

Comba

京信通信系統控股有限公司
Comba Telecom Systems Holdings Limited

股份代號 Stock Code :
香港 Hong Kong : 2342
新加坡 Singapore : STC

Persistent • Focus
繼往開來 • 凝心聚力
Innovation • Brilliant
創新發展 • 再創輝煌



2024

ANNUAL REPORT 年報

COMPANY PROFILE

公司概況

The Comba Group was established in 1997, and Comba Telecom Systems Holdings Limited (the “Company”), a globally recognized leader in wireless communication solutions renowned for its cutting-edge R&D, advanced manufacturing capabilities, and comprehensive service network, was listed on the Main Board of the Hong Kong Stock Exchange in 2003, as well as on the Main Board of the Singapore Exchange Securities Trading Limited in 2023. Leading through innovative technology, the Company offers a comprehensive suite of products and solutions, including base station antennas & subsystems, network products, services, and wireless transmission, serving customers worldwide.

The Company has established its R&D headquarters based in Guangzhou Science City and has applied approximately 5,900 patents globally. Its global manufacturing base, located in Guangzhou Economic and Technological Development District, covers an area of approximately 80,000 square meters.

The Company has established more than 30 offices in Chinese Mainland and more than 20 overseas offices worldwide, providing products and services in more than 100 countries and regions.

京信集團成立於1997年，京信通信系統控股有限公司(「本公司」)為全球知名的無線通訊解決方案先驅，以尖端研發技術、先進生產能力及全面服務網絡而聞名，於2003年在香港聯交所主板及於2023年在新加坡證券交易所主板上市。憑藉創新科技，本公司提供基站天線及子系統、網絡產品、服務、無線傳輸等多元化產品及解決方案，為世界各地的客戶提供服務。

本公司在中國廣州科學城設有總部研發基地，已申請國內外專利約5,900項。在中國廣州經濟技術開發區，本公司建有全球生產基地，廠房面積約80,000平方米。

本公司在中國國內設有30多家分公司覆蓋整個中國市場，並在海外設有20餘個分支機構，於全球100多個國家和地區開展產品銷售和技術服務。

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CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

Fok Tung Ling (*Chairman*)

Zhang Yue Jun (*Vice Chairman*)

Huo Xinru (*President*) (appointed as President with effect from 18 November 2024)

Chang Fei Fu

Xu Huijun (*President*) (resigned with effect from 18 November 2024)

Non-Executive Director

Wu Tielong (resigned with effect from 22 March 2024)

Independent Non-Executive Directors

Ng Yi Kum

Wong Lok Lam

Chong Chee Keong, Chris

COMPANY SECRETARY

Chan Siu Man

AUDIT COMMITTEE

Ng Yi Kum (*Chairman*)

Wong Lok Lam

Chong Chee Keong, Chris

NOMINATION COMMITTEE

Wong Lok Lam (*Chairman*)

Ng Yi Kum

Chong Chee Keong, Chris

REMUNERATION COMMITTEE

Chong Chee Keong, Chris (*Chairman*)

Ng Yi Kum

Wong Lok Lam

AUTHORIZED REPRESENTATIVES

Fok Tung Ling

Chang Fei Fu

REGISTERED OFFICE

Cricket Square Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 611

Building 8W

Hong Kong Science Park

Pak Shek Kok

New Territories

Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Suite 3204 Unit 2A Block 3

Building D, P.O. Box 1586

Gardenia Court Camana Bay

Grand Cayman KY1-1100

Cayman Islands



**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen’s Road East
Wanchai Hong Kong

SINGAPORE SHARE TRANSFER AGENT

In.Corp Corporate Services Pte. Ltd.
36 Robinson Road
#20-01 City House
Singapore 068877
(change of address with effect from 13 January 2025)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen’s Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
18th Floor The Center
99 Queen’s Road Central
Central Hong Kong

CMB Wing Lung Bank Limited
Wing Lung Bank Building
45 Des Voeux Road
Central Hong Kong

Bank of China Limited
Guangzhou Development Zone Branch
218 Kezhu Road
Huangpu District
Guangzhou PRC

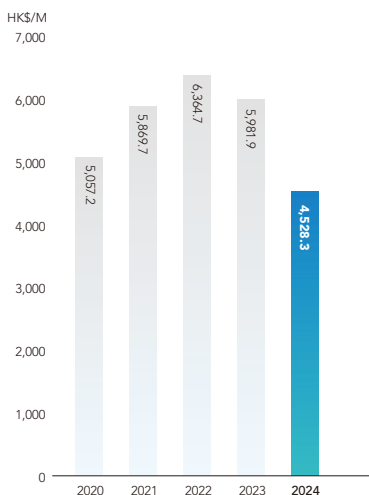
Industrial and Commercial Bank of China Limited
GETD District Sub-branch
No. 2 Xiangxue Road
Kaichuang High Road North
Guangzhou Science City Luogang District
Guangzhou PRC

China Merchants Bank Co Ltd
Guangzhou Branch Gaoxin Sub-branch
1st Floor
Southern Communication Plaza
1 Huajing Road
Guangzhou PRC

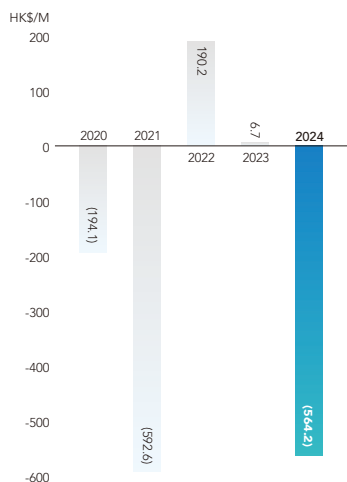
Agricultural Bank of China
Guangzhou Beixiu Sub-branch
No 133 Xiaobei Road
Yuxiu District
Guangzhou PRC

FINANCIAL SUMMARY

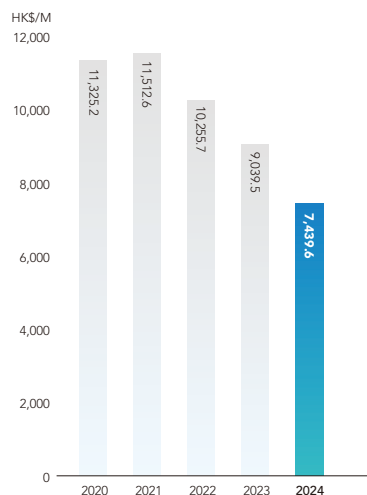
REVENUE



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

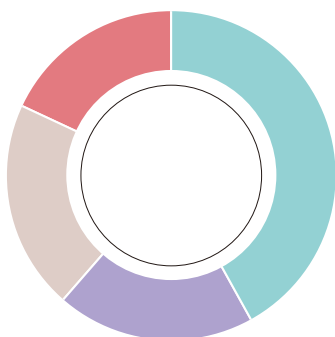


TOTAL ASSETS



REVENUE BREAKDOWN BY BUSINESSES

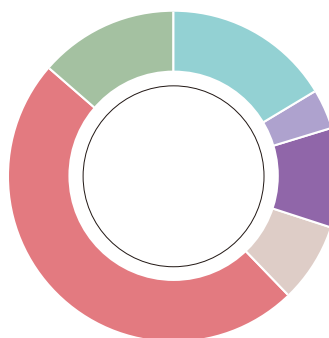
▲ / ▼ = YoY change



- ▼ 25.3% Base Station Antennas and Subsystems **42.2%**
- ▼ 21.7% Network System **19.3%**
- ▼ 42.9% Services **20.7%**
- ▲ 21.1% Wireless Transmission & Others **17.8%**

REVENUE BREAKDOWN BY CUSTOMERS

▲ / ▼ = YoY change



- ▼ 32.8% China Mobile **16.5%**
- ▼ 76.1% China Unicom **3.9%**
- ▲ 9.2% China Telecom **9.7%**
- ▼ 36.2% China Tower **7.7%**
- ▼ 7.9% International Customers & Core Equipment Manufacturers **48.8%**
- ▼ 21.9% Others **13.4%**

FINANCIAL SUMMARY

For the year ended 31 December	2024 HK\$'000	2023 HK\$'000	Change
Revenue	4,528,263	5,981,974	(1,453,711)
Gross profit	1,171,116	1,662,687	(491,571)
Gross profit margin	25.9%	27.8%	(1.9) pp
Operating profit/(loss)	(509,247)	108,572	(617,819)
Profit/(Loss) attributable to owners of the parent	(564,191)	6,696	(570,887)
Net profit/(loss) margin	(12.5%)	0.1%	(12.6) pp
Basic profit/(loss) per share (HK cents)	(20.41)	0.24	(20.65)

KEY FINANCIAL FIGURES

As at 31 December	2024 HK\$'000	2023 HK\$'000	Change
Total assets	7,439,608	9,039,511	(17.7%)
Net assets (before non-controlling interest)	2,652,379	3,360,363	(21.1%)
Net assets value per share (HK dollars)	0.96	1.21	(20.7%)
Net cash	744,759	853,389	(12.7%)
Inventory turnover days	123	117	6
A/R turnover days	244	225	19
A/P turnover days	345	325	20
Return on average equity	(18.8%)	0.2%	(19.0) pp
Gross gearing ratio	11.3%	8.8%	2.5 pp

CORPORATE MILESTONE 2024



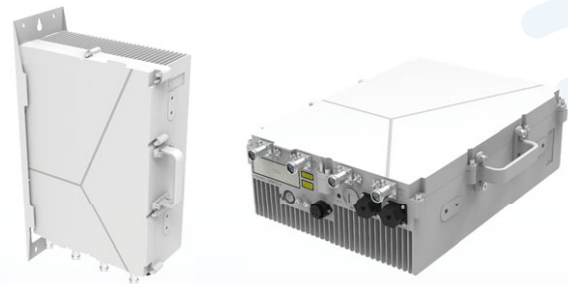
- With its 10,000,000th Base Station Antenna rolled off the production line, Comba Telecom has taken the lead in the industry of antenna manufacturing.



