京信通信系統控股有限公司
Comba Telecom Systems Holdings Limited

股份編號 Stock code: 2342.HK

Corporate Presentation

Interim Results 2006

Agenda

- Overview
- Financial Highlights
- Financial Review
- Customer Review
- Solutions Review
- Business Review & Outlook

Overview

- Benefiting from continuous economic growth, urban and rural development in the PRC
- Increasing revenue from three major growth strategies: BTS antennas, DMS and international market
- Enhancing R&D capabilities and expanding production capacity to fuel future growth
- Strengthening international market presence to broaden customer base and balance revenue contribution
- Maintaining growth momentum in 2G market, addressing existing and future 3G opportunities

Financial Highlights

Financial Results

For the six months ended 30 June

HK$'000	1H 2006	1H 2005	Change
Revenue	589,490	413,013	+42.7%
Gross profit	252,788	200,779	+25.9%
Gross profit margin	42.9%	48.6%	-5.7 % pts
Net profit	45,561	35,941	+26.8%
Net profit margin	7.7%	8.7%	-1.0 % pts
Basic EPS (HK cents)	5.46	4.32	+26.4%

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Financial Position

HK$'000	As at 30 Jun 06	As at 31 Dec 05	Change
Current assets	1,971,659	1,947,340	+1.3%
Current liabilities	990,426	986,921	+0.4%
Net current assets	981,233	960,419	+2.2%
Total assets	2,234,629	2,182,236	+2.4%
Total liabilities	990,426	986,921	+0.4%
Net assets	1,244,203	1,195,315	+4.1%

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Key Financial Indicators

For the six months ended 30 June

	1H 2006	1H 2005
Inventory turnover days	339	476
A/R turnover days	233	230
A/P turnover days	221	249
Current ratio	2.0	2.1
Gearing ratio	11.3%	15.0%
ROAE (annualised)	7.5%	6.5%

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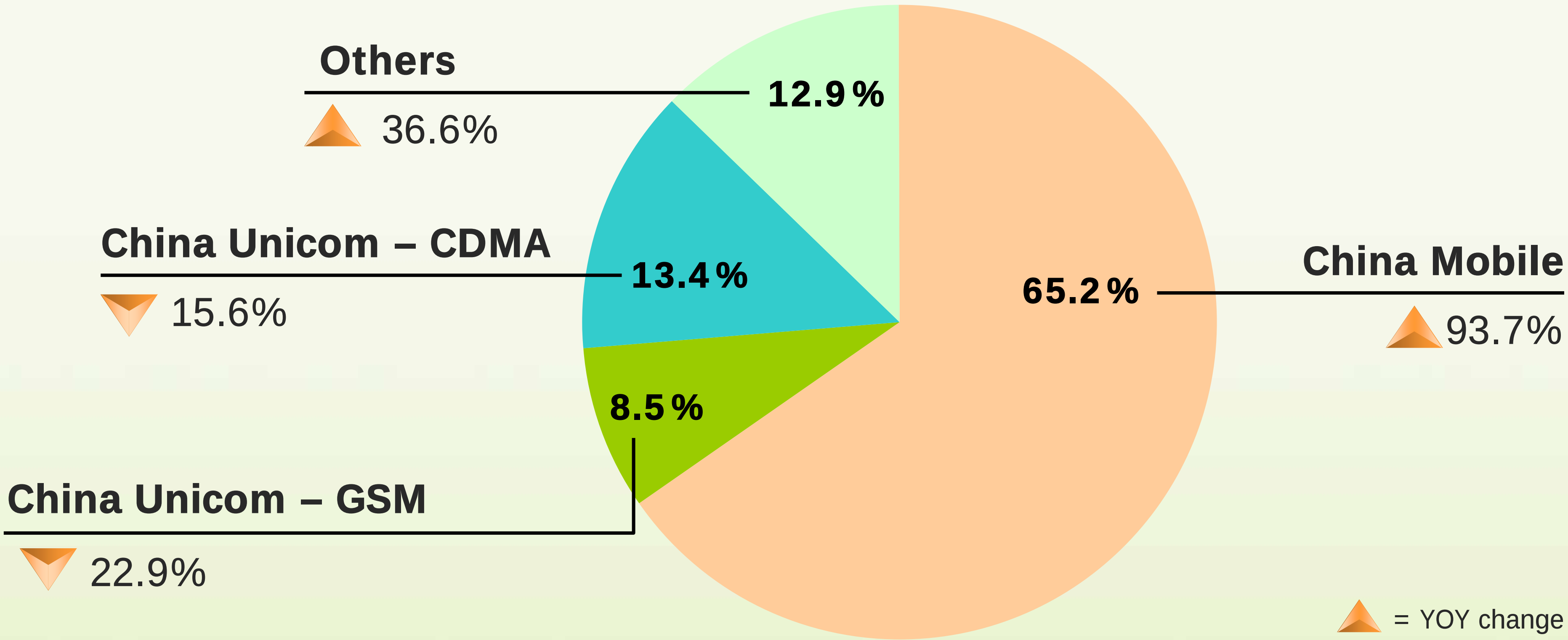
Financial Review

