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)

2010 ANNOUNCEMENT OF FINAL RESULTS

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2010	2009	**Variance**
	(HK$'000)	*(HK$'000)*	*(%)*
Revenue	**4,592,699**	2,604,865	76.3
Profit before tax	**545,101**	263,579	106.8
Net profit attributable to ordinary equity holders	**480,265**	240,005	100.1
Basic earnings per share	**22.98 cents**	11.74 cents	95.7
Diluted earnings per share	**22.22 cents**	11.59 cents	91.7
Proposed final dividend per ordinary share	**5 cents**	3 cents	66.7

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 2010, together with the audited comparative figures for the year ended 31 December 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
REVENUE	4	**4,592,699**	2,604,865
Cost of sales		**(3,475,274)**	(1,890,149)
Gross profit		**1,117,425**	714,716
Other income and gains	4	**216,974**	77,384
Selling and distribution costs		**(322,691)**	(244,409)
Administrative expenses		**(443,444)**	(265,661)
Other expenses		**(13,823)**	(4,292)
Finance costs	6	**(9,245)**	(14,156)
Share of losses of associates		**(95)**	(3)
PROFIT BEFORE TAX	5	**545,101**	263,579
Income tax expense	7	**(64,836)**	(23,574)
PROFIT FOR THE YEAR		**480,265**	240,005
OTHER COMPREHENSIVE INCOME			
Gains on property revaluation		**18,631**	5,238
Income tax effect		**(3,670)**	(1,470)
		14,961	3,768
Exchange differences on translation of foreign operations		**36,398**	(750)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**51,359**	3,018
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**531,624**	243,023
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**22.98 cents**	11.74 cents
Diluted		**22.22 cents**	11.59 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**417,237**	292,548
Investment properties		**304,456**	285,254
Prepaid land lease payments		**67,321**	62,062
Intangible assets		**94,294**	113,083
Investments in associates		**196**	8,513
Other non-current assets		**46,607**	68,167
Deferred tax assets		**21,439**	1,803
Total non-current assets		**951,550**	831,430
CURRENT ASSETS			
Inventories		**835,178**	518,089
Trade receivables	*10*	**222,013**	294,378
Bills receivable	*11*	**697,238**	45,644
Prepayments, deposits and other receivables		**176,382**	121,616
Due from directors		**580**	551
Pledged time deposits		**728,123**	186,737
Cash and cash equivalents		**641,895**	251,401
Total current assets		**3,301,409**	1,418,416
CURRENT LIABILITIES			
Trade payables	*12*	**566,553**	369,870
Bills payable	*13*	**689,447**	138,279
Other payables and accruals		**725,755**	497,153
Derivative financial instruments		**10,696**	–
Interest-bearing bank borrowings		**606,541**	79,648
Due to an associate		**–**	7,413
Tax payable		**53,157**	33,261
Total current liabilities		**2,652,149**	1,125,624
NET CURRENT ASSETS		**649,260**	292,792
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,600,810**	1,124,222

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2010

	Note	**2010** **HK$'000**	2009 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,600,810**	1,124,222
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**132,640**	212,356
Deferred tax liabilities		**42,625**	28,076
Long term rental deposits		**5,053**	4,664
Total non-current liabilities		**180,318**	245,096
Net assets		**1,420,492**	879,126
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**21,024**	20,591
Shares held for the Share Award Plan		**(321)**	(3,799)
Reserves		**1,283,187**	799,661
Proposed final dividends	*8*	**112,717**	62,673
		1,416,607	879,126
Non-controlling interests		**3,885**	–
Total equity		**1,420,492**	879,126

NOTES
31 December 2010

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 equipment provider in Mainland China. During the year, the Group continued to focus on the R&D, production and sales of smartphones.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Data Dreamland Holding Limited ("Data Dreamland"), which was incorporated in the British Virgin Islands (the "BVI").

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.

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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendments to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), 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) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 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 Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows:* Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases:* Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

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 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, deferred tax liabilities and the amount due to an associate as these liabilities are managed on a group basis.

Year ended 31 December 2010	**Mobile phone** *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Segment revenue			
Sales to external customers	**4,592,699**	**–**	**4,592,699**
Other revenue	**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**

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

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	50,652	23,049	73,701
Total	2,655,517	23,049	2,678,566
Segment results	256,277	22,070	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:			
Investment 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

Geographical information

(a) Revenue from external customers

	2010	2009
	HK$'000	*HK$'000*
Mainland China	**4,512,870**	2,578,404
Overseas	**79,829**	26,461
	4,592,699	2,604,865

(b) Non-current assets

	2010	2009
	HK$'000	*HK$'000*
Mainland China	**929,865**	828,899
Overseas	**246**	728
	930,111	829,627

Information about a major customer

Revenue of approximately HK$844,624,000 (2009: HK$706,995,000) was derived from sales by the mobile phone segment to a single customer.