- Launched ComFlex MAX low-power new solution product, the order value in markets of various countries increased substantially.



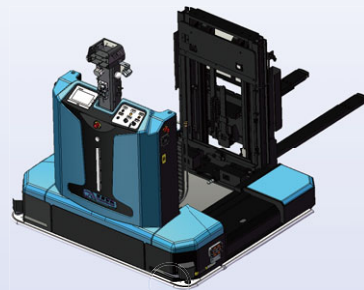
- Green Antenna 2.0 has made breakthroughs with multiple overseas operators, while highly acknowledged by operators in China, won the Chinese first green base station antenna centralized procurement project in the first place.



- Rolled out the industry's first high-frequency broadband high-power RU-TDD equipment with a working bandwidth of 300MHz, filling a gap in the high-power broadband DAS industry.



- Industry's first air-to-ground stereo shaping green antenna, helping operators develop industries of low-altitude economy.



- Innovated forklift application technology, developed the industry's narrowest channel and width omnidirectional mobile forklift, boosting customers' warehouse capacity by 30%.

CORPORATE MILESTONE 2024



- Released the industry's first prototype of cellular passive IoT system and relay networking solution for cellular passive IoT, fostering the industry-leading innovation of 5G-A technology.



- The AI Smart Transport project launched by Comba Telecom jointly with Smartone Solutions and Kowloon Motor Bus (KMB), was shortlisted for the "Best Mobile Innovation for Digital Life" award under the Global Mobile (GLOMO) Awards 2024 announced by the GSMA.



- With the "5G Indoor Coverage Project at Viracopos International Airport, Brazil" and the "Project of Smart Transport Services in Hong Kong", we have been nominated for the award of "Customer Experience" and "Promotion of Digital Transformation" respectively.



- "Comba Telecom's project of Key Technologies and Applications of High-Efficiency and Eco-Friendly Antennas" won the First Prize of Scientific and Technological Progress from China Institute of Communications in year 2024, leading the way in industry technological development and upgrades.



- Comba Telecom's new passive IoT key technologies and applications has been included in the "Science and Technology China" pilot technology list of the CAST (China Association for Science and Technology), winning the Second Prize at the Scientific and Technological Progress Award of CIS (China Instrument and Control Society).

CHAIRMAN'S STATEMENT

Operating Cashflows:

HK\$339 million



On behalf of Comba Telecom Systems Holdings Limited (the “Company”), I present to the shareholders the annual report of the Company and its subsidiaries (“Comba Telecom” or the “Group”) for the year ended 31 December 2024 (the “Current Year”).

In 2024, the global economy showed a trend of diverse and uneven recovery amidst multiple challenges, green energy and digital economy became the new growth points. The information and telecommunication industry accelerated its transition towards intelligentization and integration. Investments in the industry partly shifted towards IDC (Internet Data Center) and computing infrastructures as well as digital solutions for different industries, leading to the slowdown of capital projects on network construction by global operators.

Revenue generated by the Group for the year ended 31 December 2024 amounted to HK\$4,528,263,000, representing a decline of 24.3% from the year ended 31 December 2023 (the "Prior Year"). The turnover and gross profit in Chinese Market declined, in addition, termination of the proposed spin-off and proposed separate A-Share listing of Comba Network Systems Company Limited ("Comba Network") on the Science and Technology Innovation Board of Shanghai Stock Exchange in the People's Republic of China by the Group, had a financial impact. Nonetheless, the overseas business continued to remain vibrant in the current year, with base station antenna products achieving growth in Europe against the prevailing trend and network products performing well in overseas markets. The Group remained its sound financial position with sufficient working capital, and recorded with a net cash inflow of approximately HK\$339 million from operating activities. As for the gearing level, the gross gearing ratio maintained at 11.3%.

In terms of products and business, the Group forged ahead amidst difficulties and achieved commendable results in spite of the turbulent market environment. In respect of the network systems business, the Group continued to maintain its technological and product innovation capabilities, enabling itself to rank top in the global DAS vendor list of MOBILE EXPERTS. On the business side, the Group won the bid, with the largest share, for the centralized procurement project of high-power and micro-power repeaters from a major operator in China in 2024 by leveraging its leading technological edges and comprehensive strength. The overseas indoor coverage business fared well, with the innovative ComFlex MAX low-power product solution popular globally. The high-power decentralized base station equipment successfully penetrated into the international markets of the first-tier operators, achieving an implemented deployment and business breakthrough. The Open RAN business also maintained its development momentum by continuing the in-depth cooperation with mainstream operators and integrators around the world.

In terms of base station antennas, the Group's industry-first air-to-ground stereo shaping green antenna has helped operators to expand into low-altitude scenarios. The Group launched the new-generation green antenna, FPTP2.0, which is of higher performance and environmentally friendly, able to increase the energy conversion efficiency by more than 20%. On the business side, green antennas were highly recognized by the industry and customers; overseas market expansion achieved remarkable results, successfully securing the first centralized procurement project of green base station antenna in China and outperforming numerous international operators. In addition, the wireless transmission business continued to maintain its growth momentum.

In terms of new business development, the Group has huge room for expansion and are poised for large-scale applications in the businesses of passive Internet of Things and smart technology. During the Current Year, the Group launched the industry's first prototype of Cellular Passive Internet of Things (IoT) System and Cellular Passive IoT Relay Networking Solution, fostering the industry-leading innovation of 5G-A technology.

CHAIRMAN'S STATEMENT

In the face of the impact and challenges of the macro-environment, all staff of the Group will make concerted efforts to integrate the resources, adjust the management team, optimize the organizational structure of the Group with integrity and in a pragmatic manner. At the same time, the Group will seize the opportunities globally, keep being innovative while operating prudently. Building on the consolidation of our operational achievements, the Group will maintain a brand image of advanced technology, reliable quality and rational competition. Comba will continue to provide green, environmentally-friendly, low-carbon and energy-conserving products and solutions with high cost-performance to customers across the globe, to create value for the shareholders and customers as a whole.

Fok Tung Ling
Chairman
Hong Kong

27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

REVENUE

Comba Telecom Systems Holdings Limited (the “Company” or “Comba Telecom”) and its subsidiaries (collectively referred to as the “Group”) reported revenue amounting to HK\$4,528,263,000 (2023: HK\$5,981,974,000) for the year ended 31 December 2024 (the “Current Year”), representing a decrease of 24.3% over the year ended 31 December 2023 (the “Prior Year”). The decrease in revenue was mainly attributable to the slowdown of capital projects on network construction plans by global operators, as well as the termination of the spin-off of Comba Network Systems Company Limited (“Comba Network”, the Company’s indirect subsidiary) and its listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange during the year.

By Customers

During the Current Year, revenue generated from China Mobile Communications Corporation and its subsidiaries (collectively referred to as “China Mobile Group”) was HK\$747,056,000 (2023: HK\$1,112,140,000), representing a decrease by 32.8% over the Prior Year, accounting for 16.5% of the Group’s revenue for the Current Year, compared with 18.6% in the Prior Year.

During the Current Year, revenue generated from China United Network Communications Group Company Limited and its subsidiaries (collectively referred to as “China Unicom Group”) decreased by 76.1% over the Prior Year to HK\$178,750,000 (2023: HK\$746,581,000), accounting for 3.9% of the Group’s revenue in the Current Year, compared with 12.5% in the Prior Year.

During the Current Year, revenue generated from China Telecommunications Corporation and its subsidiaries (collectively referred to as “China Telecom Group”) increased by 9.2% over the Prior Year to HK\$440,063,000 (2023: HK\$403,097,000), which accounted for 9.7% of the Group’s revenue in the Current Year, compared with 6.7% in the Prior Year. The increase was mainly attributable to focusing on customer needs and maintaining product innovation breakthroughs to win more market share.

During the Current Year, revenue from China Tower Corporation Limited (“China Tower”) decreased by 36.2% to HK\$347,701,000 (2023: HK\$545,148,000) as compared with the Prior Year, accounting for 7.7% of the Group’s revenue in the Current Year, compared with 9.1% in the Prior Year.

During the Current Year, revenue from other China’s domestic customers decreased by 30.8% to HK\$428,155,000 (2023: HK\$619,089,000) compared with the Prior Year and represented 9.5% (2023: 10.3%) of the Group’s revenue.

On the international front, revenue generated from international customers and core equipment manufacturers for the Current Year decreased by 7.9% to HK\$2,208,117,000 (2023: HK\$2,398,087,000) from the Prior Year, accounting for 48.8% of the Group’s revenue in the Current Year as compared to 40.1% in the Prior Year.

During the Current Year, revenue from ETL Company Limited (“ETL”), a telecom operator in Laos and a non-wholly-owned subsidiary of the Group, increased by 13.0% to HK\$178,421,000 (2023: HK\$157,831,000) as compared to the Prior Year, accounting for 3.9% (2023: 2.6%) of the Group’s revenue. During the Current Year, the revenue of ETL denominated in Lao Kip, and those converted to Hong Kong dollars, both demonstrated a growing trend.

MANAGEMENT DISCUSSION AND ANALYSIS

By Businesses

During the Current Year, revenue from the base station antennas and subsystems business decreased by 25.3% over the Prior Year to HK\$1,912,775,000 (2023: HK\$2,561,451,000), accounting for 42.2% (2023: 42.8%) of the Group's revenue in the Current Year.

During the Current Year, revenue generated from the network system business, including wireless enhancement and wireless access, decreased by 21.7% from the Prior Year to HK\$874,837,000 (2023: HK\$1,117,997,000), accounting for 19.3% (2023: 18.7%) of the Group's revenue for the Current Year.

