Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Comba

COMBA TELECOM SYSTEMS HOLDINGS LIMITED

京 信 通 信 系 統 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2342)

Final results announcement for the year ended 31 December 2008

FINANCIAL HIGHLIGHTS

- Revenue increased by 42.8% to HK$2,526 million
- Gross profit increased by 38.9% to HK$946 million
- Profit attributable to shareholders increased by 18.7% to HK$228 million
- Basic earnings per share increased by 18.3% to HK26.68 cents
- Dividend per share increased by 16.7% to HK7 cents
- Net asset value per share increased by 17.1% to HK$2.33

RESULTS

The board of directors (the "Board" or the "Directors") of Comba Telecom Systems Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008, together with the comparative figures for the same period in 2007.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	3	**2,525,895**	1,768,418
Cost of sales		**(1,579,861)**	(1,087,161)
Gross profit		**946,034**	681,257
Other income and gains	3	**19,083**	23,766
Research and development costs		**(132,253)**	(91,087)
Selling and distribution costs		**(185,811)**	(134,953)
Administrative expenses		**(370,112)**	(271,712)
Other expenses		**(3,554)**	(1,534)
Finance costs	5	**(13,405)**	(7,973)
PROFIT BEFORE TAX	4	**259,982**	197,764
Tax	6	**(27,493)**	(7,193)
PROFIT FOR THE YEAR		**232,489**	190,571
Attributable to:			
Equity holders of the parent		**227,512**	191,619
Minority interests		**4,977**	(1,048)
		232,489	190,571
DIVIDEND	7		
Proposed final		**59,315**	51,233
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(HK cents)*	8		
Basic		**26.68**	22.56
Diluted		**26.59**	22.34

CONSOLIDATED BALANCE SHEET

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**344,805**	293,700
Prepaid land lease payments		**14,376**	13,853
Goodwill		**29,187**	30,110
Deferred tax assets		**100,001**	68,997
Intangible assets		**7,999**	7,124
Restricted bank deposits		**1,090**	1,616
Total non-current assets		**497,458**	415,400
CURRENT ASSETS			
Inventories		**1,052,458**	754,766
Trade receivables	*9*	**1,272,861**	1,099,643
Notes receivable		**35,467**	29,385
Prepayments, deposits and other receivables		**121,819**	81,402
Restricted bank deposits		**4,168**	4,250
Cash and cash equivalents		**468,166**	374,496
Total current assets		**2,954,939**	2,343,942
CURRENT LIABILITIES			
Trade and bills payables	*10*	**922,708**	548,469
Other payables and accruals		**400,871**	341,696
Interest-bearing bank borrowings		**47,494**	88,794
Tax payable		**53,803**	28,606
Provisions for product warranties		**28,531**	40,066
Total current liabilities		**1,453,407**	1,047,631
NET CURRENT ASSETS		**1,501,532**	1,296,311
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,998,990**	1,711,711
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**3,750**	—
Deferred tax liabilities		**6,233**	6,761
Total non-current liabilities		**9,983**	6,761
Net assets		**1,989,007**	1,704,950

	2008	2007
	HK$'000	*HK$'000*
Net assets	**1,989,007**	1,704,950
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**84,735**	85,389
Reserves	**1,830,489**	1,561,634
Proposed final dividend	**59,315**	51,233
	1,974,539	1,698,256
Minority interests	**14,468**	6,694
Total equity	**1,989,007**	1,704,950

Notes

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") 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 Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets*
HK(IFRIC)-Int 11	*HKFRS 2 — Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The Group has also early adopted the following HKFRS as of 1 January 2008.

HKFRS 8	*Operating Segment effective 1 January 2009*

Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

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

(a) Amendments to HKAS 39 Financial Instruments: *Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets*

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) HK(IFRIC)-Int 11 HKFRS 2 — *Group and Treasury Share Transactions*

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. The adoption of this interpretation had no material impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-*Int 12 Service Concession Arrangements*

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

(d) HK(IFRIC)-Int 14 *HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation had no material impact on the financial position or results of operations of the Group.

(e) HKFRS 8 replaces HKAS 14 Segment Reporting (HKAS 14) upon its effective date. The Group early adopted this amendment as of 1 January 2008. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. HKFRS 8 disclosures are shown in Note 2, including the related revised comparative information.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments:Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[2]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the separate financial statements. The amendment is applied prospectively only. The HKFRS 1 Amendment allows a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial statements. The Group expects to adopt the HKAS 27 Amendment from 1 January 2009. The amendments have no impact on the consolidated financial statements. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, the amendments are unlikely to have any significant implications on its accounting for share-based payments.

