

The logo for Comba, featuring the word "Comba" in a bold, blue, sans-serif font.

京信通信系統控股有限公司
Comba Telecom Systems Holdings Limited
Stock Code: 2342.HK



Annual Results 2006 Corporate Presentation

April 2007

Agenda

- Overview
- Financial Highlights
- Financial Review
- Industry Trend
- Customer Review
- Market Outlook
- Open Forum

Overview

- Remarkable growth in revenue from China Mobile
- New products such as BTS antennas and DMS were well-received
- International sales more than doubled
- Robust net profit growth and healthy balance sheet
- PRC new headquarters established and production capacity expanded in existing plant
- Leveraged leading position in 2G market to explore 3G opportunities

Comba

Financial Highlights



Financial Results

For the year ended 31 December

<i>HK\$'000</i>	2006	2005	Change
Revenue	1,550,441	1,170,515	+32.5%
Gross profit	586,540	474,326	+23.7%
Gross profit margin	37.8%	40.5%	-2.7 % pts
Profit attributable to shareholders	131,140	82,089	+59.8%
Net profit margin	8.5%	7.0%	+1.5 % pts
Basic EPS (HK cents)	15.69	9.86	+59.1%
Final Dividend per share (HK cents)	4.5	3.0	+50.0%

Financial Position

As at 31 December

<i>HK\$'000</i>	2006	2005	Change
Current assets	2,082,581	1,947,340	+6.9%
Current liabilities	1,009,693	986,921	+2.3%
Net current assets	1,072,888	960,419	+11.7%
Total assets	2,416,552	2,182,236	+10.7%
Total liabilities	1,009,693	986,921	+2.3%
Net assets	1,406,859	1,195,315	+17.7%

Key Financial Indicators

For the year ended 31 December

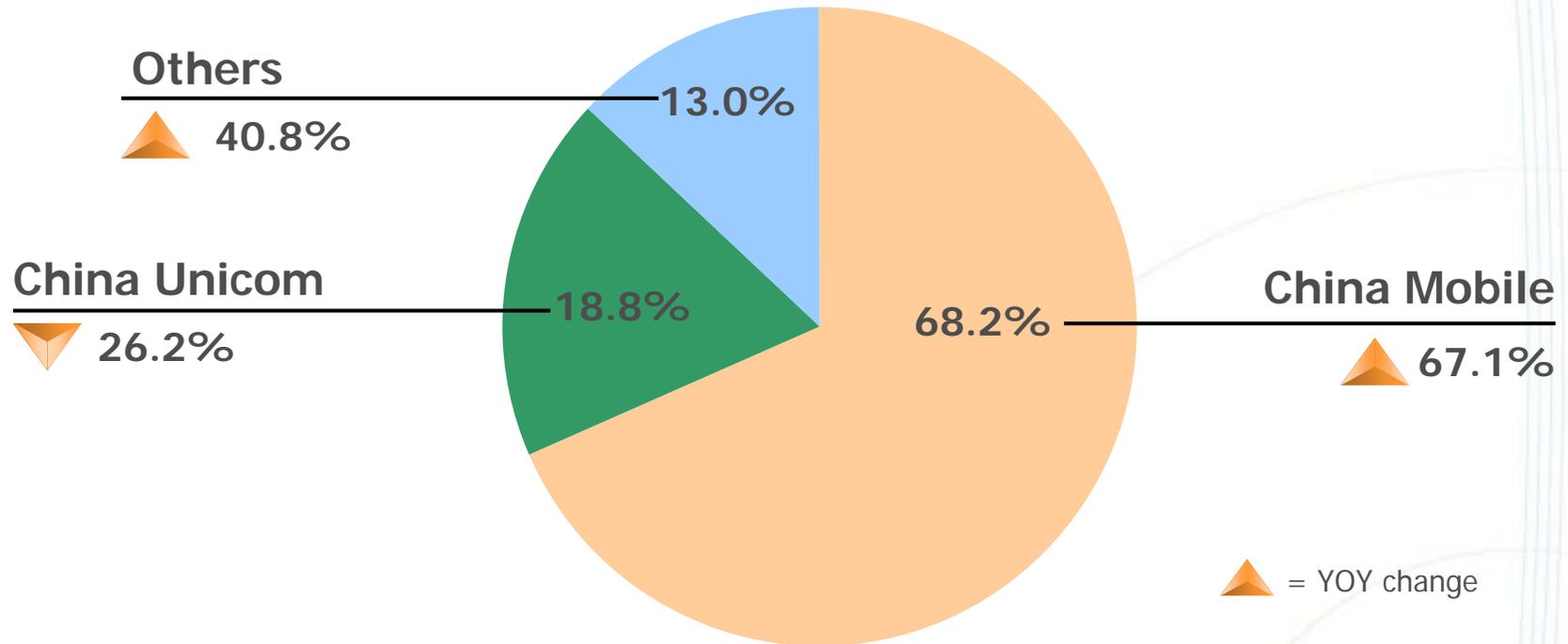
	2006	2005
Inventory turnover days	225	286
A/R turnover days	172	174
A/P turnover days	162	170
Current ratio	2.1X	2.0X
Gearing ratio	6.3%	14.0%
Return on average equity	10.1%	7.2%

