D centers and one production base in Shenzhen, Xi'an, Beijing and Dongguan, respectively. The new factory in Dongguan was already put into operation at the beginning of 2010 after more than two years construction. The new production base would enlarge the Group's production capacities and scale, as well as paved a solid road for its future growth.

PROSPECTS OF THE GROUP FOR 2010

It is expected that the domestic 3G mobile phone market will embrace a rapid growth in 2010. As a leading 3G smartphone developer, the Group now is well positioned to take advantage of the existing opportunities ahead.

The Group will continue to implement the strategies of product differentiation, R&D enhancement, multi-channel marketing and distributions strengthening, and product and service quality as well as administrative efficiency improvements.

The Group will further consolidate its leading position in the 3G mobile phone market through introducing more innovative and competitive products in 2010. The Group plans to develop more than ten TD-SCDMA(HSDPA)/GSM dual-mode Coolpad smartphones, more than ten CDMA1X(EVDO)/GSM dual-mode Coolpad smartphones, and four WCDMA/GSM dual-mode Coolpad smartphones, respectively. The Group will continue to launch more mid and low-end Coolpad smartphones so as to further expand its market share in 2010. Besides, the Group will endeavor to diversify its product portfolio through developing a series of wireless data cards and netbook for the surging 3G access device market. Therefore, it's believed that the Group's business scope and depth will be further broadened and strengthened in 2010.

Innovation is the Group's core competitiveness. The Group will further enhance its R&D capabilities and wireless data solutions service through the focus on the continuous innovation of technologies and products, especially in the field of 3G smartphone and 3G related applications. The Group will continue to expand the number and variety of applications and contents available in "Coolmart" software application store by developing and optimizing the standard software and hardware development platform. The Group will continue to focus the technology innovation on user-interface (UI) and interaction as well as industrial design (ID), so as to enhance the mobile experience and build consumer loyalty.

The Group will endeavor to expand its customer base by growing and strengthening the relationships with the domestic telecommunications operators and distribution partners. The Group will continue to enhance the depth of cooperation with the operators in fields of R&D, marketing and distribution of tailor-made 3G smartphone, and so on. As a long-term development strategy, the Group will continue to expand the oversea markets by close cooperation with foreign telecommunications operators in respect of Coolpad brand. Moreover, the Group will continue to enhance to cooperate with a wide range of well-known partners in regard of the R&D of high-end chipsets and operating systems, such as Qualcomm, Freescale, Leadcore Technologies, TI, Micosoft, etc..

Quality and consumer service of products has never been so most important as the Group's consumer base is enlarging with its brand recognition growing recently. The Group will continue to ultimately exercise strict control and management over product quality, and perfect after-sales service. The Group plans to build more image shops and after-sales service centers in Mainland China in order to improve its product presence and expand its after-sales service network.

PROSPECTS OF THE GROUP FOR 2010 (Continued)

Human resource is the best asset of the Group. The Group will continue to attract, hire and retain the best available talents to support Coolpad's customers and partners and to maintain a leading position in the market.

The Group will continue to put emphasis on its business process restructuring and ongoing optimization of information management system so as to effectively improve the management's administrative efficiency, and to strictly control its production costs.

Additionally, we know there are lots of challenges with the opportunities in the year ahead. The Group will face a more serious competition in the domestic mid and low-end mobile phone market since its product mix switched to the mid and low-end market, and will bear a continuing pressure in terms of the Group's average selling price and gross profit margin in 2010. Nonetheless, we are confident on the Group's future development in 2010, provided that we firmly grasp the opportunity presented by the rapid development of the domestic 3G smartphone market on the back of the Group's implementation of product differentiation and leading market position strategies in 2010.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2009, the Group's expenses, assets and liabilities were mainly denominated in Renminbi (the "RMB"). Taking into account of the Group's operation and capital needs, the Directors consider that the Group did not have any significant foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICY

During the year, the Group's staff costs amounted to approximately HK$246.0 million (2008: HK$253.4 million). The remuneration of the Group's employees was commensurated with their responsibilities and market rates, with discretionary bonuses and training given on a merit basis.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company currently comprising four independent non-executive directors, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2009.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

Code Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Guo Deying is the chairman of the Board and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management and believes that this structure enables the Group to make and implement decision promptly and efficiently.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES (Continued)

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company was not, for any part of the year ended 31 December 2009, in compliance with the Code of Corporate Governance Practices as was set out in Appendix 14 of the Listing Rules.

By order of the Board
China Wireless Technologies Limited
GUO DEYING
Chairman and Chief Executive Officer

Hong Kong, 16 April 2010

As at the date of this announcement, the executive Directors of the Company 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.