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 Statement of Cash Flows, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The Group expects to adopt HKFRS 3 (Revised) and HKAS 27 (Revised) from 1 January 2010. The changes introduced by these revised standards must be applied prospectively and will affect future acquisitions, loss of control and transactions with minority interests.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group expects to adopt HKAS 1 (Revised) from 1 January 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments are unlikely to have any financial impact on the Group.

The amendment to HKAS 39 addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. As the Group has not entered into any such hedges, the amendment is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no customer loyalty award scheme, the interpretation is not applicable to the Group and therefore is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 15 will replace HK Interpretation 3 *Revenue — Pre-completion Contracts for the Sale of Development Properties*. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 *Construction Contracts* or an agreement for the sale of goods or services in accordance with HKAS 18 *Revenue*. As the Group currently is not involved in any construction of real estate, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 17 standardises practice in the accounting for non-reciprocal distributions of non-cash assets to owners. The Group expects to apply the interpretation from 1 January 2010 prospectively. The interpretation clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Other consequential amendments were made to HKAS 10 *Events after the Balance Sheet Date* and HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. While the adoption of the interpretation may result in changes in certain accounting policies, the interpretation is unlikely to have any material financial impact on the Group.

In October 2008, the HKICPA issued its first Improvements to HKFRSs which sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2009. There are separate transitional provisions for each standard. Those amendments that are expected to have a significant impact on the Group are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*: Removes the reference to “total interest income” as a component of finance costs.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that assets and liabilities which are classified as held for trading in accordance with HKAS 39 are not automatically classified as current in the balance sheet.

(c) HKAS 16 *Property, Plant and Equipment*: Replaces the term “net selling price” with “fair value less costs to sell” and the recoverable amount of property, plant and equipment is calculated at the higher of an asset’s fair value less costs to sell and its value in use.

In addition, items held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventory when rental ceases and they are held for sale.

(d) HKAS 20 Accounting for *Government Grants and Disclosure of Government Assistance*: Requires government loans granted in the future with no or at a below-market rate of interest to be recognised and measured in accordance with HKAS 39 and the benefit of the reduced interest to be accounted for as a government grant.

(e) HKAS 36 *Impairment of Assets*: When discounted cash flows are used to estimate “fair value less cost to sell”, additional disclosure is required about the discount rate, consistent with the disclosures required when the discounted cash flows are used to estimate “value in use”.

(f) HKAS 38 *Intangible Assets*: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.

2. SEGMENT INFORMATION

Year ended 31 December 2008	**PRC**	**Non-PRC**	**Adjustments & eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue				
External customers	**2,222,644**	**303,251**	**—**	**2,525,895**
Results				
Depreciation and amortisation	**56,180**	**2,526**	**—**	**58,706**
Segment profit	**389,827**	**5,761**	**[1](135,606)**	**259,982**
Assets				
[4]Capital expenditure	**92,036**	**4,716**	**—**	**96,752**
Operating assets	**3,167,118**	**155,975**	**[2]129,304**	**3,452,397**
Operating liabilities	**1,426,639**	**23,727**	**[3]13,024**	**1,463,390**

1. Segment operating profit does not include research and development costs HK$132,253,000 and unallocated corporate expenses HK$3,353,000.
2. Segment assets do not include goodwill HK$29,187,000, deferred tax assets HK$100,001,000 and unallocated corporate assets HK$116,000.
3. Segment liabilities do not include deferred tax liabilities HK$6,233,000 and unallocated corporate liabilities HK$6,791,000.
4. Capital expenditure consists of additions of property, plant and equipment and intangible assets.

Year ended 31 December 2007	PRC	Non-PRC	Adjustments & eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External customers	1,631,902	136,516	—	1,768,418
Results				
Depreciation and amortisation	47,707	1,653	—	49,360
Segment profit	291,582	2,605	[1](96,423)	197,764
Assets				
[4]Capital expenditure	51,584	3,806	—	55,390
Operating assets	2,564,320	95,284	[2]99,738	2,759,342
Operating liabilities	1,029,078	12,353	[3]12,961	1,054,392

1. Segment operating profit does not include research and development costs HK$91,087,000 and unallocated corporate expenses HK$5,336,000.
2. Segment assets do not include goodwill HK$30,110,000, deferred tax assets HK$68,997,000 and unallocated corporate assets HK$631,000.
3. Segment liabilities do not include deferred tax liabilities HK$6,761,000 and unallocated corporate liabilities HK$6,200,000.
4. Capital expenditure consists of additions of property, plant and equipment and intangible assets.

The largest customer accounted for approximately 56% (2007: 65%) of the total sales for the year.

