

**MAY 15, 2006**



**中国移动通信**  
**GRENTTECH**

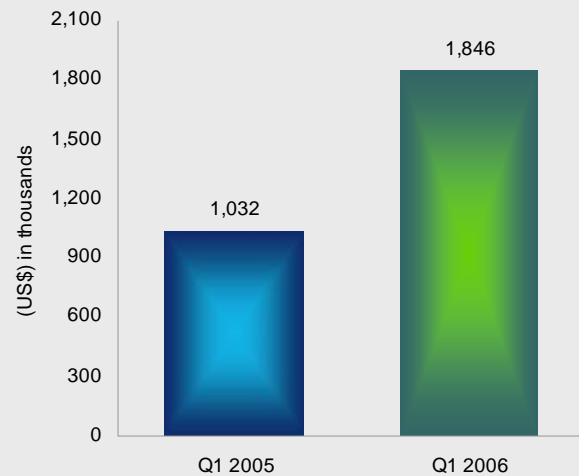
**1 Q 2 0 0 6 Earnings Conference**

# Safe Harbor Statements

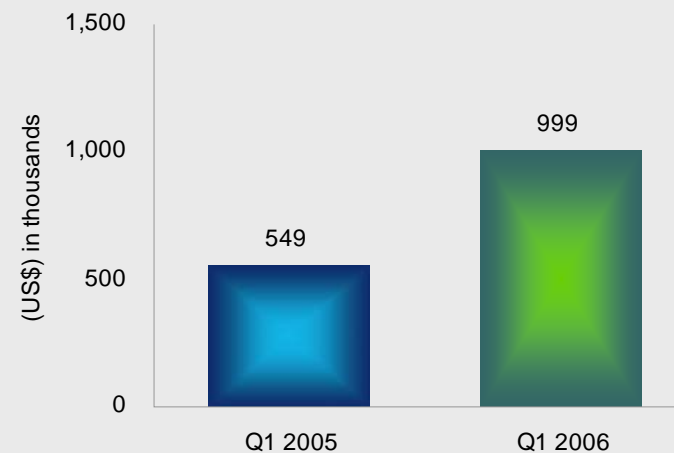
Statements contained in this presentation that are not historical facts are forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements, including financial projections and forecasts, involve risks and uncertainties that could cause the Company's actual results to differ materially from its current expectations. Factors that could cause the Company's results to differ materially from those set forth in these forward-looking statements include the Company's reliance on business relationships with the China Unicom group and the China Mobile group; risks associated with large accounts receivable, long collection periods and accounts receivable cycles; fierce competition in the wireless communication industry; growth of, and risks inherent in, the wireless communication industry in China; uncertainty as to future profitability and the Company's ability to obtain adequate financing for its planned capital expenditure requirements; its reliance on third parties to carry out the installation of its wireless coverage products; uncertainty as to its ability to continuously develop new RF technology and keep up with changes in RF technology; risks associated with possible defects and errors in its wireless coverage products; uncertainty as to the Company's ability to protect and enforce its intellectual property rights; and uncertainty as to the Company's ability to attract and retain qualified executives and personnel, particularly in its research and development department. Other factors that may cause the Company's actual results to differ from those set forth in the forward-looking statements contained in this presentation and that may affect its prospects in general are described in the Company's filings with the Securities and Exchange Commission, including its Registration Statement on Form F-1 related to its initial public offering. The Company undertakes no obligation to update or revise forward-looking statements to reflect subsequent events or changed assumptions or circumstances.

