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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)

(Hong Kong Stock Code: 2342)

(Singapore Stock Code: STC)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by 6.2% to HK\$2,199 million (2024: HK\$2,343 million)
- Gross profit margin increased by 2.9% points to 29.5% (2024: 26.6%)
- Profit/(loss) attributable to shareholders: HK\$62 million (2024: HK\$(158) million)
- Operating cash flow: HK\$451 million (2024: HK\$157 million)

RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Comba Telecom Systems Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2025 (the “Current Period”), together with the comparative figures for the same period in 2024 (the “Prior Period”). These unaudited interim results have been reviewed by the audit committee (the “Audit Committee”) of the Company but have not been audited.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	5	2,199,166	2,343,455
Cost of sales		<u>(1,550,384)</u>	<u>(1,720,842)</u>
Gross profit		648,782	622,613
Other income and gains	5	50,510	65,232
Research and development expenses		(161,891)	(229,653)
Selling and distribution expenses		(182,420)	(255,832)
Administrative expenses		(177,418)	(207,127)
Other expenses		(67,223)	(124,997)
Finance costs	7	(19,897)	(13,505)
Share of profit of a joint venture		<u>1,136</u>	<u>597</u>
PROFIT/(LOSS) BEFORE TAX	6	91,579	(142,672)
Income tax expense	8	<u>(20,244)</u>	<u>(14,610)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>71,335</u>	<u>(157,282)</u>
Attributable to:			
Owners of the parent		61,781	(158,433)
Non-controlling interests		<u>9,554</u>	<u>1,151</u>
		<u>71,335</u>	<u>(157,282)</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT	10		
Basic		<u>HK2.09 cents</u>	<u>HK(5.73) cents</u>
Diluted		<u>HK2.09 cents</u>	<u>HK(5.73) cents</u>

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	71,335	(157,282)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>93,353</u>	<u>(138,220)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>93,353</u>	<u>(138,220)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value, net of tax	<u>732</u>	<u>(35,396)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>732</u>	<u>(35,396)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>94,085</u>	<u>(173,616)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>165,420</u>	<u>(330,898)</u>
Attributable to:		
Owners of the parent	<u>149,212</u>	<u>(320,725)</u>
Non-controlling interests	<u>16,208</u>	<u>(10,173)</u>
	<u>165,420</u>	<u>(330,898)</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

		30 June 2025	31 December 2024
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		864,459	931,174
Right-of-use assets		173,278	164,829
Goodwill		74,982	68,193
Deferred tax assets		37,206	40,086
Intangible assets		551,481	554,299
Equity investments designated at fair value through other comprehensive income		105,736	101,725
Equity investments designated at fair value through profit or loss		75,248	75,228
Restricted bank deposits		9,561	16,401
Investment in a joint venture		3,803	2,751
		<hr/>	<hr/>
Total non-current assets		1,895,754	1,954,686
CURRENT ASSETS			
Inventories	11	872,150	934,874
Trade receivables	12	2,264,157	2,550,801
Notes receivable		157,372	143,731
Prepayments, other receivables and other assets		252,984	285,988
Restricted bank deposits		74,603	46,263
Time deposits		140,845	106,855
Cash and cash equivalents		2,040,990	1,416,410
		<hr/>	<hr/>
Total current assets		5,803,101	5,484,922
CURRENT LIABILITIES			
Trade and bills payables	13	2,641,371	2,714,337
Other payables and accruals		482,383	666,588
Interest-bearing bank borrowings	14	234,961	417,602
Tax payable		81,485	79,494
Provision for product warranties		60,958	56,978
Redeemable preferred shares in a subsidiary		–	173,479
		<hr/>	<hr/>
Total current liabilities		3,501,158	4,108,478
		<hr/>	<hr/>
NET CURRENT ASSETS		2,301,943	1,376,444
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,197,697	3,331,130
		<hr/>	<hr/>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	742,492	423,568
Deferred government grant		18,729	18,445
Deferred tax liabilities		138,190	136,390
Lease liabilities		46,285	39,373
		<hr/>	<hr/>
Total non-current liabilities		945,696	617,776
		<hr/>	<hr/>
Net assets		3,252,001	2,713,354
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		310,411	276,263
Treasury shares		(22,818)	(22,818)
Reserves		2,903,530	2,398,934
		<hr/>	<hr/>
		3,191,123	2,652,379
		<hr/>	<hr/>
Non-controlling interests		60,878	60,975
		<hr/>	<hr/>
Total equity		3,252,001	2,713,354
		<hr/>	<hr/>

NOTES

1. CORPORATE INFORMATION

Comba Telecom Systems Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 17 May 2002 under the Cayman Islands Companies Act.

