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京信通信系統控股有限公司

Comba Telecom Systems Holdings Limited

Corporate Presentation

Annual Results 2005

Agenda

- Major Accomplishment in 2005
- Financial Highlights
- Financial Review
- Customer Review
- Solutions Review
- Business Review & Outlook
- Open Forum

Major Accomplishment in 2005

- Ranked No.1 in China Mobile's central procurement programme for outdoor repeaters and BTS antennas
- New products and solutions included:
  - Dynamic Traffic Routing solutions
  - 3G products
  - Remote Radio Head (RRH) solution
  - SDH Digital Microwave Systems
- Set up a Power Amplifier R&D centre in Silicon Valley, USA
- Participated in the 3G trials undertaken by mobile operators
- Bank loan facilities amounting to RMB800 million in total was granted and will be executed upon the granting of 3G licences

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Financial Highlights

Financial Highlights

For year ended 31 December

HK$'000	2005	2004 *(Restated)*	Change
Revenue	**1,170,515**	1,092,761	**7%**
Gross profit	**474,326**	563,379	**-16%**
Profit attributable to shareholders	**82,089**	237,478	**-65%**
Basic earnings per share (HK cents)	**9.86**	28.59	**-66%**
Dividend per share (HK cents)			
• interim	**nil**	4	**n/a**
• final	**3**	5	**-40%**

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Key Financial Figures

HK$'000	**31 Dec 2005**	31 Dec 2004 *(Restated)*
Total assets	**2,182,236**	1,828,652
Net assets	**1,187,658**	1,100,986
Cash and bank balances	**492,414**	516,299
Current ratio	**2.0X**	2.3X
A/R turnover days	**174**	137
A/P turnover days	**170**	153
Inventory turnover days	**286**	260
Return on average equity	**7.2%**	23.5%
Gearing ratio	**14.0%**	8.6%

Financial Review

General Overview in 2005

- Uncertainty of possible industry reorganisation in the PRC
- Continuous wireless enhancement capital expenditure by the GSM mobile operators
- Slowdown in CDMA capital expenditure
- Downward trends in selling prices and profit margins for the mature 2G mobile communications market
- Cost of provision of services increased with growing number of projects undertaken

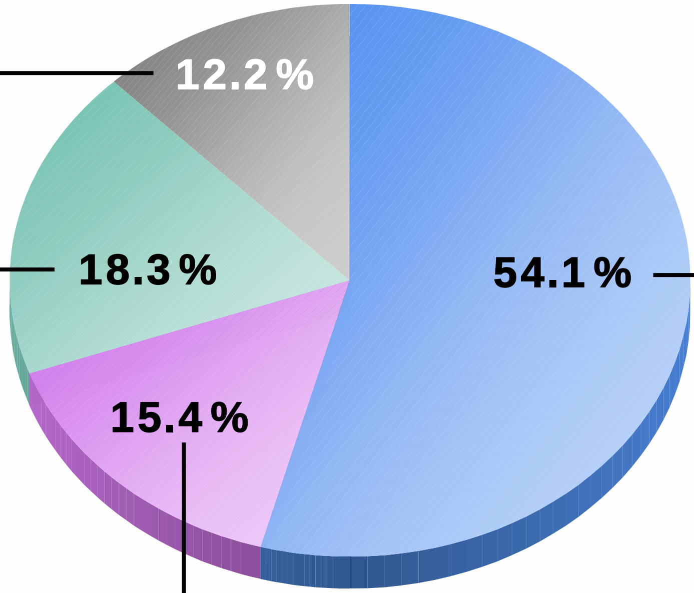
Revenue Breakdown by Customers

Others

▼ 3.6%

China Unicom – GSM

▲ 132.6%



China Mobile

▲ 19.0%

China Unicom – CDMA

▼ 43.8%

▲ = YOY change

Solid growth in revenue from GSM networks

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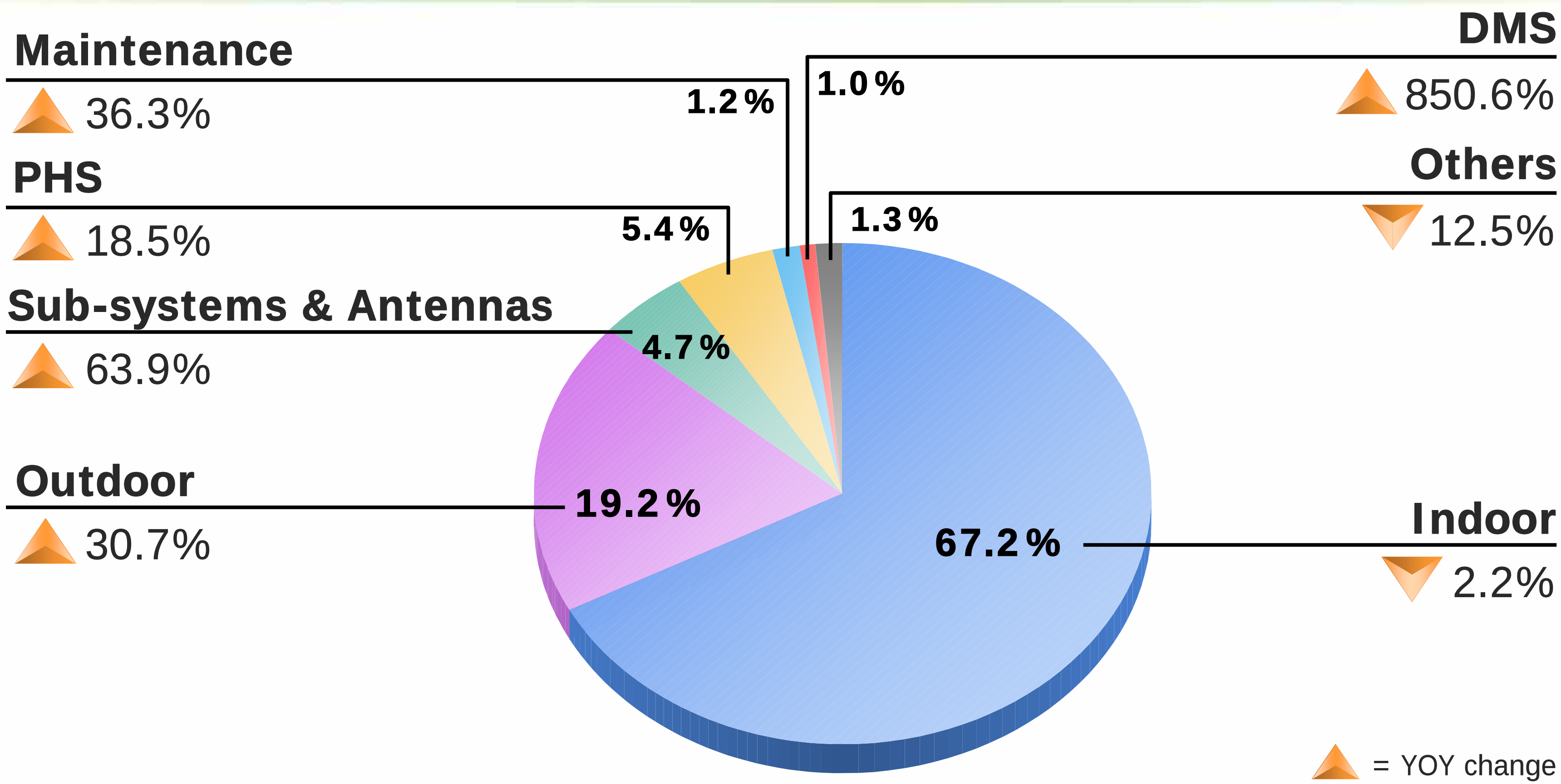
Revenue Breakdown by Solutions