# Solid Growth in Revenue and Gross Margin

## Revenues



## Gross Profit

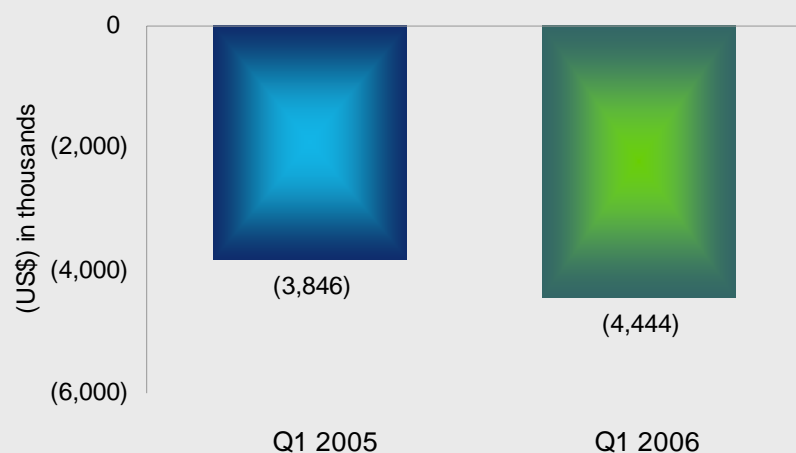


- ◆ Historically, 1Q revenue has accounted for less than 2% of the annual revenue
- ◆ Net sales increased 79% from the first quarter of 2005
- ◆ Gross profit increased 82% YOY to US\$999,000

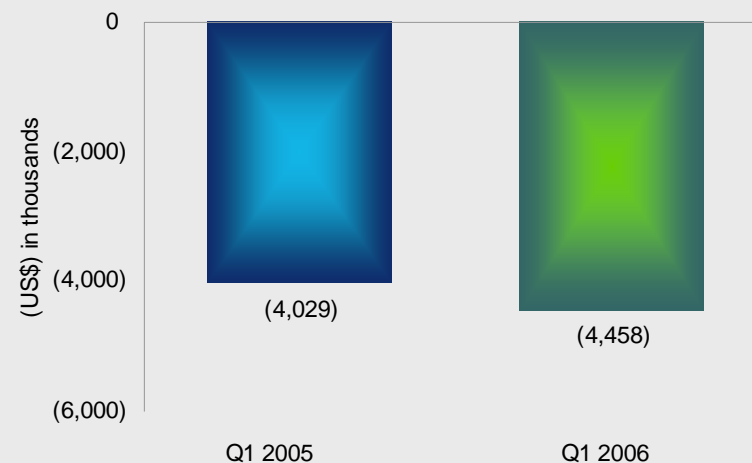
Note: The Company's functional and reporting currency is Renminbi ("RMB"). The translation of amounts from RMB to United States Dollars ("U.S. dollars") is solely for the convenience of the reader. RMB amounts are translated into U.S. dollars at the rate of US\$1.00=RMB8.0170

# Operating & Net Loss

## Operating Loss



## Net Loss

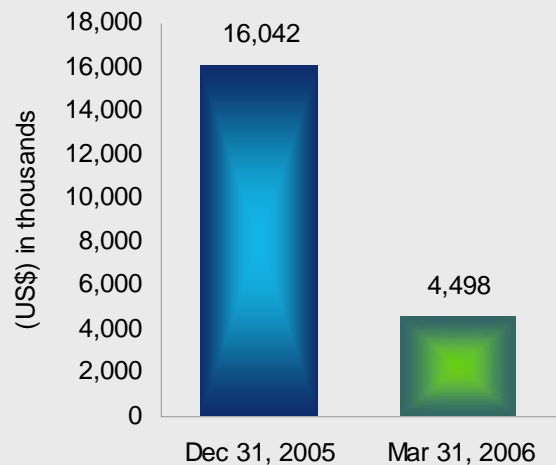


- ◆ Net loss increased due to seasonally low revenues and a higher base of operating expenses
- ◆ Upon completion of the IPO on April 4, 2006, accretion of the dividend for preference shares and accrual of the interest payable on the exchangeable bonds ended.