The head office and principal place of business of the Company is located at Unit 611, Building 8W, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

During the period, the Group was principally engaged in the research, development, manufacture and sale of wireless telecommunications network system equipment, the provision of related engineering services and the provision of operator telecommunication services and their value added services.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

Jiafu Investments Limited and subsidiaries which are named as Jiafu Holdings Limited and ETL Company Limited (hereafter referred to as “Jiafu Group”) is principally engaged in provision of operator telecommunication services in Lao People’s Democratic Republic (“Lao P.D.R.”). During the fourth quarter of 2024, the International Monetary Fund World Economic Outlook reported a 3-year cumulative rate of inflation of 82% as of December 2023 and forecast 3-year cumulative rates of inflation of between 99% and 159% for years ending between 2024 and 2027. The Lao Statistics Bureau reported 3-year and 12-month cumulative rates of inflation of 105% and 22%, respectively, as of September 2024. Based on the current level of inflation and its expected rise, the directors believe that Lao P.D.R. should be considered hyperinflationary as of 31 December 2024.

In accordance with HKAS 21, when the financial statements of a hyperinflationary subsidiary are translated into the non-hyperinflationary presentation currency for consolidation into the financial statements of the parent, the comparative amounts in annual and interim financial statements are not adjusted. Therefore, the comparative amounts of Jiafu Group included in these interim condensed consolidated financial statements were not restated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
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The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

- (a) Wireless telecommunications network system equipment and services
- (b) Operator telecommunication services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit/(loss) before tax.

Period ended 30 June 2025	Wireless telecommunications network system equipment and services HK\$'000 (Unaudited)	Operator telecommunication services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	2,116,328	82,838	2,199,166
Profit/(loss) before tax	126,375	(34,796)	91,579
Segment assets Elimination	7,394,653	730,951	8,125,604 (426,749)
Total assets			7,698,855
Segment liabilities Elimination	4,285,750	587,853	4,873,603 (426,749)
Total liabilities			4,446,854
Period ended 30 June 2024	Wireless telecommunications network system equipment and services HK\$'000 (Unaudited)	Operator telecommunication services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	2,261,115	82,340	2,343,455
Loss before tax	(120,415)	(22,257)	(142,672)
Year ended 31 December 2024			
Segment assets Elimination	7,128,950	731,943	7,860,893 (421,285)
Total assets			7,439,608
Segment liabilities Elimination	4,571,144	576,395	5,147,539 (421,285)
Total liabilities			4,726,254

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Mainland China	1,381,507	1,576,903
Other countries/areas in Asia Pacific	233,472	291,351
Americas	343,739	309,124
European Union	209,355	152,320
Middle East	23,095	9,596
Other countries	7,998	4,161
	2,199,166	2,343,455

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Mainland China	1,343,357	1,383,055
Lao People's Democratic Republic	481,233	514,628
Other countries/regions	71,164	57,003
	1,895,754	1,954,686

Information about major customers

Revenue of approximately HK\$362,206,000 (six months ended 30 June 2024: HK\$426,493,000), HK\$176,906,000 (six months ended 30 June 2024: HK\$223,798,000) and HK\$159,616,000 (six months ended 30 June 2024: HK\$293,648,000) was derived from 3 major customers, which accounted for 16.5% (six months ended 30 June 2024: 18.2%), 8.0% (six months ended 30 June 2024: 9.5%) and 7.3% (six months ended 30 June 2024: 12.5%) of the total revenue of the Group, respectively.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and services rendered during the period, net of value-added tax (the “VAT”), and after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Manufacture and sale of wireless telecommunications network system equipment and provision of related installation services	2,116,328	2,261,115
Provision of operator telecommunication services	82,838	82,340
	2,199,166	2,343,455

Revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of customers		
PRC state-owned telecommunication operator groups	817,621	1,071,277
Other customers	1,381,545	1,272,178
Total revenue from contracts with customers	2,199,166	2,343,455

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Transferred at a point in time	2,116,328	2,261,115
Transferred over time	82,838	82,340
Total revenue from contracts with customers	2,199,166	2,343,455

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	17,086	13,063
Government subsidies [#]	9,478	16,560
Exchange gain, net	–	25,095
VAT refunds	367	1,398
Gross rental income	6,502	6,411
Gain on disposal of redeemable preferred shares in a subsidiary	13,092	–
Scrapped and recycled items sales income	204	207
Penalty income	1,250	814
Other miscellaneous income	2,531	1,684
	50,510	65,232

[#] The government subsidies represent various cash payments and subsidies provided by the government authorities to the Group as encouragement to its technological innovation, intellectual property and investment on research and development. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	1,525,530	1,665,066
Depreciation of property, plant and equipment ^{##}	103,420	69,728
Depreciation of right-of-use assets	25,691	26,487
Amortization of computer software, technology and operating license ^{##}	18,372	15,385
Research and development expenses:		
Deferred expenditure amortized	43,670	24,857
Current period expenditure	118,221	204,796
	<u>161,891</u>	<u>229,653</u>
Employee benefit expense (including directors' remuneration):		
Salaries and wages	279,032	477,148
Staff welfare expenses	17,169	28,274
Equity-settled share option expense	17	1,811
Awarded share expenses	738	13,408
Pension scheme contributions (defined contribution scheme) [#]	29,017	35,279
	<u>325,973</u>	<u>555,920</u>
Net loss on equity investments designated at fair value through profit or loss	2,167	21,371
Loss on fair value change of financial assets at fair value through profit or loss	–	1,439
Provision for product warranties [^]	6,458	5,920
Write-down of inventories to net realisable value [^]	15,761	40,409
(Reversal)/impairment of trade receivables and notes receivable ^{###}	(1,439)	48,828
Impairment/(reversal) of financial assets included in prepayments, other receivables and other assets ^{###}	1,095	(4,605)
Loss on disposal of items of property, plant and equipment ^{###}	–	4,003
(Gain)/loss on fair value change of redeemable preferred shares in a subsidiary ^{###}	(13,092)	2,656
Foreign exchange differences, net	40,473	(25,095)
Hyperinflation monetary adjustments	(2,175)	–

- [^] The provision for product warranties and write-down of inventories to net realizable value for the period were included in “Cost of sales” in the consolidated statement of profit or loss.
- [#] As at 30 June 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (as at 30 June 2024: Nil).
- ^{##} The depreciation of certain property, plant and equipment and amortization of operating license amounting to HK\$56,699,000 (six months ended 30 June 2024: HK\$30,736,000) and HK\$11,247,000 (six months ended 30 June 2024: HK\$11,661,000) are included in “Other expenses” in the consolidated statement of profit or loss.
- ^{###} These items are included in “Other expenses” and “Other income and gains” in the consolidated statement of profit or loss, respectively.

7. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	17,404	10,715
Interest on lease liabilities	2,493	2,790
	<u>19,897</u>	<u>13,505</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – charge for the period		
Hong Kong	5,520	2,485
Mainland China	11,986	17,655
Elsewhere	4,034	286
Current – underprovision in prior periods	–	383
Deferred	<u>(1,296)</u>	<u>(6,199)</u>
Total tax charge for the period	<u>20,244</u>	<u>14,610</u>

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for certain group entities which are entitled to various concessionary tax rates or tax exemptions and reliefs.

9. DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend declared and paid	–	–
Interim dividend – HK0.6 cent (2024: nil) per ordinary share	<u>18,625</u>	<u>–</u>

Note:

On 19 August 2025, the Board declared an interim dividend of HK0.6 cent (six months ended 30 June 2024: nil) per ordinary share, amounting to a total of approximately HK\$18,625,000.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/loss per share amounts is based on the profit/loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,957,689,000 (six months ended 30 June 2024: 2,765,753,000) outstanding during the period.

