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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)

(Stock Code : 2342)

Final results announcement for the year ended 31 December 2013

RESULTS

The board of directors (the "Board" or the "Directors") of Comba Telecom Systems Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013, together with the comparative figures for the same period in 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
REVENUE	3	**5,720,599**	6,332,867
Cost of sales		**(4,355,013)**	(4,716,988)
Gross profit		**1,365,586**	1,615,879
Other income and gains	3	**68,408**	68,854
Research and development costs		**(207,158)**	(376,766)
Selling and distribution expenses		**(505,566)**	(503,749)
Administrative expenses		**(788,888)**	(904,640)
Other expenses		**(37,107)**	(5,073)
Finance costs	5	**(55,153)**	(42,635)
LOSS BEFORE TAX	4	**(159,878)**	(148,130)
Income tax expense	6	**(84,867)**	(67,515)
LOSS FOR THE YEAR		**(244,745)**	(215,645)
Attributable to:			
Owners of the parent		**(240,722)**	(202,364)
Non-controlling interests		**(4,023)**	(13,281)
		(244,745)	(215,645)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(HK cents)*	7		
Basic		**(15.91)**	(13.43)
Diluted		**(15.91)**	(13.43)

The Directors of the Company have resolved not to declare a final dividend for the year ended 31 December 2013 (2012: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(244,745)**	(215,645)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Property revaluation:		
Reclassification adjustments for gains included in the consolidated statement of profit or loss	**–**	(2,363)
Income tax effect	**–**	355
	–	(2,008)
Cash flow hedge:		
Loss on expiry of interest rate swap contract	**–**	(404)
Income tax effect	**–**	(116)
	–	(520)
Exchange differences on translation of foreign operations	**78,731**	16,752
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**78,731**	14,224
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**78,731**	14,224
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(166,014)**	(201,421)
Attributable to:		
Owners of the parent	**(163,572)**	(189,198)
Non-controlling interests	**(2,442)**	(12,223)
	(166,014)	(201,421)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**760,841**	826,277
Prepaid land lease payments		**51,789**	30,807
Goodwill		**28,571**	28,571
Long-term trade receivables	*9*	**83,322**	134,695
Deferred tax assets		**115,948**	132,423
Intangible assets		**133,302**	30,257
Restricted bank deposits		**30,655**	7,650
Total non-current assets		**1,204,428**	1,190,680
CURRENT ASSETS			
Inventories	*8*	**2,240,395**	2,243,009
Trade receivables	*9*	**4,530,279**	4,452,866
Notes receivable		**85,703**	63,194
Prepayments, deposits and other receivables		**621,476**	580,957
Restricted bank deposits		**46,735**	24,367
Cash and cash equivalents		**1,589,261**	1,536,638
Total current assets		**9,113,849**	8,901,031
CURRENT LIABILITIES			
Trade and bills payables	*10*	**3,839,472**	3,281,193
Other payables and accruals		**1,074,167**	1,206,888
Interest-bearing bank borrowings	*11*	**1,232,409**	1,558,656
Tax payable		**25,861**	87,174
Provisions for product warranties		**76,182**	78,315
Total current liabilities		**6,248,091**	6,212,226
NET CURRENT ASSETS		**2,865,758**	2,688,805
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,070,186**	3,879,485

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*11*	**325,667**	–
Deferred tax liabilities		**16,628**	17,326
Total non-current liabilities		**342,295**	17,326
Net assets		**3,727,891**	3,862,159
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**152,620**	152,620
Treasury shares		**(13,572)**	(14,370)
Reserves		**3,534,748**	3,667,372
		3,673,796	3,805,622
Non-controlling interests		**54,095**	56,537
Total equity		**3,727,891**	3,862,159

NOTES TO FINANCIAL STATEMENTS

31 December 2013

1.1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 May 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The head office and principal place of business of the Company is located at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong.

During the year, the Group was principally engaged in the research, development, manufacture and sale of wireless telecommunications network system equipment and the provision of related engineering services.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013 (the "Current Year"). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the Current Year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in Jun 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13, amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 Amendments, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 has no significant financial effect on these financial statements.

(b) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(c) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(d) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(e) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

1.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting* and amendments to HKFRS 9, HKFRS 7 and HKAS 39[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets– Recoverable Amount Disclosures for Non-Financial Assets*[1]
HK(IFRIC)-Int 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] No mandatory effective date yet determined but is available for adoption

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the research, development, manufacture and sale of wireless telecommunications network system equipment and the provision of related engineering services. All of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single operating segment.

