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)

2011 ANNOUNCEMENT OF FINAL RESULTS

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2011	2010	**Variance**
	HK$'000	*HK$'000*	*(%)*
Revenue	**7,340,495**	4,592,699	59.8
Profit before tax	**324,297**	545,101	(40.5)
Net profit attributable to ordinary equity holders of the Company	**271,364**	480,265	(43.5)
Basic earnings per share	**12.39 cents**	22.98 cents	(46.1)
Diluted earnings per share	**12.15 cents**	22.22 cents	(45.3)
Proposed final dividend per ordinary share	**HK2 cents**	HK5 cents	(60.0)

The board (the "Board") of directors (the "Director") of China Wireless Technologies Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011, together with the audited comparative figures for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	4	**7,340,495**	4,592,699
Cost of sales		**(6,259,135)**	(3,475,274)
Gross profit		**1,081,360**	1,117,425
Other income and gains	4	**319,758**	216,974
Selling and distribution costs		**(466,255)**	(322,691)
Administrative expenses		**(558,702)**	(443,444)
Other expenses		**(5,345)**	(13,823)
Finance costs	6	**(46,303)**	(9,245)
Share of losses of associates		**(216)**	(95)
PROFIT BEFORE TAX	5	**324,297**	545,101
Income tax expense	7	**(53,228)**	(64,836)
PROFIT FOR THE YEAR		**271,069**	480,265
OTHER COMPREHENSIVE INCOME			
Gains on property revaluation		**40,855**	18,631
Income tax effect		**(6,531)**	(3,670)
		34,324	14,961
Exchange differences on translation of foreign operations		**77,826**	36,398
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**112,150**	51,359
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**383,219**	531,624

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
Year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
PROFIT FOR THE YEAR			
Attributable to:			
Owners of the Company		**271,364**	480,265
Non-controlling interests		**(295)**	–
		271,069	480,265
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Attributable to:			
Owners of the Company		**383,514**	531,624
Non-controlling interests		**(295)**	–
		383,219	531,624
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**12.39 cents**	22.98 cents
Diluted		**12.15 cents**	22.22 cents

Details of the dividends for the year are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**527,097**	417,237
Investment properties		**334,952**	304,456
Prepaid land lease payments		**110,222**	67,321
Intangible assets		**112,491**	94,294
Investments in associates		**34,523**	196
Available-for-sale investment		**11,102**	–
Other non-current assets		**8,374**	46,607
Deferred tax assets		**12,903**	21,439
Total non-current assets		**1,151,664**	951,550
CURRENT ASSETS			
Inventories		**1,668,545**	835,178
Trade receivables	*10*	**1,571,749**	222,013
Bills receivable	*11*	**685,276**	697,238
Prepayments, deposits and other receivables		**314,452**	176,382
Due from directors		**655**	580
Pledged time deposits		**1,080,007**	728,123
Cash and cash equivalents		**1,058,857**	641,895
Total current assets		**6,379,541**	3,301,409
CURRENT LIABILITIES			
Trade payables	*12*	**1,377,469**	566,553
Bills payable	*13*	**1,615,658**	689,447
Other payables and accruals		**981,719**	725,755
Derivative financial instruments		**8,377**	10,696
Interest-bearing bank borrowings		**1,190,094**	606,541
Tax payable		**24,986**	53,157
Total current liabilities		**5,198,303**	2,652,149
NET CURRENT ASSETS		**1,181,238**	649,260
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,332,902**	1,600,810

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2011

	Note	2011 HK$'000	2010 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,332,902**	1,600,810
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**67,843**	132,640
Deferred tax liabilities		**60,838**	42,625
Other non-current liabilities		**14,531**	5,053
Total non-current liabilities		**143,212**	180,318
Net assets		**2,189,690**	1,420,492
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**21,474**	21,024
Shares held for the Share Award Plan		**(321)**	(321)
Reserves		**2,121,007**	1,283,187
Proposed final dividend	8	**43,005**	112,717
		2,185,165	1,416,607
Non-controlling interests		**4,525**	3,885
Total equity		**2,189,690**	1,420,492

NOTES

31 December 2011

1. CORPORATE INFORMATION

China Wireless Technologies Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands.