Revenue Breakdown by Customers



Remarkable revenue growth from China Mobile

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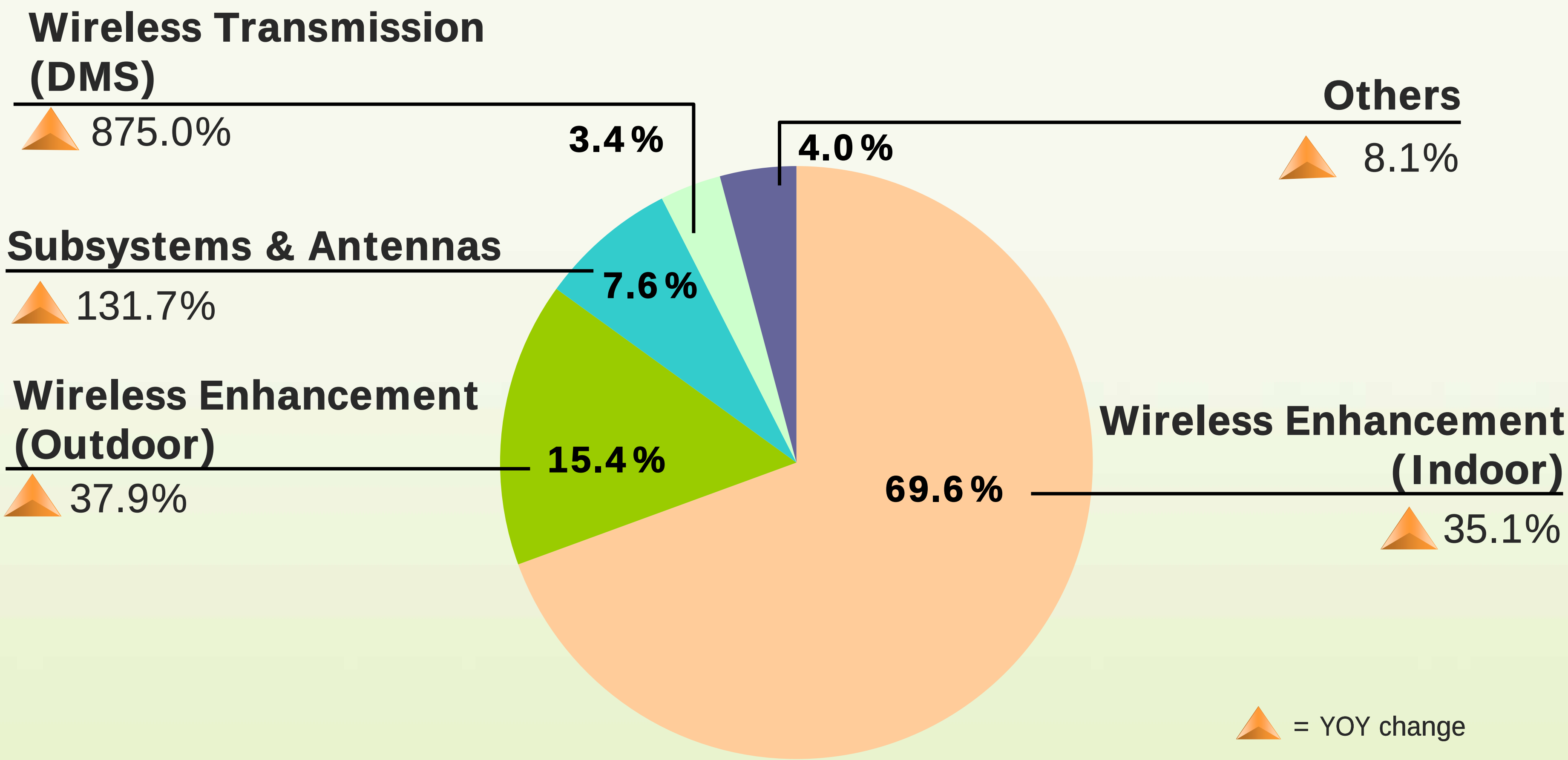
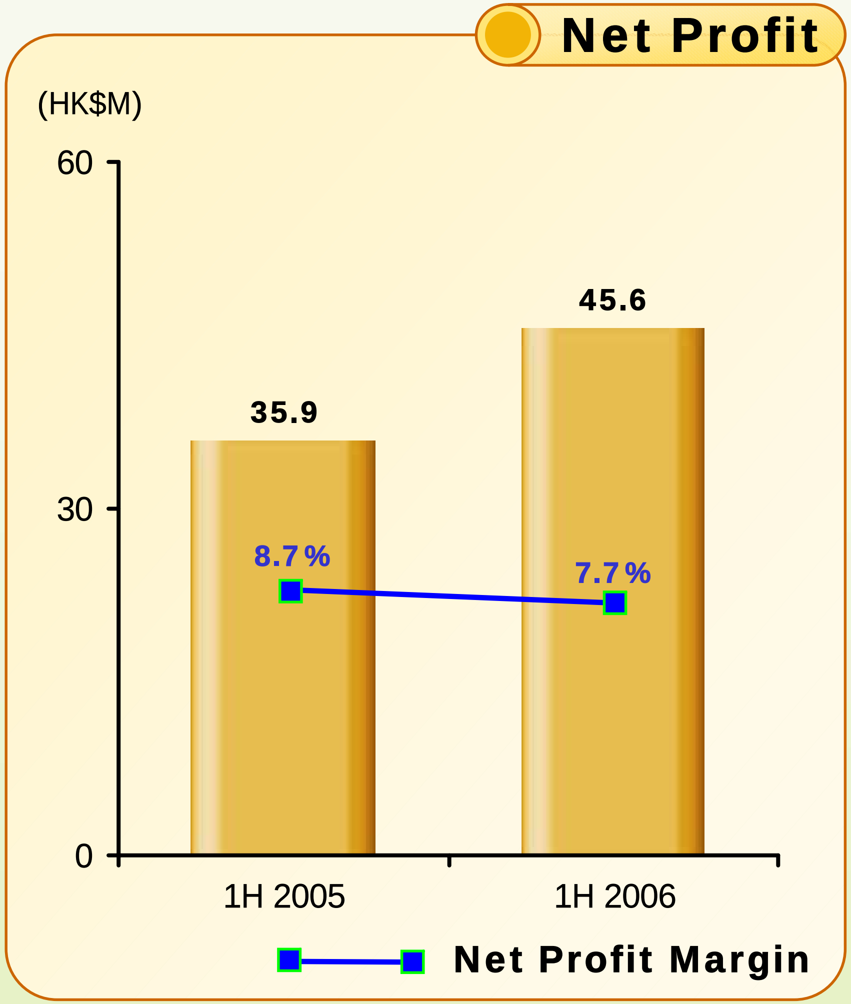
Revenue Breakdown by Solutions