Information about major customers

Revenue from continuing operations of approximately HK$2,981,503,000 (2012: HK$3,313,447,000), HK$831,117,000 (2012: HK$1,390,107,000) and HK$734,977,000 (2012: HK$464,888,000) were derived from 3 major customers, which accounted for 52.1% (2012: 52.3%), 14.5% (2012: 22.0%) and 12.8% (2012: 7.3%) of the total revenue of the Group, respectively.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered during the year, 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, other income and gains is as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Revenue		
Manufacture and sale of wireless telecommunications network system equipment and the provision of related engineering services	**5,273,990**	6,010,771
Warranty services	**446,609**	322,096
	5,720,599	6,332,867
Other income and gains		
Bank interest income	**9,730**	7,769
Government subsidy	**26,509**	33,786
VAT refunds*	**22,717**	14,140
Gross rental income	**2,877**	–
Others	**6,575**	13,159
	68,408	68,854

* During the years ended 31 December 2012 and 2013, Comba Software Technology (Guangzhou) Limited ("Comba Software"), being designated as a software enterprise, was entitled to VAT refunds on the effective VAT rate in excess of 3% after the payment of statutory net output VAT of 17%. Such VAT refunds were approved by the Guangzhou State Tax Bureau (廣州市國家稅務局) and received by Comba Software.

4. LOSS BEFORE TAX

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

	2013 *HK$'000*	2012 *HK$'000*
Cost of inventories sold and services provided	**4,279,812**	4,482,997
Depreciation	**130,780**	127,030
Recognition of prepaid land lease payments	**1,099**	754
Amortization of computer software and technology	**10,082**	7,756
Research and development costs:		
Deferred expenditure amortized	**16,878**	–
Current year expenditure	**207,158**	376,766
	224,036	376,766
Minimum lease payments under operating leases in respect of land and buildings	**87,412**	104,568
Auditors' remuneration	**3,564**	2,853
Employee benefit expense (including directors' remuneration):		
Salaries and wages	**918,133**	1,076,894
Staff welfare expenses	**83,733**	83,300
Equity-settled share option expense	**8,834**	38,495
Awarded share expense	**22,912**	53,793
Pension scheme contributions (defined contribution scheme)#	**38,761**	85,181
	1,072,373	1,337,663
Exchange loss, net	**52,371**	15,386
Write-off of obsolete inventories	**–**	146,284
Impairment of trade receivables	**31,831**	–
Provision for product warranties	**37,933**	53,889
(Gain)/loss on disposal of items of property, plant and equipment	**(452)**	207

At 31 December 2013, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2012: Nil).

5. FINANCE COSTS

	2013 *HK$'000*	2012 *HK$'000*
Interest on bank loans wholly repayable within 5 years	**55,153**	42,635

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	*HK$'000*
Current – charge for the year		
Hong Kong	**10,763**	6,619
Mainland China	**51,090**	48,830
Elsewhere	**3,671**	7,412
Deferred	**19,343**	4,654
Total tax charge for the year	**84,867**	67,515

Comba Telecom Technology (Guangzhou) Limited ("Comba Technology"), Comba Telecom Systems (Guangzhou) Limited ("Comba Guangzhou") and Comba Telecom Systems (China) Limited ("Comba China") were designated as High-New Technology Enterprises by the Guangdong Provincial Department of Science and Technology on 16 December 2008, 14 December 2009 and 2 July 2013, respectively. The qualification of Comba Technology and Comba Guangzhou being designated as a High-New Technology Enterprise was renewed on 23 August 2011 and 12 September 2012, respectively. Being High-New Technology Enterprises, Comba Technology, Comba Guangzhou and Comba China were entitled to the preferential tax rate of 15% for the year of 2013.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,512,930,000 (2012: 1,506,884,000) in issue during the year.

The calculation of diluted loss per share for the year ended 31 December 2012 and 2013 does not assume the conversion of the Company's outstanding share options as the exercise price is higher than the Company's share price. The effects of awarded shares have also been excluded from the calculation of diluted loss per share for the year ended 31 December 2012 and 2013 as their effects would be anti-dilutive.