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:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Sale of mobile phones	**4,592,699**	2,604,865
Other income		
Bank interest income	**10,609**	3,683
Government grants and subsidies*	**144,578**	48,554
Gross rental income	**22,331**	19,553
Others	**30,384**	2,098
	207,902	73,888
Gains		
Fair value gains on investment properties	**9,072**	3,496
	216,974	77,384

* 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 BEFORE TAX

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

	2010 *HK$'000*	2009 *HK$'000*
Cost of inventories sold	**3,459,683**	1,877,575
Depreciation	**24,397**	19,122
Amortisation of patents and licences*	**9,690**	18,541
Amortisation of prepaid land lease payments	**1,485**	1,370
Research and development costs:		
Product development costs amortised*	**33,240**	13,602
Current year expenditure	**147,631**	71,142
	180,871	84,744
Impairment of trade receivables	**909**	1,120
Provision for inventories	**15,591**	12,574
Product warranty provision	**31,649**	17,566
Loss on disposal of items of property, plant and equipment	**774**	535
Foreign exchange differences, net	**(10,560)**	1,564
Net rental income on investment properties	**(20,855)**	(18,574)
Changes in fair value of investment properties	**(9,072)**	(3,496)
Changes in fair value of derivative financial instruments	**10,696**	–

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

6. FINANCE COSTS

	2010 *HK$'000*	2009 *HK$'000*
Interest on:		
Bank loans	**19,601**	23,173
Discounted bills receivable	**700**	2,363
	20,301	25,536
Less: Interest capitalised	**(11,056)**	(11,380)
	9,245	14,156

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 (2009: 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.

	2010	2009
	HK$'000	*HK$'000*
Group:		
Current – Mainland China	**74,063**	18,151
Deferred	**(9,227)**	5,423
Total tax charge for the year	**64,836**	23,574

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) Coolpad Software Tech (Shenzhen) Co., Ltd. ("Shenzhen Coolpad"), the Company's wholly-owned subsidiary, was assessed as a software enterprise and was exempted from CIT for the two years ended 31 December 2006 and 2007 and was entitled to a 50% reduction in the applicable tax rate for CIT for the three years ended 31 December 2010. The applicable tax rate for Shenzhen Coolpad was 22% in 2010 as it is located in Shenzhen Special Economic Zone. In this connection, Shenzhen Coolpad is subject to CIT at a rate of 11% for the current year;

(b) Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd., the Company's wholly-owned subsidiary, was assessed as a high-technology enterprise and was subject to CIT at a rate of 15% for the year ended 31 December 2010; and

(c) 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.

8. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim – HK1 cent (2009: HK1 cent) per ordinary share	**20,984**	20,279
Proposed final – HK5 cents (2009: HK3 cents) per ordinary share	**112,717**	62,673
	133,701	82,952

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 Thursday, 26 May 2011. The final dividend will be paid on or about Wednesday, 8 June 2011 to equity holders whose names appear on the register of members at the close of business on Thursday, 26 May 2011. For this purpose, the register of members of the Company will be closed from 23 May 2011 to 26 May 2011 (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, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. no later than 20 May 2011.

As the final dividend is declared after the balance sheet date, such dividend is not recognised as a liability as at 31 December 2010.

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

The calculation of basic earnings per share amounts 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 2,089,801,111 (2009: 2,044,155,189) in issue during the year.

The calculation of diluted earnings per share amounts 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:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**480,265**	240,005

	Number of shares	
Shares	**2010**	2009
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,089,801,111**	2,044,155,189
Effect of dilution – weighted average number of ordinary shares: share options	**72,018,192**	26,430,746
	2,161,819,303	2,070,585,935

10. TRADE RECEIVABLES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**224,069**	295,465
Impairment	**(2,056)**	(1,087)
	222,013	294,378

Sales of the Group's products are normally settled on a cash-on-delivery basis. However, in the case 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. 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	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**196,437**	292,426
4 to 6 months	**3,760**	1,702
7 to 12 months	**21,682**	250
1 to 2 years	**2,190**	510
Over 2 years	**–**	577
	224,069	295,465
Less: Impairment	**(2,056)**	(1,087)
	222,013	294,378