Comba

Financial Review

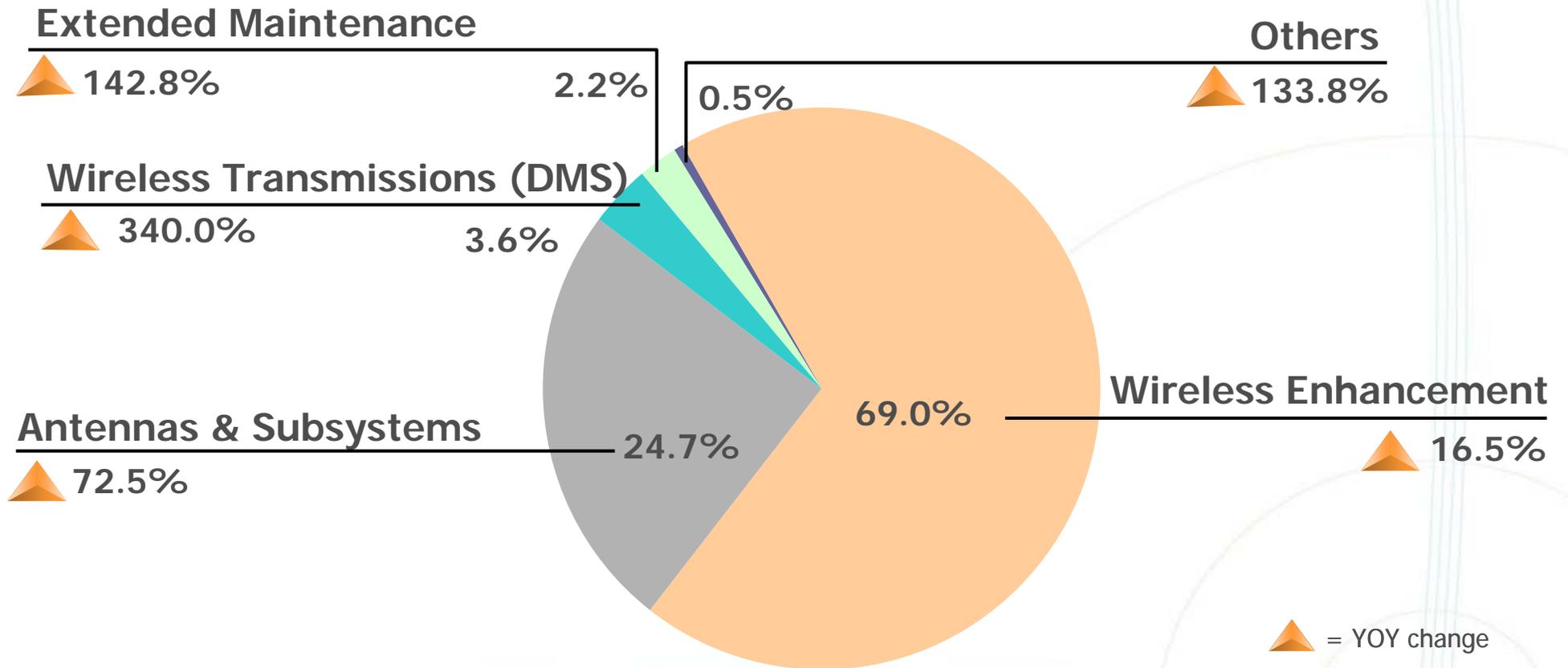


Revenue Breakdown by Customers



Remarkable revenue growth from China Mobile

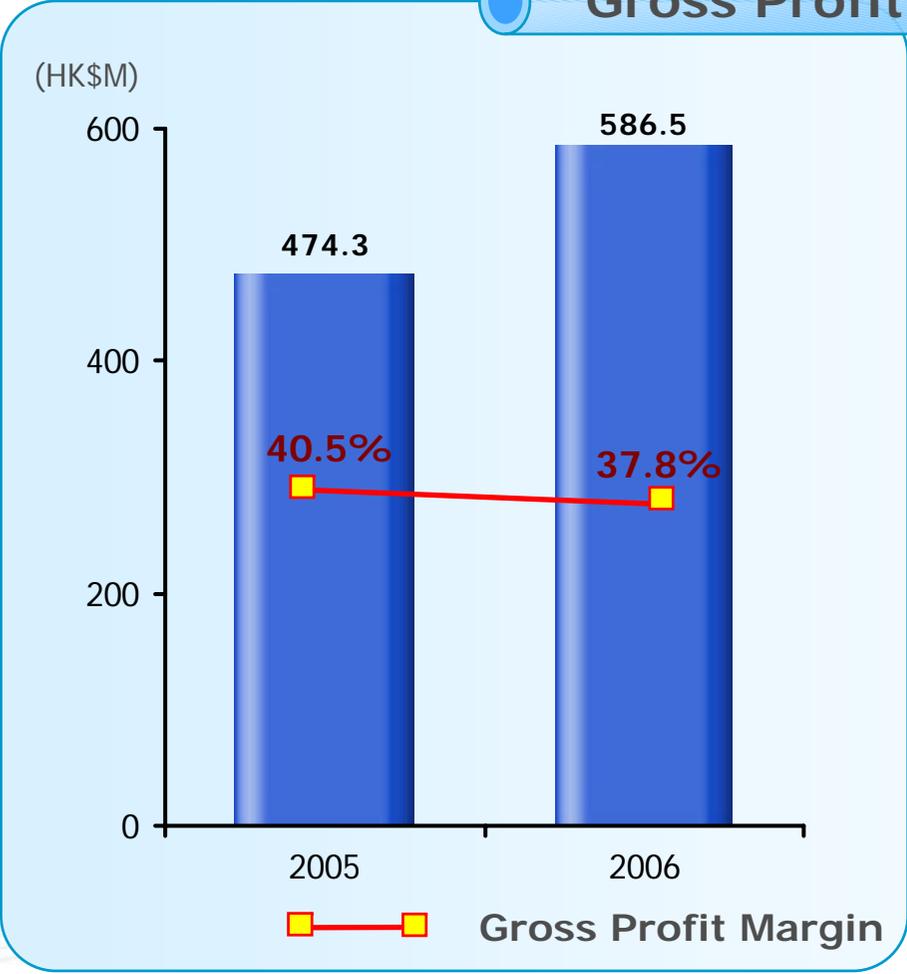
Revenue Breakdown by Businesses



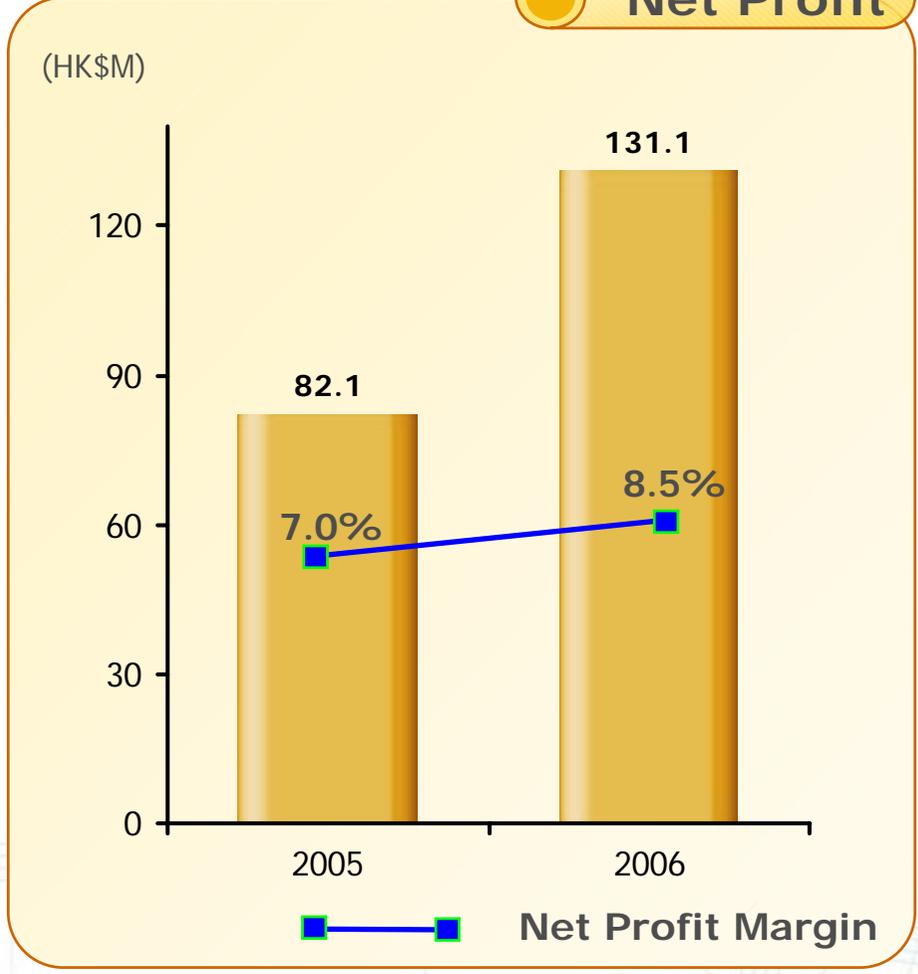