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(240,722)**	(202,364)

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	**1,512,930,000**	1,506,884,000

8. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Raw materials	**259,095**	168,603
Project materials	**137,350**	122,008
Work in progress	**98,992**	168,700
Finished goods	**416,382**	429,797
Inventories on site	**1,328,576**	1,353,901
	2,240,395	2,243,009

9. LONG-TERM TRADE RECEIVABLES AND TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**4,660,672**	4,605,150
Impairment	**(47,071)**	(17,589)
	4,613,601	4,587,561
Current portion	**(4,530,279)**	(4,452,866)
Long-term portion	**83,322**	134,695

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 3 months and is extendable up to 2 years depending on the credit worthiness of customers. The balances also include retention money 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, or upon completion of the 1 to 2 years warranty periods granted to customers. The credit terms for major customers are reviewed regularly by senior management. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables as at the end of the reporting period based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**1,899,831**	1,928,491
4 to 6 months	**478,763**	723,420
7 to 12 months	**744,908**	823,579
More than 1 year	**1,537,170**	1,129,660
	4,660,672	4,605,150
Provision for impairment	**(47,071)**	(17,589)
	4,613,601	4,587,561
Current portion	**(4,530,279)**	(4,452,866)
Long-term portion	**83,322**	134,695

The movements in the provision for impairment of trade receivables are as follow:

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**17,589**	17,456
Impairment losses recognized	**31,831**	–
Exchanged realignment	**(2,349)**	133
	47,071	17,589

The impaired trade receivables relate to customers who have not settled the sales invoices when they fall due and it is expected that a portion of the receivables might not be recoverable.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**4,116,829**	4,167,781
Less than 1 year past due	**157,053**	213,497
	4,273,882	4,381,278

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. TRADE AND BILLS PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**1,687,390**	1,474,001
4 to 6 months	**625,916**	678,770
7 to 12 months	**1,034,540**	759,928
More than 1 year	**491,626**	368,494
	3,839,472	3,281,193

The trade payables are non-interest-bearing, are mainly settled for a period of 3 months and are extendable up to 2 years.

11. INTEREST-BEARING BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Analyzed into:		
Within 1 year	**1,232,409**	1,558,656
In the 2nd year	**325,667**	–
	1,558,076	1,558,656

As at 31 December 2013, loans denominated in Hong Kong dollars, United States dollars and Renminbi amounted to HK$279,873,000 (2012: Nil), HK$1,132,061,000 (2012: HK$1,558,656,000) and HK$146,142,000 (2012: Nil), respectively.

The Group had entered into a 3-year term loan facility agreement amounting to US$210,000,000 on 26 June 2012 (the "Facility Agreement") with certain financial institutions (the "Lenders").

Under the Facility Agreement, there are specific performance obligations that Mr. Fok Tung Ling, who is the controlling shareholder of the Company, and Mr. Zhang Yue Jun, who is the substantial shareholder of the Company, shall maintain beneficial ownership in aggregate, directly or indirectly, of at least 35% of the entire issued shares (of each class) of and equity interests in the Company free from any security. Pursuant to the Facility Agreement, both Mr. Fok Tung Ling and Mr. Zhang Yue Jun shall also maintain the ability in leading the management in determining the directions of overall strategies and business development for the Group. At the date of approval of these financial statements, such obligations have been complied with.

The Company and 3 of its wholly-owned subsidiaries, namely Comba Telecom Systems Investments Limited, Praises Holdings Limited and Comba Telecom Limited, were parties to the Facility Agreement who act as guarantors to guarantee punctual performance of the obligations under the Facility Agreement which, inter alia, include the satisfaction of the financial covenants under the Facility Agreement.

As at 31 December 2013, the Group had fully utilized US$210,000,000 (equivalent to HK$1,628,323,000) and repaid US$84,000,000 (equivalent to HK$651,321,000) under the Facility Agreement. As at 31 December 2013, the outstanding term loan balance amounted to HK$977,002,000, of which, HK$651,335,000 and HK$325,667,000 are repayable within 1 year and in the second year, respectively. The term loan bears interest at the rate of 3.3% (2012: 3.4%) per annum.

Certain short-term loans amounting to HK$155,058,000 were guaranteed by a standby letter of credit issued by a bank. The bank loans bear interest at the rate of 1.7% per annum.

Other short-term bank loans bear interest at rates ranging from 1.9% to 6.0% (2012: from 2.1% to 2.8%) per annum.

12. EVENT AFTER THE REPORTING PERIOD

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the forthcoming annual general meeting (the "AGM"), the details of the closure of register of members and the record date are set out below:

For determining eligibility to attend and vote at the forthcoming AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 19 June 2014
Closure of register of members, no transfer of shares will be registered	Friday, 20 June 2014 to Monday, 23 June 2014 (both days inclusive)
Record date	Monday, 23 June 2014

All transfers 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 no later than the aforementioned latest time.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013 (the "Current Year"), revenue of the Group was HK$5,720,599,000 (2012: HK$6,332,867,000), representing a decrease of 9.7% over the revenue for the year ended 31 December 2012 (the "Prior Year"). The decline was mainly attributable to the setbacks encountered in the PRC market resulting from some project delays and uncertainties in the timing of investment by the certain customers prior to the granting of 4G licenses in China.