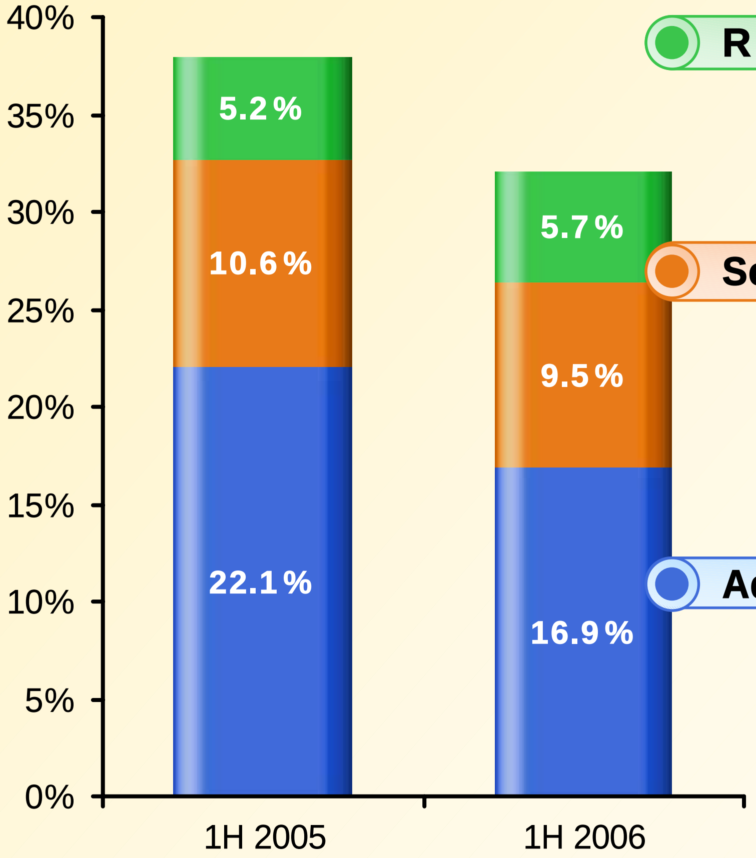
New products - growth drivers

Profit & Margin



Cost Structure

As % of Total Sales



R & D costs

- Enhanced R&D capabilities in the PRC and the US
- Devoted R&D efforts on new products including 3G

Selling and distribution costs

- Focused sales efforts on markets with good demand
- Broadened product portfolio on established sales platform

Administrative expenses

- Strengthened budgetary control
- Achieved economies of scale amid strong revenue growth

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Customer Review

Global Customer Base

China Business

International Business

Global Customer Base

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Operators & Core Equipment Manufacturer

- Maintain strong position in home market
- Growth seen in all regions
- Expanded to OEM channels
- Established reputable global customer base
- Continuing to grow new customers in Asia and Europe

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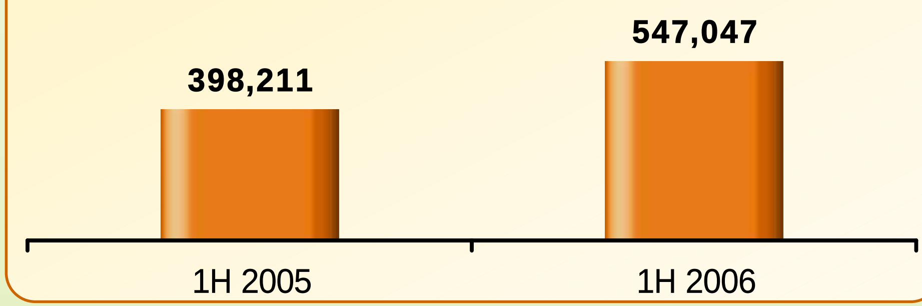
China Business

Revenue

(HK$'000)



Review:

- Extending leadership & maintaining long term relationship
- 2G equipment demand remains strong in both urban and rural areas
- Key long term partner in network enhancement & participation in 3G trials
- Major wins on customer procurement programs
- Member of the TD-SCDMA industry alliance

Opportunities:

- Continuous growth of mobile subscribers
- Infrastructure projects and network enhancement in in urban and rural areas
- Government initiatives on driving rural village mobile connectivity
- Readiness for 3G rollout

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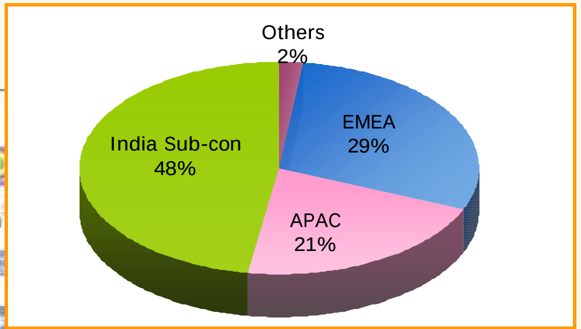
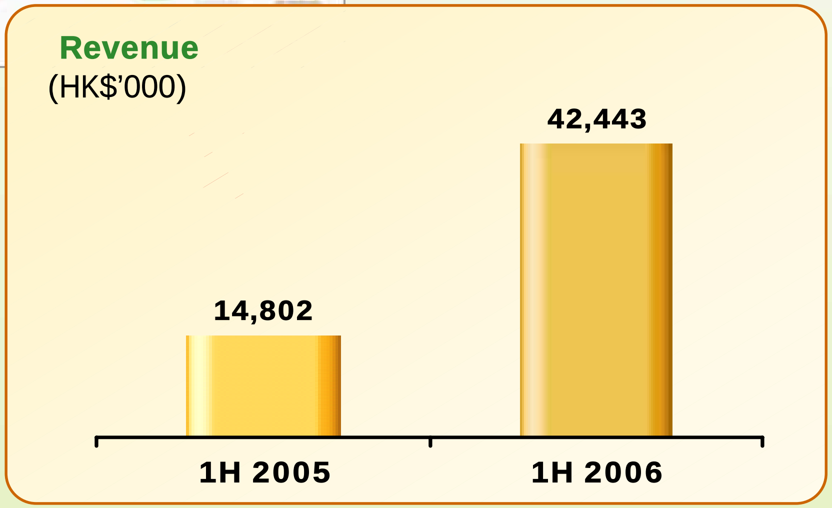
International Business





Review:

- Group's core growth strategy
- Strategy in international business beginning to show dividends
- Continued inroads into new markets through direct and distributor presence
- RoHS compliant products for Europe
- Expansion to CALA (Caribbean and Latin America) Market

Opportunities:

- Continued increase in CAPEX of worldwide operators
- Focused product development for international markets
- Broadened customer base allows faster business development with repeated customers
- Strong growth area