Antennas and DMS products were well-received in the market

Profit & Margin

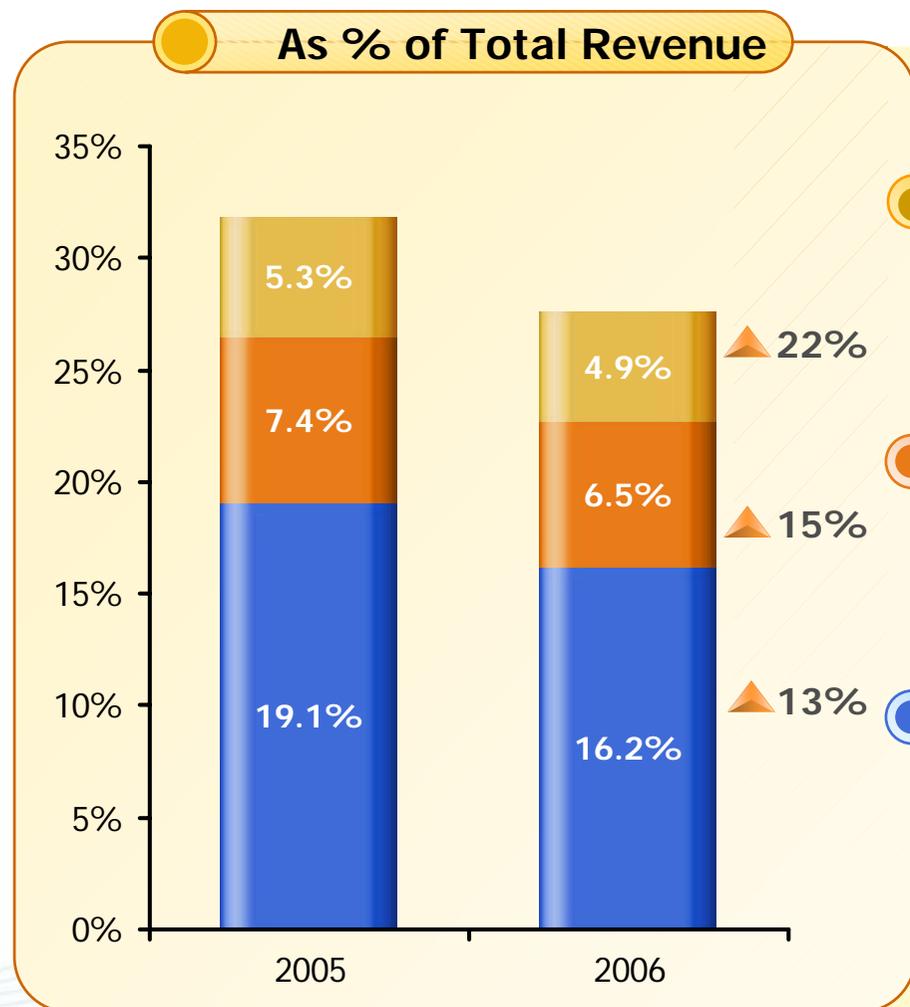
Gross Profit



Net Profit



Cost Structure



▲ = YOY change

R & D costs

- Enhanced capabilities in both PRC and US R&D centres
- Dedicated products for PRC and global markets