During the Current Year, as a result of the decline in the investment overall wireless solutions market by mobile operators, sales from 3G mobile network projects reported a revenue of HK$2,431,000,000 (2012: HK$2,711,000,000), representing a decrease of 10.3% and accounting for 42.5% (2012: 42.8%) of the Group's total revenue.

By customers

During the Current Year, revenue generated from China Mobile Communications Corporation and its subsidiaries (collectively referred to as the "China Mobile Group") decreased by 10.0% to HK$2,981,503,000 (2012: HK$3,313,447,000), accounting for 52.1% of the Group's revenue in the Current Year compared to 52.3% in the Prior Year.

Revenue generated from China United Network Communications Group Company Limited and its subsidiaries (collectively referred to as the "China Unicom Group") decreased significantly by 40.2% to HK$831,117,000 (2012: HK$1,390,107,000), accounting for 14.5% of the Group's revenue in the Current Year compared to 22.0% in the Prior Year.

Revenue generated from China Telecommunications Corporation and its subsidiaries (collectively referred to as the "China Telecom Group") increased sharply by 58.1% to HK$734,977,000 (2012: HK$464,888,000), accounting for 12.8% of the Group's revenue in the Current Year compared to 7.3% in the Prior Year.

Revenue generated from international customers and core equipment manufacturers increased by 8.1% to HK$1,112,795,000 (2012: HK$1,029,375,000), accounting for 19.5% of the Group's revenue in the Current Year compared to 16.3% in the Prior Year. During the Current Year, the Group undertook and completed a number of world-renowned wireless solutions projects as a result of increasing brand equity through constant efforts devoted within overseas markets over the years.

By businesses

Revenue generated from the wireless access and transmission business in the Current Year decreased by 16.7% to HK$421,355,000 (2012: HK$505,884,000) and accounted for 7.4% (2012: 8.0%) of the Group's revenue. The decline in revenue was mainly due to decrease in the market demand for Wi-Fi products and the fact that Small Cell products have yet to reach large-scale ramp-up.

Revenue generated from the wireless enhancement business in the Current Year decreased by 21.9% to HK$980,051,000 (2012: HK$1,254,085,000), accounting for 17.1% (2012: 19.8%) of the Group's revenue. The decline in revenue was mainly due to the postponement of certain investment activities by mobile network operators and fierce market competition in the traditional wireless enhancement products which substantially affected the overall performance of this business segment.

Revenue generated from the antennas and subsystems business increased slightly by 2.6% to HK$1,865,813,000 (2012: HK$1,818,823,000), accounting for 32.6% (2012: 28.7%) of the Group's revenue in the Current Year. The increase in revenue was mainly due to the deployment of the fourth generation of mobile communications ("4G") mobile network and the replacement and upgrades of equipment by the mobile network operators.

Revenue from services decreased by 10.9% to HK$2,453,380,000 (2012: HK$2,754,075,000), accounting for 42.9% (2012: 43.5%) of the Group's revenue in the Current Year. The decline was mainly attributable to the postponement of certain investment activities in the wireless enhancement market in the PRC.

Gross profit

During the Current Year, gross profit decreased by 15.5% to HK$1,365,586,000 (2012: HK$1,615,879,000). The Group's gross profit margin decreased by 1.6 percentage points to 23.9% in the Current Year (2012: 25.5%). The decrease in gross profit margin was mainly due to increase in the cost of sales caused by inflation, increasingly fierce competition in the telecommunications industry and the unrealized sales scalability of new products and new businesses.

Research and development ("R&D") costs

During the Current Year, R&D costs decreased significantly by 45.0% to HK$207,158,000 (2012: HK$376,766,000), representing 3.6% (2012: 5.9%) of the Group's revenue. The decrease in R&D costs was mainly due to the capitalization of certain R&D costs. During the Current Year, a total of HK$108 million R&D costs was capitalized (after amortization). The Group has maintained an optimal level of investment in R&D to stay ahead of the latest technological innovation so as to take advantage of new business opportunities.

With its strong commitment to R&D, the Group has achieved significant accomplishments in creating its own solutions with intellectual property rights and has applied for more than 1,600 patents as at the end of the Current Year (As at 31 December 2012: more than 1,300 patents).