11. BILLS RECEIVABLE

	Group	
	2010	2009
	HK$'000	*HK$'000*
Bills receivable	**216,388**	45,644
Bills receivable discounted with recourse	**480,850**	–
	697,238	45,644

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

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**216,388**	45,644
3 to 12 months	**480,850**	–
	697,238	45,644

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:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**532,048**	365,196
4 to 6 months	**19,533**	1,084
7 to 12 months	**4,154**	577
Over 1 year	**10,818**	3,013
	566,553	369,870

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	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**208,597**	138,279
3 to 12 months	**480,850**	–
	689,447	138,279

14. EVENTS AFTER THE REPORTING PERIOD

On 19 January 2011, the Group entered into a placing agreement with Data Dreamland and a placing agent to place 150,000,000 existing shares and issue 150,000,000 shares at HK$4.55 per share, respectively. The placing and the subscription were completed on 24 January 2011 and 28 January 2011, respectively. The Group intends to apply such net proceeds of approximately HK$669,000,000 from the placing of the Company's shares for its general working capital.

MANAGEMENT DISCUSSION & ANALYSIS

REVENUE ANALYZED 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			
	2010		2009	
	Revenue *HK$ million*	**% of revenue**	Revenue *HK$ million*	% of revenue
3G Coolpad smartphone	**4,036.8**	**87.9**	1,526.5	58.6
2G Coolpad smartphone	**522.1**	**11.4**	1,062.2	40.8
Other	**33.8**	**0.7**	16.2	0.6
Total	**4,592.7**	**100**	2,604.9	100

	Year ended 31 December	
	2010	2009
Number of Coolpad smartphone sold *(Units)*	**5,040,000**	2,170,000
Average selling price ("ASP") *(HK$)*	**911**	1,200

The Group recorded consolidated revenue for the year ended 31 December 2010 of HK$4,592.7 million, representing a growth of 76.3% as compared with HK$2,604.9 million for the year ended 31 December 2009. The substantial growth of the consolidated revenue in 2010 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 phone market in Mainland China during the year under review.

The revenue from the sales of 3G Coolpad smartphone increased by 164.4% to HK$4,036.8 million for the year ended 31 December 2010 as compared with HK$1,526.5 million for year ended 31 December 2009. The significant increase in revenue from the sales of 3G Coolpad smartphone was primarily attributable to the Group shifted its focus on 3G mobile phone market and successfully tailored a series of 3G Coolpad smartphone for the three domestic telecommunications operators. Revenue contribution from this product type surged to 87.9% in 2010 from 58.6% in 2009. This demonstrated that the Group's product portfolio shifted to 3G smartphone type during the year under review. So far, the Group's Coolpad smartphone 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$540.1 million to HK$522.1 million for the year ended 31 December 2010 as compared with HK$1,062.2 million for the year ended 31 December 2009. Revenue contribution from this product type dropped to 11.4% in 2010 from 40.8% in 2009, due primarily to the dramatic decline in the sales of 2G Coolpad smartphone during the year under review.

The revence from other products increased by HK$17.6 million, or 108.6%, to HK$33.8 million for the year ended 31 December 2010 as compared with HK$16.2 million for the year ended 31 December 2009. The increase in the revenue from other products during the year under review was mainly attributable to the increase in the sales of Coolpad smartphone's accessories and others.

The Group's sales volume of Coolpad smartphone for the year ended 31 December 2010 was about 5,040,000 units, representing an increase of 132.3% as compared with 2,170,000 units for the year ended 31 December 2009. The increase in sales volume demonstrated that the Group gained success in its mass-market product strategy to extend its product mix to the mid and low-end mobile phone market during the year under review, which resulted in the reduction of the Group's overall ASP to HK$911 for the year ended 31 December 2010 from HK$1,200 for the year ended 31 December 2009.

GROSS PROFIT

	Year ended 31 December			
	2010		2009	
	Gross profit ***HK$ million***	**Gross profit margin (%)**	Gross profit *HK$ million*	Gross profit margin (%)
3G Coolpad smartphone	**1,035.0**	**25.6**	501.2	32.8
2G Coolpad smartphone	**65.2**	**12.5**	214.2	20.2
Other	**17.2**	**50.9**	(0.7)	N/A
Total	**1,117.4**	**24.3**	714.7	27.4

The Group's overall gross profit for the year ended 31 December 2010 grew to HK$1,117.4 million, representing an increase of 56.3% as compared with HK$714.7 million for the year ended 31 December 2009. The Group's overall gross profit margin for the year ended 31 December 2010 was 24.3%, down 3.1 percentage points as compared with 27.4% for the year ended 31 December 2009. The significant decline in gross profit margin was primarily attributable to the decrease in the overall ASP as a result of the shift of the Group's product mix from high-end mobile phone market to mass market where the Group faced severe competition and tightly compressed selling price.

