



**中国移动通信**  
**GRENTTECH**

**Corporate Presentation 4Q2006 and FY06**

*March 12th, 2007*

# Safe Harbor Statements

Forward-looking Statements contained in this presentation that are not historical facts, 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 Chinese wireless operators and those base station OEMs; 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; uncertainty as to its ability to continuously develop and manufacture new RF technology and keep up with changes in RF technology; risks associated with possible defects and errors in its wireless coverage products or RF 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.

# Agenda

- ◆ **Financial Overview**
- ◆ **Business Overview**
- ◆ **Guidance**

# Q4 and FY 2006 Financial Highlights

	4Q2006	FY2005	FY2006	FY change
	RMB	RMB	RMB	%
Revenue	450.3	716.3	832.8	+16.3%
Gross profit	209.2	388.2	395.8	+1.9%
Net income	114.4	181.4	148.8	-18.0%
Diluted EPADS*	4.58	n/a	6.25	n/a
Net cash Per ADS*	n/a	n/a	14.80	n/a

※the company was listed on March 30,2006,no ADS was issued in FY2005

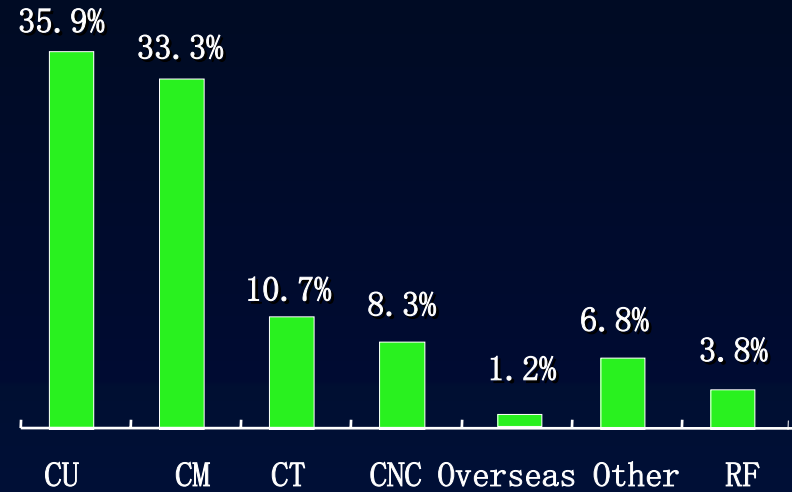
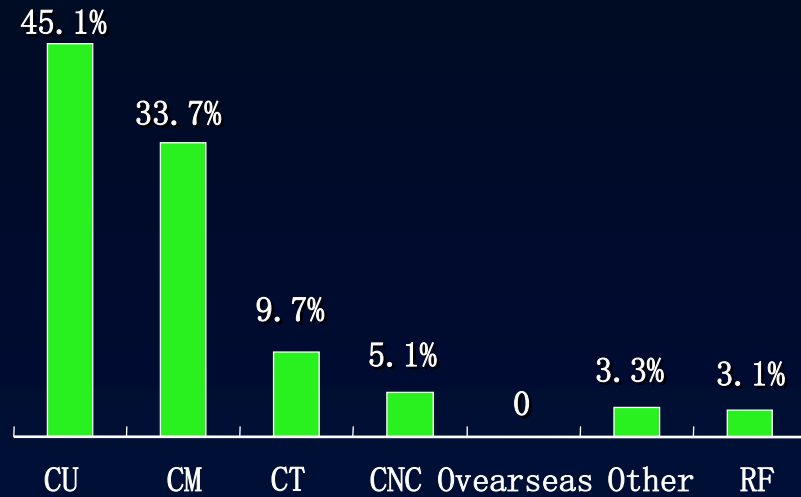
the amount is in million except for per ADS data.