Diversification started fuelling growth

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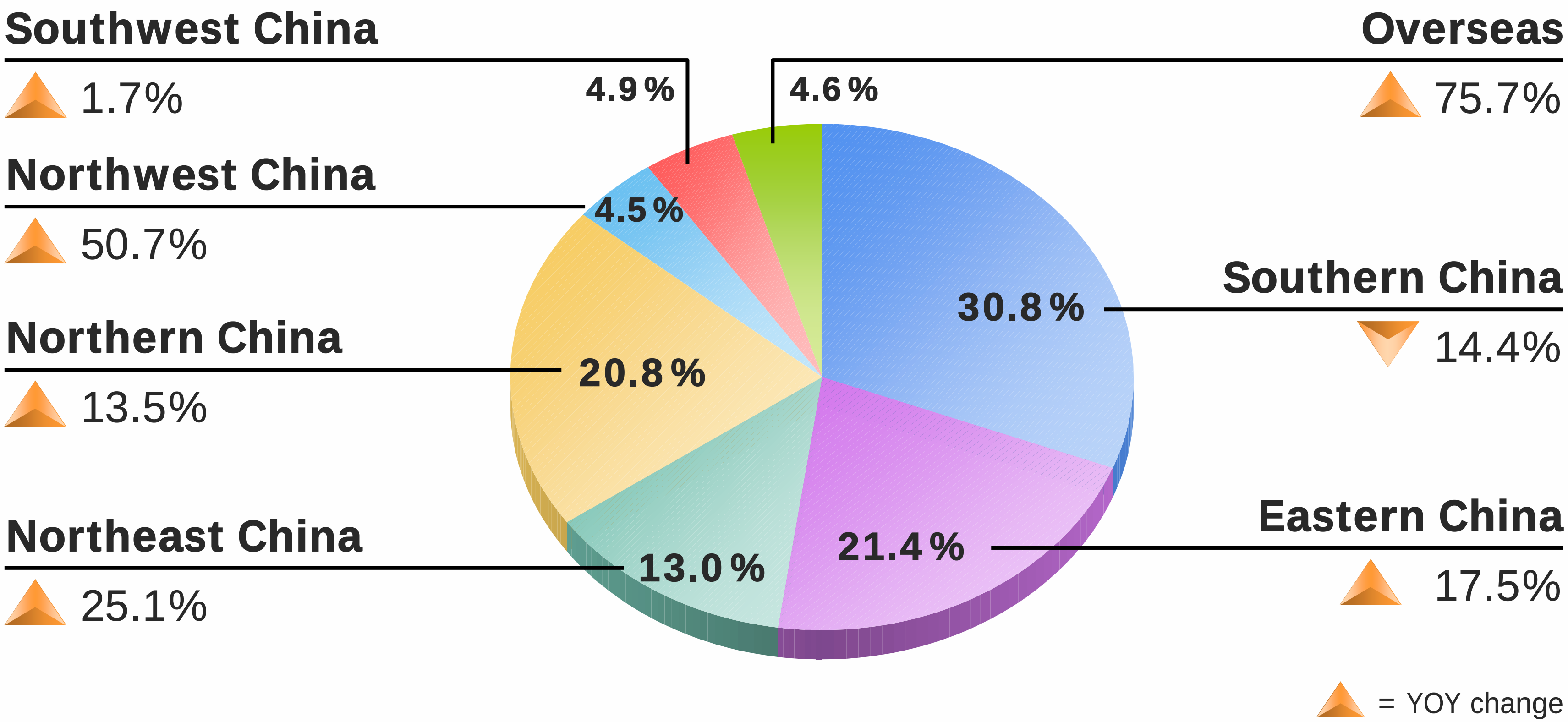
Revenue Breakdown by Regions