Selling and distribution costs

- Focused sales efforts in high demand markets
- Leveraged well-established sales platform to extend product offerings

Administrative expenses

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

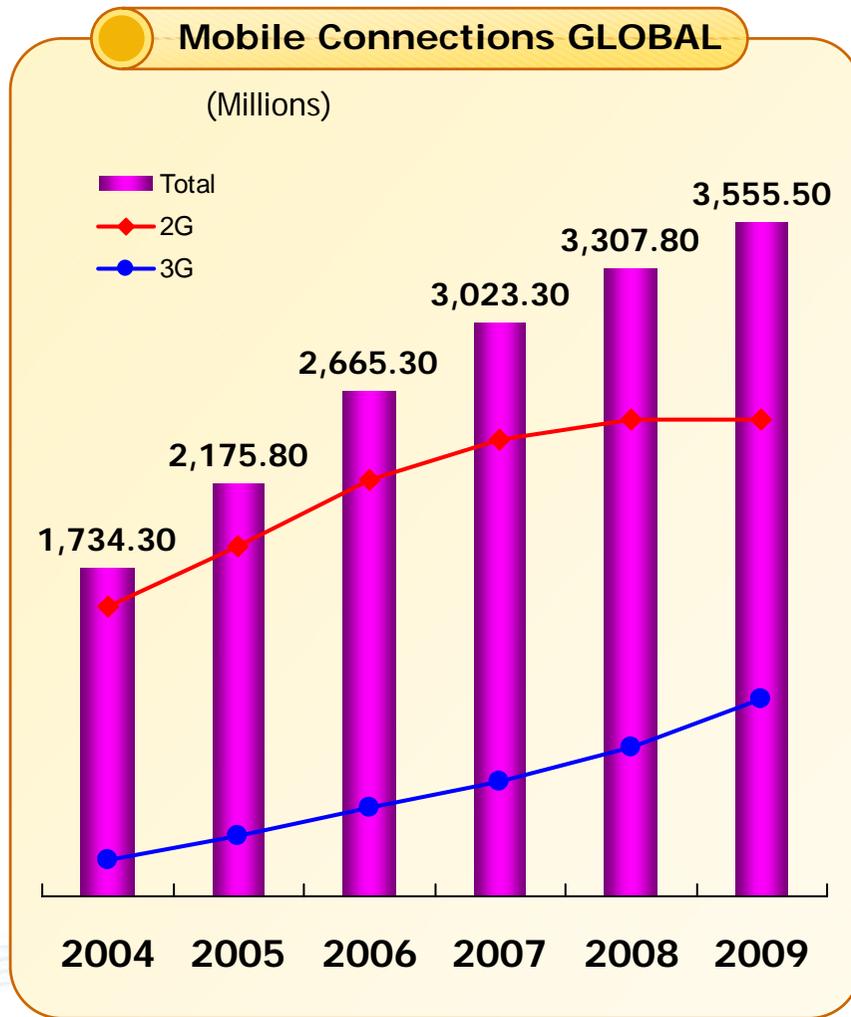
Comba

Industry Trend

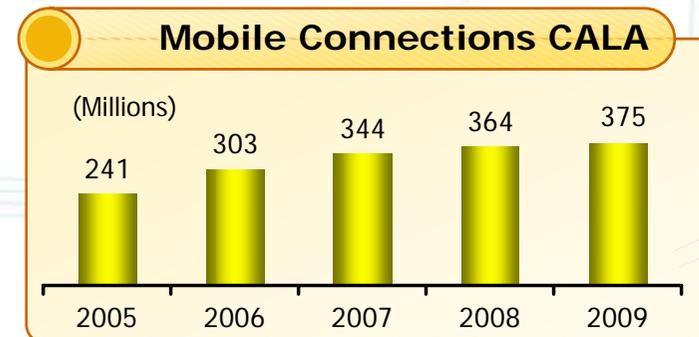
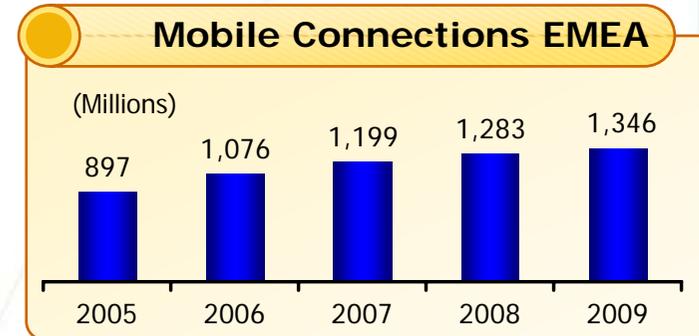
Industry Trends