The gross profit margin relating to 3G Coolpad smartphone and 2G Coolpad smartphone decreased by 7.2 and 7.7 percentage points respectively as compared with that of the year ended 31 December 2009. The decrease in the gross profit margin relating to 3G and 2G Coolpad smartphone was primarily attributable to the shift of the Group's product mix into mid and low-end product.

OTHER INCOME AND GAINS

Other income and gains of the Group amounted to HK$217.0 million for the year ended 31 December 2010, representing an increase of 180.4% as compared with HK$77.4 million for the year ended 31 December 2009. This significant increase was mainly attributable to the increase in the value-added tax refund income, and government's subsidies in 2010.

SELLING AND DISTRIBUTION COSTS

	Year ended 31 December	
	2010	2009
Selling and distribution costs *(HK$ million)*	**322.7**	244.4
Selling and distribution costs/Sales (%)	**7.0**	9.4

Selling and distribution costs of the Group for the year ended 31 December 2010 increased to HK$322.7 million, representing an increase of HK$78.3 million, or 32.0%, as compared with HK$244.4 million for the year ended 31 December 2009. The net increase of HK$78.3 million was primarily generated from increased expenditures for marketing, advertising and promotion expenses, and increased salaries of new employed salesmen to support new product launches. As a percentage of total revenue, selling and distribution costs significantly decreased to 7.0% in 2010 from 9.4% in 2009. The net decrease of 2.4% as a percentage of total revenue primarily reflected the Group has effectively expanded its marketing initiatives and benefited from the launch of the economies of scale as sales volume increased.

ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2010	2009
Administrative expenses *(HK$ million)*	**443.4**	265.7
Administrative expenses/Sales (%)	**9.7**	10.2

Administrative expenses increased by 66.9% to HK$443.4 million for the year ended 31 December 2010 from HK$265.7 million for the year ended 31 December 2009. The net increase of HK$177.7 million was primarily generated from increased expenditures on R&D, and increased salaries of newly recruited management and administrative personel during the year under review. As a percentage of total revenue, it maintained flat during the year under review as compared with that in the year of 2009.

INCOME TAX EXPENSE

For the year ended 31 December 2010, the Group's income tax expense amounted to HK$64.8 million (2009: HK$23.6 million). The increase in income tax expense during the year under review was mainly attributable to the growth of the Group's profit before tax.

NET PROFIT

For the year ended 31 December 2010, the Group recorded a net profit of HK$480.3 million, representing an increase of HK$240.3 million, or 100.1%, as compared with HK$240.0 million for the year ended 31 December 2009. The reasons for the significant increase in the current year net profit was because the Group recorded a substantial revenue growth.

LIQUIDITY AND FINANCIAL RESOURCE

For the year ended 31 December 2010, 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 2010 amounted to HK$641.9 million (2009: HK$251.4 million).

PLEDGE OF ASSETS

As at 31 December 2010, certain of the Group's assets were pledged to secure the Group's bank loans, bills payable and for issuance of letters of credit.

BUSINESS REVIEW OF THE GROUP IN 2010

2010 was another year of exceptional growth for the Group. The Group continued to maintain an unprecedented growth momentum riding on the vibrant 3G mobile phone market in Mainland China during the year under review. The Group achieved record high operating results in terms of revenue, net operating profit and sales volume in 2010, respectively. The Group further consolidated its market share and Coolpad brand commitment in the domestic 3G mobile phone market. Particularly, the Group successfully broke into WCDMA mobile phone market since the roll-out of Coolpad W700 smartphone in January 2010, which was featured as the first WCDMA/GSM dual-mode dual-working smartphone worldwide. The Group has become one of the few 3G mobile phone vendors who are able to offer any mode of 3G mobile phones worldwide.

The Group continued to focus on product and service innovation by committing to the enhancement of R&D capabilities. The Group developed a new smartphone platform based on Android mobile operating system, and successfully rolled out a flagship product of "Coolpad N930" which was featured with a completely new Coolpad's UI and ID and customized for its telecommunications operator in November 2010. The Group also further improved its "Coolmart" mobile application store to compatible with more third-party independent Android-embedded software service and applications and diversified its contents for improving its mobile user experience.