The calculation of the diluted earnings/loss per share amounts is based on the profit/loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings/loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/loss per share are based on:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings/(Loss)		
Profit/(Loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>61,781</u>	<u>(158,433)</u>
	Number of shares	
	For the six months	
	ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings/loss per share calculations	<u>2,957,689,000</u>	<u>2,765,753,000</u>
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>–</u>	<u>–</u>
	<u>2,957,689,000</u>	<u>2,765,753,000</u>

11. INVENTORIES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Raw materials	186,146	193,132
Project materials	35,140	23,726
Work in progress	73,772	55,738
Finished goods	431,800	414,377
Inventories on site	145,292	247,901
	872,150	934,874

12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 3 months, except for certain customers which are granted with a longer credit term. The balances also include retention money, which is for assurance that the product and services comply with agreed-upon specifications, of approximately 10% to 20% of the total contract sum of each project and are generally receivable after final certification of products by customers, which would be performed 6 to 12 months after sale. The credit terms for major customers are reviewed regularly by senior management of the Group. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize the credit risk. Overdue balances are reviewed regularly by senior management of the Group. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 3 months	863,612	959,025
4 to 6 months	385,168	418,467
7 to 12 months	378,654	504,292
More than 1 year	1,364,207	1,381,462
	2,991,641	3,263,246
Provision for impairment	(727,484)	(712,445)
	2,264,157	2,550,801

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on groupings of various customer segments with similar loss patterns (i.e., geography, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty or there is no realistic prospect of future recovery.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2025

	Current	Past due			Total
		Less than 1 year	1-2 years	Over 2 years	
Expected credit loss rate	1.14%	6.86%	17.94%	89.36%	
Gross carrying amount (<i>HK\$'000</i>)	1,640,578	440,680	189,099	721,284	2,991,641
Expected credit losses (<i>HK\$'000</i>)	18,746	30,235	33,931	644,572	727,484

As at 31 December 2024

	Current	Past due			Total
		Less than 1 year	1-2 years	Over 2 years	
Expected credit loss rate	1.32%	7.29%	17.83%	88.79%	
Gross carrying amount (<i>HK\$'000</i>)	1,907,613	486,773	168,732	700,128	3,263,246
Expected credit losses (<i>HK\$'000</i>)	25,236	35,481	30,080	621,648	712,445

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Within 3 months	1,204,983	1,331,680
4 to 6 months	635,448	460,730
7 to 12 months	145,811	326,813
More than 1 year	655,129	595,114
	2,641,371	2,714,337

The trade payables are non-interest-bearing and are normally settled within a period of 3 months and are extendable to a longer period.

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Analyzed into:		
Within 1 year or on demand	234,961	417,602
In the 2nd year	402,822	230,568
In the 3rd year to 5th years, inclusive	339,670	193,000
	977,453	841,170

As at 30 June 2025, loans denominated in Hong Kong dollars and RMB amounted to Nil (31 December 2024: Nil) and HK\$977,453,000 (31 December 2024: HK\$841,170,000), respectively.

The Company and five of its wholly-owned subsidiaries were parties to the bank loans acting as guarantors, to guarantee punctual performance of the obligations under the loan facilities.

Bank loans as at 30 June 2025 bear interest at rates ranging from 2.3% to 3.15% (31 December 2024: from 2.6% to 3.4%) per annum.

15. EVENT AFTER THE REPORTING PERIOD

No significant events occurred after the end of the reporting period and up to the date of approval of the financial statements.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.6 cent per share of the Company for the Current Period.

For the purpose of determination of the shareholders (the “Shareholder(s)”) of the Company registered under the Company’s register of members in Hong Kong and register of members in Singapore for receiving the interim dividend in Hong Kong dollars or Singapore dollars respectively, any removal of the shares between the Company’s register of members in Hong Kong and register of members in Singapore has to be made by the Shareholders no later than 4:00 p.m. (both Hong Kong and Singapore times) on 26 August 2025.

For Hong Kong Shareholders

The record date for determination of entitlements under the interim dividend will be on 5 September 2025. Shareholders whose names appear on the register of members of the Company in Hong Kong on 5 September 2025 will be entitled to receive the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on 5 September 2025. Cheques for the payment of dividend will be despatched to the Hong Kong Shareholders on 16 September 2025.