Coastal regions remained as the major revenue contributors

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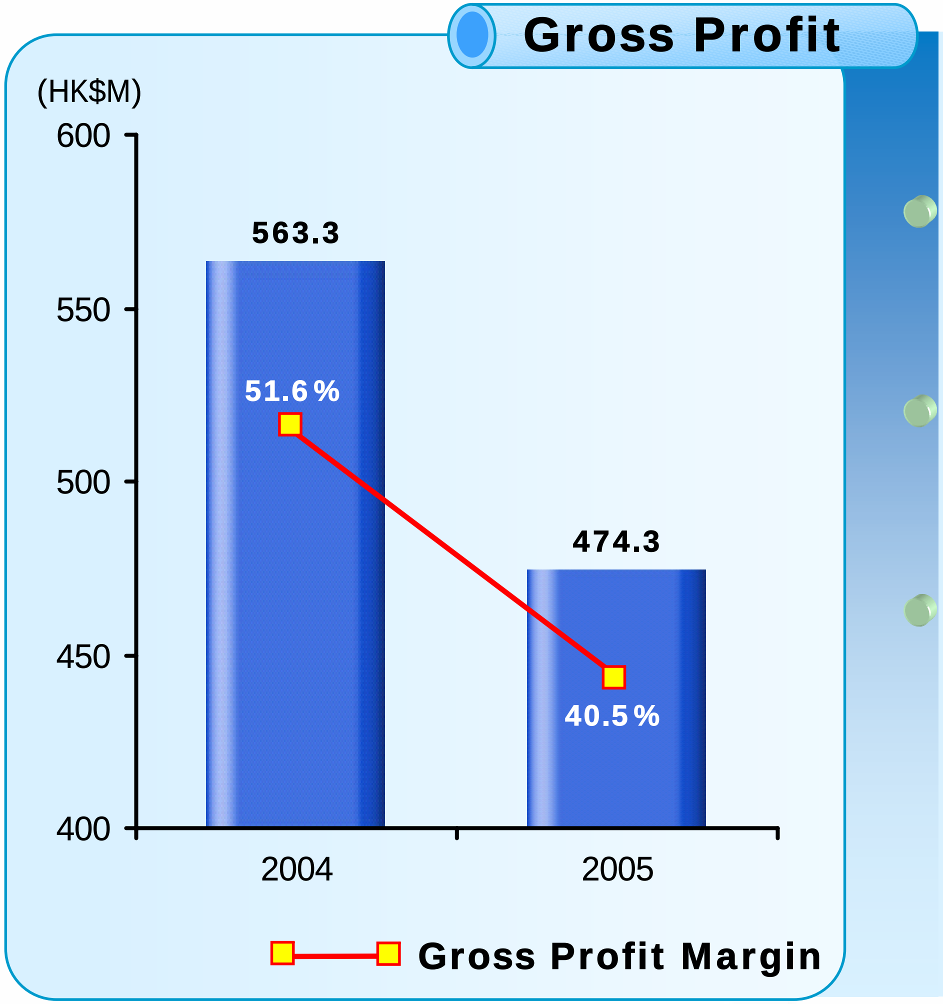
Gross Profit



- Decreasing average selling price in mature 2G market
- Cost savings measures lagging behind
- Increased costs in providing quality services nationwide

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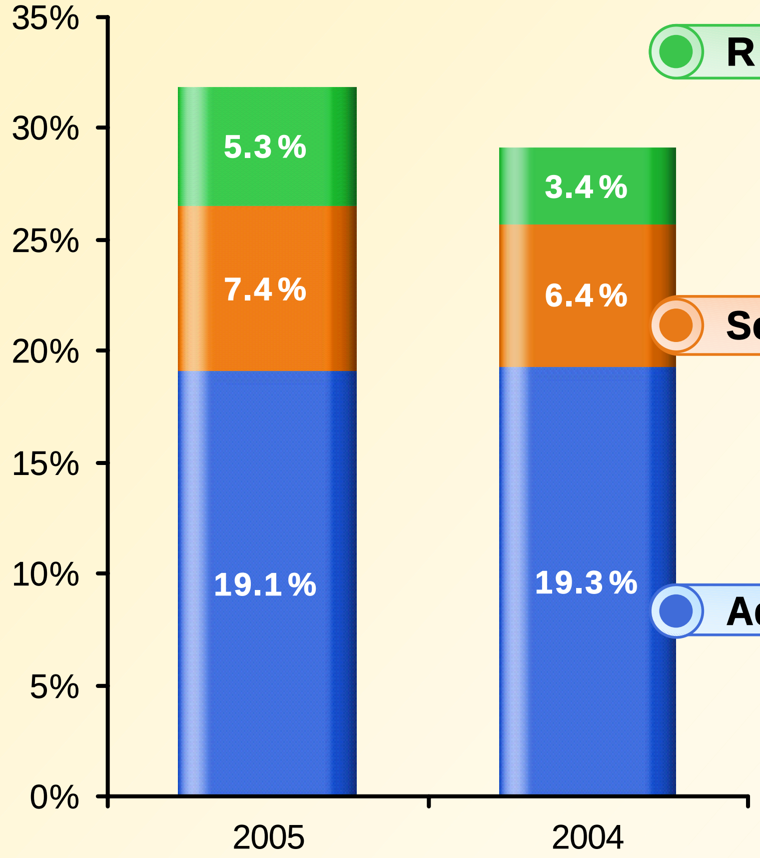
Cost Structure

As % of Total Sales



R & D costs

- Further enhanced R&D capabilities, including those for 3G products and solutions
- Set up an R&D centre in Silicon Valley, USA

Selling and distribution costs

- Increase in headcount for nationwide expansion in the PRC
- International expansion

Administrative expenses

- In line with revenue growth
- Main components were payroll and related expenses, rental expenses and option expenses