Implications

Global Industry Trend

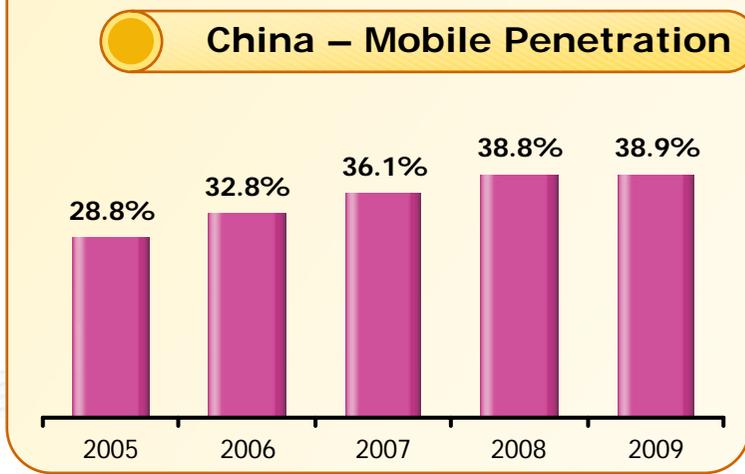
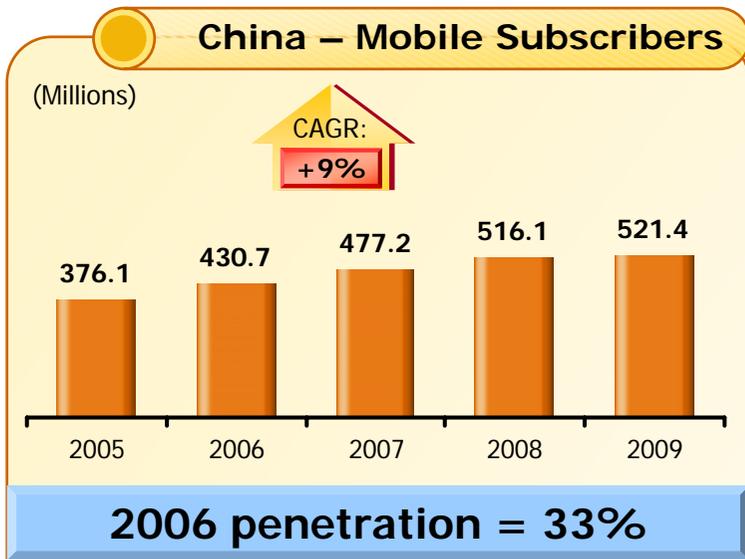


Source: Gartner Inc 2006

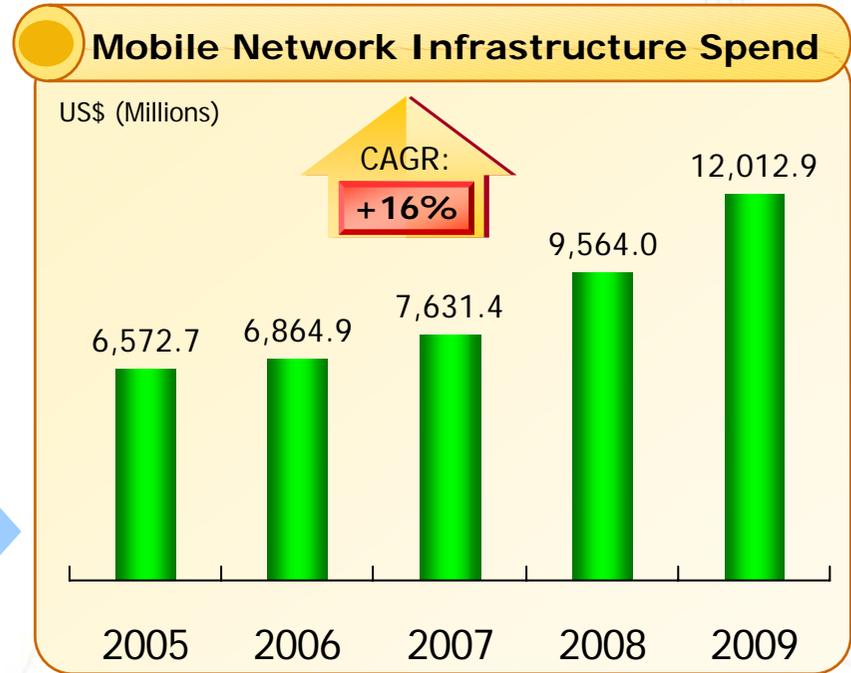


NOTE: APAC excludes Japan

Industry Trend - China



Source: IDC 2006



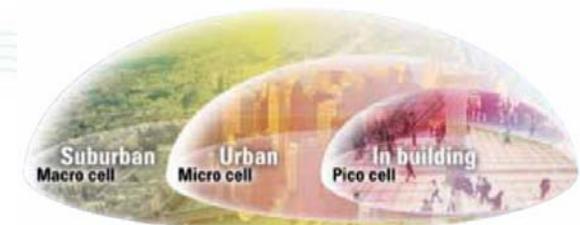
Source: Gartner Group 2006

- 2G infrastructure expenditure will continue to be significant
- 3G buildouts will rapidly escalate
- Substantial increase in capacity demands for data and voice traffic

Implications of Industry Trend

- **More network capacity** to cope with usage increase with data traffic expected to grow rapidly
- **3G is here** and growing, but **2G still remains a formidable market**
- Focus shifts from coverage driven to also a capacity driven network
- **Cost effective** capacity enhancement solution needed
 - support capacity demand for revenue generation
 - maintain revenue growth to offset downward tariff
 - Maximize existing network investments
- Comba's solutions are effectively addressing these requirements today

- **Product diversification**
- **Continued investment in 2G**
- **3G readiness**
- **International growth**



Comba

Customer Review

Global Customer Base

China Business

International Business

International Customer Base

EMEA

Logos for EMEA region: T-Mobile, Telefonica Móviles, TIM, ERICSSON, Saudi Telecom, vodacom, swisscom, TURKCELL, TELECOM ITALIA, orange, MTN, БИЛЛАЙН GSM, iran telecom, PK-TELEKOM, TELE2.

China

Logos for China region: China Mobile, China Unicom, China Telecom, CNC.

CALA

Logos for CALA region: Telefonica Móviles, vivo, TIM, movistar.