For Singapore Shareholders

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Singapore share transfer agent, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877 for registration no later than 5:00 p.m. (Singapore time) on 5 September 2025.

The exchange rate for converting Hong Kong dollars into Singapore dollars for the purpose of the interim dividend payment in Singapore dollars to Singapore Shareholders will be fixed by the Company in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

The Group reported revenue amounting to HK\$2,199,166,000 (2024: HK\$2,343,455,000) for the Current Period, representing a decrease by 6.2% over the Prior Period. The decrease in revenue was mainly attributable to the slowdown of the capital projects on network construction plans by global telecom operators, as well as the Group's products and businesses were in a transitional phase of upgrading and transformation.

BY CUSTOMERS

During the Current Period, revenue generated from three major telecom operators in the Chinese Mainland and China Tower and their respective subsidiaries decreased by 23.7% over the Prior Period to HK\$817,621,000 (2024: HK\$1,071,277,000), accounting for 37.2% of the Group's revenue for the Current Period, compared with 45.6% for the Prior Period.

During the Current Period, revenue from other customers in the Chinese Mainland decreased by 10.7% over the Prior Period to HK\$192,648,000 (2024: HK\$215,630,000) and represented 8.8% (2024: 9.2%) of the Group's revenue.

On the international front, revenue generated from international customers and core equipment manufacturers for the Current Period increased by 13.5% over the Prior Period to HK\$1,106,059,000 (2024: HK\$974,207,000), accounting for 50.3% of the Group's revenue for the Current Period, as compared to 41.6% for the Prior Period.

During the Current Period, revenue from ETL Company Limited ("ETL"), a telecom operator in Laos and a non-wholly-owned subsidiary of the Group, increased by 0.6% over the Prior Period to HK\$82,838,000 (2024: HK\$82,340,000), accounting for 3.8% (2024: 3.5%) of the Group's revenue for the Current Period. During the Current Period, the revenue of ETL denominated in Lao Kip, and those converted to Hong Kong dollars, both demonstrated a growing trend.

BY BUSINESSES

During the Current Period, revenue from the base station antennas and subsystems business decreased by 3.2% over the Prior Period to HK\$963,998,000 (2024: HK\$995,652,000), accounting for 43.8% (2024: 42.5%) of the Group's revenue in the Current Period.

During the Current Period, revenue generated from the network system business, including wireless enhancement and wireless access, increased by 22.3% over the Prior Period to HK\$455,972,000 (2024: HK\$372,860,000), accounting for 20.7% (2024: 15.9%) of the Group's revenue for the Current Period.

During the Current Period, revenue from services decreased by 33.3% over the Prior Period to HK\$398,853,000 (2024: HK\$597,687,000), accounting for 18.2% (2024: 25.5%) of the Group's revenue.

During the Current Period, revenue from other businesses (including wireless transmission) increased by 0.9% over the Prior Period to HK\$297,505,000 (2024: HK\$294,917,000), accounting for 13.5% (2024: 12.6%) of the Group's revenue.

GROSS PROFIT

During the Current Period, the Group's gross profit increased by 4.2% to HK\$648,782,000 (2024: HK\$622,613,000) as compared with the Prior Period. The gross profit margin of the Group was 29.5% in the Current Period (2024: 26.6%), increased by 2.9 percentage points as compared with the Prior Period. During the Current Period, the new products of the Group exhibited moderate competitiveness, and the inventory provision was decreased.

OTHER INCOME AND GAINS

During the Current Period, other income and gains decreased by 22.6% to HK\$50,510,000 (2024: HK\$65,232,000) as compared with the Prior Period, accounting for 2.3% (2024: 2.8%) of the Group's revenue. The decrease in other income and gains was mainly due to the changes in foreign exchange rates.

RESEARCH AND DEVELOPMENT ("R&D") EXPENSES

During the Current Period, R&D expenses decreased by 29.5% over the Prior Period to HK\$161,891,000 (2024: HK\$229,653,000), representing 7.4% (2024: 9.8%) of the Group's revenue. As the post-5G era requires multi-technology integration and innovation, the Group focused more on investing resources in R&D activities with high returns.