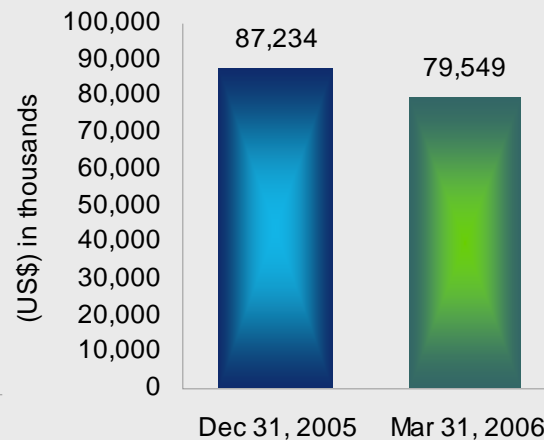
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# Balance Sheet

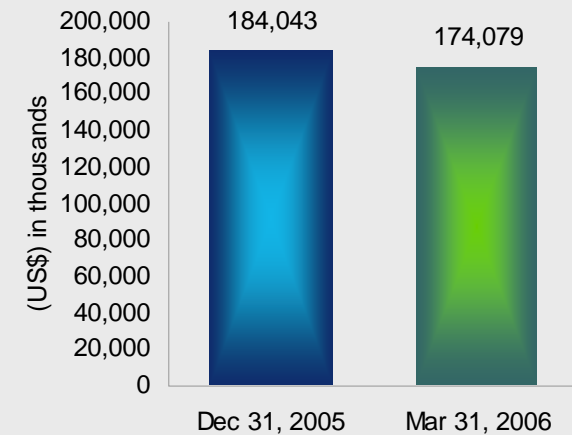
## Cash and Cash Equivalents



## Accounts receivable



## Total Assets

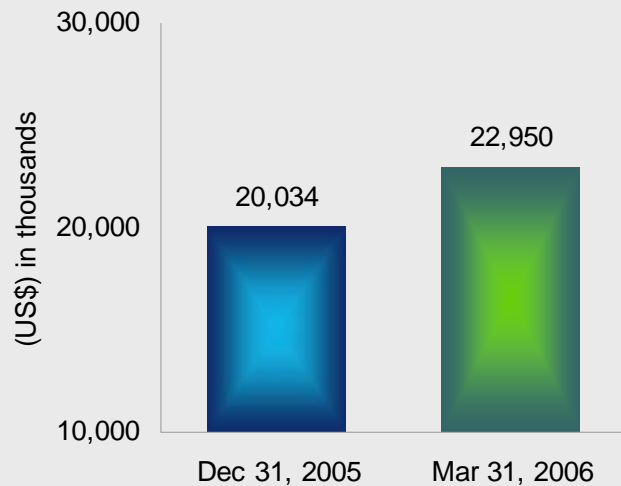


- ◆ Compared to 1Q05, we had a higher rate of collection in 1Q06
- ◆ The net proceeds of US\$83.7 million from the IPO were not reflected in the cash and cash equivalents as of March 31, 2006

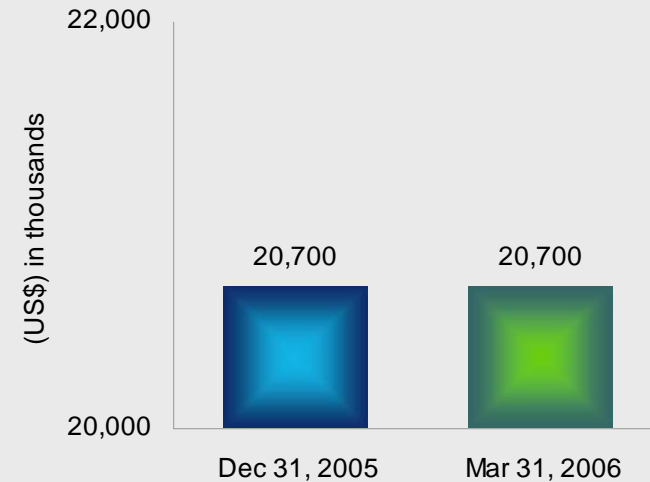
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# Balance Sheet (cont'd)