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, 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:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of wireless telecommunications network enhancement system equipment and provision of related engineering services	**2,416,782**	1,726,792
Warranty services	**109,113**	41,626
	2,525,895	1,768,418
Other income and gains		
Bank interest income	**2,205**	3,046
Exchange gain, net	**—**	11,630
Government subsidy	**6,975**	5,130
Recovery of bad debts	**4,953**	—
Others	**4,950**	3,960
	19,083	23,766

4. PROFIT BEFORE TAX

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

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**1,472,995**	978,765
Depreciation	**54,740**	44,439
Recognition of prepaid land lease payments	**346**	325
Amortisation of intangible assets	**3,620**	4,596
Minimum lease payments under operating leases in respect of land and buildings	**46,398**	28,529
Auditors' remuneration	**2,953**	2,469
Employee benefit expense (including directors' emoluments):		
Salaries and wages	**393,141**	303,546
Staff welfare expenses	**33,981**	25,727
Equity-settled share option expense	**10,807**	10,947
Pension scheme contributions#	**28,472**	22,373
	466,401	362,593
Exchange loss/(gain) net	**8,323**	(11,630)
Impairment of trade receivables	**17**	—
Write-down of inventories to net realisable value	**9,791**	5,790
Provisions for product warranties	**28,024**	48,847
Loss on disposal of items of property, plant and equipment	**746**	570
Bank interest income	**2,205**	3,046

At 31 December 2008, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2007: Nil).

5. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within one year	**9,094**	7,973
Interest on added confirmation of documentary credits	**4,311**	—
	13,405	7,973

6. TAX

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong during the year (2007: Nil). 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.

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current year provision:		
Mainland China	**52,963**	37,129
Overseas	**857**	1,060
Deferred tax	**(26,327)**	(30,996)
Total tax charge for the year	**27,493**	7,193

According to the Income Tax Law of the PRC for Foreign Investment Enterprises and Foreign Enterprises and approved by the relevant tax authorities, Comba Telecom Systems (Guangzhou) Limited ("Comba Guangzhou"), a wholly-owned subsidiary of the Company operating in Mainland China was exempted from PRC corporate income tax for the two years commencing from its first profit-making year from 1 January 2000 to 31 December 2001 and thereafter was entitled to a 50% reduction in the PRC corporate income tax for the subsequent three years from 1 January 2002 to 31 December 2004.

In addition, Comba Guangzhou was designated as an advanced technology foreign investment enterprise by the Guangzhou Foreign Trade and Economic Cooperation Bureau in August 2004. Under the current PRC tax legislation, upon expiry of its tax holiday, a foreign investment enterprise of advanced technology is entitled to the preferential tax rate at half of the applicable standard rate, subject to a minimum rate of 10%, for another three years from 1 January 2005 to 31 December 2007.

In 2008, during the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("the New Corporate Income Tax Law") was approved and has become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises, which results in an adjustment of income tax rate to 25%. The effect of this change has been reflected in the calculation of deferred income tax as at 31 December 2008. Comba Guangzhou, being a manufacturing foreign invested enterprise ("FIE"), located in Guangzhou Economic and Technology Development Zone, is eligible to enjoy the transitional arrangement under the New Corporate Income Tax Law. The income tax rate of Comba Guangzhou was 18% in 2008 and will be 20%, 22%, 24% and 25% in 2009, 2010, 2011 and 2012 respectively.

According to the Income Tax Law of the PRC for Foreign Investment Enterprises and Foreign Enterprises, Comba Telecom Technology (Guangzhou) Limited ("Comba Technology"), another subsidiary of the Company established in the PRC, was entitled to an exemption from PRC corporate income tax for the two years commencing from its first profit-making year of 1 January 2003 to 31 December 2004 and thereafter was entitled to a 50% reduction in PRC corporate income tax for the subsequent three years from 1 January 2005 to 31 December 2007. In addition, Comba Technology was designated as an High-New Technology Enterprise by Guangdong Science and Technology Department on 16 December 2008. Being an High-New Technology Enterprise, Comba Technology is entitled to the preferential tax rate of 10% for another three years from 1 January 2008 to 31 December 2010.

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2008		2007	
	HK$'000	*%*	*HK$'000*	*%*
Profit before tax	**259,982**		197,764	
Tax at the applicable tax rate	**64,995**	**25.0**	29,665	15.0
Lower tax rates for specific provinces or enacted by local authority	**(77,340)**	**(29.8)**	(17,895)	(9.0)
Effect on opening deferred tax of increase in rate	**(7,666)**	**(2.9)**	(29,454)	(14.9)
Expenses not deductible for tax	**15,532**	**6.0**	7,427	3.7
Additional deductible research and development expense	**(4,197)**	**(1.6)**	—	—
Tax losses not recognised	**36,169**	**13.9**	17,450	8.8
Tax charge at the Group's effective rate	**27,493**	**10.6**	7,193	3.6

The Group has tax losses arising in Hong Kong and other jurisdictions of HK$99,642,000 (2007: HK$116,333,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time. Apart from the above, there were no significant unrecognised deferred tax assets at 31 December 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Effective deferred tax rate in 2008 was 20% (2007: 18%).