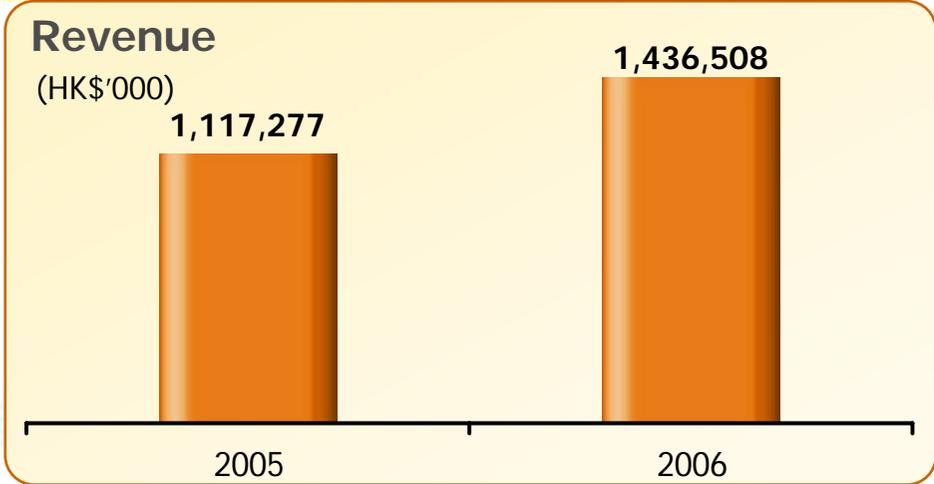
APAC

Logos for APAC region: SmartTone, Vodafone, SingTel, Peoples, m1, spice, Airtel, TANGO, GLOBE TELECOM, TATA, Lao Telecom, Hutch, StarHub, Taiwan Mobile, DiGi, DTAC, PT METAPLAS HARMONI, AIS, MIC, DST GROUP.

OEM

Logos for OEM region: HUAWEI, ZTE中兴, TD Tech, CHINA PUTIAN, 大唐移动 DTmobile.

China Business



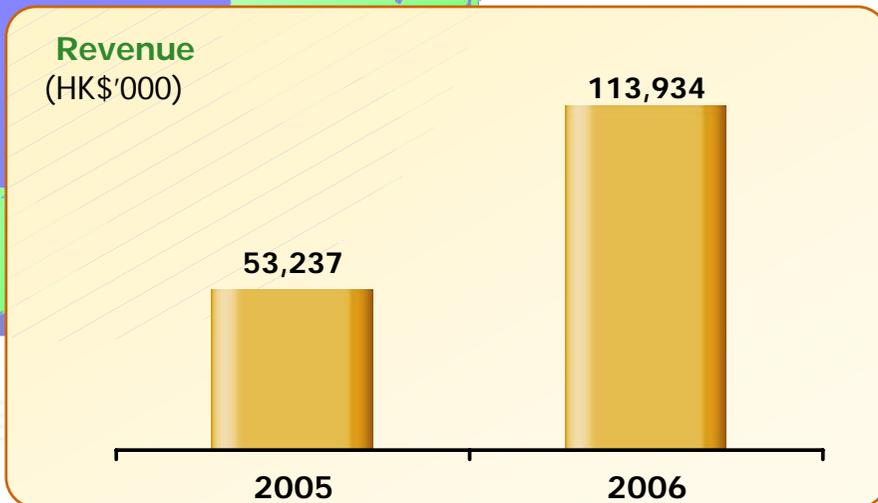
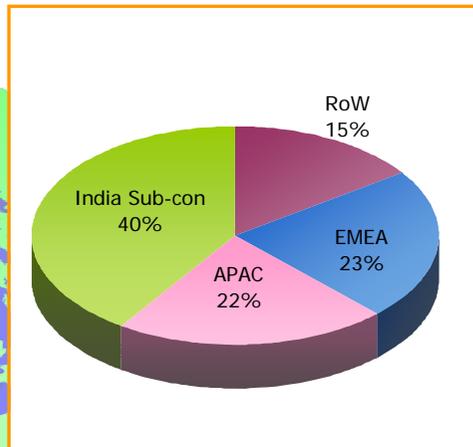
Review:

- Continuous subscriber growth drives demand
- Continuous growth in urban and rural China
- Village connect projects
- Leadership position in customer procurement programs
- Strong demand for products from all business units

Opportunities:

- Volume deliveries of TD-SCDMA / 3G solutions
- Continuous network enhancement demand with growth of mobile subscribers
- Infrastructure projects and network enhancement in urban and rural areas
- Expanded product portfolios increases addressable market

International Business



Review:

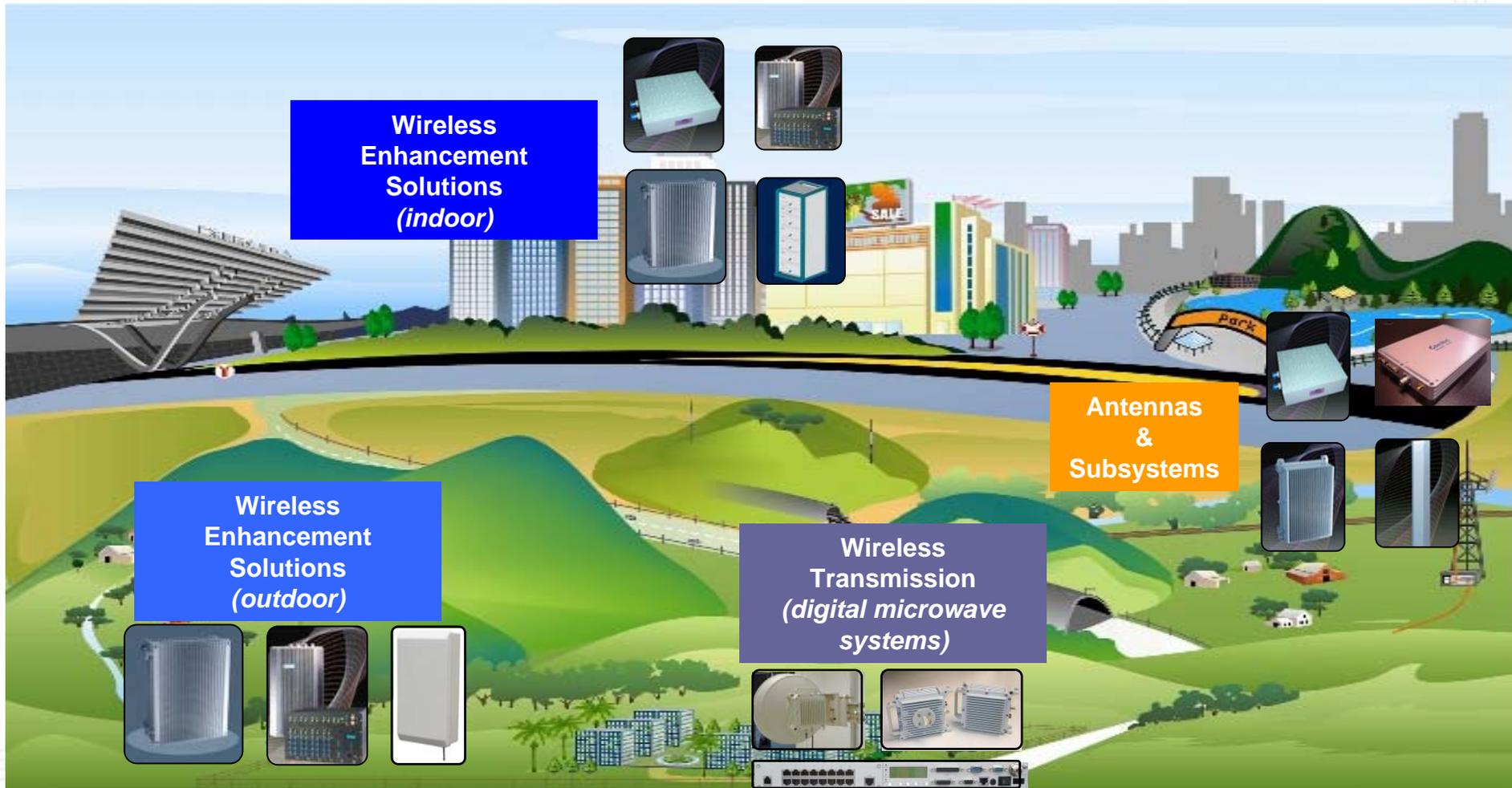
- Group's core committed growth strategy
- International business strategy beginning to show dividends with balanced growth for all regions
- Continued inroads into new markets through direct and partners presence
- RoHS compliant products for Europe
- Established presence in Caribbean and Latin America) (CALA) Market

Opportunities:

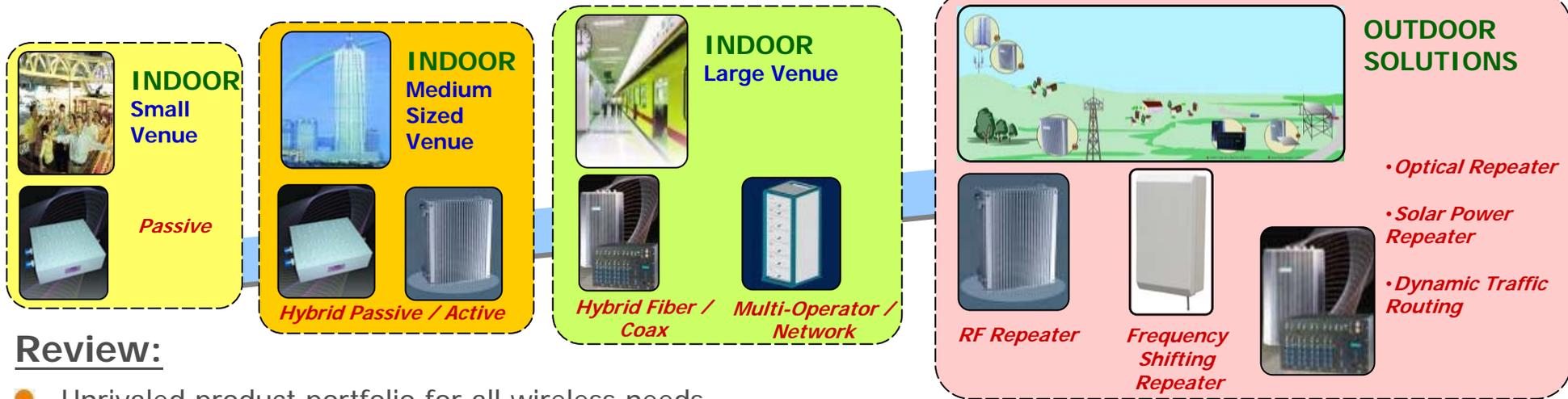
- Continuous increase in CAPEX with new network buildout, 3G upgrade and extensions
- Focused product development for international markets
- Broadened customer base allows faster business development with repeated customers
- Strong growth areas