## Short-term bank loans



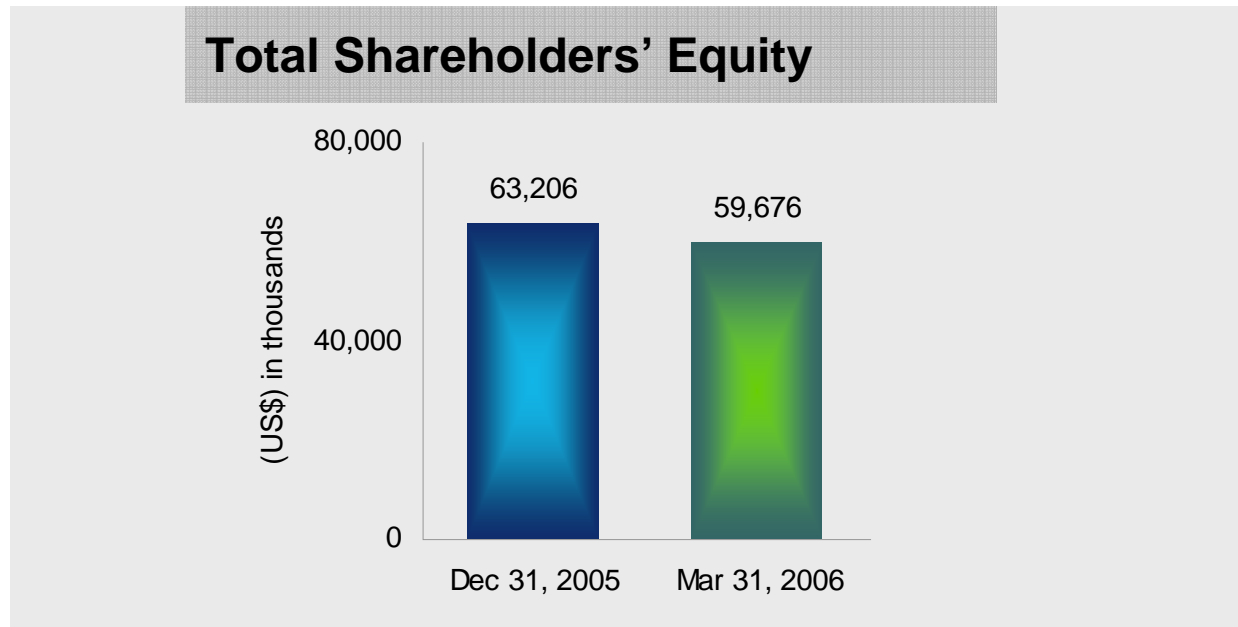
## Long-term debt



- ◆ Short-term bank loans increased US\$2.9million to US\$23.0million.
- ◆ Upon the completion of the IPO on April 4,2006, the exchangeable bonds issued by the ordinary shareholders were converted into ordinary shares originally held by the shareholders of the Company.
- No long-term debt will reflect on the balance sheet in 2Q06.