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Solutions Review

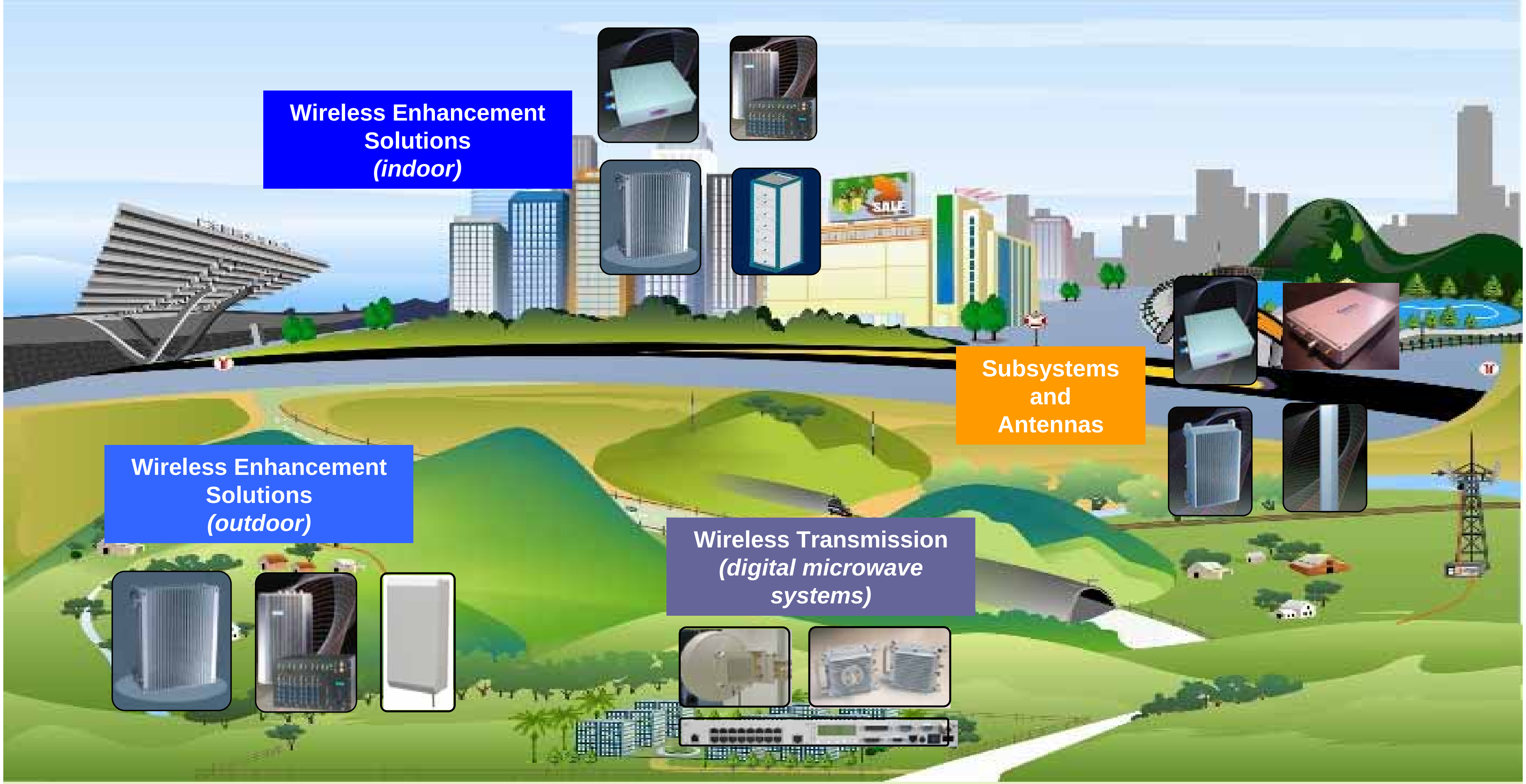
Wireless Enhancement Solutions: *indoor & outdoor*