7. DIVIDEND

	2008	2007
	HK$'000	*HK$'000*
Proposed final — HK 7 cents (2007: HK 6 cents) per ordinary share	**59,315**	51,233

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the year, as used in the basic earnings 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 per share are based on:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**227,512**	191,619

	Number of Shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**852,762,000**	849,353,000
Effect of dilution — weighted average number of ordinary shares	**2,920,000**	8,525,000
	855,682,000	857,878,000

9. TRADE RECEIVABLES

	Group 2008 *HK$'000*	2007 *HK$'000*
Trade receivables	**1,289,013**	1,120,422
Impairment	**(16,152)**	(20,779)
	1,272,861	1,099,643

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of three months and is extendable up to two years depending on the customer's credit worthiness. The balance also include retention money of approximately 10% to 20% of the total contract sum of each project, and is generally receivable after final certification of products by customers, which would be performed six to twelve months after sale, or upon completion of the one to two year 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.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group 2008 *HK$'000*	2007 *HK$'000*
Within 3 months	**660,816**	573,754
4 to 6 months	**149,900**	68,257
7 to 12 months	**186,478**	192,888
More than 1 year	**291,819**	285,523
	1,289,013	1,120,422
Provision for impairment	**(16,152)**	(20,779)
	1,272,861	1,099,643

10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group 2008 *HK$'000*	2007 *HK$'000*
Within 3 months	**709,727**	311,449
4 to 6 months	**126,072**	152,563
7 to 12 months	**49,162**	60,944
More than 1 year	**37,747**	23,513
	922,708	548,469

The trade payables are non-interest-bearing and are mainly settled for a period of three months and are extendable up to two years. At 31 December 2007, the Group had endorsed commercial notes of approximately HK$5,107,000 to certain suppliers with recourse as a settlement of the payable balance. The settlement to the relevant suppliers of approximately HK$5,107,000 was recognised as a liability and included in the above balance. At 31 December 2008, there were no commercial notes to any suppliers with recourse as a settlement of the payable balance.

11. POST BALANCE SHEET EVENT

The Board proposes to increase the share capital of the Company by capitalising the share premium of the Company, pursuant to which bonus shares will be allotted and issued to the shareholders on the basis of 1 bonus share for every 10 ordinary shares held by the shareholders. Based on a total of 847,351,500 shares in issue as at 31 December 2008, 84,735,150 bonus shares will be issued by the Company. The share capital of the Company will increase from HK$84,735,000 to HK$93,209,000 upon completion of the bonus issue.

The bonus issue and the increase in the Company's share capital are subject to the Company's shareholders at the forthcoming annual general meeting.

12. COMPARATIVE AMOUNTS

During the year, certain comparative amounts have been adjusted to conform with the current year's presentation.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 June 2009 to 2 June 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and bonus issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, 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 4:30 pm on 29 May 2009. Dividend warrants will be dispatched on or about 15 June 2009 and the bonus shares will be issued and alloted to the shareholders on or about 15 June 2009, both subject to shareholders' approval at the Company's forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business And Financial Review

Revenue

The Group's revenue for the year ended 31 December 2008 (the "Current Year") was HK$2,525,895,000, representing a sharp increase of approximately 42.8% over the revenue for the year ended 31 December 2007 (the "Prior Year") (HK$1,768,418,000). The increase was due to the strong growth of both PRC and international sales.

During the Current Year, the Group benefitted from the restructuring of the telecommunications industry and the issuance of the 3G mobile licenses in the PRC and the maturing global sales networks.

By customers

Revenue generated from the PRC market (including sales to core equipment manufacturers) increased significantly by 36.2% to HK$2,222,644,000 (2007: HK$1,631,902,000) and accounted for 88.0% of the Group's revenue in the Current Year compared to 92.3% in the Prior Year. The increase in revenue from the PRC market was primarily due to the increase in the provision of services and sales of equipment and solutions to China Mobile Communications Corporation and its subsidiaries ("China Mobile Group"), China United Telecommunications Corporation and its subsidiaries ("China Unicom Group"), Huawei Technologies Co., Ltd. ("Huawei"), and ZTE Corporation ("ZTE"). The increase in services includes consultation, commissioning, and after-sales maintenance, and the increase on sales of equipment and solutions include all 3 business segments, namely wireless enhancement, antennas and subsystems, and wireless transmission.