The Group is a wireless solution and smartphone provider in Mainland China. During the year, the Group continued to focus on the production and sale of smartphones.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Data Dreamland Holding Limited which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

2.1 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, certain buildings and derivative financial instruments, 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendment	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK (IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 3 *Business Combinations:* The amendment clarifies that amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements:* The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. OPERATING 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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude pledged time deposits, cash and cash equivalents, deferred tax assets, an available-for-sale investment and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

	Mobile phone *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Year ended 31 December 2011			
Segment revenue:			
Sales to external customers	**7,340,495**	**–**	**7,340,495**
Other revenue and gains	**242,221**	**46,359**	**288,580**
Total	**7,582,716**	**46,359**	**7,629,075**
Segment results	**302,075**	**42,908**	**344,983**
Reconciliation:			
Interest income			**31,178**
Corporate and other unallocated expenses			**(5,345)**
Finance costs			**(46,303)**
Share of losses of associates			**(216)**
Profit before tax			**324,297**
Segment assets	**4,981,549**	**352,264**	**5,333,813**
Reconciliation:			
Investments in associates			**34,523**
Other unallocated assets			**2,162,869**
Total assets			**7,531,205**
Segment liabilities	**3,982,247**	**7,130**	**3,989,377**
Reconciliation:			
Other unallocated liabilities			**1,352,138**
Total liabilities			**5,341,515**
Other segment information:			
Impairment of trade receivables	**922**	**–**	**922**
Provision for inventories	**24,227**	**–**	**24,227**
Fair value gains on investment properties	**–**	**15,024**	**15,024**
Product warranty provision	**62,495**	**–**	**62,495**
Depreciation and amortisation	**74,930**	**280**	**75,210**
Capital expenditure*	**180,729**	**–**	**180,729**

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and prepaid land lease payments.

	Mobile phone *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Year ended 31 December 2010			
Segment revenue:			
Sales to external customers	4,592,699	–	4,592,699
Other revenue and gains	174,962	31,403	206,365
Total	4,767,661	31,403	4,799,064
Segment results	527,728	29,927	557,655
Reconciliation:			
Interest income			10,609
Corporate and other unallocated expenses			(13,823)
Finance costs			(9,245)
Share of loss of an associate			(95)
Profit before tax			545,101
Segment assets	2,545,333	315,973	2,861,306
Reconciliation:			
Investment in an associate			196
Other unallocated assets			1,391,457
Total assets			4,252,959
Segment liabilities	1,981,755	5,053	1,986,808
Reconciliation:			
Other unallocated liabilities			845,659
Total liabilities			2,832,467
Other segment information:			
Impairment of trade receivables	909	–	909
Provision for inventories	15,591	–	15,591
Fair value gains on investment properties	–	9,072	9,072
Product warranty provision	31,649	–	31,649
Depreciation and amortisation	68,559	253	68,812
Capital expenditure	149,445	–	149,445

Geographical information

(a) ***Revenue from external customers***

	2011	2010
	HK$'000	*HK$'000*
Mainland China	**7,285,899**	4,512,870
Overseas	**54,596**	79,829
	7,340,495	4,592,699

(b) ***Non-current assets***

	2011	2010
	HK$'000	*HK$'000*
Mainland China	**1,138,608**	929,865
Overseas	**153**	246
	1,138,761	930,111

Information about major customers

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	Operating segment	**2011**	2010
		HK$'000	*HK$'000*
Customer A	Mobile phone	**1,555,006**	*
Customer B	Mobile phone	**1,260,791**	*
Customer C	Mobile phone	**937,099**	582,765
Customer D	Mobile phone	*	844,624
Customer E	Mobile phone	*	674,329

* Less than 10% of the Group's revenue.

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 elimination of all intra-group transactions.

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sale of mobile phones	**7,340,495**	4,592,699
Other income		
Bank interest income	**31,178**	10,609
Government grants and subsidies*	**134,373**	144,578
Gross rental income	**31,335**	22,331
Exchange gains, net		
Including: Exchange gains on derivative financial instruments	**47,859**	10,569
Others	**59,989**	19,815
	304,734	207,902
Gains		
Fair value gains on investment properties	**15,024**	9,072
	319,758	216,974

* Government grants and subsidies represented refunds of VAT received from a tax bureau and government grants received from government departments to support certain of the Group's research and development activities.

5. PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**6,234,908**	3,459,683
Depreciation	**40,380**	24,397
Amortisation of patents and licences*	**8,020**	9,690
Amortisation of prepaid land lease payments	**1,934**	1,485
Research and development costs:		
Product development costs amortised*	**24,876**	33,240
Current year expenditure*	**217,926**	147,631
	242,802	180,871
Impairment of trade receivables	**922**	909
Provision for inventories	**24,227**	15,591
Product warranty provision	**62,495**	31,649
Loss on disposal of items of property, plant and equipment	**661**	774
Foreign exchange differences, net	**(47,859)**	(10,569)
Rental income on investment properties less direct operating expenses of HK$3,451,000 (2010: HK$1,476,000)	**(27,884)**	(20,855)
Changes in fair value of investment properties	**(15,024)**	(9,072)
Changes in fair value of derivative financial instruments	**(2,319)**	10,696

* The amortisation of patents and licences, amortisation of product development costs and the current year research and development expenditure are included in "Administrative expenses" in the profit or loss.

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank loans	**39,252**	19,601
Discounted bills receivable	**7,051**	700
	46,303	20,301
Less: Interest capitalised	**–**	(11,056)
	46,303	9,245

7. INCOME TAX EXPENSE

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 (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Mainland China		
Charge for the year	**34,884**	70,772
Underprovision/(overprovision) in prior years	**(612)**	3,291
Deferred	**18,956**	(9,227)
Total tax charge for the year	**53,228**	64,836

The Group's PRC Subsidiaries 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) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. and Coolpad Software Tech (Shenzhen) Co., Ltd., the Company's wholly-owned subsidiaries, were assessed as high-technology enterprises and were subject to CIT at a rate of 15% for the year ended 31 December 2011.

(b) Dongguan Yulong Telecommunications Scientific Co., Ltd., the Company's wholly-owned subsidiary, is a foreign investment enterprise and is subject to CIT at a reduced rate of 12.5% for the three years ending 31 December 2012.

(c) Xi'an Coolpad Software Tech Co., Ltd., the Company's wholly-owned subsidiary, was assessed as a software enterprise and was exempted from CIT for the two years ended 31 December 2010 and 2011 and is entitled to a 50% reduction in the applicable tax rate for CIT for the three years ending 31 December 2014. Therefore, Xi'an Coolpad Software Tech Co., Ltd. was exempted from CIT for the current year.

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim – HK1 cent (2010: HK1 cent) per ordinary share	**21,451**	20,984
Proposed final – HK2 cents (2010: HK5 cents) per ordinary share	**43,005**	112,717
	64,456	133,701

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting, which will be held on Wednesday, 23 May 2012. The final dividend will be paid on or about Tuesday, 5 June 2012 to equity holders whose names appear on the register of members at the close of business on Wednesday, 23 May 2012. For this purpose, the register of members of the Company will be closed from 18 May 2012 to 23 May 2012 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the final dividends, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. 15 May 2012. As the final dividend is declared after the balance sheet date, such dividend is not recognised as a liability as at 31 December 2011.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,190,412,197 (2010: 2,089,801,111) in issue during the year.

The calculation of diluted earnings per share amount is based on the profit 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 per share are based on:

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**271,364**	480,265

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,190,412,197**	2,089,801,111
Effect of dilution – weighted average number of ordinary shares: share options	**42,754,598**	72,018,192
	2,233,166,795	2,161,819,303

10. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**1,573,411**	224,069
Impairment	**(1,662)**	(2,056)
	1,571,749	222,013

Sales of the Group's products are normally settled on a cash-on-delivery basis. However, in the cases of long-standing customers and those with a good repayment history, the Group may offer these customers with a credit period of 30 to 90 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. 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:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**1,526,898**	196,437
4 to 6 months	**21,322**	3,760
7 to 12 months	**23,529**	21,682
Over 1 year	**1,662**	2,190
	1,573,411	224,069
Less: Impairment	**(1,662)**	(2,056)
	1,571,749	222,013

11. BILLS RECEIVABLE

	2011	2010
	HK$'000	*HK$'000*
Bills receivable	**282,131**	216,388
Bills receivable discounted with recourse	**403,145**	480,850
	685,276	697,238

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

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**282,131**	216,388
4 to 12 months	**403,145**	480,850
	685,276	697,238

Bills receivable are non-interest-bearing.