During the Current Year, revenue from services decreased by 42.9% from the Prior Year to HK\$935,042,000 (2023: HK\$1,637,280,000), accounting for 20.7% (2023: 27.4%) of the Group's revenue. The Group will remain focused on undertaking high-quality construction projects.

During the Current Year, revenue from other businesses (including wireless transmission) increased by 23.6% over the Prior Year to HK\$627,188,000 (2023: HK\$507,415,000), accounting for 13.9% (2023: 8.5%) of the Group's revenue. The increase in revenue was mainly attributable to the significant growth in sales of the Group's wireless transmission equipment during the Current Year.

GROSS PROFIT

During the Current Year, the Group's gross profit decreased by 29.6% to HK\$1,171,116,000 (2023: HK\$1,662,687,000) as compared with the Prior Year. The gross profit margin of the Group was 25.9% in the Current Year (2023: 27.8%), down slightly by 1.9 percentage points as compared with the Prior Year. The competition in certain target markets intensified during the Current Year, resulting in an increase in the provision for inventories.

OTHER INCOME AND GAINS

During the Current Year, other income and gains decreased by 25.7% to HK\$129,351,000 (2023: HK\$174,120,000) as compared with the Prior Year, accounting for 2.9% (2023: 2.9%) of the Group's revenue. The decrease in other income and gains was mainly attributable to the termination of listing of Comba Network and the change in the fair value of redeemable preferred shares.

MANAGEMENT DISCUSSION AND ANALYSIS

RESEARCH AND DEVELOPMENT (“R&D”) EXPENSES

During the Current Year, R&D expenses decreased by 8.2% over the Prior Year to HK\$409,436,000 (2023: HK\$446,059,000), representing 9.0% (2023: 7.5%) of the Group’s revenue. As the application of technologies such as AI, robotics, Internet of Things, automated driving and drones has begun to take shape, the communications industry is developing towards the integration of the cloud, network and computing industries, and the construction of the post-5G era will require multi-technology integration and innovation, the Group focused more on investing resources in R&D activities with high returns.

With its strong commitment to R&D, the Group has made significant advances in creating its own solutions with proprietary intellectual property rights, applying for approximately 5,900 patents by the end of the Current Year (31 December 2023: approximately 5,800 patents).

SELLING AND DISTRIBUTION (“S&D”) EXPENSES

During the Current Year, S&D expenses decreased by 5.1% from the Prior Year to HK\$554,012,000 (2023: HK\$583,638,000), representing 12.2% (2023: 9.8%) of the Group’s revenue. The Group continued to integrate the marketing team, improve operational and sales efficiency, optimize cost structure and focus on more profitable projects.

ADMINISTRATIVE EXPENSES

During the Current Year, administrative expenses decreased by 4.0% to HK\$471,540,000 (2023: HK\$491,308,000) as compared to the Prior Year, accounting for 10.4% (2023: 8.2%) of the Group’s revenue. The Group is committed to optimizing its organizational and management structure to control costs and improve efficiency.

FINANCE COSTS

During the Current Year, finance costs decreased by 42.7% to HK\$31,264,000 (2023: HK\$54,534,000) as compared with the Prior Year, representing 0.7% (2023: 0.9%) of the Group’s revenue. The Group repaid HK\$835,561,000 of interest-bearing bank loans in the Current Year (2023: HK\$1,443,610,000). The Group has continued to optimise its financing structure with a sound financial position.

The management has also leveraged on the difference between the interest and foreign exchange rates among different regions to minimize finance costs. As of 31 December 2024, the gross gearing ratio of the Group, defined as total interest-bearing bank borrowings divided by total assets, was 11.3% compared with 8.8% as of 31 December 2023, representing a slight increase over last year and remaining stable.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER EXPENSES AND IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

During the Current Year, other expenses and impairment losses on financial and contract assets increased by 80.8% over the Prior Year to HK\$374,726,000 (2023: HK\$207,230,000), representing 8.3% (2023: 3.5%) of the Group's revenue. The increase in other expenses was mainly due to the change in fair value of the redeemable preference shares as a result of the termination of the listing of Comba Network.

TAX

During the Current Year, the Group's overall taxation charge of HK\$14,856,000 (2023: HK\$39,051,000) comprised an income tax expense of HK\$30,629,000 (2023: HK\$33,127,000) with a deferred tax credit of HK\$15,773,000 (2023: deferred tax charge of HK\$5,924,000). This decrease in the overall taxation charge was due to the decrease in revenue and the deferred income tax credit of the Group during the Current Year.

NET PROFIT

In summary, due to the decrease in revenue and gross profit of the Group during the Current Year, the loss attributable to owners of the parent of the Group was HK\$564,191,000 (2023: profit attributable to owners of the parent of HK\$6,696,000) during the Current Year.

DIVIDEND

Given the Group's operating results in the Current Year and considering its long-term future development, the board (the "Board") of directors (the "Directors") of the Company does not recommend the distribution of a final dividend for the Current Year (2023: No final dividend paid).

PROSPECTS

In 2025, the global 5G industry will share the development and challenges of new technologies. Since 2024, the year of the onset of 5G-A business, sectors of, among others, computing, Internet of Things (IoT), vehicle-to-everything (V2X), visual networking, and low-altitude economy have been flourishing with growth. Under the overlapped cycle of artificial intelligence (AI) boom with the low-growth cycle of the telecommunications industry, the information and telecommunication industry has been proactively responding to the uncertainties in the global economy, remaining strongly resilient and making progress in the midst of stability. With the emergence of new businesses forms one after another, AI promotes the development of edge computing networks while the demand for innovation in the communications operation and technology equipment market surges dramatically, deepening the application of 5G-A, presenting a new landscape of end-user market. Opportunities lie with challenges. The Group will further empower the exploration of new businesses and remain committed to product innovation and competitiveness. It will focus resources on highly profitable projects and regions, propel the development in the direction of more flexible configuration, more comprehensive services, more exceptional performance, higher intelligentization, greener and more environmentally-friendly, so as to satisfy the ever-changing market demands.

PRODUCTS AND SOLUTIONS

BASE STATION ANTENNA AND SUBSYSTEMS

Leveraging its extensive experience in mobile telecommunication network construction and its superior technology in integrating and miniaturising multi-frequency and multi-system convergent antennae developed over many years, the Group has early seized the opportunities of green and low-carbon development and established its long-term leadership position in the base station antenna market. In addition, the Group has continued to enhance the competitiveness of core technology and products through R&D, innovation and patented inventions. Accordingly, it has won recognition and applause of globally numerous telecommunication network operators, core equipment manufacturers and integrators.

Catering to the demands for low-carbon and environmental protection around the world as well as operators' demands for electricity saving and cost reduction, the Group has transformed its base station antenna in terms of design concepts and technological structure through all-rounded technological innovations in design, manufacturing, processes and materials. By achieving the upgrade of the energy efficiency of base station antennas and green manufacturing process, the Group has launched the new generation 2.0 version of "green antenna solution" (Helifeed™) with higher efficiency and more environmentally-friendly features, which was a full-scenario green antenna product series with basic coverage in urban areas, capacity and coverage in counties/townships/administrative villages, extensive coverage in rural areas as well as coverage along high-speed railways and sea routes, to meet the green and low-carbon network construction demand of operators.

In response to the demand for low-altitude network construction which has already been launched by Chinese domestic operators, the Group innovatively launched the 5G-A based air-to-ground stereo shaping green antenna in collaboration with its partners, and successfully completed the China's first pilot verification of 2.1G NR air-to-ground integrated stereo coverage network. This antenna can ensure that the quality of the ground coverage network remains unchanged while significantly enhancing the coverage capability of 5G base stations. The coverage area is further expanded from the conventional ground to the low-altitude area within 600 meters, marking an important solution for 5G-A low-altitude collaborative networking. It provides a strong support for the launch of new technologies represented by drone applications, such as smart logistics, smart agriculture, aerial surveying and emergency rescue, thereby contributing to the development of the global low-altitude economy. Through product and technological innovation, the Group will continue to assist operators in building an integrated high-speed and ubiquitous network for sea, land, air and space targeting 6G. This will empower various industries to achieve the aspirational vision of "smart connection of everything with digital twinning" as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS

NETWORK PRODUCT SYSTEM SOLUTIONS

As an advocate and pioneer of scenario-based coverage in mobile telecommunication, the Group is committed to building a highly effective, value-adding and evolving superior network for operators. Focusing on the precise construction needs for “in-depth and extensive coverage to eliminate weak and blind spots”, the Group provides services in full scenarios, offering in-depth coverage in cities, extensive coverage in rural areas and vast coverage along remote sea routes through its diversified, highly cost-efficient, competitive base products and comprehensive solutions which meet the requirements of capacity and depth coverage. In addition to traditional products, the Group is also actively exploring network products related to corporate private networks and consumers. During the Current Year, the co-constructed and shared indoor wireless network coverage solutions were widely recognised by customers in many regions around the globe. It also innovatively launched a series of industry-leading HF broadband high-power indoor coverage products to meet the needs of multi-operator sharing. These products can realize simultaneous upgrade of network signals for multiple operators in a cost-effective, rapid and efficient manner, and hence help operators to significantly lower construction costs and power consumption of systems. The Group launched the industry’s most integrated Home Femto, setting the pace in the market for various operators. In the future, the Group will continue to launch fully-connected industry-specific network products that are precisely tailored to the functionality and performance requirements of the industry, and conduct R&D on the innovative wireless “cloud + network + computing + industry + intelligence” integrated indoor coverage products, integrated home femto products, which satisfy the demands of indoor coverage and evolving value-added businesses, maintaining the industry-leading edge in terms of product solutions.

In the area of Open RAN, the Group has maintained open applications for commercial use during the Current Year to satisfy the demands of various global operators for new network construction and maintenance of existing networks in the era of 4G/5G co-existence. It has also continued the strategic cooperation and deployed products across many regions worldwide.