Through leveraging its strong R&D and product design capabilities in domestic 3G mobile market, the Group rolled out more new 3G Coolpad smartphone in 2010 than ever before, which covered from high-end to low-end models. Specifically, the Group introduced two WCDMA/GSM dual-mode smartphone, six TD-SCDMA(HSDPA)/GSM dual-mode smartphone and more than ten CDMA1X(EVDO)/GSM dual-mode smartphone, and several low-end CDMA1X single-mode mobile phones. These new products significantly contributed to the strong growth in the Group's revenue and market share during the year under review.

The Group continued to improve its brand recognition and expand its marketing and distribution channels. The Group launched a series of brand campaigns for promoting "LIVE SMART" brand version in some public media, and raised a positive and healthy corporate image in the domestic 3G mobile phone market. In addition to the development of strong partnerships with domestic telecommunications operators, the Group expanded its market reach and presence through establishing a number of social distribution channels. The Group established long-term and tight relationships with over 100 new distribution partners in Mainland China and abroad in 2010.

The Group continued to improve its general operating efficiency. The Group took a series of measures to improve its internal operating process and administrative efficiency in 2010. Upon the completion of construction of Songshan Lake production base in January 2010, the Group further improved its infrastructure for product testing and assembly which assured product quality and production cost controls.

PROSPECTS OF THE GROUP FOR 2011

As a leading 3G mobile phone manufacturer in Mainland China, the Group is well positioned to take advantage of the rapid growth of the domestic 3G subscriber deployment in the coming years and beyond.

To ensure long-term sustainable growth, the Group will continue to focus on R&D enhancement and continuous innovations on product and service. The Group will continue to develop and optimize its mobile software and hardware development platform through close cooperation with the leading industry suppliers so as to introduce more feature-rich, user-friendly Coolpad products and service. Particularly, the Group will mainly focus the technological innovation on user-interface and interaction so as to improve consumer's mobile experience and loyalty. The Group will continue to do more advanced research on next generation network technologies, such as 4G technology of TD-LTE, mobile payment and other technologies regarding cloud computing and storage to maintain its competitive advantage in the advanced R&D capabilities.

The Group will make an effort to strengthen its product portfolio and keep up its differentiated product positioning. The Group plans to introduce a series of Android-embedded Coolpad smartphone that ranges from high-end premium to low-end entry-level models to the domestic telecommunications operators. The Group will strengthen its leading position in the high-end dual-mode mobile phone market through rolling out more dual-mode dual-working 3G Coolpad smartphone based on TD-SCDMA, CDMA2000 and WCDMA technologies. Driven by the convergence of voice, video and data technologies, the Group will develop a series of wireless data access devices and tablets product to meet the domestic 3G subscriber's demand. The Group will try to introduce more good-price-performance and entry-level 3G phones to the mass market to expand market share and build good brand profile in Mainland China.

The Group will endeavor to expand its customer base by growing and strengthening the relationships with the domestic telecommunications operators and other social distribution partners. As a long-term development strategy, the Group will continue to extend its reach to overseas market through exploring more cooperation with foreign telecommunications operators.

The Group will put strong emphasis on the enhancement of general operation efficiency. The Group will continue to optimize the operating and manufacturing process with modern information technology systems so as to manage the manufacturing costs. Also the Group is committing to establishing outstanding cooperate governance and enhancing corporate transparency.

Looking forward, there are full of challenges with the opportunities ahead for the Group. The Group will face more competition and challenges from a significant number of competitors who have broader product lines, lower cost structure, larger customer bases, and significant technical, marketing, distribution and other resources since the Group entered the mass market in Mainland China. The Group will face great pressure of continuous decline of gross profit margin generated by the change in product mix to mid and low-end mobile phone market. The Group will also continue to face severe uncertainty regarding revenue and sales volume impacted by unexpected changes in telecommunications operators' 3G subscriber promotion strategies and policies in the coming year and beyond. Nevertheless, the Group strongly believes that it is well positioned to lead the domestic 3G mobile phone market and gain enormous success achieved by the continuous R&D investments and technology innovation, differentiated product positioning, and all employees' hard work.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2010, 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 ended 31 December 2010, the Group's staff costs amounted to approximately HK$414.1 million (2009: HK$246.0 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2010, 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 of the Company (the "Audit Committee") 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 2010.

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.

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 2010, 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 Thursday, 26 May 2011. Notice of the annual general meeting together with the Company's annual report for the year ended 31 December 2010 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, 22 March 2011

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.