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:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**1,361,305**	532,048
4 to 6 months	**13,212**	19,533
7 to 12 months	**1,799**	4,154
Over 1 year	**1,153**	10,818
	1,377,469	566,553

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:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**1,212,513**	208,597
4 to 12 months	**403,145**	480,850
	1,615,658	689,447

At 31 December 2011, the Group's bills payable were secured by time deposits of HK$689,390,000 (2010: HK$59,168,000). At 31 December 2010, the Group's bills payable were also secured by bills receivable of HK$147,473,000.

14. EVENT AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.

MANAGEMENT DISCUSSION & ANALYSIS

REVENUE ANALYSED BY PRODUCT TYPES

A comparative breakdown of the consolidated revenue streams into the product types are set forth in the following table for the periods indicated:

	Year ended 31 December			
	2011		2010	
Revenues	**Revenue** *HK$ million*	**% of revenue**	Revenue *HK$ million*	% of revenue
3G Coolpad smartphone	**7,258.6**	**98.9**	4,036.8	87.9
2G Coolpad smartphone	**55.3**	**0.7**	522.1	11.4
Others	**26.6**	**0.4**	33.8	0.7
Total	**7,340.5**	**100**	4,592.7	100

The Group recorded consolidated revenue for the year ended 31 December 2011 of HK$7,340.5 million, representing a growth of 59.8% as compared with HK$4,592.7 million for the year ended 31 December 2010. The substantial growth of the consolidated revenue in 2011 was mainly driven by the strong increase in the sales of the Group's 3G Coolpad smartphone as a result of the continued vibrant development of 3G mobile market in Mainland China during the year under review.

The revenue from 3G Coolpad smartphone increased by 79.8% to HK$7,258.6 million for the year ended 31 December 2011 as compared with HK$4,036.8 million for year ended 31 December 2010. The significant increase in revenue from the sales of 3G Coolpad smartphone was primarily attributable to the shift of the Group's product portfolio to the mid- and low-end smartphone and the successful launch of many better cost/performance 3G Coolpad smartphones for the three domestic telecommunications operators. Revenue contribution from this product type surged to 98.9% in 2011 from 87.9% in 2010. This demonstrated that the Group's product portfolio shifted to 3G smartphone type during the year under review. So far, the Group's Coolpad product has covered all range of 3G networks, including TD-SCDMA, CDMA2000 as well as WCDMA networks.

The revenue from the sales of 2G Coolpad smartphone decreased by HK$466.8 million to HK$55.3 million for the year ended 31 December 2011 as compared with HK$522.1 million for the year ended 31 December 2010. Revenue contribution from this product type dropped to 0.7% in 2011 from 11.4% in 2010, due primarily to a dramatic decline in sales volume of 2G Coolpad smartphone and the Group transferred all its R&D resources to 3G smartphone during the year under review.

The revenue from other products decreased by HK$7.2 million, or 21.3%, to HK$26.6 million for the year ended 31 December 2011 as compared with HK$33.8 million for the year ended 31 December 2010. The decrease in the revenue from other products during the year under review was mainly attributable to a decrease in the sales of Coolpad smartphone's accessories and others.

GROSS PROFIT

	Year ended 31 December			
	2011		2010	
	Gross profit	**GP Margin**	Gross profit	GP Margin
Gross Profit	***HK$ million***	***(%)***	*HK$ million*	*(%)*
Total	**1,081.4**	**14.7**	1,117.4	24.3

The Group's overall gross profit for the year ended 31 December 2011 decreased to HK$1,081.4 million, representing a decrease of 3.2% as compared with HK$1,117.4 million for the year ended 31 December 2010. The Group's overall GP margin for the year ended 31 December 2011 significantly dropped to 14.7%, down 9.6 percentage as compared with 24.3% for the year ended 31 December 2010. The significant decline in GP margin was primarily attributable to the decrease of its overall Average Selling Price ("ASP") as a result of the Group's product mix shifted from high-end mobile market to mid- and low-end market where the Group faced severe competition and tightly compressed price.

OTHER INCOME AND GAINS

Other income and gains of the Group amounted to approximately HK$319.8 million for the year ended 31 December 2011, representing an increase of 47.4% as compared with HK$217.0 million for the year ended 31 December 2010. This increase was mainly attributable to the increase of the Group's exchange gain, interest income and rental income in 2011.

