

## CHAIRMAN'S STATEMENT



On behalf of the board ("Board") of directors ("Directors") of China Wireless Technologies Limited (the "Company"), I am pleased to present to the shareholders the first annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2004.

### OPERATING RESULTS

The Group achieved impressive growth in 2004. Turnover for the year under review increased by 61.7% to HK\$245,545,000, as compared to HK\$151,808,000 for the year ended 31 December 2003. The increase was principally attributable to the substantial increase in turnover from smartphones to HK\$175,399,000 in 2004, an 870% growth from the turnover of HK\$18,086,000 in 2003.

The Group recorded gross profit of HK\$99,408,000, an increase of 54.0% as compared with in 2003.

The Group's audited net profit for the year ended 31 December 2004 was HK\$43,667,000, an increase of 18.5% from 2003. Basic earnings per share for the year ended 31 December 2004 were HK\$0.14, against HK\$0.12 as in 2003.

### DIVIDENDS

The Board recommended the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2004.

### BUSINESS REVIEW

2004 was a year full of opportunities and challenges for the Group. The Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 9 December 2004, which helped to consolidate the Group's foundation for further growth and new business development.

To sustain its leading position in wireless data total solutions in the PRC, the Group further strengthened its research and development on wireless data total solutions, consolidated its relationships with mobile communication operators in China, adopted the strategy of developing and marketing tailor-made smartphones and wireless data total solutions, expanded its corporate clientele and developed new wireless data applications. As a result, the Group recorded encouraging returns.

As a leading wireless data total solutions provider in the wireless telecommunication market in the PRC, the Group offers innovative products and personalised solutions to fulfill the demands of different clients and different industries.

During the reporting period, the Group strengthened the research and development of PHS network coverage system and extended its business of call center. Following the launch of the first smartphone in 2003, the Group successfully developed and marketed 3 new models of smartphones in 2004, in which the GSM-CDMA dual-mode smartphone was adopted by China Unicom as the fourth model of the "Worldwind" mobile phone series.

In the smartphone sector, the Group aggressively developed partnerships with different parties including suppliers of software and key components of smartphones in the PRC and overseas to facilitate the expansion of sales channel and industry clientele. These moves helped to build a good foundation for the Group's sustainable growth in sales and development of wireless data total solutions.

The Group also actively explored the corporate market, offering integrated solutions from back-end system to wireless intelligent terminals with propriety operating system for various industries, and achieved outstanding performances in serving the public security, aviation, securities, industrial and commercial sectors.

In addition to the above significant achievements, the Group's "Coolpad" brand is recognised as one of the leaders in the wireless data market in the PRC and enjoys high reputation.

### **FUTURE PROSPECTS**

In 2005, the Group will focus on the research and development of mobile operating systems, which will allow it to launch new smartphone series to cater for the demand of different clients and industries. The Group will keep itself abreast of the 3G technologies and strengthen the research and development of 3G wireless data total solutions, 3G multi-media data platform and 3G network coverage systems. It is expected that mapping out the wireless data system solutions on the 3G platform will be completed by the end of 2005.

The Group will continue to broaden its market coverage by consolidating existing markets while developing new ones, strengthen partnerships and expand its industry clientele. The Group will further consolidate its close relationships with telecom operators in the PRC and provide high value-added and tailor-made products and services required by the operators. The Group will also put more emphases on international development. During the reporting period, the Group's smartphones were also tested in India and France. We are confident that the Group will see breakthrough performance in 2005.

### **ACKNOWLEDGEMENTS**

On behalf of the Board and the management, I would like to take this opportunity to express my heartfelt gratitude to all our shareholders, clients and business partners for their support and our staff for their hard work in the past year, which contributed to the outstanding performance of the Group. We will strive to provide our clients with the best products and services and bring maximum returns to our shareholders.

**Guo Deying**  
*Chairman*

Hong Kong, 12 April 2005