With its strong commitment to R&D, the Group has made significant advances in creating its own solutions with proprietary intellectual property rights, applying for over 5,900 patents by the end of the Current Period (as at 31 December, 2024: approximately 5,900 patents).

SELLING AND DISTRIBUTION ("S&D") EXPENSES

During the Current Period, S&D expenses decreased by 28.7% over the Prior Period to HK\$182,420,000 (2024: HK\$255,832,000), representing 8.3% (2024: 10.9%) of the Group's revenue. The Group continued to improve operational efficiency, optimize cost structures, and focus on more profitable projects.

ADMINISTRATIVE EXPENSES

During the Current Period, administrative expenses decreased by 14.3% over the Prior Period to HK\$177,418,000 (2024: HK\$207,127,000), accounting for 8.1% (2024: 8.8%) of the Group's revenue. The Group is committed to optimizing its strategy for organizational and management structure, thereby improving operational efficiency on a continuous basis.

FINANCE COSTS

During the Current Period, finance costs increased by 47.3% to HK\$19,897,000 (2024: HK\$13,505,000) as compared with the Prior Period, representing 0.9% (2024: 0.6%) of the Group's revenue. Interest income increased by 30.8% to HK\$17,086,000 (2024: HK\$13,063,000), net finance costs was HK\$-2,811,000 (2024: HK\$-442,000).

As at 30 June 2025, the Group's gearing ratio, defined as total interest-bearing bank borrowings divided by total assets, was 12.7%, compared to 11.3% as at 31 December 2024.

OTHER EXPENSES

During the Current Period, other expenses decreased by 46.2% over the Prior Period to HK\$67,223,000 (2024: HK\$124,997,000), representing 3.1% (2024: 5.3%) of the Group's revenue. The decrease in other expenses was mainly due to the decrease in the provision made for receivables during the Current Period, which had no impact on cash flows.

TAX

During the Current Period, the Group's overall taxation charge of HK\$20,244,000 (2024: HK\$14,610,000) comprised an income tax expense of HK\$21,540,000 (2024: HK\$20,809,000) and a deferred tax credit of HK\$1,296,000 (2024: deferred tax charge of HK\$6,199,000).

NET PROFIT/LOSS

The profit attributable to owners of the parent of the Group was HK\$61,781,000 (2024: loss attributable to owners of the parent of HK\$158,433,000 in the corresponding period) during the Current Period.

DIVIDEND

Given the Group's operating results in the Current Period and considering its long-term future development, the Board recommends the distribution of an interim dividend of HK\$0.6 cent per ordinary share of the Company, representing a total dividend payout ratio of 28.7% based on the basic earnings per share (2024: no interim dividend was paid).

PROSPECTS

Looking ahead, opportunities and challenges coexist. The Group will continue to enhance its organizational performance, strengthen its capabilities for independent R&D and innovative breakthroughs, and maintain the inventiveness and competitiveness of its products. By grasping new market opportunities and further exploring customer needs, the Group will provide stable, high-quality and cost-effective products and services to global operators and industry customers.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances for its operations from cash flows generated internally and bank borrowings. As at 30 June 2025, the Group had net current assets of HK\$2,301,943,000. The current assets of the Group comprised inventories of HK\$872,150,000, trade receivables of HK\$2,264,157,000, notes receivable of HK\$157,372,000, prepayments, other receivables and other assets of HK\$252,984,000, restricted bank deposits of HK\$74,603,000, time deposits of HK\$140,845,000 and cash and cash equivalents of HK\$2,040,990,000. The current liabilities of the Group comprised trade and bills payables of HK\$2,641,371,000, other payables and accruals of HK\$482,383,000, interest-bearing bank borrowings of HK\$234,961,000, tax payable of HK\$81,485,000 and provision for product warranties of HK\$60,958,000.

The average receivable (after loss allowance for impairment of trade receivables) turnover for the Current Period was 200 days compared to 260 days for the Prior Period. The Group's trading terms with its customers are mainly on credit. The credit period is generally 3 months, except for certain customers which are granted longer credit term. The balance of trade receivables set out above included retention money, which was for assurance that the products and services comply with agreed-upon specifications, of approximately 10% to 20% of the total contract sum of each project, and are generally settled after final certification of products by customers, which would be performed 6 to 12 months after sale. The average payable turnover for the Current Period was 315 days compared to 364 days for the Prior Period. The average inventory turnover for the Current Period was 106 days compared to 132 days for the Prior Period.