In respect of 5G vertical industries, the Group has developed FLeX5, an intelligent computing platform that fully connects with “5G network + broad IoT + MEP + AI” engines. By providing the underlying network and platform solution for the specific needs and applications of target industries, it aims to offer integrated smart solutions to customers. In particular, 5G+ smart mining and 5G+ smart warehousing have established replicable business models and steadily pushed forward the industrial applications in smart nuclear power, smart campus and smart energy (wind power, photovoltaic and fossil fuel). With its successful application in industrial manufacturing, transport and emergency communication, it offered the 5G fully-connected and basic computing platform for these industries.

MARKET EXPANSION

OPERATOR BUSINESS IN THE CHINESE MAINLAND

During the Current Year, with respect to the area of basic telecommunication, the three major operators in Chinese Mainland will continue to deploy low and medium-band networks for 5G macro cells, while promoting the sustainable development with multi-frequency spectrum and multi-mode, through co-construction and sharing. In response to China's low-carbon and environmental protection strategy and the low-cost network construction philosophy of operators, the Group invested in R&D activities and achieved major technological breakthroughs by developing, optimizing and upgrading the innovative low-loss, high-efficiency and low-carbon green antenna on an ongoing basis, which achieved remarkable results in the trial commercial operation of major telecom operators in Chinese Mainland. The operators have initiated the centralized procurement bidding for green antenna products and made deployments for large-scale commercial use. During the Current Year, the Group secured the leading position in China Mobile's first batch of centralized procurement in respect of green, multi-frequency base station antenna products for 2024 to 2025. The focus of the 5G network is shifting from "extensive" coverage to "in-depth" coverage. During the Current Year, the Group became the leading bidder in terms of tender share in China Tower's centralized bidding project in respect of micro-digital repeater products for 2024, and China Mobile's centralized procurement projects in respect of 5G high-power fiber optic dual-frequency and wireless repeater equipment, high-power (2.6G single-frequency) repeater equipment and micropower digital repeater equipment, respectively, for 2025 to 2026. As 5G-A technology becomes the forefront, the Group will continue to give full play to its technological R&D strengths which have been developed over many years. It will provide customers with reliability, safety, economy, flexibility and other aspects of comprehensive support from the indoor, outdoor and low-altitude coverage businesses and services.

INTERNATIONAL BUSINESS

The Group's international marketing platform is expanding into overseas markets by actively exploring customer needs, cultivating target markets and proactively developing the innovative product market. The Group has capitalized on its comprehensive strengths and competitiveness in products and technology and leveraged its premium services as well as flexible and open business models to secure a greater market share amidst the slowdown of capital investment from global operators. The Group will maintain the stable cooperation with international mobile operators and world-leading manufacturers of core telecom equipment to construct networks in key regions, with a view to offering advanced 5G application solutions to customers globally and strengthening its global market position. While maintaining its leading edges in the areas of DAS solutions and Small Cells, with a focus on the international market, the Group rolled out the industry-leading ComFlex MAX active indoor coverage solution, covering major large-scale venues and campuses such as famous airports, railway tunnels, stadiums and university campuses. Its superior technical specifications are well-recognized by customers.

The Group will continue to maintain the stable cooperation with international mobile operators and globally-leading manufacturers of core telecom equipment to construct networks in key regions, with a view to offering advanced 5G application solutions to customers around the world and continuously strengthening its global market position.

MANAGEMENT DISCUSSION AND ANALYSIS

NEW BUSINESS

The three major applications for 5G – enhancing mobile broadband, large-scale IoT, and ultra-reliable and low-latency communications – will transform current production modes and everyday lifestyles in the coming years. The Group made technological advances in the “5G + Compound Navigation Robot” product series, launched a full series of mobile robots and unmanned forklift trucks, rolled out standardized scenario-based solutions, and gained wide applications in crucial sectors such as the 3C, food and pharmaceuticals, automobile and textile industries. The Group also achieved breakthroughs in 5G-A passive IoT technology and holistic coverage solution for sea routes. During the Current Year, the Group launched the industry’s first prototype of cellular passive IoT end-to-end system and cellular passive IoT relay networking solution. These key technological applications were shortlisted on the “Leading Technology List” in the field of electronic information by the China Association for Science and Technology. The Group will continue to promote the efficient integration of 5G technology and intelligent manufacturing, while actively exploring areas such as “5G + vertical industry applications” to expand the innovation business, with a view to contributing to its business growth in the future.

CONCLUSION

In the face of the complex and volatile macro environment and the increasingly competitive environment of the information and telecommunication industry, the Group will continue to enhance its organizational performance and strengthen its capabilities for independent R&D and innovative breakthroughs. By grasping new market opportunities and further exploring customer needs, the Group will provide stable, high-quality and cost-effective products and solutions to global operators and industry customers.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances for its operations from cash flows generated internally and bank borrowings. As at 31 December 2024, the Group had net current assets of HK\$1,376,444,000. The current assets of the Group comprised inventories of HK\$934,874,000, trade receivables of HK\$2,550,801,000, notes receivable of HK\$143,731,000, prepayments, other receivables and other assets of HK\$285,988,000, restricted bank deposits of 46,263,000, time deposits of HK\$106,855,000 and cash and cash equivalents of HK\$1,416,410,000. The current liabilities of the Group comprised trade and bills payables of HK\$2,714,337,000, other payables and accruals of HK\$666,588,000, interest-bearing bank borrowings of HK\$417,602,000, tax payable of HK\$79,494,000, provision for product warranties of HK\$56,978,000 and redeemable preferred shares in a subsidiary of HK\$173,479,000.

The average receivable (after loss allowance for impairment of trade receivables) turnover for the Current Year was 244 days compared to 225 days for the Prior Year. The Group’s trading terms with its customers are mainly on credit. The credit period is generally 3 months, except for certain customers which are granted longer credit term. The balance of trade receivables set out above included retention money, which was for assurance that the products and services comply with agreed-upon specifications, of approximately 10% to 20% of the total contract sum of each project, and are generally settled after final certification of products by customers, which would be performed 6 to 12 months after sale. The average payable turnover for the Current Year was 345 days compared to 325 days for the Prior Year. The average inventory turnover for the Current Year was 122 days compared to 117 days for the Prior Year.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group's cash and bank balances were mainly denominated in Renminbi, Hong Kong dollars and United States dollars while the Group's bank borrowings were mainly denominated in Renminbi and Hong Kong dollars. The interest rates on the Group's bank borrowings are principally on a floating basis at prevailing market rates.

In addition to the short-term interest-bearing facilities, the Group entered into 3-year term loan facility agreements with certain financial institutions in 2024. Details of the Group's bank borrowings are set out in note 26 to the consolidated financial statements.

The Group's revenue and expenses, assets and liabilities are mainly denominated in Renminbi, Hong Kong dollars and United States dollars. As at 31 December 2024, the Group has not engaged in hedging activities for managing exchange rate risk (31 December 2023: non-deliverable foreign currency option contracts in respect of Indian Rupee with notional amount of US\$16,000,000).

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

The Group's gross gearing ratio, defined as total interest-bearing bank borrowings divided by total assets, was 11.3% as at 31 December 2024 (31 December 2023: 8.8%).

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

MATERIAL ACQUISITIONS AND DISPOSALS

On 29 May 2020, the Company adopted a share incentive scheme (the "Scheme") and established a total of 11 partnerships (the "Partnerships") to subscribe for the shares in Comba Network (together with its subsidiaries, the "Comba Network Group"), an indirect non wholly-owned subsidiary of the Company, according to the Scheme as a recognition of the contributions by the selected participants (the "Selected Participants") to the Group (in particular, those of the Comba Network Group).

Pursuant to the Scheme,

- (1) the Company previously awarded shares in Comba Network as the incentive shares (the "Incentive Shares") to Selected Participants; and
- (2) Comba Business Consulting (Guangzhou) Limited* (京信企業諮詢(廣州)有限公司), an indirect wholly-owned subsidiary of the Company, as general partner, together with the relevant Selected Participants as limited partners, established a total of 11 Partnerships in the People's Republic of China (the "PRC").

In light of the termination of the proposed spin-off of Comba Network by the Company and the proposed listing of the A-Shares in Comba Network on the Science and Technology Innovation Board of the Shanghai Stock Exchange in the PRC, Comba Telecom Technology (Guangzhou) Limited* (京信通信技術(廣州)有限公司), an indirect wholly-owned subsidiary of the Company, entered into agreements with each of the limited partners of the Partnerships for the buyback of the Incentive Shares (the "Acquisitions") and completed the acquisition of approximately 10.6% interest in Comba Network during the Current Year. The total consideration for the Acquisitions amounted to approximately RMB142,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

After the Acquisitions, the Group's equity interest in Comba Network increased from approximately 78.7% to approximately 89.3% and Comba Network remains an indirect non wholly-owned subsidiary of the Company.

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

For details of the Acquisitions, please refer to the announcement of the Company dated 18 October 2024.

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

USE OF PROCEEDS

On 28 April 2020, the Company completed a top-up placing (the "Placing") of a total of 282,000,000 ordinary shares of the Company of a nominal value of HK\$0.10 each at a placing price of HK\$3.05 per share to not less than six placees who (being professional, institutional and/or individual investors), together with their respective ultimate beneficial owners, are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities (the "Hong Kong Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")).

On 8 May 2020, 150,000,000 and 80,000,000 new shares of the Company of a nominal value of HK\$0.10 each were issued and allotted to Prime Choice Investments Limited and Wise Logic Investments Limited, the substantial shareholders (as defined under the Hong Kong Listing Rules) of the Company, respectively at a subscription price of HK\$3.05 per share.

The Placing was undertaken to supplement the Group's long-term funding of its expansion and growth plan and to provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company. The market price as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on 24 April 2020, being the date of execution of the agreement regarding the Placing, was HK\$3.17 per share of the Company.

