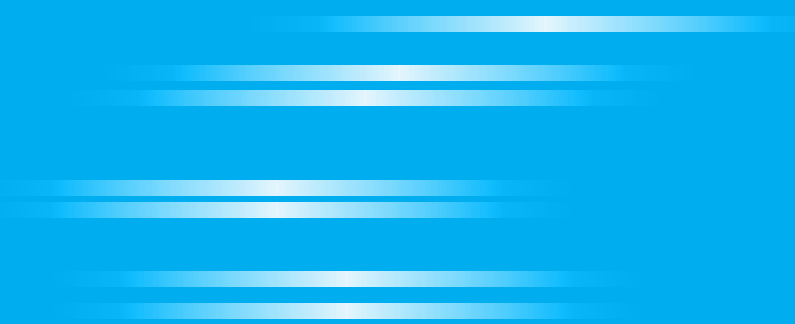


# Chairman's Statement



On behalf of the board ("Board") of Directors ("Directors") of China Wireless Technologies Limited (the "Company"), I am pleased to present to all shareholders the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2006.

## OPERATING RESULTS

The Group achieved considerable growth in 2006. Total revenue for the year 2006 under review increased by 81% to HK\$640.9 million from HK\$354.0 million in the same period last year. The revenue from smartphones increased by 93.7% to HK\$630.7 million in 2006 from HK\$325.6 million in 2005.

The Group recorded gross profit of HK\$240.0 million, representing an increase of 93% as compared with the gross profit in 2005.

The Group's audited net profit for the year ended 31 December 2006 was HK\$53.7 million, a modest increase of 5.5% from last year. Basic and diluted earnings per share for the year ended 31 December 2006 were HK\$0.108 and HK\$0.105, respectively.

## DIVIDENDS

The Board recommended the payment of a final dividend of HK\$0.03 per share for the year ended 31 December 2006. The Group had paid the interim dividend of HK\$0.01 per share during 2006. The proposed final dividend is expected to be paid on or before 15 June 2007 to shareholders whose names appear on the register of members of the Company as at 21 May 2007. As announced in an announcement made by the Company on 20 April 2007, the Board recommended a bonus issue of 1 bonus share for every 1 ordinary share, subject to the approval by the shareholders at the AGM (please see Note 36(b) to the financial statements below for details).

## BUSINESS REVIEW

As one of the leading wireless data total solutions providers and the smartphone (especially dual-mode smartphone) leaders in the world, the Group offers innovative products and personalised solutions to satisfy demands of different clients and various industries for domestic and overseas markets.

# Chairman's Statement



2006 was an exciting year. The Group recorded good performances. The Group established a sound and robust R&D team and became one of the strongest domestic smartphone developers. Through close cooperation with well-known expert companies, the Group mastered some advanced technologies to maintain the long-term strengths as a leader in the field of wireless technologies.

Faced with increasing pressure of competition, the Group enhanced promotion and advertisement and expanded its sale channels. By marketing an increasing variety of smartphones, the Group actively enlarged some new customers and operators base and expects continuing cooperation with China Unicom. For example, the Group cooperated with some well-known distributors. In addition, the Group also exploited overseas markets. Smartphones have been sold in countries and regions, such as Russia, Vietnam, Indonesia, and India and so on.

The "Coolpad" brand is widely recognized and enjoys enhanced reputation in the PRC and international smartphone market. The "Coolpad" brand has been becoming the most famous brand in dual-mode and CDMA smartphone market in the PRC. In order to further boost the awareness of the "Coolpad" brand, the Group actively participated in several domestic and global telecommunication exhibitions and also placed a significant amount of advertisement in newspapers, aviation magazine and outdoor media.

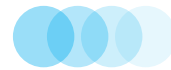
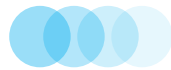
## BUSINESS OUTLOOK

In 2007, the Group has launched and will continue to launch various smartphone models targeting different customers and telecom operators in different countries to provide wireless data total solutions. By providing various smartphone models, the Group will continue to broaden its market coverage by consolidating existing markets while developing new ones, strengthening partnerships and expanding its industry clientele. In addition to continuing to maintain a close working relationship with China Unicom, the Group will also concentrate on cooperation with the other telecom operators. Currently, the GSM-GSM dual-mode smartphone and TD-SCDMA-GSM dual-mode smartphone are being tested by telecom operator. With various dual-mode smartphones market in 2007, the Group is actively seeking various distributors with a view expanding its customers base.

As a R&D enterprise, the Group always places R&D as its highest priority. In 2007, the Group will continue to employ some vigorous R&D strategies to maintain its strengths as a leader in technology by employing highly skilled and experienced personnel, furthering cooperation with key enterprises and perfecting its R&D management system. The TD-SCDMA 3G technology will be the most important R&D field and will be the central direction for the Group in future. By continuing with investments, the Group will achieve the leading position in wireless data communication field.



# Chairman's Statement



## ACKNOWLEDGEMENTS

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

**Guo Deying**

*Chairman*

**China Wireless Technologies Limited**

Hong Kong, 11 April 2007

