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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

Approximately 290,000 Coolpad subscriber accounts were added in the first half of 2007. As at 30 June 2007, the number of Coolpad subscriber accounts increased to approximately 650,000.

Achieved a turnover of HK$753.8 million, representing an increase of 73.6 % over the same period of the previous year.

Gross profit margin is 36.1%, representing a slight decrease of 0.4% over the corresponding period in 2006.

Achieved a net profit of HK$124.6 million, representing an increase of 100.0% over the corresponding period in 2006.

Net profit margin is 16.5%, representing an increase of 2.2% over the corresponding period in 2006.

Basic earnings per share for the six months ended 30 June 2007 reached HK$0.124, representing an increase of 98.0%. And diluted earnings per share for the six months ended 30 June 2007 was HK$0.122.

The Directors resolved to pay an interim dividend of HK$0.01 per share and issue 1 bonus share for every 1 ordinary share at par value of HK$0.01 each held by the shareholders on the record date i.e. 8 October 2007 (subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting) for the six months ended 30 June 2007.

CONSOLIDATED INCOME STATEMENT

The board (the "Board") of directors (the "Directors") of China Wireless Technologies Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2007, together with the unaudited comparative figures for the same period of 2006. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee (the "Audit Committee") .

		The six months ended 30 June	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited)*
REVENUE	4	**753,764**	434,307
Cost of sales		**(481,631)**	(275,754)
Gross profit		**272,133**	158,553
Other income and gains	4	**8,109**	6,996
Selling and distribution costs		**(65,877)**	(30,362)
Administrative expenses		**(84,775)**	(59,369)
Other expenses		**(303)**	(175)
Finance costs	6	**(4,649)**	(2,370)
PROFIT BEFORE TAX	5	**124,638**	73,273
Tax	7	**—**	(10,988)
PROFIT FOR THE YEAR		**124,638**	62,285
DIVIDENDS	8	**10,084**	4,982
Proposed Interim dividend		**10,084**	4,982
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY	9		
Basic		**12.41 cents**	6.26 cents (Restated)
Diluted		**12.23 cents**	6.19 cents (Restated)

CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2007** *HK$'000* ***(Unaudited)***	31 December 2006 *HK$'000* *(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**162,899**	134,934
Prepaid land lease payments		**12,101**	11,597
Intangible assets		**17,306**	22,055
Total non-current assets		**192,306**	168,586
CURRENT ASSETS			
Inventories		**267,354**	248,306
Trade receivables		**219,612**	168,047
Prepayments, deposits and other receivables		**301,355**	308,891
Due from directors		**106**	591
Pledged deposits		**20,394**	44,813
Cash and cash equivalents		**126,822**	83,439
Total current assets		**935,643**	854,087
CURRENT LIABILITIES			
Trade payables		**145,178**	61,089
Notes payable		**19,843**	85,963
Other payables and accruals		**177,192**	189,096
Interest-bearing bank and other borrowings		**101,501**	137,451
Due to a related company		**57**	110
Due to directors		**—**	17
Tax payable		**9,845**	14,344
Total current liabilities		**453,616**	488,070
NET CURRENT ASSETS		**482,027**	366,017

CONSOLIDATED BALANCE SHEET

	Notes	30 June 2007 HK$'000 (Unaudited)	31 December 2006 HK$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**674,333**	534,603
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**102,627**	99,532
Deferred tax liabilities		**3,513**	3,407
Total non-current liabilities		**106,140**	102,939
Net assets		**568,193**	431,664
EQUITY			
Equity attributable to equity holders of the parent company			
Issued capital		**10,084**	4,986
Reserves		**548,025**	411,721
Proposed final dividend		**—**	14,957
Proposed interim dividend		**10,084**	—
Total equity		**568,193**	431,664

NOTES TO FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to facilitate an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for the full financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRs").

The interim financial results report for the six months ended 30 June 2007 was unaudited, but it has been reviewed by the Audit Committee.

2.2 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 interim financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 7	Financial Instruments Disclosures
HK(IFRIC)-Int11	HKFRS 2-Group and Treasury Share Transactions

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRS, which have been issued but are not yet effective, in these financial statements.

HKAS 23 (Amendment)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 23 Amendment shall be applied for accounting period beginning on or after 1 January 2009. The revised standard will affect the accounting policy adopted for borrowing costs, the amount of borrowing costs capitalized and the capitalization rate used to determine the amount of borrowing costs.