SELLING AND DISTRIBUTION COSTS

	Year ended 31 December	
	2011	2010
Selling and distribution costs *(HK$ million)*	**466.3**	322.7
Selling and distribution costs/revenue *(%)*	**6.4**	7.0

Selling and distribution costs of the Group for the year ended 31 December 2011 increased to HK$466.3 million, representing an increase of approximately HK$143.6 million, or 44.5%, as compared with HK$322.7 million for the year ended 31 December 2010. The net increase of HK$143.6 million was primarily generated from increased expenditures for marketing, advertising and promotion expenses, and increased salaries of newly employed salesmen to support new product launches. As a percentage of total revenue, selling and distribution costs significantly decreased to 6.4% in 2011 from 7.0% in 2010. The net decrease of 0.6% as a percentage of total revenue primarily reflected the Group has control its marketing expenses efficiently and benefited from the economies of scale as sales volume increased.

ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2011	2010
Administrative expenses *(HK$ million)*	**558.7**	443.4
Administrative expenses/revenue *(%)*	**7.6**	9.7

Administrative expenses increased by 26.0% to HK$558.7 million for the year ended 31 December 2011 from HK$443.4 million for the year ended 31 December 2010. The net increase of HK$115.3 million was primarily generated from increased expenditures on R&D, and increased salaries of newly employed staff. As a percentage of total revenue, it dropped nearly 2.1% during the year under review as compared with 9.7% in the year of 2010, reflecting that the Group executed tight control over the administrative expenses.

INCOME TAX EXPENSE

For the year ended 31 December 2011, the Group's income tax expense amounted to HK$53.2 million (2010: HK$64.8 million). The decrease in the current year income tax expense was mainly attributable to the decrease of the Group's profit before tax.

NET PROFIT

For the year ended 31 December 2011, the Group recorded a net profit of HK$271.1 million, representing a decrease of HK$209.2 million, or 43.6%, as compared with HK$480.3 million for the year ended 31 December 2010. The reasons for the decrease in net profit were mainly due to: 1) the Group shifted the product mix from the high-end to the mid- and low-end smartphone during the year under review; and 2) the intensifying market competition has resulted in a drop in ASP in 2011.

LIQUIDITY AND FINANCIAL RESOURCE

For the year ended 31 December 2011, 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 2011 amounted to HK$1,058.9 million (2010: HK$641.9 million).

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any significant contingent liabilities.

PLEDGED OF ASSETS

As at 31 December 2011, the following assets of the Group were used to secure certain bank borrowings of the Group: (i) investment properties of approximately HK$104 million (2010: HK$135 million); (ii) time deposits of approximately HK$325 million (2010: HK$71 million). As at 31 December 2011, the Group's certain time deposits were also used to secure bills payable, details of which is set out in note 13 to this announcement.

At 31 December 2010, Group's certain buildings and leasehold land were pledged to certain banks to secure bank borrowings granted to the Group which had an aggregate carrying value at 31 December 2010 of approximately HK$41 million and HK$52 million, respectively. At 31 December 2010, the Group's certain bills receivable of HK$147 million was also pledged to secure the Group's bills payable.

BUSINESS REVIEW OF THE GROUP IN 2011

The Group shifted the product mix from the high-end smartphone to the mid- and low-end smartphone, and entered into the massive 3G smartphone market in 2011. Along with the domestic telecommunications operators started the lower 3G monthly package fees, and put more subsidies for the customers on buying 3G smartphone, the number of the net addition of the 3G users increased explosively in the year of 2011, and the massive 3G smartphone market was full of opportunities with challenges. The Group has benefited from this. The volume increase provided significant economies of scale and bargaining power in terms of cost management in the year of 2011.

The Group had a turnover of approximately HK$7,340.5 million, which increased by 59.8% from HK$4,592.7 million. The significant increase was largely due to higher promotional spending on the mid- and low-end smartphone market and was largely ascribed to the solid growth of 113.2% in the sales volume. The net profit for the year was approximately HK$271.1 million, which decreased by 43.6% from HK$480.3 million in 2010. The ASP for the year was HK$683.0, representing a drop of 25.0% from HK$911.0 in 2011. GP margin was 14.7% in 2011 and it was 24.3% in 2010, representing a drop of 9.6%. These drops were because the Group changed the product mix to the mid- and low-end smartphone and the competition from the mid- and low-end smartphone market has intensified in 2011.