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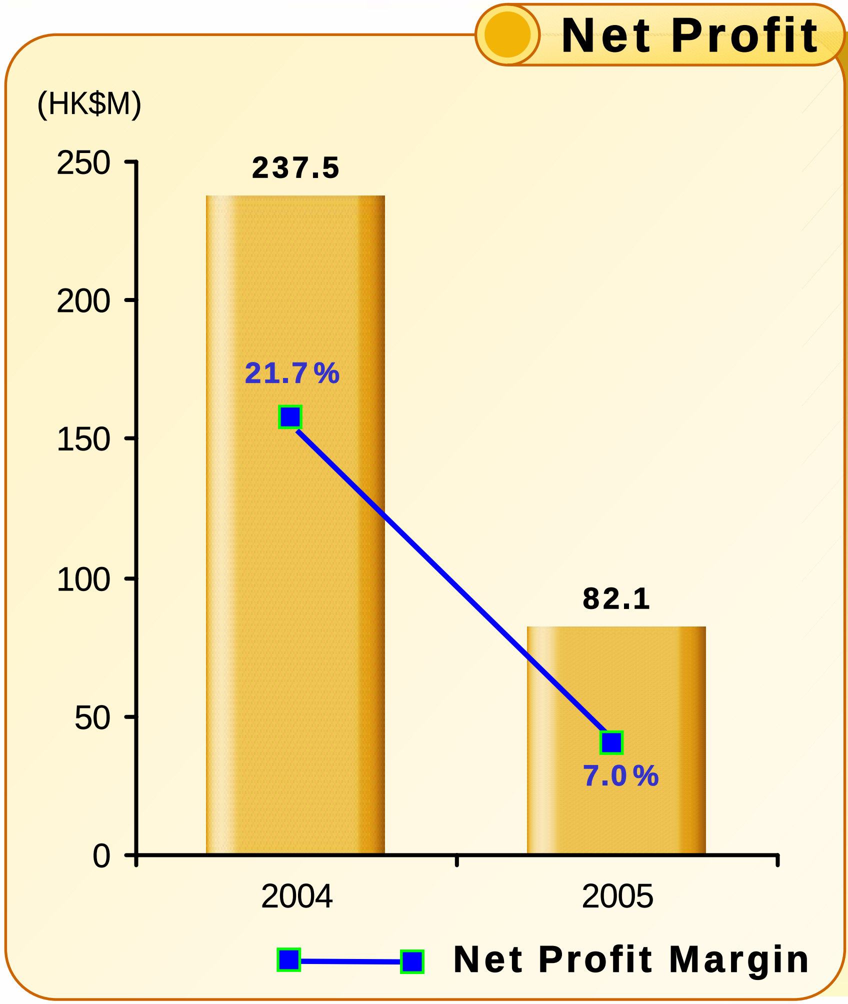
Net Profit



- Decline in gross profit margin
- Increase in R&D, selling and distribution and finance costs
- Expiry of full tax exemption

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Customer Review

Expanding our Partnerships

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Operators & Core Equipment Manufacturers

- Well positioned in home market
- Enabled growth in all regions
- Expanded to OEM channels
- Established reputable global customer base

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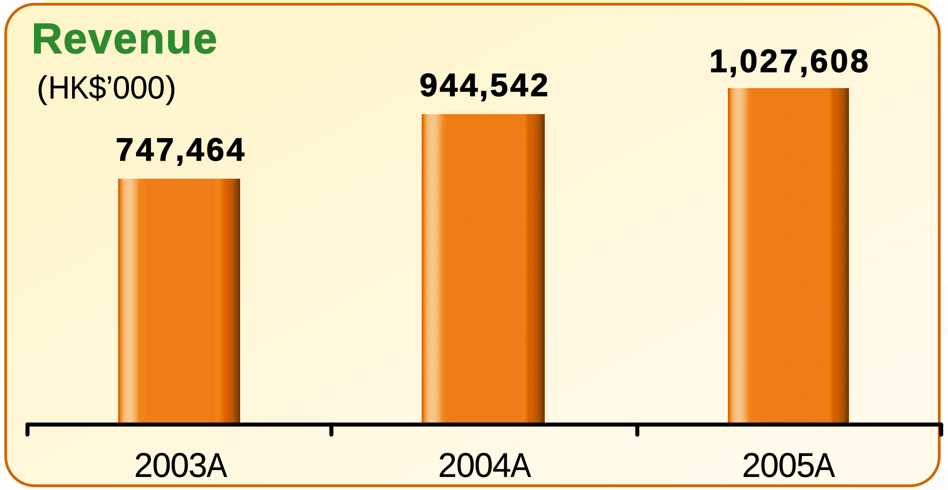
China Relationship



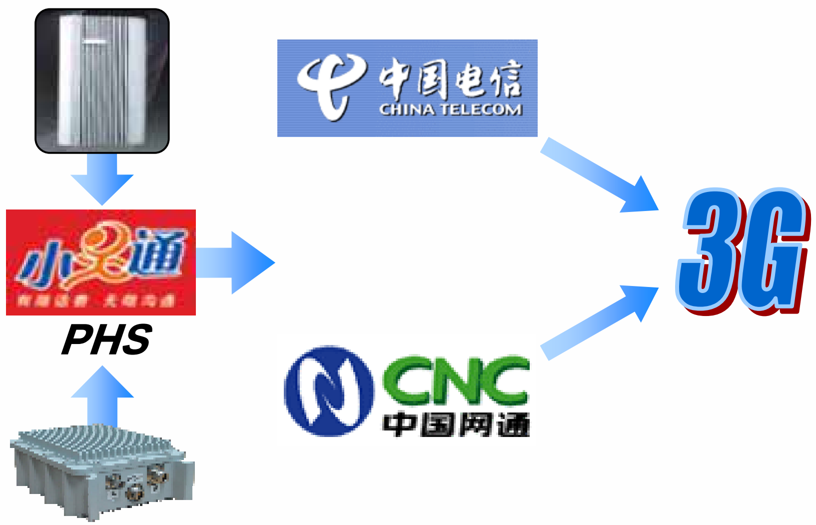
Review:

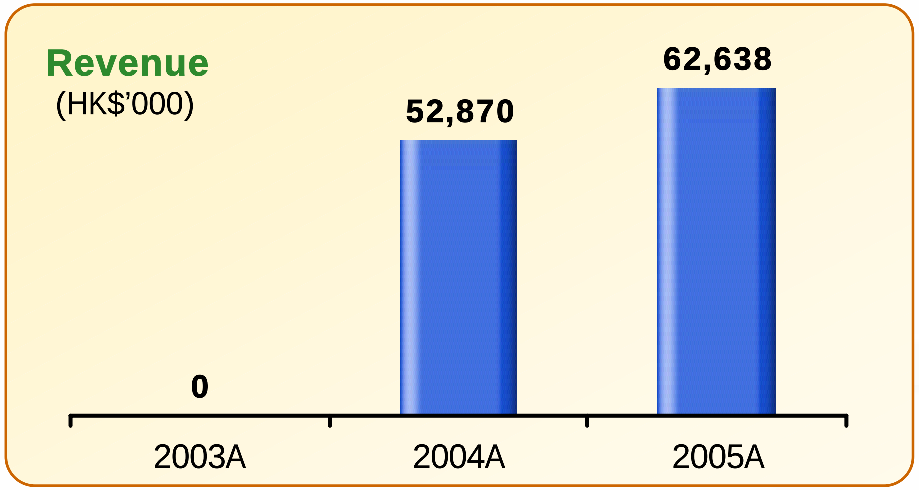
- Extending leadership & maintaining long term relationship
- 2G market ~10 years & commoditized
- Restructuring & uncertain policies affects network enhancement plan
- Strategic pricing and new product launches
- Key long term partner in network enhancement & participation in 3G trials
- Major wins on customer procurement programs