HKFRS 8 shall be applied for accounting period beginning on or after January 2009. The standard requires to disclosure information that enables users of the financial statements to evaluate the nature and financial effects of the business activities in which the Group engages and the economic environments in which the Group operates.

HK(IFRIC)-Int 12 shall be applied for accounting periods beginning on or after 1 January 2008.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group expects that the adoption of the pronouncements above will have no impact on the Group's financial statements in the periods of initial application.

3. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90.0% of the Group's revenue is derived from customers based in Mainland China. The Group's operations are principally located in Mainland China.

The Group's operating businesses are structured and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments in the market of Mainland China. Summary details of the business segments are as follows:

(a) the wireless system solutions segment enables network operators to extend and enhance the transmission quality of their telecommunication networks and support their telecommunication services with management functions and user interface that can provide value-added services to subscribers; and

(b) the smartphone segment consists of the provision of dual-mode and single-mode smartphones which integrated the functions of a mobile phone and wireless data applications like e-mail and other industry specific applications.

4. REVENUE OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods during the six months ended 30 June 2007, after allowances for return and trade discounts and net of sales tax and value-added tax. All significant intra-group transactions have been eliminated on consolidation.

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

	The six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Sale of wireless system solutions and smartphones	**753,764**	434,307
Other income and gains		
Rental income		
Bank interest income	**795**	962
Government grants and subsidies*	**7,309**	3,070
Maintenance income	**—**	2,658
Sundry income	**5**	306
	8,109	6,996
	761,873	441,303

* The amount represented value added tax ("VAT") refund from a tax bureau.

5. PROFIT BEFORE TAX

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

	The six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	**481,631**	275,754
Depreciation	**3,176**	1,392
Amortisation of patents and licences*	**4,265**	3,066
Recognition of prepaid land lease payments	**141**	—
Research and development costs		
Product development costs	**1,497**	1,476
Current year expenditure	**46,032**	38,199
	47,529	39,675
Operating lease rental	**697**	52
Loss on disposal of items of property, plant and equipment	**1**	174
Staff costs (including directors' and senior executives' emoluments:)		
salaries and wages	**44,996**	18,858
Staff welfare expenses	**1,642**	580
Pension scheme contributions	**2,419**	1,081
Equity-settled share option expense	**2,607**	277
Total staff costs	**51,664**	20,796
Rental income	**—**	—
Bank interest income	**(795)**	(962)

* The amortization of patents and licenses and deferred development costs for the six months are included in "Administrative expenses" on the face of the consolidated income statement.

6. FINANCE COSTS

	The six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest expense on:		
Bank loans repayable in full within one year	**4,649**	2,370
	4,649	2,370

7. TAX

No provision for Hong Kong profits tax has been made (2006: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the reporting periods. 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.

	The six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current year provision		
Hong Kong	—	—
Mainland China	—	10,988
Total tax charge for the year	—	10,988

According to the Income Tax Law of the PRC for Foreign Investment Enterprises and Foreign Enterprises and as approved by relevant tax authorities, Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. ("Yulong Shenzhen"), a wholly-owned subsidiary of the Company operating in Mainland China, which is qualified as a high-technology enterprise and operates in Shenzhen, was exempted from the corporate income tax of the PRC for the two years starting from the first profitable year of its operations and was entitled to a 50.0% relief from the corporate income tax of the PRC for the following six years. The first profitable year of operations of Yulong Shenzhen was 1996. An income tax rate of 15.0% was applied for the year ended 30 June 2007. No provision for taxation has been made as Yulong Shenzhen suffered a loss for the year.

Coolpad Software Tech (Shenzhen) Co., Ltd. ("Coolpad Software") was set up on 7 March 2006 and commenced operations in September 2006. Coolpad Software also enjoyed an exemption from corporation income tax for the two years starting from the first profitable year of its operations and was entitled to a 50.0% relief from the corporate income tax of the PRC for the following three years. Since the tax holiday of Coolpad Software commenced in 2006, no provision for income tax was needed in current year.

Dongguan Yulong Computer Telecommunication Scientific Co., Ltd. ("Dongguan Yulong") was set up on 3 November 2006. The company has no revenue.

