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Comba

COMBA TELECOM SYSTEMS HOLDINGS LIMITED

京信通信系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2342)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provision under Part XIVA of the SFO.

The Board wishes to inform shareholders of the Company and potential investors that based on the preliminary review of the unaudited management accounts of the Group for the Current Year, the Group is expected to record a significant drop in the consolidated net profit for the Current Year as compared with the consolidated net profit for the Prior Year. As the audit of the accounts is yet to be finalised, there may also be the possibility that the Group will report a consolidated net loss for the Current Year.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Comba Telecom Systems Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2017 (the “**Current Year**”), the Group is expected to record a significant drop in the consolidated net profit for the Current Year as compared with the consolidated net profit for the year ended 31 December 2016 (the “**Prior Year**”). As the audit of the accounts is yet to be finalised, there may also be the possibility that the Group will report a consolidated net loss for the Current Year.

The drop in the Group's consolidated net profit for the Current Year was primarily attributable to the following factors:

1. The Group increased the relevant investment in the research and development in order to well prepare for the launch of the 5G network, which led to an increase in research and development costs; and
2. The turnover and overall gross profit margin of the Group fell, due to a decrease in related products' demand as leading operators in the mainland China had reduced their capital expenditures.

Looking forward, the Board will continue to review the Group's operations and strategies from time to time to meet the challenges ahead and remains optimistic about the growth opportunities in telecommunication industry in the PRC and the global markets (particularly the business development prospects in the launch of 5G network).

The information contained in this announcement is based on the preliminary assessment by the Company's management on the unaudited management accounts of the Group only. Such accounts are under the audit by the Company's auditor and may be subject to adjustments. Shareholders of the Company and potential investors are advised to read the annual results announcement of the Company for the Current Year carefully, which is expected to be published in late March 2018.

By order of the Board
Comba Telecom Systems Holdings Limited
Chang Fei Fu
Executive Director

Hong Kong, 28 February 2018

As at the date of this announcement, the Board comprises the following executive directors: Mr. FOK Tung Ling, Mr. ZHANG Yue Jun, Mr. CHANG Fei Fu, Mr. ZHENG Guo Bao, Mr. YEUNG Pui Sang, Simon and Mr. ZHANG Yuan Jian; and the following independent non-executive directors: Mr. LAU Siu Ki, Kevin, Dr. LIN Jin Tong and Mr. QIAN Ting Shuo.