Extended Addressable Markets

End-to-End Solutions



Wireless Enhancement

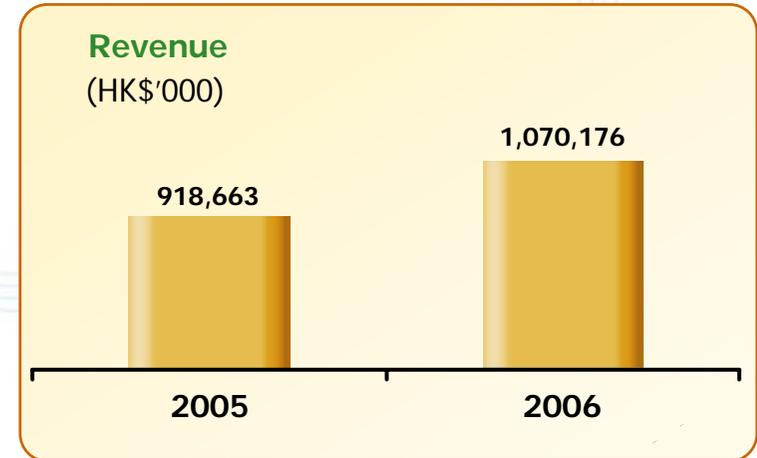


Review:

- Unrivaled product portfolio for all wireless needs
- Global leader with major projects completed around the world
- Benefiting from “China Village Connected Projects” in rural area
- Continuous growth from 2G and 3G markets worldwide
- High demand on new generation Dynamic Traffic Routing solutions
- Product successfully adopted by major global operators

Opportunities:

- Volume deliveries of TD-SCDMA/ 3G products in China
- Continuous growth in urban and rural China
- Activities in rural network projects – China and India
- Increasing contribution from International – 2G & 3G



Antennas & Subsystems

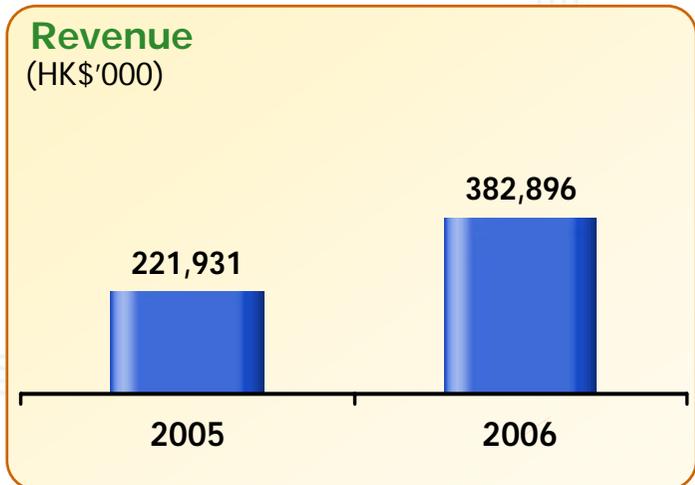


Review:

- Major wins in multiple China procurement programs
- The major BTS antenna manufacturer in China
- Tripled manufacturing capacity in BTS antennas
- Tech leadership: sole high-end antenna supplier for key customers
- Gaining traction as main antenna supplier for new int'l network rollout
- Tried and proven MIMO and smart antennas for TD-SCDMA rollout

Opportunities:

- Solid opportunities seen for TD-SCDMA / 3G
- High demand in domestic market
- Leverage on successful procurement programs with China operators
- Build on promising returns internationally



Wireless Transmission

Digital Microwave Systems



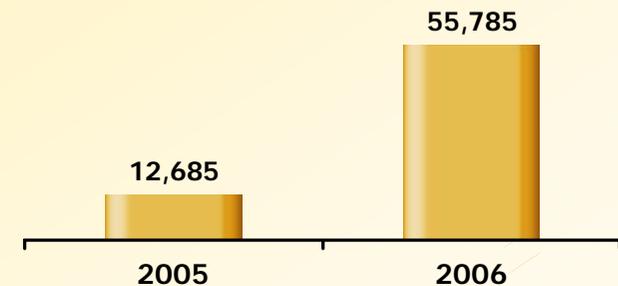
Review:

- Year of Harvest for this newest Business Unit
- Success in China & Int'l markets with growing volume
- Major win with volume supply for an int'l operator buildout
- Completed PDH, Super-PDH and SDH solutions offering

Opportunities:

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

Revenue
(HK\$'000)



Comba

Market Outlook



3G China: TD-SCDMA

We are ready and well positioned !!

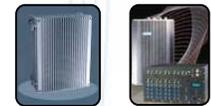
- Long term trusted partner of China operators
- Partnership established with 3 core equipment vendors
 - Antenna, Subsystems, RRU, etc
- Extended Product Line addressing all deployment needs:
 - Indoor & Outdoor Enhancements
 - Antennas & Subsystems for site deployment
 - Basestation Network Backhaul
- Extensive support and deployment team in China for quick and quality support
- Proven products & solutions for high volume deployment

Combining **Comba's** geographical, technical, relationship, services and support creates an unrivaled advantage for 3G China opportunities



Comba

Wireless Enhancement



Antennas & Subsystems



Wireless Transmission



Major Global Opportunities

Western Europe

3G enhancement

- 3G equipment agreement with TIM
- Approval of major vendors

Eastern Europe

New buildouts & enhancements

- Enhancement solutions

North America

AWS

- Launch of AWS MCPA

China

3G Rollouts

India

New buildouts & enhancements

- Solutions for rollout
- Backhaul
- Enhancement solutions

APAC

3G, New buildouts & enhancements

- Supply of solutions for rollout
- Backhaul, Antennas
- Enhancement solutions

CALA

3G, New buildouts & enhancements

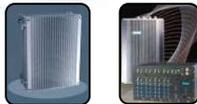
- Solutions for network rollout
- Enhancement solutions

ME & Africa

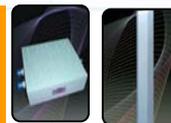
New buildouts & enhancements

- Supply of solutions for rollout
- Backhaul
- Enhancement solutions

Wireless Enhancement



Antennas & Subsystems



Wireless Transmission



Comba

Open Forum