During the Current Year, the revenue generated from TD-SCDMA increased significantly by 51.3% to HK$121,000,000 (2007: HK$80,000,000) and accounted for 4.8% of the Group's revenue in the Current Year, compared to 4.5% in the Prior Year.

International sales increased also significantly by 122.1% to HK$303,251,000 (2007: HK$136,516,000) and accounted for 12.0% of the Group's revenue in the Current Year compared to 7.7% in the Prior Year. The growth was attributed to significant inroads into mobile operators in the Americas and the Indian subcontinent markets.

By businesses

Revenue generated from the wireless enhancement business in the Current Year increased by 11.7% to HK$1,000,603,000 (2007: HK$895,908,000) and accounted for 39.6% of the Group's revenue in the Current Year compared to 50.6% in the Prior Year.

Revenue generated from the antennas and subsystems business in the Current Year increased significantly by 70.7% to HK$843,385,000 (2007: HK$493,946,000) and accounted for 33.4% of the Group's revenue in the Current Year compared to 27.9% in the Prior Year. The growth in revenue was mainly due to an increase in sales of base transceiver station ("BTS") antennas, camouflaged antennas, and tower mounted amplifiers.

Revenue generated from the wireless transmission business also increased significantly by 182.0% to HK$132,296,000 (2007: HK$46,907,000) and accounted for 5.2% of the Group's revenue in the Current Year compared to 2.7% in the Prior Year.

Revenue from services, including consultation, commissioning, network optimization, project management, and after-sales maintenance services, increased significantly by 65.7% to HK$549,611,000 (2007: HK$331,657,000) and accounted for 21.8% of the Group's revenue in the Current Year compared to 18.8% in the Prior Year. The increase in revenue from services was from installation services, network enhancement services, and after-sales maintenance services on more equipment and larger coverage area. The Group has placed a tremendous amount of effort on adding value to the existing product lines and garnered positive feedback from customers.

Gross profit

In view of the continuing pressure on average selling prices for the maturing 2G mobile telecommunications market in the PRC, the Group's gross profit margin was 37.5% in the Current Year, compared with 38.5% in the Prior Year. During the Current Year, the gross profit increased by 38.9% to HK$946,034,000 (2007: HK$681,257,000), compared with the Prior Year.

During the Current Year, the Group has implemented various cost control measures including streamlining the manufacturing processes, optimizing product design through advanced research and development technology, improving logistic management, and negotiating with suppliers for more favorable pricing and payment terms. The Group has also continuously expanded its market coverage and broadened its revenue sources to achieve economies of scale. The Group has provided installation, network enhancement and after-sales maintenance services to customers in order to achieve higher product sales. In order to maintain a reasonable gross profit margin, the Group will continue to focus on developing advanced products with high value to customers.

Research and development costs

During the Current Year, research and development ("R&D") costs increased by 45.2% to HK$132,253,000 (2007: HK$91,087,000), representing 5.2% (2007: 5.2%) of the Group's revenue. The increase in R&D costs was mainly due to the following reasons: 1. heavy investments in expanding our product portfolio for the global markets and the continuous development of new 3G products to capture the huge global, especially the PRC, 3G mobile network buildout business opportunities; 2. streamlining manufacturing processes for higher operating efficiencies.

The telecommunications industry relies heavily on R&D for new products and advanced technology. R&D is one of the most important continuous success factors of the Group. To maintain industry leadership, the Group has to maintain a considerable R&D team at the current level. With its continuous investment in R&D, the Group has achieved significant accomplishment in intellectual property rights, having applied for over 420 patents as at the end of the Current Year.

Selling and distribution costs

During the Current Year, selling and distribution costs increased by 37.7% to HK$185,811,000 (2007: HK$134,953,000), representing 7.4% (2007: 7.6%) of the Group's revenue. The increase in selling and distribution costs was mainly due to increases in sales staff salaries, consulting fee and travelling expenses as a consequence of increasing the Group's revenue.

Administrative expenses

During the Current Year, administrative expenses increased by 36.2% to HK$370,112,000 (2007: HK$271,712,000), representing 14.7% (2007: 15.4%) of the Group's revenue. The increase in administrative expenses was mainly due to increases in administration staff salaries and allowances, rental expenses, exchange losses, and office expenses. During the Current Year, an exchange loss of HK$11,546,000 was recorded due to the devaluation of the Brazilian currency, which is one of our billing currencies. The Group has taken stricter monetary policy to tighten the control on foreign currency and minimize to use other than Reminbi, Hong Kong dollars, and United States dollars as the billing currency.