Opportunities:

- Continuous growth of mobile subscribers
- Network coverage & capacity expansion
- Readiness for 3G rollout

Establish Strategic Relationship





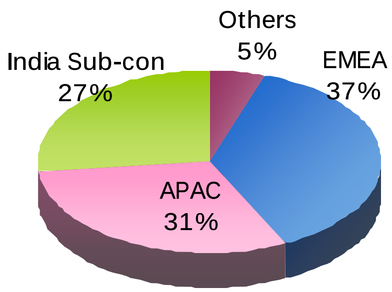
Review:

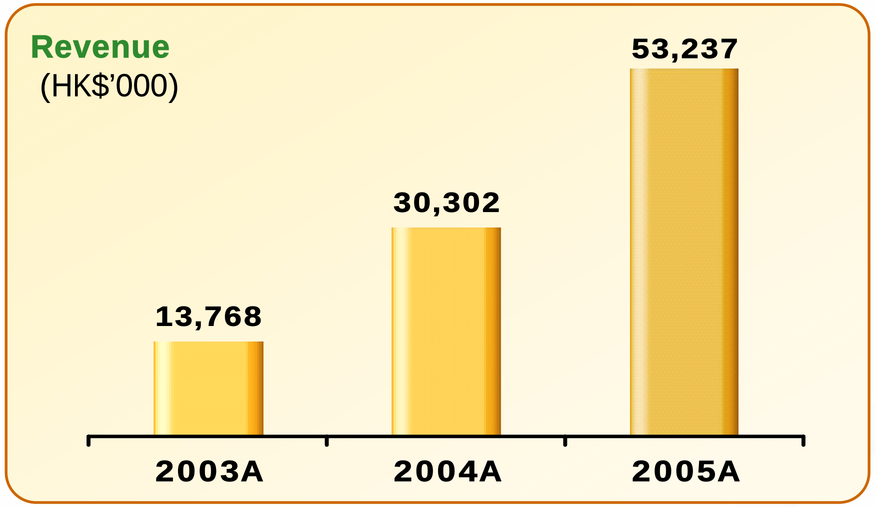
- Selective PHS products
- Deepened relationships with China Telecom & China Netcom
- Revenue Growth in the uncertain period of PHS in China

Opportunities:

- Limited PHS growth opportunities
- Strategically align long term relationship with the two potential 3G greenfield operators
- Well positioned for 3G rollout with on going trials

International





Review:

- Group's top growth strategy
- Significant growth of customer base
- Increased global brand recognition
- Balanced growth in all regions

Opportunities:

- General increase in CapEx of worldwide operators
- Broadened customer base allows faster business development
- Strong growth area

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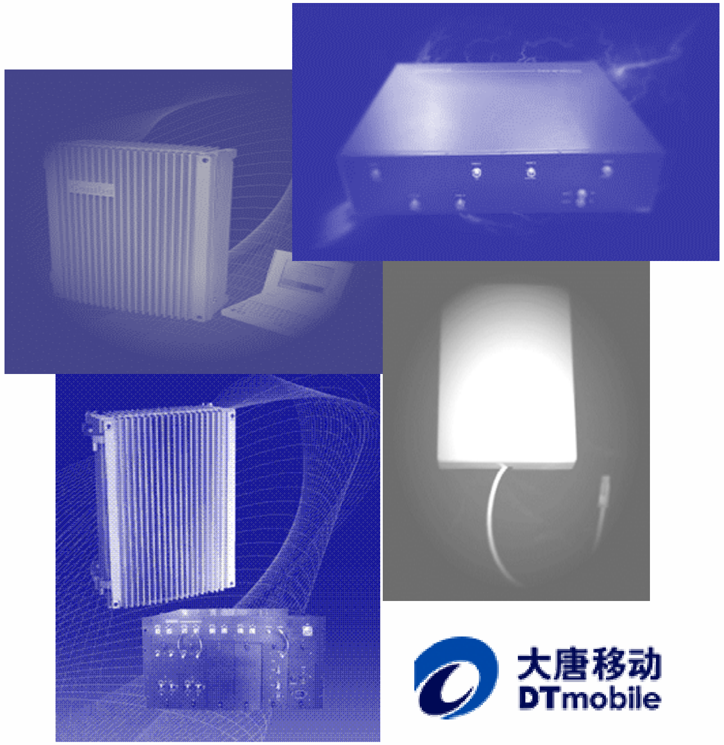
Core Equipment Vendors



大唐移动 DTmobile

Huawei Technologies

ZTE中兴

ERICSSON

Review:

- A main growth strategy for the group
- Working relationship with 3 largest China vendors
- Engaged in discussion with various international vendors
- Relatively long qualification and business cycle (average of 12months)

Opportunities:

- 2G International network expansion
- RF subsystems & Microwave
- 3G (W-CDMA & TD-SCDMA)
- Fragmented market provides room for market entry
- Increasing significance of Asia market creates good potential