	The six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit before tax	**124,638**	76,305
Tax at the applicable tax rate (2007: 15%, 2006: 15%)	**18,696**	11,446
Tax losses not recognised	**10,637**	—
Income not subject to tax	—	(458)
Tax exemption/relief	**(29,333)**	—
Tax charge at the Group's effective rate	—	10,988

June 2007: Nil, June 2006: 14.4%

8. DIVIDENDS

The proposed declaration of an interim dividend of HK$0.01 per share and issue of 1 bonus share for every 1 ordinary share at par value of HK$0.01 each held by the shareholders on the record date i.e. 8 October 2007 (subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting) for the six months ended 30 June 2007. The register of members of the Company will be closed from 3 October 2007 to 8 October 2007 (both dates inclusive) for the purpose of the proposed declaration of interim dividend and bonus issue.

Holders of shares whose name appears on the register of members of the Company as at the close of business of 2 October 2007 will be entitled to attend and vote at the extraordinary general meeting and the proposed final dividend and bonus issue of shares (subject to approval at the extraordinary general meeting).

In order to qualify for the proposed interim dividend and bonus issue of shares or to ascertain the right to attend the forthcoming extraordinary general meeting, all transfers of shares, duly accompanied by the relevant share certificates, and the appropriate transfer forms must be lodged for registration with the Company's share register in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 2 October 2007. The last day in Hong Kong of dealings in the Company's shares with entitlement to interim dividend and bonus issue of shares will be on Thursday, 27 September 2007. Shares of the Company will be traded ex-dividend as from Friday, 28 September 2007.

It is expected that upon obtaining shareholders' approval, the proposed interim dividend and bonus shares will be paid on or before 29 October 2007.

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

The calculation of basic earnings per share is based on the net profit for the six months ended 30 June attributable to ordinary equity holders of the parent Company of HK$124,638,000, and the weighted average number of ordinary shares in issue during the six months ended 30 June 2007 of 1,004,395,934, as adjusted to reflect the bonus issue during the period.

The calculation of diluted earnings per share is based on the net profit for the six months ended 30 June 2007 attributable to ordinary equity holders of the parent company of HK$124,638,000. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the period of 1,004,395,934, as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 15,097,691 assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	The six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Earnings		
Net profit attributable to ordinary equity holders of the parent company, used in the basic earnings per share calculation:	**124,638**	62,285
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,004,395,934**	994,713,701 (Restated)
Effect of dilution-Weighted average number of ordinary shares:		
Share options	**15,097,691**	10,956,991
	1,019,493,625	1,005,670,692 (Restated)

Because of the bonus shares issued to shareholders in June 2007, the comparative figure of per share calculations in 2006 is restated.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

Turnover

For the six months ended 30 June 2007, the Group accomplished a turnover of HK$753.8 million, an increase of HK$319.5 million, or representing a growth of 73.6% over that of the same period of 2006.

A comparative breakdown of the significant revenue streams is set forth in the following table:

	2007	**% of**	2006	% of
	HK$000	**turnover**	*HK$000*	turnover
Wireless system solutions	**3,866**	**1%**	5,363	1%
Smartphone				
CDMA-GSM Dual-mode smartphone	**586,668**	**78%**	372,052	86%
GSM-GSM Dual-mode smartphone	**93,633**	**12%**	—	—
CDMA single-mode smartphone	**69,597**	**9%**	56,892	13%
Subtotal	**749,898**	**99%**	428,944	99%
Total	**753,764**		434,307	

In terms of revenue mix, during the period under review, approximately 21,000 units of GSM-GSM dual-mode smartphone were sold to GSM Network distributor since the new product was launched in June 2007. The turnover from GSM-GSM dual-mode smartphone is over HK$90 million, accounting for 12% of the Group's turnover.

In the reporting period, the Group sold approximately 290,000 units of smartphone, among which the CDMA-GSM dual-mode samrtphone, GSM-GSM dual-mode smartphone and CDMA smartphone accounted for approximately 77.3%, 7.2% and 15.5%, respectively.

Gross Profit

The Group's gross profit increased by 71.6% to HK$272.1 million for the six months ended 30 June 2007, compared with HK$158.6 million in the previous corresponding period. The gross profit margin slightly decreased by 0.4% to 36.1% in the first half of 2007. The slight decrease of gross profit margin is due primarily to more medium-end smartphones introduced to the market in the reporting period.

Selling and distribution costs

Selling and marketing expenses increased by 117% from HK$30.4 million for the six months ended 30 June 2006 to HK$65.9 million of the corresponding period in the first half of 2007. The significant increase is primarily attributable to higher selling and marketing expenses to enhance the "Coolpad" brand recognition. The ratio for selling and distribution costs over turnover increased by 1.7% from 7% for the six months ended 30 June 2006 to 8.7% over the corresponding period in 2007.