The net proceeds from the Placing as disclosed in the announcements of the Company dated 23 April 2020, 24 April 2020, 28 April 2020 and 8 May 2020 were approximately HK\$686,235,000 (after deducting the related costs and expenses) and the net subscription price of each share of the Company was approximately HK\$2.98 (after deducting the related costs and expenses).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, details of the amount of the utilized and unutilized net proceeds from the Placing are set out as follows:

Net proceeds raised HK\$'000	Intended use of the net proceeds	Amounts	Amounts	Amounts	Expected
		utilized as at 31 December 2023 HK\$'000	utilized during the Current Year HK\$'000	unutilized as at 31 December 2024 HK\$'000	timeline for utilizing the residual amount of net proceeds
515,390	(a) R&D of 5G small cells and Open RAN, 5G antenna development and filter, and development of 5G+ vertical applications	515,390	nil	nil	N/A
170,845	(b) expansion of production capacity, focusing on the production of 5G small cells and antenna products	150,535	20,310	nil	N/A
686,235		665,925	20,310	nil	

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

RESTRICTED BANK DEPOSITS

Deposit balances of HK\$62,664,000 (31 December 2023: HK\$152,581,000) represented the restricted deposits given to banks in respect of bills payable and performance bonds.

CHARGES ON GROUP ASSETS

As at 31 December 2024, no asset was being pledged to secure the Group's banking facilities.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this report, as at 31 December 2024, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, as at 31 December 2024, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had contingent liabilities of HK\$294,320,000 (31 December 2023: HK\$359,619,000), which mainly included guarantees given to banks in respect of performance bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 4,300 staffs, out of which 1,100 staffs were from ETL (31 December 2023: 5,100 staffs, out of which 1,200 staffs were from ETL). The total staff costs, excluding capitalized development costs, for the Current Year were HK\$1,130,918,000 (31 December 2023: HK\$1,070,859,000). The Group offers competitive remuneration schemes to its employees based on industry practices, legal and regulatory requirements, as well as the employees' and the Group's performance. In addition, share options, awarded shares (including incentive shares) and discretionary bonuses are granted to eligible employees based on the employees' performance, the Group's results, legal and regulatory requirements and in accordance with the share schemes adopted by the Company and other members of the Group. Mandatory provident fund or staff pension schemes are also provided to relevant staffs in Hong Kong, the Chinese Mainland or elsewhere in accordance with relevant legal requirements in such jurisdictions. The Group also provides training to the staffs to improve their skills and develop their respective expertise. The remuneration committee of the Company advised and recommended to the Board on the remuneration policy for all Directors and senior management of the Group.

for identification purpose

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS



Mr. Fok Tung Ling (霍東齡), aged 68, is one of the founders of Comba Telecom Systems Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”). He is the chairman (the “Chairman”) of the board of directors (the “Board”) and the authorized representative of the Company. He also holds various positions in the subsidiaries of the Company, including acting as legal representative and director of such subsidiaries. Mr. Fok is primarily responsible for leading the Board in determining the directions of the Group’s overall strategies and business development. From 1982 to 1987, Mr. Fok worked as a technical engineer in the Microwave Telecommunications Main Station of the Guangdong Bureau of Post and Telecommunications (廣東省郵電局微波通信總站). In 1986, he graduated from Beijing Institute of Posts and Telecommunications (北京郵電學院) (currently known as Beijing University of Posts and Telecommunications (北京郵電大學)), majoring in microwave communications. Prior to 1991, Mr. Fok worked as a marketing executive in China National Electronics Import & Export Corporation, South China Branch (中國電子進出口有限公司華南分公司) which was engaged in the import and export of electronic products. From 1991 to 1997, he was engaged in the trading of telecommunications and electronic equipment and components before co-founding the Group in 1997. Mr. Fok has over 43 years of experience in wireless communications. He is the sole director and shareholder of Prime Choice Investments Limited, which is a substantial shareholder of the Company. Mr. Fok is the father of Ms. Huo Xinru.

Mr. Zhang Yue Jun (張躍軍), aged 66, is one of the founders of the Group. He is the vice chairman of the Board. He also holds various positions in the subsidiaries of the Company, including acting as legal representative and director of such subsidiaries. He also acted as the president of the Group from 1 October 2011 to 7 December 2018. Mr. Zhang is mainly responsible for assisting the Chairman in performing the latter’s duties and responsibilities, also taking the important role in monitoring the implementation of the Company’s strategies. Mr. Zhang graduated from South China Institute of Technology (華南工學院) (currently known as South China University of Technology (華南理工大學)) in 1982 and obtained a bachelor’s degree in wireless engineering. From 1982 to 1990, Mr. Zhang worked as a microwave telecommunications engineer in Nanjing and from 1990 to 1997, he was the deputy chief engineer of a joint venture company in Shenzhen and was mainly responsible for wireless telecommunications projects. Mr. Zhang has over 42 years of experience in wireless communications and he co-founded the Group in 1997. He is the sole director and shareholder of Wise Logic Investments Limited, which is a substantial shareholder of the Company.



DIRECTORS AND SENIOR MANAGEMENT



Ms. Huo Xinru (霍欣茹), aged 41, is an executive director of the Company, the president of the Group and the president of Comba Telecom Systems International Limited. Ms. Huo also holds various positions in the subsidiaries of the Company, including acting as director and chief executive officer of such subsidiaries. She is mainly responsible for the Group's overall operation, management and business development. Ms. Huo graduated from Imperial College London in UK in 2007 majoring in electrical and electronic engineering, and obtained a bachelor's degree; graduated from Stanford University in the USA in 2009 majoring in (electrical engineering) digital signal processing, and obtained a master's degree. She has served successively such positions as software and application engineer, customer manager, and vice president of marketing in North America branch of the Group. Ms. Huo joined the Group in 2010. She is the daughter of Mr. Fok Tung Ling.

Mr. Chang Fei Fu (張飛虎), aged 50, is an executive director of the Company and the group chief financial officer. He is also the authorized representative of the Company. Mr. Chang holds various positions in the subsidiaries of the Company, including acting as director, company secretary and supervisor of such subsidiaries. He is mainly responsible for the overall financial management of the Group, as well as listed company related matters and investor relations duties. Mr. Chang has obtained a master's degree in engineering economic systems from Stanford University, the USA and a bachelor's degree in electrical engineering from the University of Michigan, the USA. He has over 27 years of experience in corporate finance, merger and acquisition, financial analysis, research, capital markets and asset management. Prior to joining the Group, Mr. Chang has worked in financial institutions and corporates in Hong Kong, China and Japan, including the Stock Exchange of Hong Kong, Merrill Lynch Securities (currently known as BofA Securities, Inc.) (Hong Kong and Tokyo), Rockhampton Management (Tokyo), Barclays Capital (Hong Kong). During 2011, Mr. Chang joined China Mobile Games and Entertainment Group Limited ("CMGE Group") in the founding member team as an executive director and chief financial officer. He led CMGE Group to its listing on the United States NASDAQ Stock Exchange in September 2012, conducted a series of equity fund raisings including CMGE Group's initial public offering, as well as its privatization. Mr. Chang left CMGE Group in August 2015 after the company completed its privatization. Mr. Chang then joined ule.com (an e-commerce platform jointly launched by TOM Group Limited and China Post) as a senior vice president in finance in September 2015. Mr. Chang joined the Group in 2016.



DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS



Ms. Ng Yi Kum (伍綺琴), aged 67, is an independent non-executive director of the Company. She is also the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Company. Ms. Ng is a qualified accountant and holds a Master of Business Administration degree from the Hong Kong University of Science and Technology. She is an associate of The Institute of Chartered Accountants in England and Wales, an associate of The Institute of Chartered Secretaries and Administrators (currently known as The Chartered Governance Institute), a fellow of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Ms. Ng has been an elected member of Quality Tourism Services Association Governing Council (Retailer Category) since February 2019. She was employed by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in a number of senior positions, including served as senior vice president of the Listing Division. Ms. Ng joined Hang Lung Properties Limited, a company listed on the Hong Kong Stock Exchange, in 2003 and from September 2005 to November 2007, she served as its executive director. She then served as the chief financial officer of Country Garden Holdings

Company Limited from January 2008 to April 2014, a company listed on the Hong Kong Stock Exchange. Ms. Ng joined Tse Sui Luen Jewellery (International) Limited, a company listed on the Hong Kong Stock Exchange, in 2015 and from July 2015 to May 2024, she served as its chief strategy officer & chief financial officer, from August 2015 to May 2024, she served as its company secretary and from December 2015 to May 2024, she served as its executive director and deputy chairman. She is currently also an independent non-executive director of four other companies listed on the Main Board of the Hong Kong Stock Exchange namely Tianjin Development Holdings Limited, CMGE Technology Group Limited, Powerlong Commercial Management Holdings Limited and KWG Living Group Holdings Limited. Ms. Ng served as an independent non-executive director of CT Vision S.L. (International) Holdings Limited, a company listed on the Hong Kong Stock Exchange, until she retired on 30 June 2022. Ms. Ng has also contributed her time to various public service appointments, including being a co-opted member of the audit committee of the Hospital Authority from December 2002 to November 2013. Ms. Ng joined the Group in 2019.

DIRECTORS AND SENIOR MANAGEMENT



Ms. Wong Lok Lam (王洛琳), aged 39, is an independent non-executive director of the Company. She is also the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. Ms. Wong is a qualified lawyer practising in Hong Kong. She graduated from the Chinese University of Hong Kong and obtained a bachelor's degree in Business Administration (major in Accounting), a Juris Doctor degree, and a Postgraduate Certificate in Laws. Ms. Wong also obtained a Master of Laws from University College London in United Kingdom. She qualified as a solicitor in 2012 and has over 12 years of legal and commercial experience in the domestic and international markets. She is also an accredited mediator in Hong Kong. Ms. Wong worked in various international and local law firms in Hong Kong. She is currently the assistant general manager and legal counsel of a family office and a consultant of a law firm. Ms. Wong joined the Group in 2020.