In the year of 2011, the Group had successfully turned to the Android OS, which is an open source code smartphone operating system, and the Group redeveloped a lot of software features differentiated on the Coolpad Android smartphone, compared with the smartphones from the competitors. All of these Coolpad Android smartphone kept the Coolpad traditional gene, including the dual-mode dual-working feature, private model, three steps finding of the Contact, fast Chinese character identification, and so on. In the year of 2011, the Group had launched 30 new smartphones based on the differentiated Android OS, which covered from the high-end to the mid- and low-end smartphone. In the year of 2011, the Group released the 5-inch screen high-end smartphone, called Coolpad Magview I 9930, which is the dual-model smartphone for EVDO and GSM network working together, and the user experience was improved a lot. The Group has also released its flagship smartphone, named Coolpad Magview II 9900, which had a higher hardware spec, including the larger storage and touch panel size, the faster CPU, the thinner industry design.

In 2011, more and more star models with a huge volume of shipments emerged (such as E239 an entry-level 3G smartphone and was positioned to tap the younger consumer segment, D539 a long standby time smartphone, W706 the first Coolpad low-end WCDMA network smartphone). At the same time, except these star models, the Group launched a series of better cost/performance smartphones with more individual features (such as 5820 One-Key Weibo 3G Android smartphone optimized for mobile social networking, 5860 a 4-inch screen smartphone at a lower price, 8810 the online TV TD-SCDMA smartphone, 7260 the next generation high cost/performance WCDMA smartphone).

Most products of the Group in 2011 were shipped to the domestic telecommunications operators, benefiting from rising 3G users volume and attractive subsidies for the 3G smartphone buyers. As a domestic manufacturer, the Group understood the needs of the smartphone market better in China. The Group was also better positioned to control the customer buying experience and attract new customers. The Coolpad direct stores, which were set up by the Group, were designed to simplify and enhance the presentation and marketing of the Company's products and related solutions. These stores expanded brand recognition of Coolpad and its products.

The Group still insisted on developing the innovative technology, and emphasized the accumulative R&D capability in the year of 2011, especially after the operating system is mostly based on Android OS. The R&D department had completed the reconstruction in 2011, which helped the Group have a faster speed on the platform development. Once the platform of the Group developed faster, and the differentiated Android OS was more mature, the Group could release new smartphones quicker, and capture more market share because of the richer product line and differentiated products. The R&D investments also led us to develop and get more significant patents.

The Group had done a lot of work on how to improve the user experience, not only by the excellent software features Coolpad gene, but also by the Coolcloud service, and the popular Coolmart, which is an online application market owning more than 30,000 software and hot games. These software and games were developed by the third-party company, and all free for customers to download. As the smartphone market grows to the mobile internet gradually, the Group took the Coolcloud and the Coolmart as the strategy work in the long run. As of 31 December 2011, the Group had already released two versions of Coolcloud, which could help Coolpad users synchronize the ordinary data, such as the contact, SMS, phone record, and share the information, such as the meeting schedules. The Coolpad users could also enjoy the Coolmedia, Coolweather, and so on, provided by the Group, for getting instant access to weather, news and the scheduler on the go.

In the year of 2011, the Group also focuses on the improvement of general operation efficiency. The Group took a series of measures to improve its administrative efficiency and internal operating process during the reporting period. These measures did a great favor to the success of the Group, notwithstanding the intensifying competition and pressure during the year. Consolidated administrative expenses ratio was 7.6% in 2011, which attest to the efforts of the Group in enhancing operational efficiency.

PROSPECTS OF THE GROUP FOR 2012

In the year of 2012, the Group will keep the route of the mid- and low-end smartphone, and endeavor to improve the scale of the shipments. China's mobile industry is still expanding, especially the mid- and low-end smartphone market, growing more quickly in the future. The Group believes that the volume increase could provide significant economies of scale and bargaining power in terms of cost management.