Selling and distribution ("S&D") expenses

During the Current Year, S&D expenses remained at a stable level of HK$505,566,000 (2012: HK$503,749,000), representing 8.8% (2012: 8.0%) of the Group's revenue. The slight increase in S&D expenses was mainly due to global expansion of the sales and service networks of the Group.

Administrative expenses

During the Current Year, administrative expenses were reduced by 12.8% to HK$788,888,000 (2012: HK$904,640,000), representing 13.8% (2012: 14.3%) of the Group's revenue. The lower administrative expenses was mainly due to the optimization of the administrative staff and office organization structure.

Awarded shares expenses

On 12 April 2011, the Board of the Company resolved to award 26,000,000 awarded shares to 365 selected persons under the share award scheme adopted on 25 March 2011, by way of issue and allotment of new shares pursuant to the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 24 May 2010. These awarded shares will be held in trust for the selected persons by the trustee appointed by the Company until the end of each vesting period. For these awarded shares, there are four vesting dates, which are 12 July 2011, 12 April 2012, 12 April 2013 and 12 April 2014. Upon each vesting date, those awarded shares will be transferred at no cost to the selected persons.

The fair value of the 26,000,000 awarded shares was approximately HK$226 million, measured at the closing market price of HK$9.32 per share at the date of the grant and amortized over each of the vesting periods up to 12 April 2014. During the Current Year, the awarded shares expenses amounted to approximately HK$23 million. For the full year of 2014, the awarded shares expenses are estimated to be approximately HK$4 million.

Finance costs

During the Current Year, finance costs increased by 29.4% to HK$55,153,000 (2012: HK$42,635,000), representing 1.0% (2012: 0.7%) of the Group's revenue. The rise in finance costs was mainly due to increases in the borrowing costs and bank borrowings.

The management has always been prudent in managing credit risk and the level of bank borrowings as well as improving cash flow. To cope with the growth of the business, the management has closely monitored the latest developments of the financing market and arranged the most appropriate financing for the Group.

In addition, the management has utilized the advantages of interest and foreign exchange rates differentiation among different countries in order to minimize finance costs. As of 31 December 2013, the gross gearing ratio of the Group, defined as total interest-bearing borrowings divided by total assets, stood at a manageable level of 15.1% compared to 15.4% as of 31 December 2012.

Operating loss

During the Current Year, the operating loss was HK$104,725,000 (2012: HK$105,495,000) which was attributable to a number of reasons including: 1) the decrease in the Group's overall revenue; 2) decline in gross profit margin; and 3) the impairment arisen from the trade receivables of certain overseas markets, despite certain losses have been contained under the implementation of cost control measures.

Tax

During the Current Year, the overall taxation charge of HK$84,867,000 (2012: HK$67,515,000) was composed of profits tax charge of HK$65,524,000 (2012: HK$62,861,000) and deferred tax charge of HK$19,343,000 (2012: HK$4,654,000). The increase in overall taxation charge was mainly due to the assessable profits in certain subsidiaries and a deferred tax charge.

Details of preferential tax rates enjoyed by major operating subsidiaries are set out in note 6 to the financial statements.

Net Loss

During the Current Year, loss attributable to shareholders ("Net Loss") was HK$240,722,000 (2012: HK$202,364,000) owing to the decrease in overall revenue and gross profit margin of the Group and the impairment of certain trade receivables.

Prospects

Amid improving market sentiment, with European and U.S. data pointing to a gradual economic recovery, and stable and sustainable growth of Mainland China's economy, it is expected that the global telecommunications industry will continue to experience an upswing. As at 31 December 2013, the number of global mobile subscriptions was more than 6.7 billion and is expected to exceed 9.3 billion by the end of 2019, of which over 60% are smartphone subscriptions, according to market estimates. China also exhibited a growing trend for the overall mobile subscription during 2013. In particular, 3G subscriptions in China experienced year-on-year growth of approximately 70% and accounted for over 30% of total mobile subscribers. It is expected that the positive momentum will continue to build in 2014.

In respect of mobile data traffic, the expected vigorous traffic growth is becoming a reality. High level of data traffic carried on mobile networks today is reflected by the strong uptake of smartphones, tablets and other data devices. Mobile apps are getting increasingly prominent. Social networking, video and music streaming, mobile office, mobile banking, etc. via smart devices is weaving into our everyday life, which has triggered a surge in mobile data from around the world. Consequently, provision of reliable access to networks and better user experiences have become the major challenges for mobile network operators without exception. It is believed that these challenges will drive more investments in network coverage, network capacity, network enhancement and maintenance services, among other areas.