Administrative expenses

Administrative expenses increased by 42.8% from HK$59.4 million for the six months ended 30 June 2006 to HK$84.8 million of the corresponding period in 2007, representing 11.2% of total turnover, compared to 13.7% of total turnover in the corresponding period of 2006. The Group's growth in operation has improved the administrative efficiency of the Group, the ratio of administrative expenses over total turnover is decreasing as a result.

Income tax expense

For the six months ended 30 June 2007, the Group's profit tax charge is nil, compared with HK$11 million in the same period in 2006. According to the Income Tax Law of the PRC for Foreign Investment Enterprise and Foreign Enterprises and as approved by relevant tax authorities, the income tax rate applicable to the Group is 15% for the six months ended 30 June 2007, the same as for the corresponding period in 2006.

Net Profit

For the six months ended 30 June 2007, the Group recorded a net profit of HK$124.6 million, an increase of 100.0% when compared with the same period in 2006. The net profit margin increased from 14.3% in the first six months of 2006 to 16.5% in the first six months of 2007. The increase is attributable to the Group's improved administrative and scale efficiency.

Liquidity and financial resources

For the six months ended 30 June 2007, the Group's operating capital was mainly generated from cash from its daily operation and bank borrowings.

As at 30 June 2007, the Group had cash and bank balances of HK$ 147.2 million, as compared with HK$128.3 million as at 31 December 2006.

As at 30 June 2007, the Group's total assets amounted to HK$1,127.9 million, compared with HK$1022.7 million as at 30 June 2006, whereas the Group's total liabilities was HK$559.8 million when compared with HK$591.0 million as at 30 June 2006.

As at 30 June 2007, the Group had a gearing ratio of 49.6 % (based on total debt over total assets) compared with 57.8% as at 30 June 2006 and a current ratio of 2.1 (based on current assets over current liabilities) compared with 1.7 as at 30 June 2006.

Contingent liabilities

As at June 30, 2007, the Group did not have any significant contingent liabilities.

Pledge of assets

As at 30 June 2007, approximately HK$20,394,000 of the Group's bank deposits were pledged to secure general bank borrowings compared with HK$44,813,000 as at 30 June 2006.

BUSINESS ACTIVITIES

As one of the leading wireless system solutions providers and smartphone manufacturers in the PRC, the Group designs, develops and sells innovative products and personalized wireless solutions to satisfy demands of different clients and different industries in the worldwide mobile communications market.

The Group's Coolpad dual-mode smartphone can be embedded with two SIM cards that can be online simultaneously. In addition, Coolpad dual-mode smartphone combines two mobile phones and one personal information manager (PIM) into one device. It supports contact, calendar, tasks and memo functions which can be synchronized with the user's desktop PIM system. Users can also browse the internet with the smartphone.

In the reporting period, the Group successfully developed 6 new models of smartphone with propriety operating system, including one GSM-GSM model, three CDMA-GSM models, one CDMA model and one TDSCDMA-GSM model. In the first half of 2007, the CDMA-GSM model is still the most popular model.

During the reporting period, the Group also introduced a campaign to broaden its client base both domestically and internationally whereby the Group markets its Coolpad smartphone to new clients. The Group achieved outstanding performance by supplying approximately 290,000 units of smarphone as a result. In June 2007, the Coolpad 8260 GSM-GSM dual-mode smartphone was marketed to GSM Network distributors. Being the first ever GSM-GSM dual-mode smartphone purchased by GSM Network distributors in China, over 20,000 units of Coolpad 8260 was sold to GSM Network distributor in June 2007.

The Coolpad brand awareness continued to grow in China during the reporting period. The Group and its business partners invested in a broad range of marketing initiatives to help strengthen the "Coolpad" brand recognition. Besides retail point of China Unicom Limited, the Coolpad smartphone was also available at the retail point of GSM Network distributor.