Finance costs

During the Current Year, finance costs increased by 68.1% to HK$13,405,000 (2007: HK$7,973,000), representing 0.5% (2007: 0.5%) of the Group's revenue. The increase in finance costs was mainly due to the slight increase in financing activities as a consequence of the increase of Group's revenue and buying of the credit insurance for protecting the receivables of overseas customers.

The management is always prudent on managing the credit risk and improving the cash flow in order to reduce the bank borrowing level. To cope with the growth of the business, the management closely monitors the latest development of the financing market and arranges the most appropriate financing for the Group. The management also utilizes the advantages of interest and foreign exchange rates differentiation among different countries in order to minimize the finance costs.

During the current unstable economic situation, the management monitors extremely closely on the credit risk of individual customers and may take corrective actions to ensure the recoverability of receivables.

Tax

During the Current Year, taxation charges increased by 282.2% to HK$27,493,000 (2007: HK$7,193,000), representing 1.1% (2007: 0.4%) of the Group's revenue. During the Current Year, effective tax rate was 10.6% (2007: 3.6%). The substantial increase in taxation charges was mainly due to the exceptionally high deferred tax credit of HK$30,996,000 that the Group benefitted in the Prior Year as compared with a deferred tax credit of HK$26,327,000 that the Group benefitted in the Current Year and a slight increase in the profit tax rate for certain subsidiaries in the PRC. Deferred tax credit was calculated based on unrealized profit arising on the consolidation of books at the relevant tax rate of the relevant subsidiary. During the Current Year, the amount of unrealized profit arising on the consolidation of books decreased, and the deferred tax credit decreased correspondingly. The management has taken certain tax planning measures to minimize the taxation charges.

Net profit

During the Current Year, profit attributable to shareholders ("Net Profit") increased by 18.7% to HK$227,512,000 (2007: HK$191,619,000), representing 9.0% (2007: 10.8%) of the Group's revenue. The increase in Net Profit was mainly due to the increases of the Group's revenue, steady gross profit margin, and tight control on operating expenses.

PROSPECT

Despite of the unstable global economy, the Group did exceptionally well in the Current Year. The Group attributed its success to the efforts from all parties.

With the completion of the telecommunications industry restructuring and issuance of the 3G mobile licenses in the PRC, the management is confident on the Group's future. The competition among mobile operators will become more vigorous. They will improve their services as well as the network quality and consequently become more aggressive on the network buildout and enhancement. The industry competition will definitely help the Group achieve better results for the future years.

In addition, in the PRC, the recent government economic stimulus policies for encouraging the infrastructure buildout and domestic spending could benefit the Group's business development. With the policies in place, the management expects the growth rate on building the mobile networks to accelerate.

Besides, the management believes that both 2G and 3G mobile networks will co-exist in the future. Mobile operators target high-end users at higher average revenue per user per month (ARPU) with providing 3G mobile services. With the leading position in the 2G mobile networks and numerous sophisticated solutions for 3G mobile networks, the Group undoubtedly will maintain a similar leading position in 3G business. The Group has recently obtained massive sales orders from customers and continuous customers' enquiries for both 2G and 3G products.

International market growth is one of the key diversification strategies of the Group and international sales are seeing strong returns as a result of such strategies. The Group has seen solid returns on its investments in markets that include the Americas and the Asia-Pacific region with new 3G network rollouts and 2G network enhancement projects. In 2008, significant inroads were made in these markets with multi-million dollar agreements and global approved supplier status for operators and vendors such Reliance Communications, Telefonica Group, Vodafone, Telecom Italia Mobile, Huawei, ZTE, Alcatel-Lucent amongst others. Our strive for long term localized partnership with our customers in various global regions shall allow us to continue to expand our presence in the international market.

Wireless Enhancement

Wireless enhancement remains the major business segment of the Group. Within the next few years in the PRC, 2G mobile networks continue to be the dominating mobile network while 3G mobile networks will grow rapidly. As the macro-economy in the PRC continues to grow, mobile phone users increase rapidly, rapid expansion on rural areas, more infrastructure, the management expects that the total capital spending on wireless enhancement for 2G mobile network will remain stable.

With many successfully implemented projects, the management is more confident on increasing the revenue on wireless enhancement. In the Current Year, the Group has successfully incorporated its self-developed product into the Beijing Tianjin High Speed Railway project and we believe that this product can be widely deployed in such kind of solutions. The Group has obtained orders for similar projects. Moreover, the Group is also very successful in providing wireless enhancement solutions for both outdoor coverage, such as residential and commercial areas, highways, stadiums, and indoor coverage, such as shopping arcades, buildings, convention centers.

