

CHINA WIRELESS TECHNOLOGIES ANNOUNCES 2005 INTERIM RESULTS

NET PROFIT SURGES 93.6% TO HK\$32.63 MILLION

LEADERSHIP IN CHINA'S WIRELESS DATA TOTAL SOLUTIONS MARKET REINFORCED

(Hong Kong, 22 August, 2005) – China Wireless Technologies Limited (“China Wireless Technologies” or the “Group”) (stock code: 2369), China's leading developer and marketer of wireless system solutions and wireless terminals, today announced its unaudited interim results for the six months ended 30 June 2005.

In the period under review, China Wireless Technologies recorded a turnover of HK\$172 million, 68.9% more than in the same period in 2004. Net profit surged 93.6% year-on-year to approximately HK\$32.63 million. Basic earnings per share were HK\$0.08, 33.3% higher than that of the corresponding period last year. The Board of Directors recommended the payment of an interim dividend of HK\$0.01 per share.

Mr. Guo Deying, Chairman of China Wireless Technologies, said, “I am pleased with our satisfactory results for the first half of 2005. To respond to the demand, the Group has been focusing on providing wireless total data solutions for the industry applications since 2003. We are currently providing our proprietary back-end system, operating system and smartphones tailored for over 20 different industries. This strategy has significantly boosted the sales of our smartphones which are mainly for industry applications. The proportion of smartphones and related systems in the Group's turnover rose to 93% in the first six month of 2005 from the 63% in the same period of 2004.”

In the first six months ended 30 June, 2005, sales of smarphone and related systems surged to over 45,000 units, compared to the 45, 000 units sold for the full year of 2004. The Group's gross profit rose 72.9% year on year to HK\$64.15 million. The sales of smartphone and related systems increased by 150% year on year in the first six months to 30 June 2005 to HK\$160 million, or 93% of the Group's turnover. Wireless coverage system solutions accounted for 4% of the Group's turnover, and integrated telecom business platform 3%.

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Gross profit margin edged up from 36.3% in the first half of 2004 to 37.2% in the review period because: (i) the increased smartphone sales reduced the unit sales cost, which included the costs of material purchasing and original equipment manufacturing; (ii) the Group stopped providing fixed wireless terminals and one-way wireless terminals which had lower margins than smartphones. Revenue from the wireless terminal business was derived entirely from the sales of smartphones and related system, which had relatively higher gross profit margins.

In the period under review, the Group leveraged its proprietary smartphone operating system to boost sales to the industry applications market. It succeeded in securing contracts to supply 30,000 Coolpad 858 dual-mode smartphones to China Unicom,

a major telecommunication carrier in the PRC. The Group became the only domestic wireless terminal supplier to supply dual-mode smartphones to China Unicom. The Coolpad 858 model, which is the world's first dual-mode smartphone, was customized specifically for China Unicom's "Worldwind Dual-mode mobile phone" series. The Group also won a contract to supply 6,000 Coolpad 858 smartphones to the Beijing Administration for Industry and Commerce ("BAIC"). The smartphones would be connected with BAIC's information system to form a mobile platform for law enforcement in the food market, thus helping the department raise administrative efficiency.

To widen the sales channels for the smartphone, the Group contracted the China Electronic Appliance Corporation, which is China's key electronic information product distributor and subsidiary of China Electronics Corporation Group, to distribute 20,000 "Coolpad 858C" single-mode smartphones.

As for the development of operating systems, following the successful launch in 2003 of smartphones applicable on the Linuos platform, the Group signed an agreement with Microsoft to secure the right from the United States company to develop wireless terminal products on Microsoft's Windows CE platform. With the operating system platform for the Group's products extended from Linuos to Windows CE, the Group will be able to widen the scope of application of its smartphones and other wireless terminals and thus expand its customer base. The Group plans to introduce into the market two new models of customized smartphones that operate on Windows CE platform in October this year to satisfy various clients' demand for mobile applications.

China Wireless Technologies' contribution to the popularization of mobile administration and mobile office among the government bodies was recognized by the information industry authorities. In May, the Ministry of Information Industry granted the Group's wholly-owned subsidiary, Yulong Computer Telecommunications Scientific (Shenzhen) Co., Ltd. ("Yulong"), a RMB 2 million subsidy to encourage Yulong to

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continue to help the government upgrade its information system. The subsidy would be used to develop operating system and smartphones for industry applications.

In the wireless system solutions business, the Group strengthened the research and development of its PHS network coverage system and doubled its efforts to develop the call center solutions business. During the review period, China Wireless Technologies designed and installed call center solutions for Shandong Unicom's call center and for phase two of the call center project at China Unicom's headquarters to fulfill the contracts signed with China Unicom last year.

As the Chinese government's 3G policies are expected to take shape, the Group has prepared itself for the soon-to-emerge 3G market in China. It has invested substantial resources in the research and development of 3G wireless data solutions, 3G multi-media data platform and 3G network coverage system. It is expected that the Group will come up with wireless data total solutions for the 3G platform once the 3G licenses are issued. The Group will introduce 3G smartphones and 3G wireless data

total solutions, depending on the progress of the 3G network construction.

Mr. Guo concluded, "According to the China Centre of Information Industry Development estimates, smartphone sales in China between 2005 and 2008 will increase at the compound annual growth rate of over 45%. China Wireless Technologies, armed with proprietary smartphone operating systems and wireless data total solutions for various industry applications, will be able to capitalize on the growth opportunities and drive the development of the wireless communication sector. This will reinforce the Group's leadership in the wireless data total solutions market and bring satisfactory returns to the shareholders."

About China Wireless Technologies Limited

Established in 1993, China Wireless Technologies is a leading supplier of wireless data total solutions. Leveraging its expertise and knowledge in wireless communications, the Group provides integrated solutions from back-end system to wireless intelligent terminals such as smartphones with proprietary operating systems for the telecommunications, public security, securities, and different industrial and commercial sectors.

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