As at 30 June 2025, the Group's cash and bank balances were mainly denominated in Renminbi, Hong Kong dollars and United States dollars while the Group's bank borrowings were mainly denominated in Renminbi and Hong Kong dollars. The interest rates on the Group's bank borrowings are principally on a floating basis at prevailing market rates.

In addition to the short-term interest-bearing facilities, the Group entered into 3-year term and 5-year loan facility agreements with certain financial institutions in 2024 and 2025. Details of the Group's bank borrowings are set out in note 14 above.

The Group's revenue and expenses, assets and liabilities are mainly denominated in Renminbi, Hong Kong dollars and United States dollars. As at 30 June 2025, the Group has not engaged in hedging activities for managing exchange rate risk (31 December 2024: Nil).

The Group will also closely monitor the fluctuation of exchange rate in other currencies that are relevant to the Group's operations and will consider hedging such foreign currency as appropriate should the need arise.

The Group's gross gearing ratio, defined as total interest-bearing bank borrowings divided by total assets, was 12.7% as at 30 June 2025 (31 December 2024: 11.3%).

The Group's financial position remains sound with sufficient working capital.

MATERIAL ACQUISITIONS AND DISPOSALS

Comba Telecom Technology (Guangzhou) Limited[#] (京信通信技術(廣州)有限公司) (“Comba Guangzhou”), an indirect wholly-owned subsidiary of the Company, as transferee, and Intel Asia Pacific Research and Development Ltd. (英特爾亞太研發有限公司), Guangdong Utrust Industrial Investment Fund Partnership (Limited Partnership)[#] (廣東粵財產業投資基金合夥企業(有限合夥)), Beijing Mount Morning Venture Capital Fund Partnership (Limited Partnership)[#] (北京晨山創業投資基金合夥企業(有限合夥)), Shenzhen Fortune Chuanghong Private Equity Investment Company (Limited Partnership)[#] (深圳市達晨創鴻私募股權投資企業(有限合夥)) and Shenzhen Wisdom Chuangying Private Equity Investment Company (Limited Partnership)[#] (深圳市財智創贏私募股權投資企業(有限合夥)) (collectively, the “Transferors”) as transferors, entered into share transfer agreements, pursuant to which Comba Guangzhou agreed to acquire and the Transferors agreed to dispose of an aggregate of approximately 10.7% interest in Comba Network Systems Company Limited (京信網絡系統股份有限公司) (“Comba Network”) at a total consideration of approximately RMB331,128,000. The aforesaid acquisitions of interests in Comba Network were completed during the Current Period (the “Acquisitions”). After the Acquisitions, the Group's interest in Comba Network increased from approximately 89.3% to 100% and Comba Network becomes an indirect wholly-owned subsidiary of the Company.

Comba Network is principally engaged in the research and development, manufacturing and sales of wireless telecommunications network system equipment. Focusing on the precise construction needs for “in-depth and extensive coverage to eliminate weak and blind spots”, Comba Network offers full-scenario and highly cost-efficient integrated telecommunication and information solutions.

Save as disclosed above, the Group has not conducted any other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Period.

USE OF PROCEEDS

On 20 March 2025, the Company completed the issuance of 310,407,322 and 31,040,732 new ordinary shares of the Company of a nominal value of HK\$0.10 each to Ocean Link Investment Limited and Intel Capital Corporation respectively at a subscription price of HK\$1.09 per share of the Company (the “Subscriptions”).

The Company considered that the Subscriptions represented a good opportunity to strengthen the Group's financial position and provide additional working capital to the Group whilst enlarging the Shareholder base and the capital base of the Company. The market price as stated in the daily quotations sheet issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 17 February 2025, being the date of execution of the agreements regarding the Subscriptions, was HK\$1.11 per share of the Company.

The net proceeds from the Subscriptions were approximately HK\$371,685,000 (after deducting the related costs and expenses) and the net subscription price of each share of the Company was approximately HK\$1.0886 (after deducting the related costs and expenses).

