

[For Immediate Release]



Comba Telecom Announces 2018 Interim Results

(23 August 2018 – Hong Kong) – **Comba Telecom Systems Holdings Limited** (“Comba Telecom” or “the Group”, SEHK stock code: 2342), a leading global wireless solutions provider, today announces its unaudited interim results for the six months ended 30 June 2018.

In the first half of 2018, the global economy maintained momentum and enjoyed stable growth. However, against a backdrop of economic uncertainty arising from international trade friction and monetary policies, economic growth in China slowed. Delays in network construction investment by China’s leading telecommunications operators negatively impacted overall development in the country’s telecom sector. Affected by both the general economic and sectoral environment, the Group recorded a 8.4% decrease in revenue to HK\$2,494 million compared to the corresponding period last year, and a net profit of HK\$21.03 million in the review period. The gross profit margin rose slightly to 28.4% compared with the corresponding period last year.

Mr. Zhang Yuejun, Vice Chairman and President of Comba Telecom, said, “As a result of rapidly growing network usage in the market, per capita data consumption continues to rise. With regard to the huge challenges brought by this surge, the Group’s innovative digitalized indoor coverage solutions can effectively satisfy the users’ demand for dense network coverage in the post 4G era. Driven by the rapid evolution of communications technology and positive government policies that support the industry, we have steadily progressed along the path to 5G. During the review period, the Group has explored opportunities in new markets and stepped up its R&D program, in order to fully prepare for the approaching 5G era.”

During the review period, revenue generated from China Mobile Group increased by 1.6% to HK\$681 million, accounting for 27.3% of the Group’s revenue. Revenue generated from China Unicom Group declined by 48.6% to HK\$209 million, accounting for 8.4% of the Group’s revenue. Revenue generated from China Telecom Group has declined by 53.3% to HK\$393 million, accounting for 15.8% of the Group’s revenue. Revenue generated from other customers, mainly including China Tower Corporation Limited and specialized government and enterprise network customers, dropped by 1.5% to HK\$165 million, accounting for 6.6% of the Group’s revenue. Revenue generated from international customers and core equipment manufacturers significantly rose by 48.3% to HK\$945 million, accounting for 37.9% of the Group’s revenue. In addition, revenue generated from ETL Company Limited (“ETL”) amounted to HK\$101 million, accounting for 4.0% of the Group’s revenue.

Benefiting from new product launches and continuing expansion into international markets, revenue generated by the antennas and subsystems business increased by 7.5% to HK\$1,332 million during the review period, representing 53.4% of the Group's revenue. Revenue generated from its network system business (including wireless enhancement and wireless access) decreased by 36.2% to HK\$411 million, accounting for 16.5% of the Group's revenue. This revenue drop was mainly due to a delay of some investment projects by the country's major operators for indoor coverage solutions. In view of rising mobile data traffic consumption, management expects the network system business to further expand in the future. Affected by the network system business and the slowdown in infrastructural investment in China, revenue from services business decreased by 22.4% to HK\$575 million, accounting for 23.1% of the Group's revenue.

Abiding by its motto of "Innovation is the fundamental principle for the development of an enterprise", the Group has invested substantially in R&D and innovation so as to keep pace with rapidly evolving mobile network technology. During the review period, R&D expenditure rose by 17.4% to HK\$142 million compared to the corresponding period last year, accounting for 5.7% of the Group's revenue. As of 30 June 2018, the Group has applied for over 3,200 patents.

In terms of its business with network operators, the Group has been ranked one of the world's top two base station antennas suppliers since 2013. During the review period, the Group aggressively promoted large-scale commercial use of its state-of-the-art miniaturized TDD/FDD hybrid system antenna, ultra-multi ports multi-system shared antenna, RRU integrated active antenna, antenna dedicated for high-speed rail coverage, as well as the trial commercial use for 5G Massive MIMO antenna. Meanwhile, the Group has debuted its innovative digitalized indoor coverage solutions, which can not only solve the problems with dense network coverage, but also can greatly minimize the construction costs for the operators. The official release of 5G standalone networking standard represents an important milestone in the commercial roll out of 5G network. The Group will continue to focus on innovating antenna and network system technology to ensure it is well positioned to launch 5G networks and to further consolidate its industry-leading position.

The Group's international marketing platform has been benefiting from doing business with fast-growing economies around the world. Through actively pursuing business opportunities and forming strategic alliances with leading international core equipment manufacturers, the Group has embraced opportunities and acquired new customers and products. It is expected the international business of the Group to continue growing in the future.

In terms of specialized government and enterprise network construction business, the Group has formed strategic partnerships with several enterprises to develop reusable and cost-effective smart rail system solutions. Moreover, the Group has pursued development opportunities arising from intelligent manufacturing and industrial upgrading to facilitate the transformation and upgrading of digitalization process. In the meantime, the Group is fully committed to developing integrated solutions for public safety, smart cities and smart parks that cater to specialized enterprise network customers who seek more efficient, customized and secure services.

Mr. Tony TL Fok, Chairman of Comba Telecom, concluded, “In the first half of 2018, faced with growing uncertainty in the global economy, the operating environment for the communications industry was extremely challenging. Nonetheless, we endeavor to gear up ourselves for the launch of 5G by strengthening our R&D capabilities and grasping the opportunities that 5G will bring through creating more innovative products and technologies. By adhering to our operating principle of “Creating Ideal Value for Customers”, we will continue to provide customers with superior products and thereby offer better returns to our shareholders.”

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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.

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