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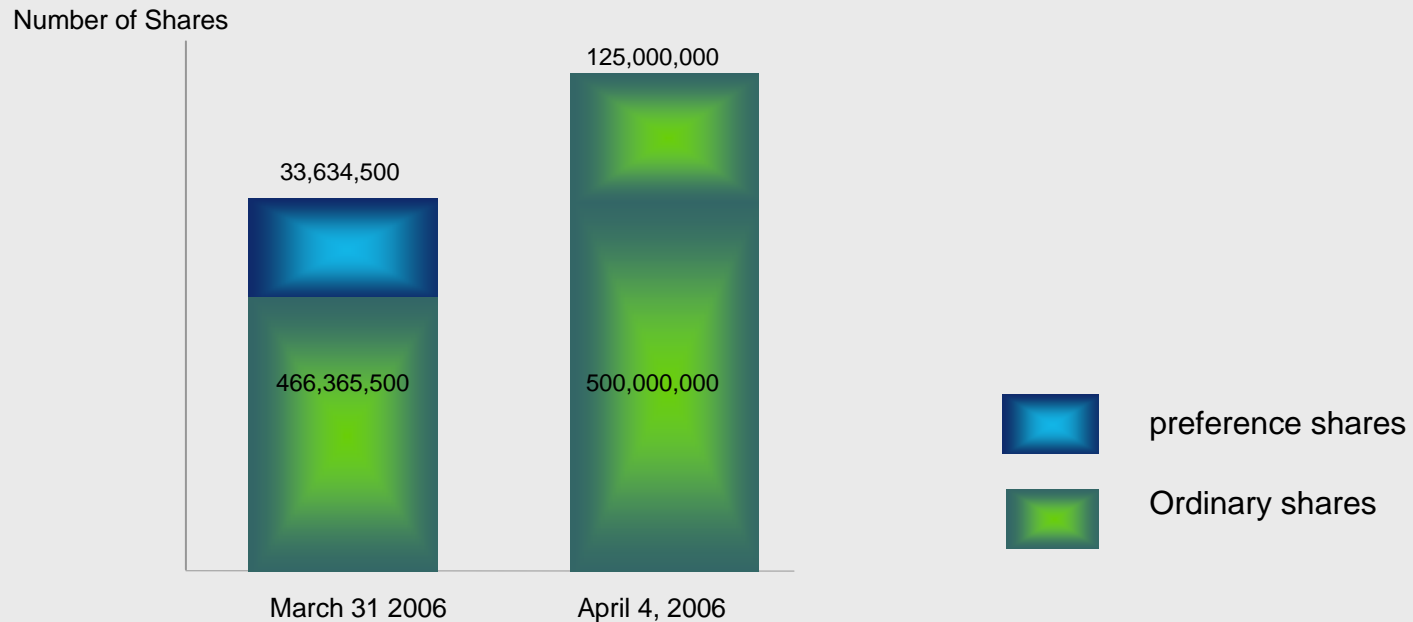
# Balance Sheet (cont'd)



- ◆ The total shareholders' equity at the end of 1Q06 does not reflect the net proceeds from the IPO and the conversion of exchangeable bonds.

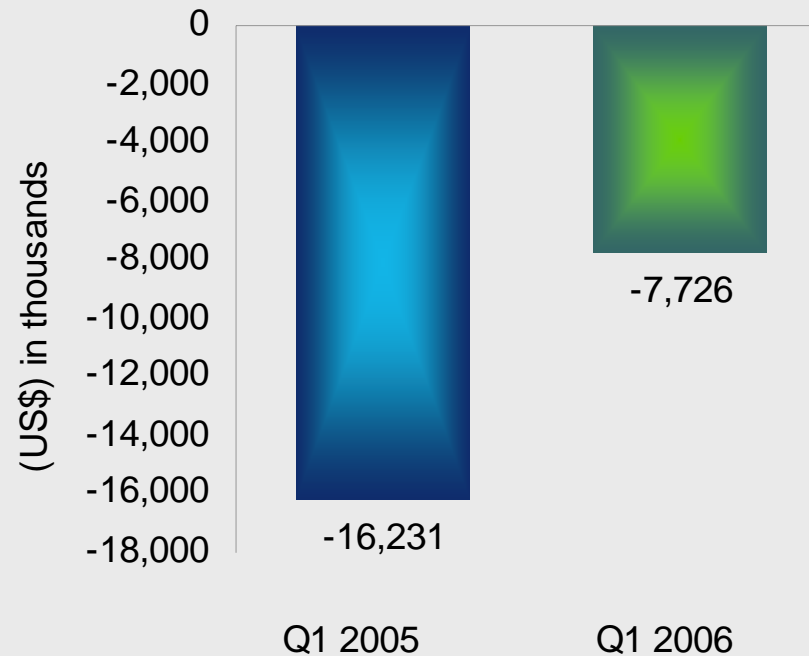
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# Outstanding Shares



- ◆ The Company's IPO was completed on April 4, 2006
- ◆ The Company and the selling shareholders sold 5,000,000 ADSs and 1,250,000 ADSs, respectively, to the public at US\$18.00 per ADS.
- ◆ Each ADS represents 25 ordinary shares of the Company.