Mr. Chong Chee Keong, Chris (張智強), aged 56, is an independent non-executive director of the Company. He is also the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company. Mr. Chong has been in private practice for 30 years since graduating from the National University of Singapore with Honours in 1994. He is the founder of corporate and commercial law practice CHRIS CHONG & C T HO LLP (the "Law Firm"), which was established in 1999, and is instrumental in establishing the Law Firm's good standing as a reputable corporate mergers and acquisitions, building construction and banking law practice as well as an approved panel lawyer for major banks and financial institutions in Singapore. Mr. Chong is currently the lead independent non-executive director of Vallianz Holdings Limited, the shares of which are listed on the Catalist of Singapore Exchange Securities Trading Limited. He also attained the credentials as Senior Accredited Director (SID-SRAD) issued by the Singapore Institute of Directors (SID) in March 2024. Mr. Chong joined the Group in 2023.



DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Sun Shanqiu (孫善球), aged 44, is a senior vice president and general manager of the antenna and subsystem business unit and chief architect of antenna of the Group. Mr. Sun is responsible for the operation and management of the antenna and subsystem business of the Group. He graduated from University of Electronic Science and Technology of China (電子科技大學) and obtained a bachelor's degree in electronic magnetic field and microwave technology in 2002 and obtained an EMBA degree from Beijing University of Posts and Telecommunications (北京郵電大學) in 2016. He is a senior engineer. Mr. Sun has over 20 years of experience in the industry of mobile communications antenna. In addition, he has a wide range of experience in the research and development, market, manufacturing and operation management. He was elected as the vice president of the Antenna System Industry Alliance of China in 2016. He was elected as a technical expert in the expert database of China Institute of Communications in 2019. He was elected as a member of the Young Scientists Club of China Institute of Electronics in 2021. He was elected as the deputy director of the Antenna and Radio Frequency Technical Committee of China Institute of Communications in 2023. He joined the Group in 2002.

Ms. Li Yuwen (李宇雯), aged 54, is a senior vice president and general manager of the marketing center in China of the Group. Ms. Li is responsible for the operation and management of the Group's marketing center in China. She is a chief senior economist in China's finance field and an expert in the talent pool of the Ministry of Finance of the PRC. She graduated from the Yunnan University (雲南大學) in 1992 and obtained a bachelor's degree in physical electronics. She also obtained an MBA degree from Tsinghua University School of Economics and Management (清華大學經濟管理學院) in 2006. Ms. Li has over 33 years of experience in the markets of communication, operation management and financial management. She joined the Group in 1997.

Mr. Xiang Wei (向煒), aged 42, is the general manager of the Group's network business unit. Mr. Xiang is responsible for the Group's network product operations, products, marketing, technology and delivery. He graduated from Wuhan University (武漢大學) in 2004 with a bachelor's degree in electronic and information engineering, and graduated from

Imperial College London (英國帝國理工學院) in 2006 with a master's degree in communications and signal processing. Mr. Xiang has over 17 years of experience in the development, design, planning and management of communications products, and has obtained over 20 authorized invention patents in total, received the Guangdong Patent Excellence Award (廣東專利優秀獎) and published a number of technical essays. He joined the Group in 2008.

Mr. Li Xuefeng (李學鋒), aged 51, is a senior vice president of the Group. Mr. Li is responsible for various management tasks such as legal affairs, intellectual property rights, taxation, human resources and administration of the Group. He is an International Forensic Certified Public Accountant (FCPAi) (國際註冊法務會計師), a Certified Fraud Examiners (CFE) (國際舞弊審計師), a professorship senior economist in China, an intellectual property right expert and a PhD in management. Mr. Li has many years of experience in finance, internal audit, legal affairs and intellectual property rights. He is an arbitrator of Guangzhou Arbitration Commission of China, the chairman of Guangdong IP Protection Association, a technical expert for intellectual property right of the Guangdong-Hong Kong-Macao Greater Bay Area, a special supervisor of the Guangzhou Municipal Intermediate People's Court, a special supervisor of the Guangzhou Intellectual Property Court and a standing member of the China Behavior-law Association (中國行為法學會). Mr. Li serves as an off-campus instructor or a visiting professor of Master of Laws of a number of universities, including the Xi'an Jiaotong University, South China University of Technology, Northeast Forestry University, South China Normal University, and the Guangdong University of Foreign Studies. He joined the Group in 2010.

Mr. Luo Ruibo (駱瑞波), aged 50, is a senior vice president of the Group. Mr. Luo is responsible for the operational management of the Group's procurement center, IT department and group system management. He graduated from Kunming University of Science and Technology (昆明理工大學) in 1998 and obtained a bachelor's degree in engineering. He also obtained an MBA degree from Sun Yat-Sen University (中山大學) in 2009. Mr. Luo has over 26 years of experience in human resource management and corporate operational management of large enterprises. He joined the Group in 2005.

CORPORATE GOVERNANCE REPORT

Comba Telecom Systems Holdings Limited (the “Company”) is continuously committed to achieving high standards of corporate governance to ensure transparency and accountability. The Company believes that corporate governance is crucial to the development of the Company and its subsidiaries (collectively referred to as the “Group”) and helps safeguard the interests of the shareholders (the “Shareholders”) of the Company.

The board (the “Board”) of directors (the “Director(s)”) of the Company reviewed daily governance of the Company from time to time in accordance with the principles of good corporate governance (the “Principles”) and code provisions (the “Code Provisions”) as set out in Appendix C1 of the Rules Governing the Listing of Securities (the “Hong Kong Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and considered that, from 1 January 2024 to the date of this annual report, the Company has complied with all Code Provisions.

The Company remains resolute in its application of the Principles to the corporate governance of the Group. In terms of board composition, the current composition of the Board represents a balance of skills, experience and diversity of perspectives which the Board considers as appropriate for the Company’s business. For the year ended 31 December 2024 (the “Current Year”), the Directors devoted sufficient time and made positive contributions to the Company. Their attendance rates to all the respective Board and committees meetings are high. Members of the nomination committee (the “Nomination Committee”), remuneration committee (the “Remuneration Committee”) and audit committee (the “Audit Committee”) of the Company are all independent non-executive Directors, which ensures the independence of the decisions and recommendations made by the respective committees.

In relation to risk management and internal control, the Audit Committee conducted an annual review of the effectiveness of the internal control system of the Group covering the financial, operational and compliance controls and risk management functions, and after considering the results of the review, the Board concluded that the risk management and internal control systems were effective and adequate.

The key corporate governance principles and practices of the Company are summarized as follows:

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Hong Kong Listing Rules as its own code of conduct for dealings in securities transactions of the Company by its Directors. Specific enquiries have been made to all Directors, and they confirmed that they have complied with the required standard as set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions from 1 January 2024 to the date of this annual report.

BOARD OF DIRECTORS

BOARD COMPOSITION

As at the date of this annual report, the Board comprises seven Directors, of whom four are executive Directors and three are independent non-executive Directors. Ms. Ng Yi Kum, the independent non-executive Director, has the appropriate accounting qualification and related financial management expertise as required under Rule 3.10(2) of the Hong Kong Listing Rules.

The composition of the Board represents a mixture of expertise specializing in management, wireless communications and telecommunications, research and development, accounts and finance and legal.

Details of the composition of the Board, by category of Directors, including names of chairman, executive Directors, independent non-executive Directors and their respective experience and qualifications with specific responsibilities assigned to enhance the effectiveness of the Company, and the financial, business, family or other material/relevant relationships between the members of the Board, if any, are set out in the section “DIRECTORS AND SENIOR MANAGEMENT” of this annual report.

BOARD MEETINGS

During the Current Year, eight Board meetings and an annual general meeting were held by the Company and attendance of each Director at the Board meetings and the general meeting (either in person or by way of video/telephone conference) is set out as follows:

Name of Directors	Number of Board meetings attended/ Total number of Board meetings held	Number of general meeting attended/ Total number of general meeting held
<i>Executive Directors:</i>		
Mr. Fok Tung Ling (<i>Chairman</i>)	8/8	1/1
Mr. Zhang Yue Jun (<i>Vice Chairman</i>)	8/8	1/1
Ms. Huo Xinru (<i>President</i>) ^(Note 1)	8/8	1/1
Mr. Chang Fei Fu	8/8	1/1
Mr. Xu Huijun (<i>President</i>) ^(Note 2)	8/8	1/1
<i>Non-executive Director:</i>		
Mr. Wu Tielong ^(Note 3)	3/3	N/A
<i>Independent Non-executive Directors:</i>		
Ms. Ng Yi Kum	8/8	1/1
Ms. Wong Lok Lam	8/8	1/1
Mr. Chong Chee Keong, Chris	8/8	1/1

Notes:

- (1) Ms. Huo Xinru was appointed as the president of the Group in addition to her position as an executive Director with effect from 18 November 2024. During the period from 1 January 2024 to 31 December 2024, eight Board meetings and a general meeting were held.
- (2) Mr. Xu Huijun resigned as an executive Director and the president of the Group with effect from 18 November 2024. During the period from 1 January 2024 to 18 November 2024, eight Board meetings and a general meeting were held.
- (3) Mr. Wu Tielong resigned as a non-executive Director with effect from 22 March 2024. During the period from 1 January 2024 to 22 March 2024, three Board meetings were held and no general meeting was held.

CORPORATE GOVERNANCE REPORT

BOARD FUNCTIONS

The Board is responsible for, inter alia, formulating corporate strategies, approving overall business plans and overseeing the Group's financial performance, management and organization on behalf of the Shareholders.

The Board is also responsible for performing the corporate governance duties as set out in the Code Provisions. During the Current Year, Board meetings were held to, inter alia, review the Company's policies and practices on corporate governance; review and monitor the training and continuous professional development of Directors and senior management of the Group; review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and review and monitor the compliance with Appendix C1 of the Hong Kong Listing Rules and approve the disclosures in the Corporate Governance Report as contained in the Company's 2023 annual report.