Another key driver is that LTE is gathering pace. There were over 250 LTE networks commercially launched worldwide by the end of 2013, comparing to 144 a year ago. More importantly, the granting of TD-LTE licenses in China in December 2013 signified the start of a brand new era in the telecommunications industry. China, being the trendsetter of the TD-LTE technology which is a globally accepted standard, is expected to further promote a wider adoption of TD-LTE in its country and maturity of the LTE ecosystem. With the deployment of LTE 4G networks, mobile network operators can deliver an even better mobile broadband experience, faster than ever before, and in a more cost effective way. The rollout of more new networks has translated into increasing demand for modern and advanced telecom equipment to cope with the quickly evolving needs of mobile network operators.

Globally, the Group has been devoting multi-year efforts towards strengthening its market presence, and a number of prominent and sizeable projects were undertaken last year underlining the successful marketing strategies adopted by the Group in recent years. With strong back-up from our R&D teams and manufacturing capabilities, the Group always brings to its customers the most desirable solutions with top-notch technologies.

However relatively optimistic industry landscape expected in upcoming year, there are still uncertainties in the recovery pace of global economy and new challenges emerged from the evolution of new technologies. To conclude, the management will remain cautious and prudent about the business development of the Group in the upcoming year though against a more optimistic backdrop.

Wireless Access

In view of mobile networks' shift from being predominantly voice networks to mainly data transmission, and the boom of mobile apps and consumers' demand for data services growing unabated, substantial efforts have been directed towards expanding the Small Cell product series and solutions to grasp potentially enormous opportunities. The Small Cell business progressed smoothly during 2013 with commercialization and trial runs conducted in various provinces in China. The Group also made great strides, successfully promoting Small Cells in some overseas markets. Revolutionizing the ways mobile network operators to design, roll out and enhance the networks, Small Cell solutions enable mobile network operators to meet surging capacity demand in the most effective and economical way. They are also a critical equipment of network deployment today as they enable mobile network operators to boost coverage and network quality. By bringing sources of signals closer to end-users, Small Cells ensure exceptional network quality where end-users are located.

Furthermore, understanding that the next wave of innovation will not only be a single new product category but rather be the integration of all devices, creating one harmonious user experience, the Group developed and promoted an IP-based Onebox solution that is the first of its kind in the industry. The culmination of a great deal of hard work, commitment and innovation, the Onebox solution integrates the technologies of Small Cell, Wi-Fi and OTT TV to support multi-businesses such as mobile signals, Wi-Fi signals and digital videos and audios.

On the other hand, Wi-Fi business may further slide as the Group places more focus on other high-tech wireless access products of higher profitability which also integrate with Wi-Fi functions. The Group has always been emphasizing that Small Cell and Wi-Fi will coexist in harmony given that they have different technological strengths and scenario applications. It has become clear that Small Cell and Wi-Fi together complete the toolset that mobile network operators need to handle the significant challenge of surging data traffic by helping them to manage network and present a great experience to their customers no matter where they connect.

Looking forward, the Group is well-placed to take its wireless access solution proposition to the market and greater efforts will be placed on promoting the scalability of Small Cell and related products.

Wireless enhancement

Despite keen market competition and the sluggish network enhancement progress experienced last year, the management believes that wireless enhancement remains an ideal solution needed by most mobile network operators for continued improvement of network quality.

Today's communications generate large volume of data which in turn impacts network performance, availability, capacity and storage. Communication networks will be infinitely richer and more sophisticated in the future. The issues that mobile network operators face are increasingly dynamic, multifaceted and complex. Wireless enhancement represents a highly cost-effective solution for mobile network operators to address the problems associated with the increased need for data capacity and ubiquitous wireless coverage within buildings, especially in heterogeneous networks. For example, the Group's latest multi-service digital distributed access system (MDAS) solutions can address the abovementioned issues with greater flexibility. The Group's leadership in the wireless solution market is evidenced by its portfolio of prestigious projects undertaken such as the stadiums of world-known sporting events, high-speed rail projects, exhibition centres for international conferences, etc. Thus the management is confident that its edge remains intact and will strive to expand its project portfolio for both the PRC and different regions of the overseas markets.

Looking ahead, in the PRC market, there is improved market visibility after the granting of 4G licenses and it is expected that the market demand for wireless enhancement will gradually pick up. For the international markets, building on the positive momentum of last year, the management expects it will continue to stay positive. The Group will invest more in expanding business in developed markets while be cautious toward probable economic overheating in emerging economies. The Group will continue to strengthen its relationships with established customers, closely monitoring any changes in the overseas business environment and will take a more prudent approach to explore business opportunities.