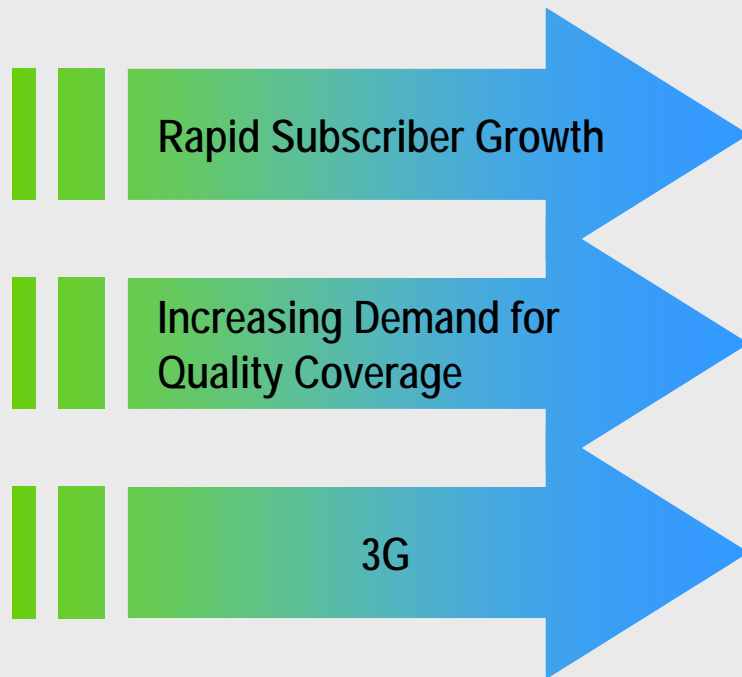
# Operating Cash Flow



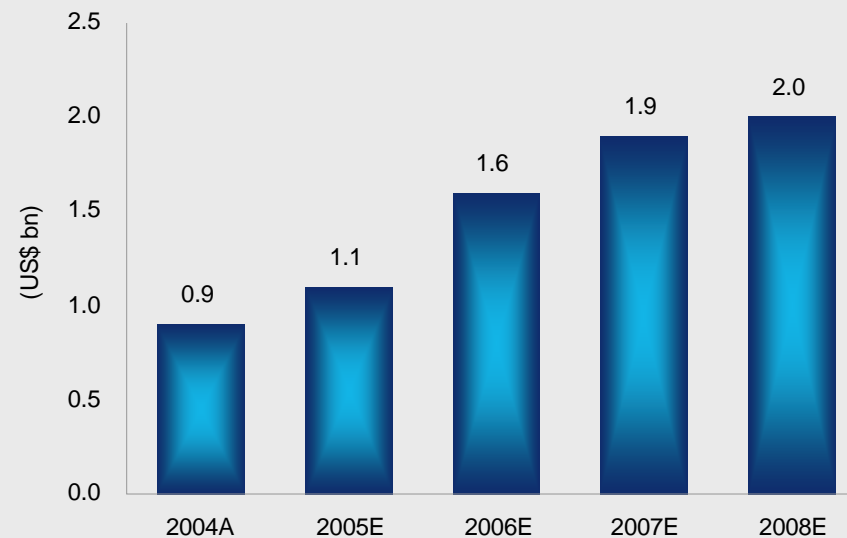
- ◆ Operating cash flow improved as collection efforts for accounts receivable improved.

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# Growth in the Wireless Coverage Market



PRC Wireless Network Coverage Market Size  
(US\$ in billions)