# Revenue Compared to 2005 (RMB mm)

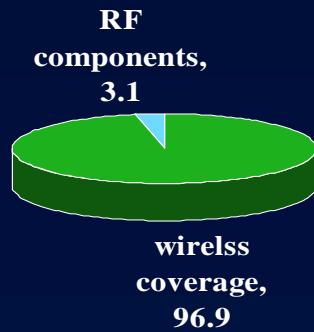


# Revenue Breakdown

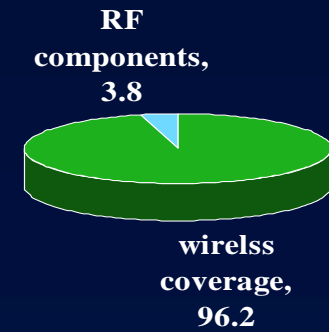
## Breakdown by customers



## Breakdown by products



FY2005



FY2006

# Margins

	Quarter			Fiscal Year		
	4Q2005	4Q2006	change	FY2005	FY2006	Change
Gross Margin	53.9%	46.5%	-7.4%	54.2%	47.5%	-6.7%
Operating Margin	41.9%	29.6%	-12.3%	31.4%	21.5%	-9.9%
Net Margin	41.0%	25.4%	-15.6%	25.3%	17.9%	-7.4%

# Balance Sheet (RMB mm)

	31.12.2005	31.12.2006	Change
<b>Total Cash*</b>	204.9	706.0	+244.6%
<b>Total Accounts Receivable</b>	699.4	1016.8	+45.4%
<b>Inventory</b>	370.1	434.4	+17.4%
<b>Total Assets</b>	1475.5	2415.8	+63.7%
<b>Short-term bank loans</b>	160.6	336.1	+109.2%
<b>Total Liabilities</b>	905.6	866.4	-4.3%

※Total Cash = cash and cash equivalents + pledged time deposits

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# Wireless Coverage Highlights

- ◆ Rising CAPEX of Chinese operators excepting China Unicom in wireless coverage
- ◆ Accelerating investments by operators in wireless coverage in 4Q2006
- ◆ Won the bid from China Mobile Centralize Bidding for 2G wireless coverage equipments.

# RF Business

- ◆ Increasing demand for base stations increased the need for RF modules
- ◆ We are a qualified supplier for six base station OEMs
- ◆ Won a bid from the largest domestic OEM with larger share for CDMA RF modules and a bid from a Wholly owned by Foreigner enterprise based in Shanghai for TD-SCDA filter.
- ◆ In volume supply to three OEMs.

# Challenges

- ◆ Decrease for 2G products ASP in China Mobile Centralize bidding
- ◆ Lower investments in CDMA by China Unicom
- ◆ the limited mass production capacity of base station RF products

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# Business Outlook and Guidance

## *Business Outlook*

- ◆ The construction of TD-SCDMA commercial network
- ◆ The expansion of 2G network and demand for Olympic stadium's 2G network coverage
- ◆ Revenue from overseas network coverage is expected to grow steadily
- ◆ Growing base station demand for TD SCDMA, 2G expansions, and demand from overseas markets continue to create significant need for our RF products

# We are ready for TD-SCDMA

## *For TD-SCDMA wireless coverage*

- ◆ we successfully developed TD-SCDMA trunk amplifiers, optical repeaters, and radio repeaters.
- ◆ The Company recently received first round regulatory approval for its TD-SCDMA repeaters and trunk amplifiers.
- ◆ We are well prepared to manufacture TD-SCDMA equipment and has an engineering force in place.

## *For Base Station RF components*

- ◆ In TD-SCDMA, China GrenTech newly developed four types of TD filters, of which two are available to the market and three types of TD-SCDMA amplifiers have yet to be introduced
- ◆ The company has started to supply TD-SCDMA filters to two OEMs.

# Financial Guidance

## Revenue Estimate

- ◆ 1Q2007: RMB 28 million-- RMB 32million
- ◆ FY2007: wireless coverage products will grow in the high teens  
RF products will grow 300-400%



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**Questions and Answers**