As at 30 June 2025, details of the amount of the utilized and unutilized net proceeds from the Subscriptions are set out as follows:

Net proceeds raised <i>HK\$'000</i>	Intended use of the net proceeds	Amounts utilized during the Current Period <i>HK\$'000</i>	Amounts unutilized as at 30 June 2025 <i>HK\$'000</i>	Expected timeline for utilizing the residual amount of net proceeds*
371,685	General working capital	274,945	96,740	by 31 December 2025

* The expected timeline for utilizing the residual amount of the net proceeds is based on the best estimation of the future market conditions made by the Group and will be subject to change based on future development of market conditions.

During the Current Period, the net proceeds from the Subscriptions as indicated in the table above were used, and were proposed to be used, according to the intention previously disclosed by the Company, and there was no material change or delay in the use of proceeds.

RESTRICTED BANK DEPOSITS

Deposit balances of HK\$84,164,000 (31 December 2024: HK\$62,664,000) represented the restricted deposits given to banks in respect of bills payable and performance bonds.

CHARGES ON GROUP ASSETS

As at 30 June 2025, no asset was being pledged to secure the Group's banking facilities.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement, as at 30 June 2025, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 30 June 2025, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had contingent liabilities of HK\$311,687,000 (31 December 2024: HK\$294,320,000), which mainly included guarantees given to banks in respect of performance bonds.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 4,100 staffs, out of which 1,000 staffs were from ETL (31 December 2024: 4,300 staffs, out of which 1,100 staffs were from ETL). The total staff costs, excluding capitalized development costs, for the Current Period were HK\$325,973,000 (30 June 2024: HK\$555,920,000). The Group offers competitive remuneration schemes to its employees based on industry practices, legal and regulatory requirements, as well as the employees' and the Group's performance. In addition, share options, awarded shares and discretionary bonuses are granted to eligible employees based on the employees' performance, the Group's results, legal and regulatory requirements and in accordance with the share schemes adopted by the Company and other members of the Group. Mandatory provident fund or staff pension schemes are also provided to relevant staffs in Hong Kong, the Chinese Mainland or elsewhere in accordance with relevant legal requirements in such jurisdictions. The Group also provides training to the staffs to improve their skills and develop their respective expertise. The remuneration committee of the Company advised and recommended to the Board on the remuneration policy for all Directors and senior management of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (INCLUDING SALE OF TREASURY SHARES) OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities and/or sold any treasury shares during the Current Period. As at 30 June 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH CODE PROVISIONS

The Board reviewed daily governance of the Company from time to time in accordance with the principles of good corporate governance and code provisions (the "Code Provisions") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Hong Kong Listing Rules") and considered that the Company has complied with all Code Provisions during the Current Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Hong Kong Listing Rules as its own code of conduct for dealings in securities transactions of the Company by its Directors. Specific enquiries have been made to all Directors, and they confirmed that they have complied with the required standard as set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the Current Period.

AUDIT COMMITTEE

The Audit Committee, together with the management of the Company, have reviewed the accounting principles, standards and practices adopted by the Company, and discussed matters relating to risk management and internal control and financial reporting, including the review of the unaudited interim condensed consolidated financial statements for the Current Period. The Audit Committee has reviewed the accounting principles, standards and practices adopted by the Company for the unaudited interim condensed consolidated financial statements for the Current Period and does not have any disagreement with the same.

PUBLICATION OF INTERIM REPORT

The Company's 2025 Interim Report containing all information required by the Hong Kong Listing Rules will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, Singapore Exchange Securities Trading Limited at www.sgx.com and the Company at www.comba-telecom.com in due course.

By order of the Board
Comba Telecom Systems Holdings Limited
Fok Tung Ling
Chairman

Hong Kong, 19 August 2025

As at the date of this announcement, the Board comprises the following executive Directors: Mr. FOK Tung Ling, Mr. ZHANG Yue Jun, Ms. HUO Xinru and Mr. CHANG Fei Fu; the following non-executive Director: Mr. YI Lei; and the following independent non-executive Directors: Ms. NG Yi Kum, Ms. WONG Lok Lam and Mr. CHONG Chee Keong, Chris.

[#] *for identification purpose only*