MANAGEMENT FUNCTIONS

Certain management and administration functions were delegated by the Board to the Group's management include the preparation of annual and interim consolidated financial statements for the Board's approval before public reporting; the implementation of strategies approved by the Board; the monitoring of operating budgets; the implementation of risk management and internal control procedures; and ensuring compliance with relevant statutory requirements and other rules and regulations.

CONTINUING DEVELOPMENT FOR DIRECTORS

During the Current Year, Mr. Fok Tung Ling, Mr. Zhang Yue Jun, Ms. Huo Xinru, Mr. Chang Fei Fu, Mr. Xu Huijun, Ms. Ng Yi Kum, Ms. Wong Lok Lam and Mr. Chong Chee Keong, Chris attended training session(s) provided by the Company and/or other professional institutions to develop and refresh their knowledge and skills to act as Directors, and have provided records of the training they received to the Company.

COMPANY SECRETARY

Mr. Chan Siu Man, the company secretary of the Company (the "Company Secretary"), has taken not less than 15 hours of relevant professional training during the Current Year in compliance with Rule 3.29 of the Hong Kong Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE

The role of chairman and chief executive of the Company are clearly segregated and performed by different Directors.

As at the date of this annual report, Mr. Fok Tung Ling is the chairman of the Board, Mr. Zhang Yue Jun is the vice chairman of the Board and Ms. Huo Xinru is the president of the Group. The chairman is primarily responsible for leading the Board in determining the directions of the Group's overall strategies and business development, vice chairman is responsible for assisting the chairman in performing the latter's duties and responsibilities, also monitoring the implementation of the Company's strategies, and the president of the Group acting as chief executive of the Company is responsible for the Group's overall operation, management and business development.

NON-EXECUTIVE DIRECTORS

The Company has entered into a letter of appointment with each of the independent non-executive Directors. Pursuant to such letters of appointment, each of the independent non-executive Directors is appointed for a fixed term of not more than three years which are all subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association (the "Articles") of the Company.

The chairman held a meeting with all independent non-executive Directors without the presence of other Directors during the Current Year.

REMUNERATION COMMITTEE

As at the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, being Mr. Chong Chee Keong, Chris, Ms. Ng Yi Kum and Ms. Wong Lok Lam. The chairman of the Remuneration Committee is Mr. Chong Chee Keong, Chris. The terms of reference of the Remuneration Committee are available on the respective websites of Hong Kong Exchange and Clearing Limited (the “HKExnews”) and the Company.

The main duties and responsibilities of the Remuneration Committee are to recommend the Board on the remuneration policy and structure for all Directors and senior management of the Group; to review and recommend to the Board on the remuneration packages and any compensation arrangements made to the Directors and senior management of the Group; to review the terms of service contracts or letters of appointment of Directors; and to review and/or approve matters relating to share schemes.

During the Current Year, two Remuneration Committee meetings were held to, inter alia, review the remuneration package of Ms. Huo Xinru, who was appointed as the president of the Group in addition to her position as an executive Director with effect from 18 November 2024; assess the performance of all Directors and senior management of the Group and review their remuneration packages; and make relevant recommendations on their remuneration packages to the Board. The Board’s authority to set the remuneration of the Directors is subject to the Shareholders’ approval at general meeting of the Company. Other emoluments, including matters relating to the share options and incentive shares, are reviewed and recommended by the Remuneration Committee to the Board with reference to Directors’ duties, responsibilities and performance within the Group, the Group’s remuneration policy and the prevailing market conditions. Details of the remuneration payable to the Directors are set out in note 8 to the consolidated financial statements. During the Current Year, there were no material matters relating to the share schemes of the Company which required review or approval by the Remuneration Committee.

The remuneration, including sales commissions, equity-settled share option expense and awarded share expense, of the senior management of the Group by band for the Current Year is set out as follows:

Remuneration bands (HK\$)	Number of person(s)
Nil to 1,000,000	0
1,000,001 to 2,000,000	0
2,000,001 to 3,000,000	2
3,000,001 to 4,000,000	3

Details of the attendance at the Remuneration Committee meetings held during the Current Year are set out as follows:

Members of Remuneration Committee	Number of meetings attended/ Total number of meetings held
Mr. Chong Chee Keong, Chris	2/2
Ms. Ng Yi Kum	2/2
Ms. Wong Lok Lam	2/2

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

As at the date of this annual report, the Nomination Committee comprised three independent non-executive Directors, being Ms. Wong Lok Lam, Ms. Ng Yi Kum and Mr. Chong Chee Keong, Chris. The chairman of the Nomination Committee is Ms. Wong Lok Lam. The terms of reference of the Nomination Committee are available on the respective websites of the HKExnews and the Company.

The main duties and responsibilities of the Nomination Committee are to formulate nomination policy for the consideration of the Board and to implement the Board's approved nomination policy (the "Nomination Policy").

The key nomination criteria and principles of the Nomination Policy are as follows:

- (i) review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills and knowledge) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy with due regard to the board diversity policy (the "Board Diversity Policy") of the Company;
- (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; and
- (iii) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

During the Current Year, two Nomination Committee meetings were held to, inter alia, consider the appointment of Ms. Huo Xinru as the president of the Group and re-election of Directors; review the structure, size and composition of the Board; assess the independence of the independent non-executive Directors and monitor the implementation of the Board Diversity Policy and the progress made; and make relevant recommendations to the Board.

SUMMARY OF BOARD DIVERSITY POLICY

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. The Company recognizes the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All appointments of the Board will be based on meritocracy with due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

MEASURABLE OBJECTIVES FOR BOARD DIVERSITY

The Board has set the following key measurable objectives to enhance the implementation of the Board Diversity Policy:

1. at least one-fourth of the Directors are female;
2. at least two Directors have obtained accounting or other professional qualifications; and
3. at least three Directors have expertise from different industries, including accounting, legal, wireless communications and telecommunications.

The Nomination Committee will review the implementation of the objectives and the effectiveness of such policies at least annually and make recommendations to the Board on any proposed changes to the Board to ensure its appropriateness and effectiveness. After review and assessment, the Nomination Committee and the Board considered that the composition of the Board is in line with the Company's Board Diversity Policy.

GENDER DIVERSITY IN BOARD AND WORKFORCE

As at 31 December 2024 and as at the date of this annual report, the Board comprised four male members and three female members, with around 43% female representation at the Board level. The senior management of the Group comprised four male and one female, with 20% female representation at the senior management level.

As at 31 December 2024, the employees of the Group (including the senior management of the Group) comprised 3,069 male and 1,280 female, with around 29% female representation at the workforce level.

According to the target set by the Board in 2023, female representation should be maintained at least 27% at the Board level and at least 30% at the workforce level (including the senior management of the Group), and progressively increase to around 33% and 35% respectively by 2033.

The Nomination Committee will deploy multiple channels for identifying suitable candidates to be a Board member, including referral from Directors, Shareholders, management, advisors of the Company and executive search firms, as and when appropriate. The Company will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Company will provide training to all staff (including senior management of the Group) of different genders and take into account the factor of gender diversity when recruiting suitable candidates for mid to senior management of the Group in future, so as to develop a pipeline of potential successors for the Board and continue to enhance gender diversity in the Board in the coming years.

ASSESSMENT OF INDEPENDENCE

The Company received written confirmations of independence for the Current Year and up to the date of this annual report, having regard to the independence guidelines under Rule 3.13 of the Hong Kong Listing Rules, from each independent non-executive Director. The Nomination Committee and the Board consider all the independent non-executive Directors to be independent under Rule 3.13 of the Hong Kong Listing Rules.

CORPORATE GOVERNANCE REPORT

MECHANISMS FOR ENSURING INDEPENDENT VIEWS AND INPUT

The following key features or mechanisms have been established to ensure independent views and input are provided to the Board.

Board and committees' structure	<ul style="list-style-type: none">• Members of the Nomination Committee, Remuneration Committee and Audit Committee are independent non-executive Directors.• Separation of the role of the chairman and the president of the Group (acting as chief executive) ensures that there is a balance of power and authority.
Appointment of non-executive Directors	<ul style="list-style-type: none">• In assessing suitability of the candidates, their profiles, including their qualification and time commitment, having regard to the Board's composition, the Directors' skill matrix, the Nomination Policy and the Board Diversity Policy will be reviewed and considered in the process of appointment.
Annual review of non-executive Directors' commitment and independence	<ul style="list-style-type: none">• Each Director's time commitment to the Company's business will be reviewed annually. Directors' attendance records during the Current Year are disclosed in the Corporate Governance Report as contained in this annual report.• Non-executive Directors' independence is not only assessed during the appointment process, but also assessed annually and at any other time where the circumstances warrant such review and assessment.
Conflict management	<ul style="list-style-type: none">• Any Director has a material interest in the transaction or arrangement shall disclose such interest and abstain from voting on the relevant resolutions.
Professional advice	<ul style="list-style-type: none">• Independent professional advice would be available to the Directors upon reasonable request to assist them to perform their duties at the Company's expense, as and when necessary.

The Nomination Committee will review the implementation of the key features and mechanism at least annually and make recommendations to the Board on any proposed changes to the Board to ensure its appropriateness and effectiveness.

Details of the attendance at the Nomination Committee meetings held during the Current Year are set out as follows:

Members of Nomination Committee	Number of meetings attended/ Total number of meetings held
Ms. Wong Lok Lam	2/2
Ms. Ng Yi Kum	2/2
Mr. Chong Chee Keong, Chris	2/2

AUDIT COMMITTEE

As at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, being Ms. Ng Yi Kum, Ms. Wong Lok Lam and Mr. Chong Chee Keong, Chris. The chairman of the Audit Committee is Ms. Ng Yi Kum. The terms of reference of the Audit Committee are available on the respective websites of the HKExnews and the Company.