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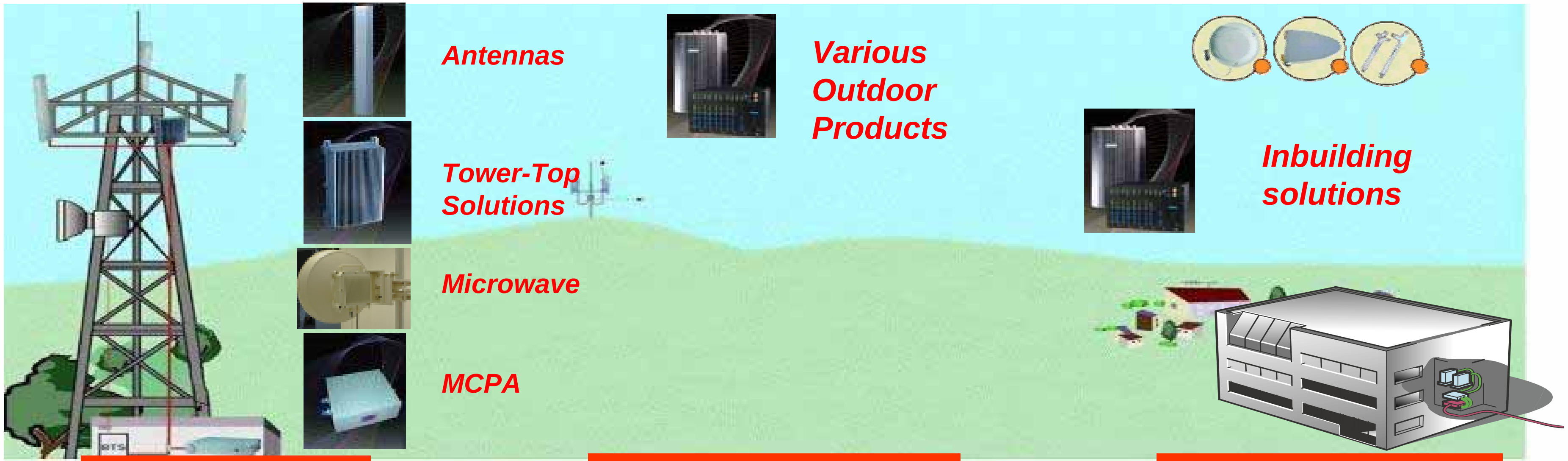
Solutions Review

- Indoor solutions
- Outdoor solutions
- Subsystems & Antennas
- Digital Microwave
- Extended Maintenance Service

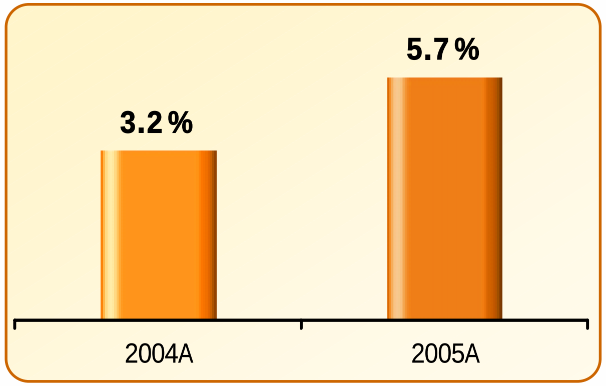
Expanding our Solution Offerings:
End-End Sub-system Solutions