Antennas and subsystems

As one of the major global suppliers of mobile base station antennas, the Group has invested in R&D and has obtained a number of proprietary intellectual property rights for its core technologies. The Group has an extensive antenna product portfolio from single-band to multi-band solutions covering all frequencies and standards to cater to different needs of customers. Moreover, the Group's 4G base station antennas have been widely deployed within 4G networks in China and overseas countries. During the Current Year, the Group received orders for exceeding 150,000 units of its 4G LTE base station antennas.

Moving into 2014, in view of the expanding 4G network deployment and continuous replacement cycle of base station antennas in China and around the world, it is expected that the antenna business will stay positive. The Group will solidify its leading position by offering more innovative products and technologies which support multi-standard and multi-network deployment along network migration.

Wireless transmission

Digital Microwave Systems

Wireless backhaul solutions remain effective for optimization of existing infrastructure to overcome network capacity constraints driven by LTE deployments and heterogeneous networks. The Group's end-to-end wireless backhaul solutions are designed to simplify the deployment and operations of backhaul for heterogeneous networks and enable faster delivery and higher efficiency of microwave links. The management believes the market potential of microwave products remains attractive.

Satellite communications

In responding to the unique requirements of each customer for special scenarios, the Group delivers end-to-end satellite emergency communications solutions that reflect its combined expertise in top-notch design, engineering, operation and maintenance of network solutions. During the Current Year, the Group assisted in relief efforts for various natural disasters and large-scale events to provide emergency communications, such as Ya'an City earthquake in Sichuan Province, Typhoon Fitow in Zhejiang Province, flooding in Guangdong Province, etc. The management expects this business unit to remain stable in 2014.

Services

The management believes that price differentiation is no longer a long-term successful strategy. Rather its consistent high-quality and customer-centric services, including consulting, network and technical design, network planning, project management, installation and commissioning, maintenance, etc., will enable the Group to stay competitive as well as to maintain established customer relationships. The Group's engineering service team is committed to providing professional, responsive and customized services along with our comprehensive product offerings, enabling customers to deliver a better user experience. Looking ahead, as a total wireless solutions provider, the Group expects more services to be provided as its project portfolio and market demand grow with increasing complexity of multi-network coordination.

Rail communications

In view of the extensive rail transportation market potential in the PRC, the Group has unveiled wireless solutions focusing on telecommunications projects for rail transportation during the Current Year. Customers' positive feedback has been encouraging with some projects tenders secured. Moving forward, the Group intends to devote greater efforts to expand its project portfolio while strengthening its branding.

Conclusion

Despite the more challenging industry landscape in recent two years, the management expects global informatization with the expanded rollout of new networks will generate some tailwinds to the Group's business. The management believes the Group's ability to consistently navigate through dynamic environments along with its thriving tech innovations will continue to uniquely position itself within the industry. Adhering to an innovation-oriented approach, the Group vows to make even greater efforts to press ahead with transformation and optimize its income structure while consolidating the collaboration and synergies across different regions, brands, service packages, marketing resources, etc., thus achieving overall improvement in results performance.

From a financial perspective, the Group will continue to reinforce corporate management and optimize resource allocation. To further lower operating expenses, the management will continue to optimize the organizational structure. The Group will maintain a sharp focus on driving innovation while prioritizing and investing more prudently in where the market is going. Furthermore, to pursue a sound financial position and enhance efficiency, the management will take a more proactive approach to improve its key performance indices and liquidity.

Last but not least, the Board would like to take this opportunity to extend its heartfelt gratitude to all staff for their dedicated efforts and contributions. We remain committed to the customers, shareholders and business associates, and thank for the continued confidence and support.

LIQUIDITY, FINANCIAL RESOURCES & CAPITAL STRUCTURE

The Group generally finances for its operations from cash flows generated internally and bank borrowings. As at 31 December 2013, the Group had net current assets of HK$2,865,758,000. Current assets comprised inventories of HK$2,240,395,000, trade receivables of HK$4,530,279,000, notes receivable of HK$85,703,000, prepayments, deposits and other receivables of HK$621,476,000, restricted bank deposits of HK$46,735,000, and cash and cash equivalents of HK$1,589,261,000. Current liabilities comprised trade and bills payables of HK$3,839,472,000, other payables and accruals of HK$1,074,167,000, interest-bearing bank borrowings of HK$1,232,409,000, tax payable of HK$25,861,000 and provisions for product warranties of HK$76,182,000.

