

## **Qiao Xing Mobile Reports Second Quarter 2007 Financial Results**

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**Beijing, China (September 17, 2007)** – Qiao Xing Mobile Communication Co., Ltd. (“Qiao Xing Mobile” or the “Company”) (NYSE: QXM), one of China’s leading domestic manufacturers of mobile handsets operating its business primarily through its subsidiary, CEC Telecom Co., Ltd. (“CECT”), today announced its unaudited results for the quarter ended June 30, 2007.

The Company’s previously released financial results for the second quarter were preliminary because a third party valuation was required for the purposes of accounting for the deemed acquisition of an additional 3.14% equity interest in CECT that arose from the Company’s US\$50.0 million capital injection into CECT in June 2007. The review was just completed and, as expected, the accounting for the deemed acquisition had no effect on the operating results for the second quarter of 2007.

As a result of the accounting for the deemed acquisition, net income including extraordinary item for the second quarter was RMB198 million (US\$26.0 million), compared to the net income before extraordinary item of RMB169 million (US\$22.2 million) that was previously reported in the preliminary second quarter financial results. This represents a 180% increase from the second quarter of 2006 and an 88% increase from the first quarter of 2007.

Basic and diluted earnings per share (“EPS”) after extraordinary item for the second quarter of 2007 were both RMB4.13 (US\$0.54), which compares to basic and diluted EPS before extraordinary items of RMB3.53 (US\$0.46) that was previously reported in the preliminary second quarter 2007 results.

Additionally, the lawsuits that have recently been filed against the Company’s parent, Qiao Xing Universal Telephone Inc. (NASDAQ: XING), relating to alleged U.S. Securities law violations, are not expected to have any impact on Qiao Xing Mobile’s financial or operating performance and, in any event, will be vigorously contested by the Company’s parent.

### **About Qiao Xing Mobile Communication Co., Ltd.:**

Qiao Xing Mobile Communication Co., Ltd. is one of the leading domestic manufacturers of mobile handsets in China in terms of unit sales volume. The Company manufactures and sells mobile handsets based primarily on Global System for Mobile Communications, or GSM, global cellular technologies. It operates its business primarily through CEC Telecom Co., Ltd., or CECT, its 96.6%-owned subsidiary in China. Currently, all of its products are sold under the "CECT" brand name.

Through its manufacturing facility in Huizhou, Guangdong Province, China, and two research and development centers in Huizhou and in Beijing, the Company develops, produces and markets a wide range of mobile handsets, with increasing focus on differentiated products that generally generate higher profit margins.

### **Safe Harbor Statement**

This press release contains forward-looking statements, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is /are likely to,” “may,” “plan,” “potential,” “will” or other similar expressions. Statements that are not historical facts, including statements about Qiao Xing Mobile’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement. Information regarding these factors is included in our filings with the Securities and Exchange Commission. Qiao Xing Mobile does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release is as of September 17, 2007, and Qiao Xing Mobile undertakes no duty to update such information, except as required under applicable law.

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**Qiao Xing Mobile Communication Co., Ltd.**  
**Condensed Consolidated Balance Sheets**  
(Amounts in RMB thousands)