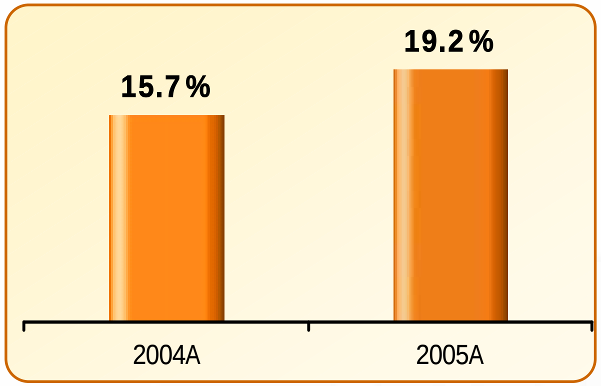


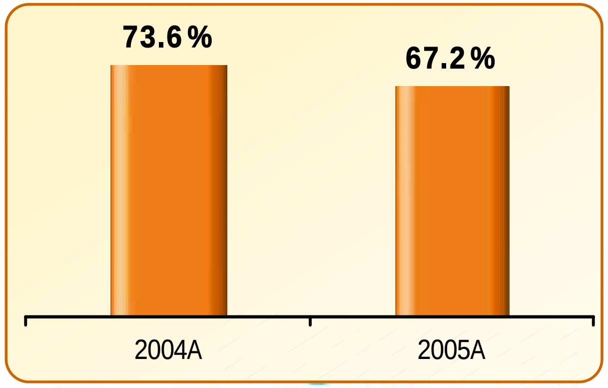
Base Station Subsystems

Outdoor enhancement Solutions

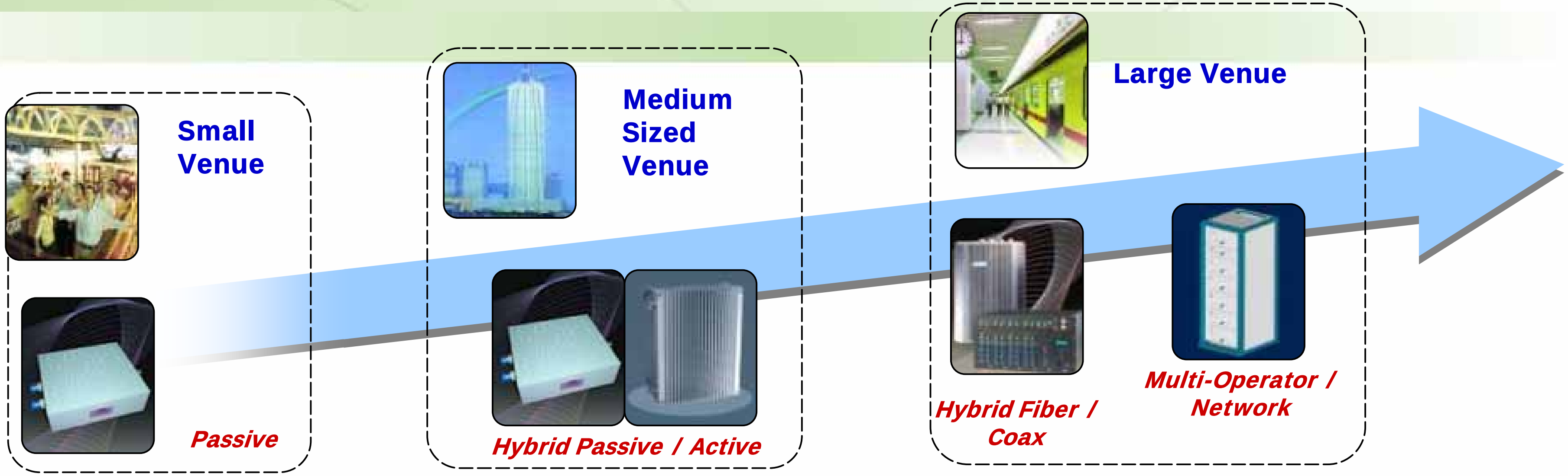
Indoor Enhancement Solutions





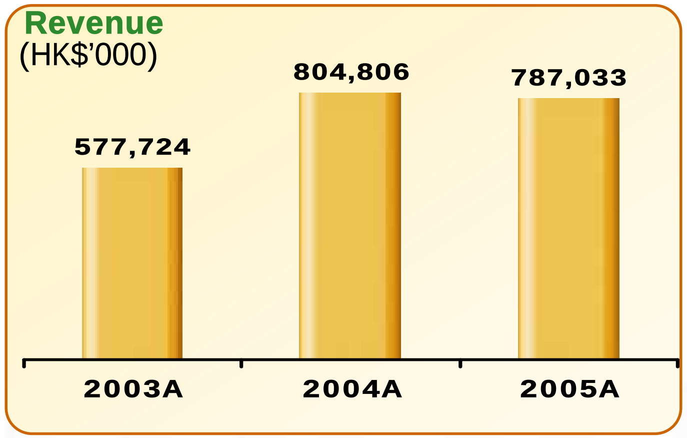


Indoor Solutions



Review:

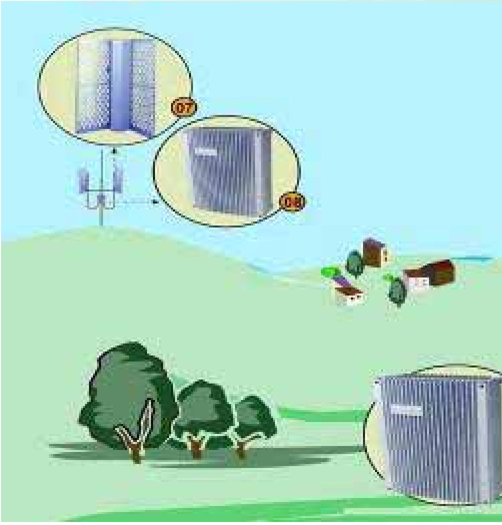
- Unrivaled product portfolio for all in-building wireless needs
- Global leader with completion of numerous major projects
- Uncertain licensing policies deter network enhancement investment



Opportunities:

- Cautiously optimistic on 2G indoor solutions with continuous demand on coverage and capacity enhancement
- Expanding offering to international market
- Widely acknowledged as a crucial part of 3G network

Outdoor Solutions



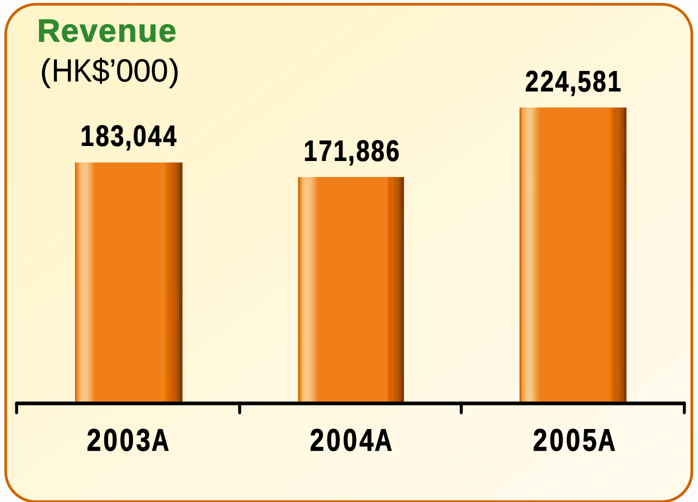
- RF Repeater
- Optical Repeater
- Frequency Shifting Shifter
- Solar Power Repeater
- Dynamic Traffic Routing

Review:

- Continuous launch of new solutions to meet customer demand
- Dynamic Traffic Routing (DTR), Camouflaged Solutions, etc
- Solidified leading position with the winning of China Mobile Repeater procurement program

Opportunities:

- Continuous extension of wireless footprint in rural areas
- Innovative solutions like DTR offloads congestion in urban areas
- Large opportunity for 3G coverage extension during network buildout



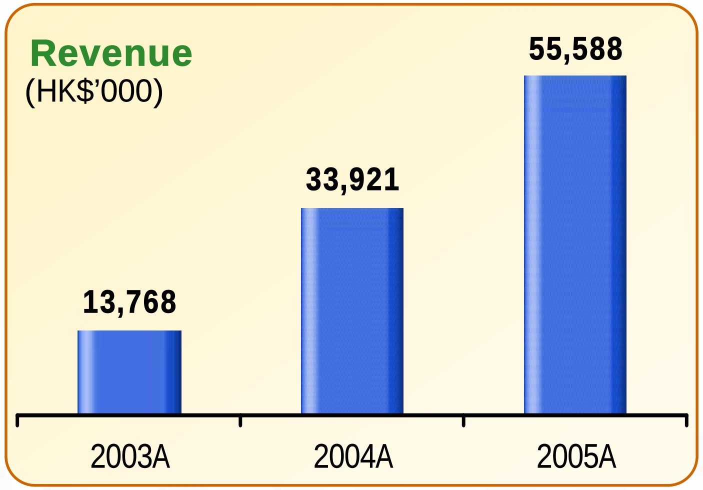
Subsystems & Antennas

Review:

- Introduction of multi-band antennas streamlined product line
- Addition of MIMO and Smart Antennas for 3G applications
- Established leading market position winning of China Mobile Antenna procurement

Opportunities:

- High demand in domestic market
- Increasing interest in int'l market
- Launching of MCPA & CPRI compliant product line