In view of the recently announced implementation timetable for the 3G mobile networks in the PRC, the management expects that massive wireless enhancement projects for 3G mobile networks will soon begin. Beside the already in-place TD-SCDMA mobile network, it is generally expected that the services for the other two 3G mobile networks, WCDMA and CDMA2000, will launch within a few months.

As 3G mobile signals usually cover a smaller area than 2G mobile signals, the needs for wireless enhancement for 3G mobile networks are stronger. After many years of product and sales and services network development, the Group is well-prepared for the upcoming business opportunities.

The demand for wireless enhancement products has always been strong. The market demand can increase to 50% or more.

Internationally, operators are beginning the increase focus on optimizing their network investments through the deployment of wireless enhancement solutions that enables the extension of existing networks as well as optimizing capacity. Thus, this trend is expected to benefit the Group's wireless enhancement division.

Antennas and Subsystems

Antennas and subsystems recorded substantial growth in the PRC and international markets. With the increasing contribution to the Group's revenue, antennas and subsystems is one of the major business segments of the Group.

The Group is a leading antennas manufacturer in the PRC. During the Current Year, the Group manufactured over 200,000 pieces of BTS antennas including directional panel antennas and remote electrical tilt control antennas and approximately 1,100,000 pieces of indoor antennas.

Since 2009, the demand for antennas in respect of 2G and 3G mobile networks for the PRC markets has increased substantially. The recent market demand has increased over 100%. The strong growth is mainly on the smart antennas, multiple bandwidth variable electrical tilt antennas, camouflaged antennas, combiners, and controllers.

Internationally, the Group continued to secure a considerable number of on-going orders, including an order for tower mounted solutions from a sizable overseas operator.

The existence of 2G, 3G and the advent of 4G mobile networks, the frequency requirements have increased substantially, corresponding with market demands from PRC and globally. As such, the Group continues to invest in order to develop a diversified portfolio of antennas and subsystem solutions to address this which includes the launch of multi-band and smart antennas. As such, the Group believes the demand for its antennas and subsystems will be stronger than ever.

Wireless Transmissions — Digital Microwave Systems ("DMS")

The Group has achieved an extremely high growth in DMS with sales orders around the world. The Group has worked closely with the leading core equipment manufacturers to provide a series of DMS products with high efficiency. In 2009, the major core equipment manufacturer has doubled the sales orders to the Group. The DMS products have also passed the testing and certification run by other major core equipment manufacturers.

With operators extending existing networks and new network buildouts in PRC and internationally, there will be a increase in demand for wireless backhaul and radio access solutions that the Group's wireless transmission division will be able to leverage on in order to continue its growth and will become one of the major business segments in the next years.

Services

During the Current Year, services was the business segment with a strong growth. During years of providing overall solutions and engineering services, the Group has built up a strong service team, gained lots of experience in providing technical supports and developed a series of systemic and comprehensive integrated solutions. This helped the Group to obtain more business opportunities to provide services under the business mode in the PRC of bulk purchase, to introduce its services to the overseas and to provide services in key countries and regions. Services are getting more important for mobile operators which always request not only high quality equipment but also good performance of services. The Group's good performance of services could help mobile operators speed up the buildout of the mobile networks and provide better mobile network quality; consequently, it can help mobile operators to achieve higher market share.

In the future years, the Group will continue to focus on providing services. By providing proper trainings and experience to the service teams, the services income will achieve a higher level. Installation services continue to be the largest driving force while after-sale maintenance services, with recurring income, will be the high growth area. In the PRC, the Group, whose services network covers all provinces and cities in the country, maintains not only its own products but also other products (including the core equipment manufacturers' products).

Conclusion

On 7 January 2009, the Ministry of Industry and Information of the PRC Government has approved the issuance of three 3G mobile licenses to the three mobile operators. The total forecast capital spending for 3G mobile network for the next 3 years is RMB400 billion, of which RMB150 billion, RMB130 billion, and RMB120 billion will be spent in years 2009, 2010, and 2011 respectively. Besides, in the years 2009 and 2010, the total capital spending will not be less than RMB280 billion of which RMB100 billion will be spent from each China Mobile and China Unicom and RMB80 billion will be spent from China Telecom.

The capital spending plans also reflect the aggressiveness of the PRC mobile operators. They are building over 100,000 BTSs in 2009. By the end of 2009, the total number of BTSs in the PRC will be over 650,000. The mobile network and wireless enhancement needs are increasing rapidly.