	As of	
	December 31, 2006	June 30, 2007
	(Audited)	(Unaudited)
<b>Assets</b>		
Cash	762,086	1,899,092
Restricted cash	119,302	145,338
Bills receivable	9,910	41,657
Accounts receivable, net	564,618	1,032,448
Inventories	163,833	187,208
Prepayments	268,084	289,745
Other current assets	2,117	2,196
Deferred income tax assets	<u>3,960</u>	<u>5,052</u>
Total current assets	1,893,910	3,602,736
Property, machinery and equipment, net	190,511	180,402
Non-current prepayments	38,106	36,508
Other equity investments	7,803	7,803
Goodwill	112,814	112,814
Other intangible assets, net	<u>93,008</u>	<u>73,427</u>
Total assets	2,336,152	4,013,690
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<b>Liabilities, minority interests and shareholders' equity</b>		
Short-term bank loans	385,812	663,033
Bills payable	216,978	197,232
Accounts payable	165,326	209,925
Receipts in advance	15,389	13,518
Other payables	18,788	5,857
Accrued liabilities	35,360	95,057
Deposits received	1,510	1,510
Amounts due to related parties	345,122	321,902
Income taxes payable	<u>22,943</u>	<u>53,790</u>
Total current liabilities	1,207,228	1,561,824
Deferred income tax liabilities	<u>11,740</u>	<u>7,239</u>
Total liabilities	1,218,968	1,569,063
Minority interests	76,896	64,777
Shareholders' equity	<u>1,040,288</u>	<u>2,379,850</u>
Total liabilities, minority interests and shareholders' equity	2,336,152	4,013,690
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**Qiao Xing Mobile Communication Co., Ltd.**  
**Unaudited Condensed Consolidated Statements of Operations**  
**(Amounts in RMB thousands, except share and per share data)**

	Note	Three months ended		
		June 30, 2006	March 31, 2007	June 30, 2007
Revenues		633,079	718,230	844,146
Cost of goods sold		<u>(517,630)</u>	<u>(551,865)</u>	<u>(561,290)</u>
Gross profit		115,449	166,365	282,856
Selling and distribution expenses		(3,771)	(6,596)	(17,700)
General and administrative expenses		(4,768)	(9,469)	(21,261)
Research and development expenses		(4,214)	(2,953)	(6,951)
Amortization of intangible assets		<u>(2,970)</u>	<u>(13,231)</u>	<u>(6,350)</u>
Operating income		99,726	134,116	230,594
Foreign exchange gain (loss), net		1,066	5,242	(7,181)
Interest income		783	1,671	5,064
Interest expense		(8,997)	(7,762)	(10,448)
Other income, net		<u>393</u>	<u>126</u>	<u>113</u>
Income before income tax expense, minority interests and extraordinary item		92,971	133,393	218,142
Income tax expense		<u>(14,273)</u>	<u>(20,048)</u>	<u>(35,323)</u>
Income before minority interests and extraordinary item		78,698	113,345	182,819
Minority interests		<u>(7,989)</u>	<u>(8,227)</u>	<u>(13,489)</u>
Income before extraordinary item		70,709	105,118	169,330
Extraordinary item - gain on acquisition of additional equity interest in CECT	(a)	<u>-</u>	<u>-</u>	<u>28,689</u>
Net income		<u><u>70,709</u></u>	<u><u>105,118</u></u>	<u><u>198,019</u></u>
Basic and diluted earnings per share				
- Before extraordinary item		1.77	2.63	3.53
- Extraordinary item		<u>-</u>	<u>-</u>	<u>0.60</u>
- After extraordinary item		<u><u>1.77</u></u>	<u><u>2.63</u></u>	<u><u>4.13</u></u>
Weighted average number of shares outstanding				
- Basic and diluted	(b)	<u><u>40,000,000</u></u>	<u><u>40,000,000</u></u>	<u><u>47,967,000</u></u>

**Notes:**

- (a) Qiao Xing Mobile completed the injection of an additional US\$50.0 million of capital into CECT in June 2007. The minority shareholder of CECT did not participate in the capital injection and as a result, Qiao Xing Mobile's equity interest in CECT was increased from 93.41% to 96.55%, which has been accounted for under the purchase method of accounting. The fair value of the underlying net assets representing Qiao Xing Mobile's additional 3.14% equity interest acquired in CECT, as determined by an independent third-party appraisal and which is still subject to audit, exceeded the deemed purchase price paid by the Company. This excess was first allocated to reduce the purchase price allocated to certain assets while the remaining balance of RMB28.7 million was recognized as a non-taxable extraordinary gain in the consolidated statement of operations for the six months ended June 30, 2007.
- (b) Basic and diluted earnings (loss) per share data reflects on a retroactive basis a 40-for-one share split that became effective on April 13, 2007.