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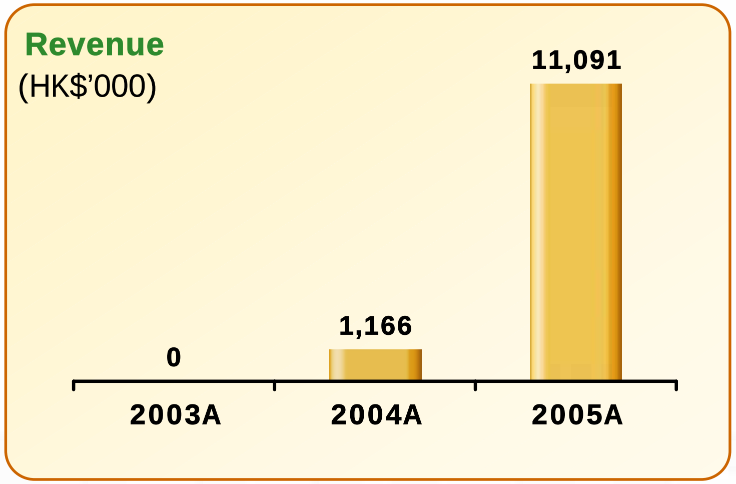
Digital Microwave Systems

Review:

- Initial product line launched in 4Q04
- Completed various frequencies offering
- Launched of S-PDH and SDH solution for up to 155Mbps wireless transmission
- Recorded strong growth after long initial sales cycle

Opportunities:

- Recurring businesses from existing customers
- Existing trials with domestic and int'l customers
- High backhaul demand with China 3G Licensing
- OEM partnership



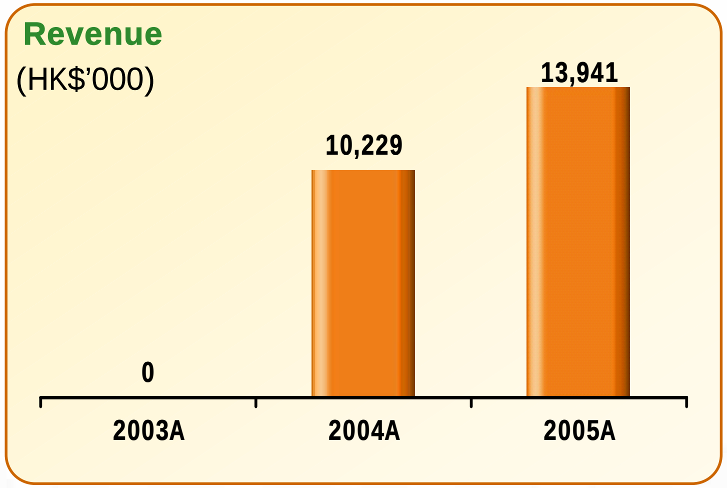
Extended Maintenance Service

Review:

- Initiated maintenance contract sales in 2004
- Leveraged on the growing installed base

Opportunities:

- Growing installed base offers a growing addressable opportunity
- Leveraging on existing support structure enables high return



Business Review & Outlook

– Research & Development

– Operations

– Market Outlook

Research & Development Review

General:

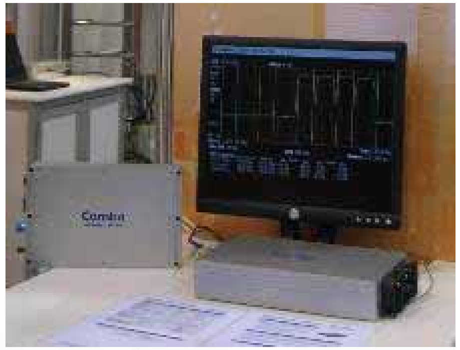
- Sustained commitment to technological advancement & leadership with R&D increase from 3.4%* -> 5.3%*

Antenna Development

- New HQ consists of state of the art antenna testing facility
- Facility allows the development of most sophisticated product
- Potential benchmarking facility in the region

Multi-Carrier Power Amplifier Development

- Establishment of MCPA R&D center in Silicon Valley, USA
- Launched of World's highest density 3G MCPA
- Best of both worlds: advanced Research in NA with cost effective development and manufacturing in Asia
- Significant enhancement for internal product portfolio and fo
Global Core Equipment Manufacturer



* % of Total Revenue

Operations Review

Facility

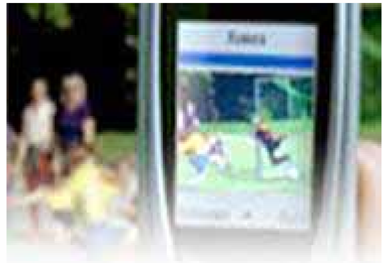
- New China Headquarters for R&D and G&A by 3Q06
- Existing facility will be for manufacturing operations
- Exceeding doubling of manufacturing capacity
- Planned capacity expansion for: 1) existing & 2) 3G & Core Equipment Vendor Markets

Enterprise Management

- Completed Phase I & II of ERP system implementation
- High level of integration in logistics & financial management
- Improving operating efficiency & working capital management

Overall capability enhancement w/ minimal OPEX increment
Real time close loop management

Market Outlook



- **China Wireless subscribers exceeds 400M in 2005**
- **China Mobile planned expenditure in 2006 on 2G:**
  - RMB83.3B, vs RMB71.5B 2005
- **China Unicom planned expenditure in 2006 on 2G:**
  - RMB22B, vs RMB17.6B in 2005
- **International market gaining good traction**
- **Good foundation on new offerings for substantial growth**
- **3G:**
  - Readied product line with commercial deployment
  - Deployment for domestic 3G upgrade and int'l markets
  - Generated Revenue HK$27.8M

TD-SCDMA

- Significant support by Chinese government
- Maturity of technology with Comba participation in commercial trials
- Well positioned partnerships with core equipment manufacturers
- Leading position & is the very few with completed products

Beijing 2008

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Summary

- Diversifications for balanced growth
  - Solutions and offerings
  - Customers and Partners
- Optimization to increase capability & efficiency
  - Facilities
  - Enterprise management
- Capture new growth opportunities
  - 3G WCDMA & TD-SCDMA
  - International
  - New Solutions

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Open Forum