

[For Immediate Release]



## Comba Telecom Announces 2018 Annual Results

(22 March 2019 – Hong Kong) – **Comba Telecom Systems Holdings Limited** (“Comba Telecom” or “the Group”, SEHK stock code: 2342), a global leading solutions and services provider of wireless and information communications systems, today announces its audited annual results for the year ended 31 December 2018.

In 2008, as the mobile telecommunication industry in mainland China was affected by the slowdown of investment and construction of 4G, the capital expenditures from operators continued to decrease. However, benefitted from the Group’s strong overseas expansion and intensifying strategic cooperation with core equipment manufacturers, the Group’s international business improved significantly with revenue generated from international customers and core equipment manufacturers increased by 42.6% y-o-y. During the year, the Group reported revenue amounting to HK\$5,663 million, a slight increase of 1.8% y-o-y. The net loss of the Group was HK\$171 million, which mainly attributable to: 1) the increase in R&D expenditure for preparing for the roll-out of 5G network, 2) a one-off operating restructuring and optimization cost and 3) the increase in the Group’s non-wholly-owned subsidiary ETL Company Limited (“ETL”) related expenses and investment in 4G network during the year.

The Group's revenue from major customers in 2018 shown as follows:

Customers	Revenue (HK\$'Mn)	Change	Percentage to the Group's revenue
China Mobile Group	1,682	1.2%	29.7%
China Unicom Group	520	(36.6%)	9.2%
China Telecom Group	783	(39.2%)	13.8%
Other customers (Mainly including China Tower Corporation Limited and Rail Transit Communications customers)	612	60.4%	10.8%
International customers and core equipment manufacturers	1,881	42.6%	33.2%
ETL*	185	--	3.3%

\* The group has completed the acquisition of 51% equity interest of ETL at the end of July 2017. The revenue from ETL in 2017 was HK\$93,025,000.

During the year, benefiting from the 4G network construction in the emerging markets and the re-farming of frequency spectrum and NB-IoT projects of key domestic operators, revenue generated from the antennas and subsystems business increased. While the revenue generated from network system business decreased which mainly affected by the delay of some tender projects of key domestic operators. In view of rising mobile data traffic consumption, and greater attention paid by domestic operators on the cost and effectiveness of network construction, the management will proactively promote cost-effective solutions, and expects that the scale of the network system business will further expand in the future.

The Group's revenue from major businesses in 2018 shown as follows:

<b>Businesses</b>	<b>Revenue (HK\$'Mn)</b>	<b>Change</b>	<b>Percentage to the Group's revenue</b>
Antennas and subsystems	2,838	18.4%	50.1%
Network System (including Wireless enhancement and Wireless Access)	765	(23.8%)	13.5%
Services	1,595	(13.7%)	28.2%
Other Businesses (including Rail Transit Communications and Wireless Transmission)	280	26.7%	4.9%
Operator ETL business	185	--	3.3%

The Group has invested substantially in R&D and innovation so as to keep pace with rapidly evolving mobile network technology. During the year, R&D expenditure rose by 6.6% to HK\$353 million compared to the prior year, accounting for 6.2% of the Group's revenue. As of 31 December 2018, the Group has applied for over 3,700 patents.

With regards to the network business for operators, the Group has enjoyed a long-held leading position in the base station antenna market. Strengthening its self-development capabilities, the Group has launched a number of state-of-the-art antenna products such as 5G Massive MIMO antenna, ultra-multi-frequency antenna and TDD+FDD hybrid antenna. With regards to the network system business, the Group has taken the lead to launch the 5G digital indoor coverage solutions, guiding the development of 5G indoor coverage industry. During the year, China Mobile launched the procurement project of PicoCell for 4G, marking the initial large-scale commercial use of the small cell products, which the Group has been putting intensified efforts into R&D and marketing over the past years. In addition, the Group has achieved satisfactory performance in a number of projects from the three major operators, including their network expansion, coverage and optimization for 4G, frequency spectrum re-farming, and construction of NB-IoT.

In terms of rail transit communications business, during the year, the Group successfully won the tender for a number of rail transit communications projects in Chengdu, Nanning, Xiamen, Hangzhou and Wuhu, which further laid a solid foundation for the continuous development of the Group's rail transit communications business.

In terms of international business, the international marketing team of the Group is actively seeking business opportunities and strengthening strategic cooperation with leading international core equipment manufacturers. The global market position and competitiveness of the international business were significantly enhanced. The Group has made significant breakthroughs in different countries and regional markets especially Middle East, India, Brazil and Southeast Asia, which drove the rapid growth of international business.

In addition, as the deployment of 5G would be combined with its application in vertical industries to a greater extent, the Group also proactively made deployment in smart manufacturing, facial recognition and other areas with a view to capture the opportunities in the future.

**Mr. Tony TL Fok, Chairman of Comba Telecom**, concluded, "Despite the challenging operating environment in 2018, the Group continuously builds product competitiveness based on the concept of "customer-centered, market-oriented" to create value for customers. Looking ahead, the Group will focus on its customers and products and provide flexible and innovative technical products, solutions and services to telecommunication operators, core equipment suppliers, and other customers so as to strengthen and enhance the operating efficiency of the Group to maximum the overall benefits."

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**About Comba Telecom Systems Holdings Limited**

Comba Telecom is a leading global solutions and services provider of wireless and information communications systems with its own R&D and manufacturing base, and sales and service teams. The Company offers a comprehensive suite of products and services including wireless access, wireless enhancement, antennae and base station subsystems, and wireless transmission to its global customers. Headquartered in Hong Kong, Comba Telecom's global operations include manufacturing bases in China, R&D centers in China and the US, and more than 40 offices worldwide. Comba Telecom is listed on several indexes including the MSCI China Small Cap Index, Hang Seng Composite Index (Information Technology Industry Index, MidCap & SmallCap Index and SmallCap Index), Hang Seng Global Composite Index, Hang Seng Internet & Information Technology Index, and Hang Seng Corporate Sustainability Benchmark Index. For further information, please visit: [www.comba-telecom.com](http://www.comba-telecom.com).

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