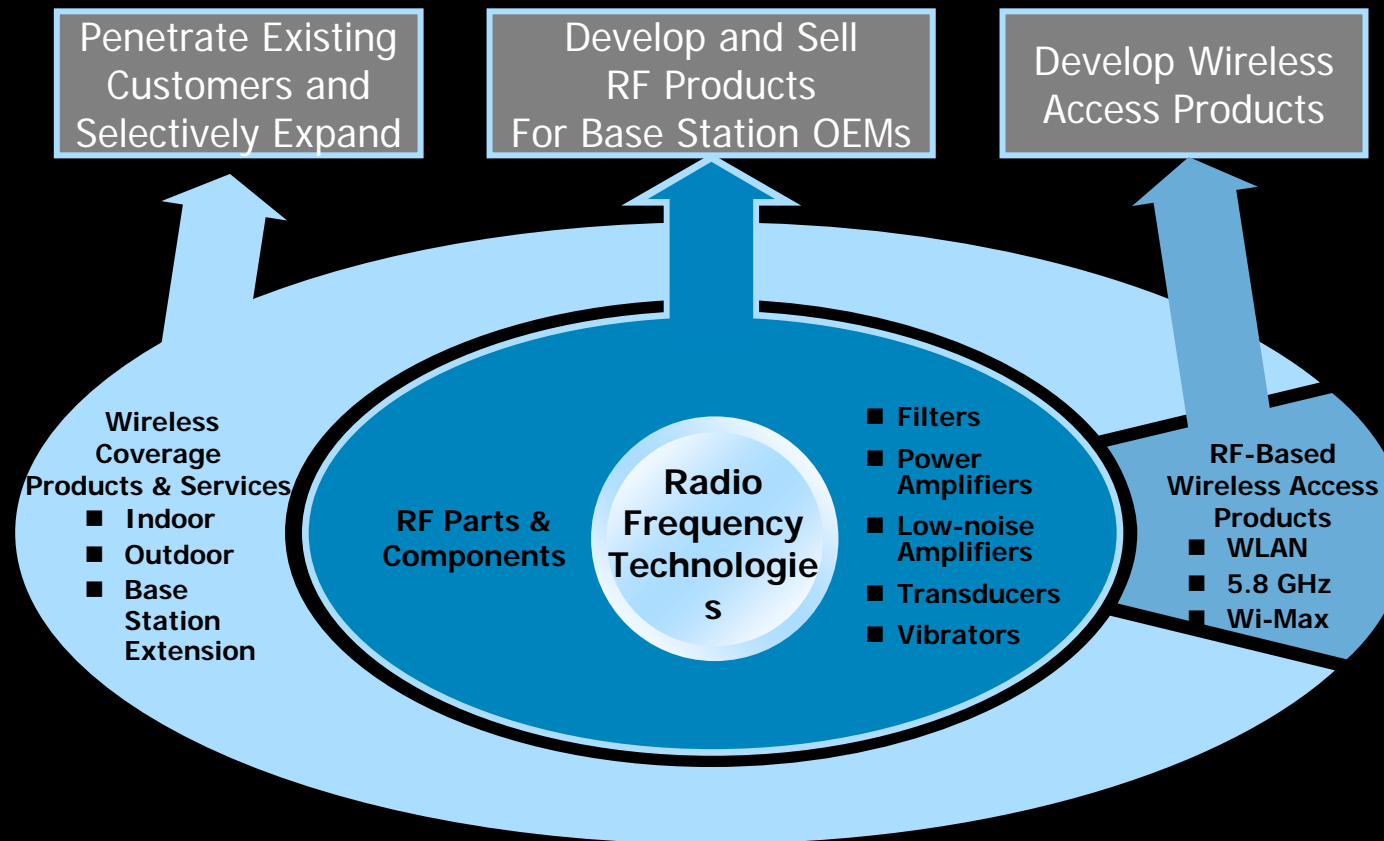


Source: CCID Report, April 2005 & MII Report, February 2005

- ◆ According to CCID report, the PRC wireless coverage market will grow by 82% from US\$1.1billion in 2005 to US\$2billion in 2008.
- ◆ We are also selectively exploring overseas markets using our low cost advantage.

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# Future Strategies for Growth



- ◆ Steady growth of revenue expected from the Chinese wireless network coverage markets in 2006.
- ◆ A number of new contracts from overseas wireless coverage markets will contribute modestly to revenue growth in 2006.
- ◆ RF products will be a near-term driver of revenue growth for China GrenTech in 2006.
- ◆ We believe that both the revenue and net profit for 2006 will increase compared to 2005.



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Questions and Answers