In the reporting period, the Group actively cooperated with various international famous enterprises. The Group has been one of biggest developers specializing in windows CE operating system and become the most important global partners with Microsoft in the operating system platform field in recent years. The Group's and Microsoft's engineers frequently get together to discuss technologies issues and explore cooperation opportunities. Besides close cooperation with Microsoft in the software field, the Group has also been cooperating with Qualcomm in the chipset field. Through several cooperation, the Group's research and development capability is highly recognized by Qualcomm. Qualcomm entrusted the Group to develop and improve its up-to-date CDMA chipset. The Group is the first Chinese enterprise to be entrusted by

Qualcomm to develop and improve its up-to-date chipset. Qualcomm's up-to-date chipset developed by the Group integrates the functions of the base band modern, wireless transceiver and power supply management on a single chipset, such functions required four chipsets to perform before the improvement. This helps reduce the size of parts and circuit board substantially to support smaller terminal equipment, effectively lower the material cost for manufacturing mobile phones and hence enable more flexible designs for mobile phones. Moreover, since the single chipset consumes less power than the traditional chipsets, the batteries used by the single chipset mobile phones can last twice as long as before to more than six days, giving greater convenience to mobile phone users.

OUTLOOK

The Group is optimistic about its prospect to welcome the second half of 2007. In the second half of 2007, the Group will further cooperate with telecom operators and develop 2 to 3 new custom made GSM-GSM dual-mode smartphone models. The Group believes that the revenue from the sale of GSM-GSM dual-mode smartphone will have a significant positive impact on the Group's results of operation in the second half of 2007 and beyond.

China's evolution into 3G is expected to be largely based on the TD-SCDMA standard. Mobile operators in China are expected to commence commercial deployment of TD-SCDMA in 2007. The Chinese government has already initiated and subsidized several rounds of testing of the TD-SCDMA network. Currently, testing cities have expanded to 10 cities and the 3G network is being built. Being one of most important TDSCDMA-GSM dual-mode smartphone developers, the Group believes that it is possible to receive orders of TDSCDMA 3G mobile phone in the second half of 2007. This will further broaden the Group's source of revenue in 2008.

The Group will further improve its research and development platform and solutions. Through the integrated and standards-based development platform, more and more third-party software can be applied in the Coolpad smarphone. With the gradual improvement of the research and development platform, more and more competitive Coolpad terminals and solutions will be introduced to the market. As a strategy, the Group will continue to focus on high end products to maintain its competitive advantage. The Group will recruit additional experienced and qualified engineers and cooperate with other famous enterprises to enhance it research and development capability.

Currently, the Group's revenue is primarily derived from the sales of Coolpad Smartphone. In order to broaden its source of revenue, the Group has invested in a new business venture. In July 2007, the Group cooperated with Shenzhen Devin Technology Co., Ltd. and Shenzhen Securities Information Co., Ltd. to establish Shenzhen Tendbloom Information Technologies Co., Ltd. (the "Joint Venture Company"). The Joint Venture Company will develop software that allows transmission of information of the stock market to handsets developed by the Group. As the Joint Venture Company will charge the end users a data service charge when the service is rolled out, the Group will be able to broaden its source of revenue through its investment in the Joint Venture Company.

Although the Coolpad brand has been one of the most popular smartphone brands in CDMA and dual-mode smartphone market, the Group will further strength its brand awareness through advertising and promotion, image shops and expanding its distribution channel.

Foreign Exchange Exposure

During the reporting period, the Group's expenses, assets and liabilities were mainly denominated in Renminbi. Taking into account 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 reporting period, the staff cost amounted to HK$51.7 million. The remuneration of the Group's employees are commensurate with their responsibilities and market rates, with discretionary bonuses and training given on a merit basis.

Significant Investments

There were no significant investments held by the Group as at 30 June 2007.

Material Acquisition and Disposals during the Year

There were no material acquisitions by and disposals of the Company, its subsidiaries and associated companies during the reporting period.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code, throughout the accounting period under review.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association and of the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Redemption or Sale of Listed Securities of the Company

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Audit committee

The Audit Committee, comprising the four independent non-executive directors of the Company, namely Mr. Chan King Chung (the Chairman), Dr. Huang Dazhan, Mr. Xie Weixin and Mr.Yang Xianzu, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Group's unaudited financial statements for the six months ended 30 June 2007 has been reviewed by the members of the Audit Committee, who are of the opinion that such statements comply with applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made therein.

Compliance with the Code of Corporate Governance Practices

Code Provision A.2.1 of the Code of Corporate Governance Practices as was set out in Appendix 14 of the Listing Rules (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.

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 six months period ended 30 June 2007, 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

Hong Kong, 27 August 2007

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Guo Deying and Mr. Jiang Chao; two nonexecutive Directors, namely, Ms. Yang Xiao and Ms. Ma Dehui and four independent non-executive Directors, namely, Dr. Huang Dazhan, Mr. Xie Weixin, Mr. Chan King Chung and Mr. Yang Xianzu.