

[For Immediate Release]



## Announces 2019 Interim Results

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### 4G network capacity expansion and 5G pre-commercial use Drove a remarkable growth of 291% in net profit

(16 August 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 unaudited interim results for the six months ended 30 June 2019 (the “Current Period”).

Benefited from the growth in mainland China’s mobile operators’ capital expenditure in 4G network construction due to continuous capacity expansion and optimization of 4G network, in the first half of 2019, the Group recorded a revenue of HK\$2,751 million, representing an increase of 10.3% compared to the corresponding period of last year. Through proactive development of new products and optimization of production systems, the Group continues to improve gross profit margin of its products. In the Current Period, the Group recorded a growth of 11.4% in gross profit to HK\$840 million and an increase of 0.3 percentage points in gross profit margin to 30.5% compared to the corresponding period of last year. With the increase in revenue and the reduction of relevant costs and expenses, the Group recorded a net profit of HK\$82 million, representing a remarkable growth of 291.0% over the same period of last year.

Revenue from major customers in the first half of 2019 is as follows:

Customers	Revenue (HK\$'Mn)	Change (%)	% to the Group's revenue
China Mobile Group	797	+17.0%	29.0%
China Unicom Group	456	+118.1%	16.6%
China Telecom Group	267	-32.0%	9.7%
International customers and core equipment manufacturers	774	-18.1%	28.1%
Others (Mainly including China Tower Corporation Limited, Telecom Operator (ETL) and Rail Transit Communications customers)	457	+72.4%	16.6%

During the Current Period, benefitted from the increasing demands for capacity expansion of the 4G network in mainland China market and small-scale commercial use of 5G, revenue generated from the antennas and subsystems business increased by 13.9% compared to the same period of last year. Revenue generated from the network system business decreased by 8.4% compared with the same period of last year, among which revenue from wireless enhancement business decreased by 12.4% whereas revenue from the wireless access business (which led by the small cell products) increased by 11.9% driven by the increasing demands for mobile data traffic and the fact that the traditional indoor coverage is gradually evolving into the new digital indoor coverage. The Group believes that revenue generated from network system business will gradually increase with the implementation of large-scale commercial use of small cell products.

Revenue from major businesses in the first half of 2019 is as follows:

<b>Businesses</b>	<b>Revenue (HK\$'Mn)</b>	<b>Change (%)</b>	<b>% to the Group's revenue</b>
Antennas and subsystems	1,517	+13.9%	55.1%
Network System (including Wireless Enhancement and Wireless Access)	376	-8.4%	13.7%
Services	649	+12.9%	23.6%
Other Businesses (including Rail Transit Communications, Telecom Operator (ETL) and Wireless Transmission)	209	+19.0%	7.6%

In order to better embrace 5G and master the industry-leading technology, the Group actively increased R & D investment, continuously propelled innovation and built the competitiveness of existing products and accelerated the process of launch and commercialization of 5G new products. During the Current Period, R&D expenditure rose by 24.6% to HK\$176 million compared to the same period of last year, accounting for 6.4% of the Group's revenue. As of 30 June 2019, the Group has applied for over 3,800 patents.

With regards to the business for mainland China's mobile operators, the Group has long-established leading position in the base station antenna market. During the Current Period, the Group launched various integrated multi-frequency and multi-mode customized antennas which targeted different operators in order to meet all non-5G antenna needs. The Group has also made great efforts in the R&D of various 5G antennas and achieved supply in large quantities. In addition, the Group has made outstanding breakthrough in the 5G medium-and-high frequency base station antenna filter. In terms of network system solutions, in association with China Mobile Research Institute and Intel, the Group launched the "5G Cloud Small Cell", the world's first 5G open small cell for commercial use in the industry, to promote the development of 5G; the Group also actively sought for collaboration with

other manufacturers to launch more flexible and reliable open indoor solutions for more applications of indoor vertical industries so as to form a new 5G environment by integrating with more industry applications.

With regards to international business, the Group has been strenuously expanding opportunities in the international marketing platform and exploring customer demands. During the Current Period, the Group achieved a significant breakthrough in some developed markets and realized stable growth in some regional markets. The Group continued to exert more efforts in the R&D of technology and in the development of target markets, and has made breakthroughs in the cooperation with leading international mobile operators and has also made remarkable progress in the cooperation with telecom core equipment suppliers in the field of 5G. The group's market position and competitive edge of the Group has been further strengthened globally.

**Mr. Tony TL Fok, Chairman of Comba Telecom**, concluded, "In the first half of 2019, despite the mixed economy environment domestically and internationally, the deep coverage of the 4G network and the gradual commercial use of 5G bring enormous opportunities to the Group. Looking ahead, we will make full use of our market strengths, focus on our customers and deepen the strategic cooperation among industries, to reward investors with better performance."

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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 antennae and base station subsystems, wireless access, wireless enhancement, 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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