The substantial increase in market demand comes side by side with challenges. First, the recent sales orders have indicated that the Group's current existing production capacity are challenged in meeting the strong market demand. The Group is increasing its production capacity through the following methods: 1. fine-tuning the production process; 2. renting temporary additional production floors; 3. outsourcing certain processes and procedures to third party manufacturers; 4. building a new production facility with costs approximating HK$80 million.

Second, the Group needs to continue to invest in R&D in order to broaden the product portfolio, innovate new technology, and streamline the production process. The management has set a right direction on the product strategy and is always the leader in products in the industry.

Third, the Group's global sales and services networks need to be further improved. In order to maintain a high gross profit margin, the Group has to provide different solutions and services. The quality on service teams is as important as on products.

Despite of the indefinite business opportunities, the management is still prudent and concentrated on the industry. The management has set a high priority on cost controls as well as risk management. Cost control measures are always enforced. Besides, the management strives to minimize the negative impacts on the Group in case the global economy is getting worse.

With the corporate culture "Pursuance for perfection, Pursuance for harmony", the Group will endeavor to maintain a solid and healthy financial position and consolidate its leading market position, while pursuing a balanced and carefully planned growth strategy in order to maximize the shareholders' value.

LIQUIDITY, FINANCIAL RESOURCES & CAPITAL STRUCTURE

The Group generally finances its operations from cashflow generated internally and bank loans. As at 31 December 2008, the Group had net current assets of HK$1,501,532,000. Current assets comprised inventories of HK$1,052,458,000, trade receivables of HK$1,272,861,000, notes receivable of HK$35,467,000, prepayments, deposits and other receivables of HK$121,819,000, restricted bank deposits of HK$4,168,000 and cash and cash equivalents of HK$468,166,000. Current liabilities comprised trade and bills payables of HK$922,708,000, other payables and accruals of HK$400,871,000, interest-bearing bank loans of HK$47,494,000, tax payable of HK$53,803,000 and provision for product warranties of HK$28,531,000.

The average receivable turnover for the Current Year was 171 days compared to 200 days for the Prior Year. The Group's trading terms with its customers are mainly on credit. The contractual credit period is generally for a period of three months and is extendable up to two years depending on the customer's credit worthiness, except for those retention money generally receivables after final certification of products by customers, which would be performed six to twelve months after sale, or upon completion of the one to two years warranty periods granted to customers. The average payable turnover for the Current Year was 170 days compared to 176 days for the Prior Year. The average inventory turnover for the Current Year was 209 days compared to 230 days for the Prior Year.

As at 31 December 2008, 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 HK$. The interest rates on the Group's bank borrowings are principally on a floating basis at prevailing market rates. The Group's revenue and expenses, assets and liabilities are mainly denominated in RMB, HK$ and US$. As the Group's revenue is substantially denominated in RMB, the Board currently considers that the appreciation of RMB should have a mildly favourable impact on the Group's business.

The Group's gearing ratio, calculated as total interest-bearing debts (including bank borrowings and advances) over total assets, was 1.5% as at 31 December 2008 (31 December 2007: 3.2%).

CHARGE ON ASSETS

As at 31 December 2008, there was no charge on the Group's assets (31 December 2007: Nil).

CONTINGENT LIABILITIES

As at 31 December 2008, the Group had contingent liabilities of HK$21,678,000 (31 December 2007: HK$5,866,000), which mainly included guarantees given to banks in respect of performance bonds.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, the Group had approximately 5,600 staff. The total staff costs for the Current Year were HK$466,401,000. The Group offers competitive remuneration schemes to its employees based on industry practices as well as the employees' and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on the performance of each such employee as well as the Group. The Group also provides training to staff to improve their skills and develop their respective expertise.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, the Company purchased certain of its shares on the Hong Kong Stock Exchange and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of shares repurchased	Price per share		Total price paid
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
October 2008	8,016,000	0.95	1.10	8,233

The purchased shares were cancelled during the Current Year and the issued share capital of the Company was reduced by the par value thereof. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital reserve.

The purchase of the Company's shares during the Current Year was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and/or earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Current Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in Appendix 14 to the Listing Rules throughout the Current Year, except for the deviation from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual and that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company currently has not complied with Code Provision A.2.1 as the Company considers that through the supervision of its Board, a balancing mechanism exists so that the interests of the shareholders are fairly represented. Nevertheless, the Company will be reviewing its situation regularly and will comply with this code at an appropriate time in the future should it consider appropriate and necessary.

AUDIT COMMITTEE

The audited annual results of the Group for the year ended 31 December 2008 have been reviewed by the audit committee of the Company.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

A copy of annual report containing all information required by relevant paragraphs of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.comba-telecom.com) in due course.

By order of the Board
Fok Tung Ling
Chairman and President

Hong Kong, 27 March 2009

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