As the differentiated Android OS including the Coolpad gene becomes more mature and stable, the Group will release more and more new models based on it in 2012. The product line which continues to cover the smartphone from the high-end to the low-end will be richer, compared with that in the year of 2011. Most of these new models will be the mid- and low-end smartphones, as the increase momentum of such kind of smartphone keeps strong. In 2012, the user experience of the mid- and low-end smartphone will be improved a lot, and the cost/performance of these smartphones will be better, as the Group is going to improve the hardware spec of the smartphone. So these smartphones will be more attractive to the customers.

After the R&D department has been reconstructed in 2011, its efficiency became better and competitive power became stronger. So the Group will be more competitive in the R&D capability of smartphone field. The Group will continue to put more resources on the construction of the R&D team and have capable engineers and smart managers itself, in order to keep the leadership in domestic 3G smartphone industry. In the year 2012, the differentiated Android platform will still be the main point, but the Group will also test other excellent operating systems to provide more choices for the customers.

The Group will keep the strong growth in the mid- and low-end smartphone market, and cooperate with the domestic telecommunications operators in 2012. The domestic market will still be the main market of the Group. The Group is also going to train and improve the skills and the capability of the salesmen, who will understand the demands of the customers and the telecommunications operators more clearly and quickly. More and more flag-ship stores will be set up in the first-tier cities to improve the brand of Coolpad in 2012. The Group will pay more attentions and resources on the after sales service, in order to let the Coolpad customers enjoy these services more easily while using the smartphones.

The Coolcloud, the platform of Coolpad based on the cloud computing and storage, will still be the long-term development strategy of the Group, and provide more excellent services for Coolpad users in 2012. The Group has already released the second version of Coolcloud in 2011, which could help the users share the schedules each other, synchronize the data of contacts, SMS, phone records, and so on. It will be more convenient for Coolpad users transferring the private data, once they want to change a smartphone. The Group is going to cooperate with the governments, and construct the wireless city based on Coolcloud, which would provide many special services. The Coolmart, providing tens of thousands of hot games and software developed by the third-party company to Coolpad users to download directly, will be strengthened and will be added more applications in 2012.

The second phase of the product capability project in Songshan Lake production base will be started in 2012, and could satisfy the most needs of the full year larger shipments volume. The Group will continue to enhance the general operation efficiency, and manage the manufacturing costs. And the Group gets ready for doing everything to face the challenges and the competition from the competitors. Along with the 3G smartphones becoming more popular, there will be more opportunities, but the competition will also be intensifying in the massive market in the near future. As most business of the Group will still be distributed in the domestic market, its revenue will continue to benefit from the domestic telecommunications operators' 3G subscriber promotion strategy, especially the mid- and low-end smartphone strategy. At the same time, the ASP and the GP margin will be much uncertain and volatile. The Group expects its GP margin continues to be squeezed following the declining ASP in 2012, according to huge competition and more notion of mid- and low-end smartphone. However, depending on the innovative technologies, the hard-working philosophy, the quick-responded capabilities to the market demands, and the differentiated product positioning, the Group will struggle to increase the sales volume, and get more market share from the smartphone market in 2012.

FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies, where the revenue, cost of sales and certain portion of the bank loans are denominated in USD. The Group entered into forward currency contracts to minimise its transactional currency exposures.

EMPLOYEES AND REMUNERATION POLICY

During the year ended 31 December 2011, the Group's staff costs amounted to approximately HK$526.3 million (2010: HK$414.1 million). The remuneration of the Group's employees was commensurate with their responsibilities and market rates, with discretionary bonuses and training given on a merit basis.

ISSUE, PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2011, the Group had placed an aggregate of 150,000,000 shares at HK$4.55 per share. During the year under review, the Company repurchased a total of 115,212,000 shares at prices from HK$1.32 to HK$1.98 per share on the Stock Exchange of Hong Kong Limited, all of the purchased shares were subsequently cancelled by the Company upon repurchase and the issued share capital of the Company was reduced by the par value thereon.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company currently comprises 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 2011.

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. In addition, the Board is of the view that, in view of the current scale of operations of the Group, the separation of the roles of the chairman and chief executive officer of the Company may hinder administrative efficiency and is neither suitable to the Group nor in the interests of its shareholders as a whole.

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 2011, in compliance with the Code of Corporate Governance Practices as was set out in Appendix 14 of the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 23 May 2012. Notice of the annual general meeting together with the Company's annual report for the year ended 31 December 2011 will be despatched to the shareholders in due course.

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

Hong Kong, 20 March 2012

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.