The average receivable turnover for the Current Year was 294 days compared to 259 days for the Prior Year. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 3 months and is extendable up to 2 years depending on the customers' credit worthiness, except for those retention money generally receivable after final certification of products by customers, which would be performed 6 to 12 months after sale, or upon completion of the 1 to 2 years warranty periods granted to customers. The average payable turnover for the Current Year was 298 days compared to 242 days for the Prior Year. The average inventory turnover for the Current Year was 188 days compared to 180 days for the Prior Year.

As at 31 December 2013, the Group's cash and bank balances were mainly denominated in Renminbi ("RMB"), Hong Kong dollars ("HK$") and United States dollars ("US$") while the Group's bank borrowings were mainly denominated in US$, HK$ and RMB. 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 had entered into a 3-year term loan facility agreement amounted to US$210,000,000 on 26 June 2012 (the "Facility Agreement") with certain financial institutions.

Under the Facility Agreement, there are specific performance obligations that Mr. Fok Tung Ling, who is the controlling shareholder of the Company, and Mr. Zhang Yue Jun, who is the substantial shareholder of the Company, shall maintain beneficial ownership in aggregate, directly or indirectly, of at least 35% of the entire issued shares (of each class) of and equity interests in the Company free from any security. Pursuant to the Facility Agreement, both Mr. Fok Tung Ling and Mr. Zhang Yue Jun shall also maintain the ability in leading the management in determining the directions of overall strategies and business development for the Group. At the date of approval of the audited consolidated financial statements, such obligations have been complied with.

Details of the Facility Agreement are set out in note 11 to the financial statements.

The Group's revenue and expenses, assets and liabilities are mainly denominated in RMB, HK$ and US$. As the Group's revenue is substantially denominated in RMB, the Board of the Company currently considers that the appreciation of RMB should have a mildly favorable impact on the Group's business.

The Group's gross gearing ratio, calculated as total interest-bearing debts (including bank borrowings and advances) over total assets, was 15.1% as at 31 December 2013 (31 December 2012: 15.4%).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has not conducted any material acquisitions and disposals of subsidiaries and associated companies during the Current Year.

CHARGE ON ASSETS

As at 31 December 2013, there was no charge on the Group's assets (31 December 2012: Nil).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had contingent liabilities of HK$98,555,000 (31 December 2012: HK$39,072,000), which mainly included guarantees given to banks in respect of performance bonds.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had approximately 9,600 staff. The total staff costs, excluding capitalized R&D staff cost, for the Current Year were HK$1,072,373,000. The Group offers competitive remuneration schemes to its employees based on industry practices, legal 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, and in accordance with the share option scheme and the share award scheme of the Company. Mandatory provident fund or staff pension schemes are also provided to relevant staff in Hong Kong, the PRC or elsewhere in accordance with relevant legal requirements. The Group also provides training to the staff to improve their skills and develop their respective expertise.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the Current Year. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Current Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Current Year, the Board of the Company reviewed daily governance of the Company from time to time in accordance with the code provisions (the "Code Provisions") as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and considered that, from 1 January 2013 to the date of this announcement, the Company has complied with the Code Provisions.

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 10 to the 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 have confirmed that they have complied with the required standard as set out in the Model Code and the code of conduct from 1 January 2013 to the date of this announcement.

REVIEW OF ANNUAL RESULTS

The annual results for the Current Year have been reviewed by the audit committee. The audit committee, together with the management and the external auditors, has reviewed the accounting principles, standards and practices adopted by the Company, and discussed matters relating to auditing, internal controls and financial reporting, including the review of the annual results for the Current Year. The audit committee has given its consent to the accounting principles, standards and practices adopted by the Company for the audited consolidated financial statements for the Current Year.

PUBLICATION OF ANNUAL REPORT

A copy of annual report containing all information required by the Listing Rules will be despatched to shareholders of the Company and published on the official website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the website of the Company (http://www.comba-telecom.com) in due course.

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

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises the following executive Directors: Mr. FOK Tung Ling, Mr. ZHANG Yue Jun, Dr. TONG Chak Wai, Wilson, Mr. WU Jiang Cheng, Mr. YAN Ji Ci, Mr. ZHENG Guo Bao, Mr. YEUNG Pui Sang, Simon and Mr. ZHANG Yuan Jian; and the following independent non-executive Directors: Mr. LIU Cai, Mr. LAU Siu Ki, Kevin, Dr. LIN Jin Tong and Mr. QIAN Ting Shuo.