Subsystems & Antennas

Wireless Transmission: *digital microwave systems*

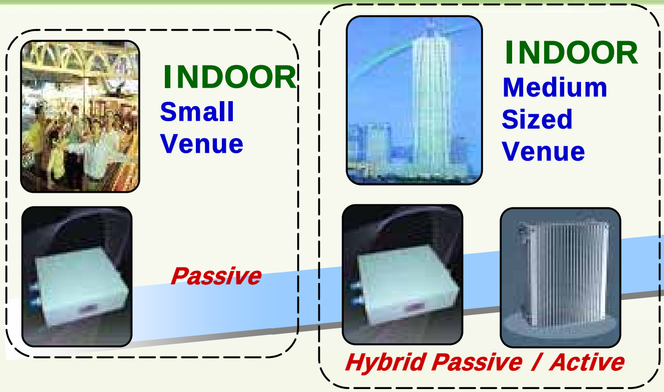
Expanding our Solution Offerings

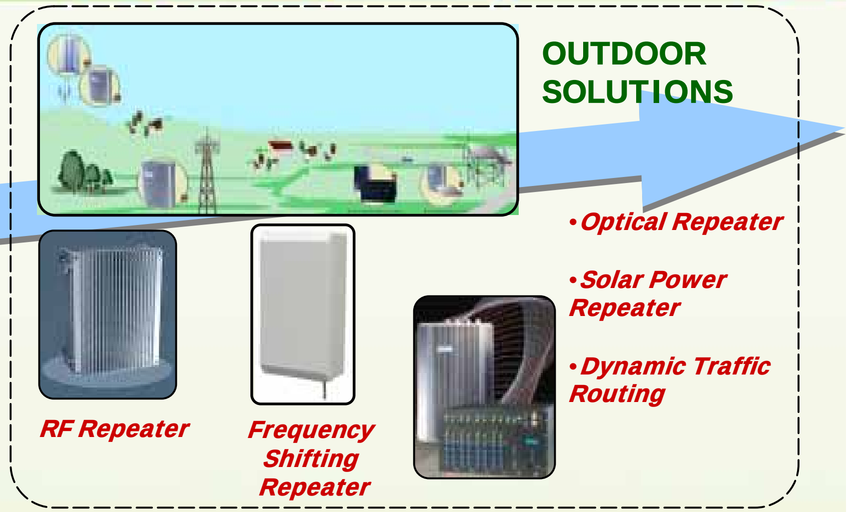
End-to-End Solutions



Wireless Enhancement Solutions

Indoor & Outdoor



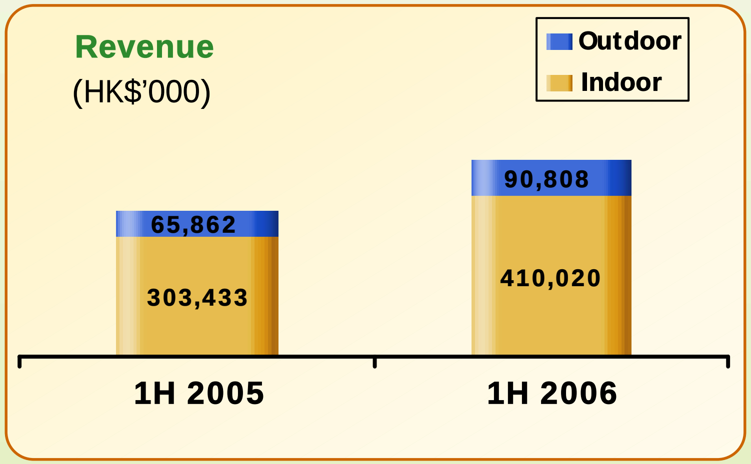


Review:

- Unrivaled product portfolio for all wireless needs
- Global leader with numerous major projects
- Realizing benefits through China Mobile procurement program participation
- Continuous growth from 2G and 3G markets worldwide

Opportunities:

- Continuous growth in urban China
- Activities in rural projects – "China Village Connected Projects"
- Increasing contribution from International – 2G & 3G
- 3G coverage extension during network buildouts



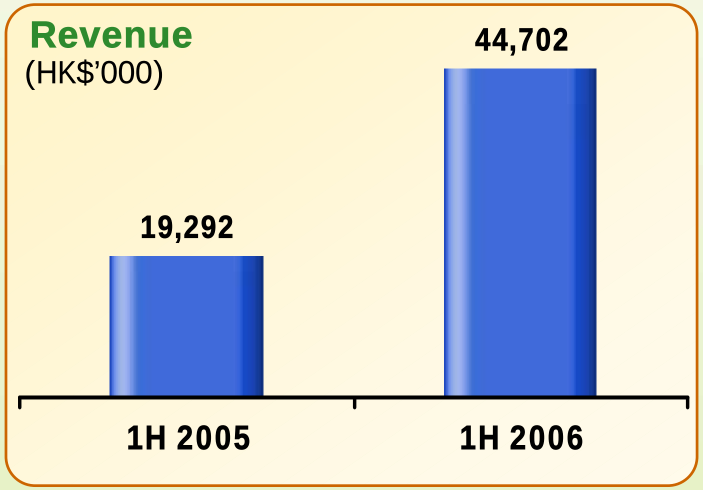
Subsystems & Antennas

Review:

- Member of the AISG group
- Multi-band antennas streamlined product line: MIMO and Smart Antennas
- Tripled manufacturing capacity in BTS antennas
- Technology leadership: sole high-end antenna supplier for key accounts
- Leverage on leading market position winning of China Mobile Antenna procurement

Opportunities:

- High demand in domestic market
- Leverage on successful procurement audit of leading operator
- Build on promising returns internationally



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Wireless Transmission

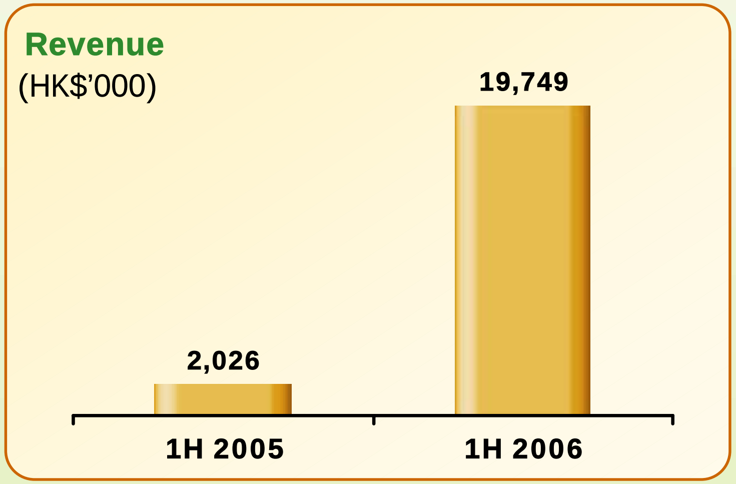
Digital Microwave Systems

Review:

- Completed various frequencies offering including new Super-PDH and SDH solutions
- Typical long sales cycle, but growth seen in developing countries

Opportunities:

- Recurring businesses from existing customers
- Gaining traction with domestic and int'l customers
- Opportunities in developing countries' infrastructure expansion initiatives
- OEM partnership



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Business Review & Outlook

Operations Review

Market Outlook

Summary

Operations Review

- New China Headquarters for R&D and G&A in operation
- Tight integration of R&D centers in China & US
- New anechoic chamber is one of the largest in Asia and recognized as a national standard
- Resource realignment with creation of 3 business units
  - Wireless Enhancement
  - Sub-systems & Antennas
  - Wireless Transmission
- Tight integration of resources for each BU to guarantee resources and support for growth
- Existing facility currently undergoing expansion of manufacturing operations
- Exceeding double of previous manufacturing capacity

Market Outlook

- **"2G is alive and well in developing countries"** *(Source: ABI Research)*
- **Worldwide mobile phone subscribers expected at 2.5 billion by FY2006 to grow to 3.5 billion by 2010** *(Source: Strategy Analytics)*
- **China Wireless subscribers to exceed 440M by FY2006** *(Source: MII)*
- **China Mobile expenditure in 1H 2006**
  - RMB31.9B CAPEX mostly on GSM network construction
- **3G:**
  - Product line with commercial deployment in international markets and domestic 3G upgrade
  - 3G CAPEX expected to rise sharply worldwide
  - WW 3G subscribers >100 million in June06 *(Source: Strategy Analytics)*

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Summary

- Strategy of diversifying customer base and product portfolio has begun to reap solid results
- Development of new product & solutions and new international markets will continue
- Completion of new facilities and close integration of R&D resources means the company is well-positioned for future
- Realignment of resources and forming of 3 dedicated Business Units to ensure growth
- Investment on network buildouts will continue
- 2G remains a focus with network enhancements within China and the developing world
- 3G is a global opportunity