The main duties and responsibilities of the Audit Committee are to review the completeness, accuracy and fairness of the Group's consolidated financial statements, the Company's financial reporting system, risk management and internal control systems, the scope and nature of the external audit and matters concerning the engagement of external auditor.

During the Current Year, two Audit Committee meetings were held to, inter alia, review the Group's consolidated financial statements such as interim results and annual results, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, risk management and internal control systems, the effectiveness of risk management and internal audit function and related issues, remuneration and engagement of external auditor; and make relevant recommendations to the Board. The Audit Committee also serves as the channel of communication between the Board and the external auditor.

CORPORATE GOVERNANCE REPORT

Details of the attendance at the Audit Committee meetings held during the Current Year are set out as follows:

Members of Audit Committee	Number of meetings attended/ Total number of meetings held
Ms. Ng Yi Kum	2/2
Ms. Wong Lok Lam	2/2
Mr. Chong Chee Keong, Chris	2/2

AUDITOR'S REMUNERATION

The Company's external auditor for the Current Year is Ernst & Young. The Audit Committee is mandated to ensure continuing auditor's objectivity and safeguarding independence of the auditor. The Audit Committee considered and approved the engagement of Ernst & Young as the auditor of the Company for the Current Year and the corresponding audit fees estimation. Such recommendation relating to the appointment of Ernst & Young was agreed and accepted by the Board.

During the Current Year, the fees paid to the external auditor for audit services amounted to HK\$3,512,000; and non-audit services with respect to tax review and interim financial statements agreed – upon procedure services amounted to HK\$452,000 and HK\$441,000 respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Company and ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions and the responsibility of the preparation of the consolidated financial statements of the Group.

As at the date of this annual report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

A statement from the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the section “INDEPENDENT AUDITOR’S REPORT” on pages 80 to 84 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control systems are designed to manage rather than eliminate the risks of failing the fulfilment of the business objectives. They can only provide reasonable but not absolute assurance that there will be no material misrepresentation or loss. They also manage the risks of failure in financial and operational system and assist the Group in meeting its objectives. They protect the Group’s assets and Shareholders’ rights, ensure good corporate operations, keep proper accounting records and comply with relevant laws and regulations.

The Board is responsible for assessing and determining the nature and extent of risks that the Group is willing to accept in achieving its strategic objectives, overseeing the management in the design, implementation and monitoring of the risk management and internal control systems, regularly reviewing the Group’s financial, operational, compliance mechanisms and risk management functions through the Audit Committee to maintain and ensure the effective implementation of the Group’s risk management and internal control and reviewing the effectiveness in protecting the interests of Shareholders and the safety of assets.

In accordance with the authority delegated to it by the Board, the management assists the Board in identifying and assessing the risks involved in major business areas through working mechanisms such as regular reports and meetings, so as to reasonably ensure that the Group’s operational and internal control objectives are achieved. The Group has adopted an Enterprise Risk Management (ERM) framework based on the COSO model to effectively manage the risks it faces, be they strategic, financial, operational or compliance, and has also implemented an effective internal control system covers all the material aspects of control, including financial control and reporting, internal audit, operational control, compliance control, employee awareness and code of conduct, adequacy of resources, to ensure that the Group maintains sound risk management and internal control systems to comply with the Code Provisions. The management will also assist the Board in reviewing the staff qualifications and experience, training programmes and account budgets, and ESG performance and reporting.

The review was coordinated by the internal audit department of the Group. Through the self-assessment of the management and business units, and after the management has confirmed the effectiveness of the relevant systems, the Group identified, assessed and proactively responded to the major risks faced during the Current Year, including strategic selection risk, material investment risk, business integration risk, accounts receivable risk and process management risk and thereby optimized the organizational structure and division of duties, formulated effective control procedures and proposed feasible solutions.

CORPORATE GOVERNANCE REPORT

At the same time, having reviewed the areas identified as of high or medium importance, the internal audit department provided recommendations to relevant business units for the control procedures that need to be optimized through risk assessment and inspection on the corresponding control procedures, and followed up on the effectiveness of the implementation of the recommendations. The Company has established anti-fraud policy which specified the whistleblowing channels for employees and external partners. The internal audit department further specified the objectives of the anti-fraud efforts, strengthened the promotion of anti-fraud culture through employee integrity survey, and cracked down on violations of the employee manual and laws and regulations to ensure the healthy, steady and long-term development of the Group and its employees.

The results of the 2024 review have been reported to the Audit Committee and the Board. The Audit Committee has reviewed the relevant work report of internal audit department and reported the results to the Board on a half-yearly basis. During the Current Year, the Board reviewed the effectiveness of the Group's risk management and internal control systems and was satisfied that the Group's risk management and internal control systems were effective and adequate, and complies with the relevant Hong Kong Listing Rules.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company restricts the access of information to a limited number of employees on a need-to-know basis and ensures employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality; and has set out relevant guidelines in the employee's handbook of the Group, which includes a strict prohibition on the unauthorized use of confidential or inside information.

SHAREHOLDERS' RIGHTS

PROCEDURES ON CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS AT A GENERAL MEETING

The Board may whenever it thinks fit call extraordinary general meeting. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights^(Note) (on a one vote per share basis) in the share capital (excluding treasury shares) of the Company may also make requisition to convene an extraordinary general meeting and add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the Company Secretary, for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The above procedures are subject to the Articles (as amended from time to time), and other applicable legislation and regulation, including the Hong Kong Listing Rules (as amended from time to time).

Note: voting rights attaching to treasury shares are excluded.

The contact details of the Board and the Company Secretary are as follows:

Comba Telecom Systems Holdings Limited
Unit 611
Building 8W
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong
Email: ir.ctshl2342@comba-telecom.com
Tel No.: (852) 2636 6861
Fax No.: (852) 2637 0966

PROCEDURES FOR PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders may put forward enquiries to the Board through the Company Secretary who will direct the enquiries to the Board for handling. The contact details of the Company Secretary are as follows:

The Company Secretary
Comba Telecom Systems Holdings Limited
Unit 611
Building 8W
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong
Email: ir.ctshl2342@comba-telecom.com
Tel No.: (852) 2636 6861
Fax No.: (852) 2637 0966

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Pursuant to the Articles, no person other than a Director retiring at the general meeting shall, unless recommended by the Board for election, be eligible for election as a Director at any general meeting. Unless a Shareholder (other than the person to be proposed) who is duly qualified to attend and vote at the general meeting, lodge a duly signed notice of nomination together with a notice duly signed by the person to be proposed of his willingness to be elected including the person's biographical details as required by Rule 13.51(2) of the Hong Kong Listing Rules to the Company Secretary at Unit 611, Building 8W, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong within the 7-day period (or such other longer period as may be determined and announced by the Company from time to time) commencing the day after the dispatch of the notice of the general meeting appointed for such election.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS COMMUNICATION POLICY

The Board adopted a shareholders communication policy (the “Shareholders Communication Policy”) on 19 March 2012, details of which are set out as follows:

1. Purpose

The Company always endeavours to improve transparency and accountability to its Shareholders in the best possible way. The purposes of this policy are to:

- formalize and describe the processes implemented by the Company to assist the Company in complying with its continuous disclosure obligations under the Hong Kong Listing Rules;
- outline the processes adopted by the Company to ensure timely and accurate information about the Company is provided; and
- ensure that all of the Shareholders have access to material information about the Company and its prospects.

2. General Policy

The Company aims to ensure that Shareholders and the investment community have a good understanding of all the Company’s activities, and maintain an on-going dialogue with them. This is achieved through proactive stakeholder relations efforts in accordance with the concept of fair and timely disclosure of corporate information.

3. Communications Strategies

3.1 Shareholders’ enquiries

- Shareholders, investors and members of the public should direct their questions about their shareholdings to the Company’s registrar.
- The Company supports the use of electronic and other means of communicating with Shareholders and investors including:
 - i. Mail;
 - ii. E-mail;
 - iii. Facsimile;
 - iv. Corporate website;
 - v. Webcast and conference calls;
 - vi. Telephone;
 - vii. Presentations, briefings and investor meetings

3.2 Annual and Interim Reports

- The Company’s annual and interim reports to Shareholders are the central means of communicating to Shareholders the Company’s activities, operations and performance over the past financial year.

3.3 Shareholders' Meetings

- The annual general meeting and other Shareholders' meetings of the Company are the primary forum for communication by the Company with its Shareholders and for Shareholder participation.
- Shareholders are encouraged to participate in all Shareholders' meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

3.4 Corporate Website

- One of the Company's key communication tools is its website located at www.comba-telecom.com.
- The Company issues press releases, announcements, financial data and investment presentations where appropriate to provide updated information about the Company's business development in a timely manner, and are made available on the Company's website.
- The Company also updates its website regularly to ensure information about its latest development disseminated promptly.

3.5 Webcast Presentation

- Webcast presentations of the Company's interim and annual results briefing are available.

3.6 Investment Market Communications

- The Company organizes regular meetings with the investment community. After reporting interim and annual results, the Company holds press conferences and investment conferences which set an open communications platform for the Company's senior management to address any questions that the investment community and the media may have.
- The Company participates in plant visits, roadshows, small group meetings, individual investor meetings, conference calls and various investor conferences organized by different financial institutions throughout the year with the aim to maintain on-going dialogue with the investors and obtain investors' opinion.

3.7 Review of the Shareholders Communication Policy

- The Shareholders Communication Policy is subject to regular reviews by the Board and will be amended as appropriate to reflect current best practice in communications with Shareholders.

During the Current Year, the Board has reviewed the Shareholders and investors engagement and communication activities conducted and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

CHANGE IN THE CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the Current Year, there has not been any change in the Company's constitutional documents.

CORPORATE GOVERNANCE REPORT

CORPORATE TRANSPARENCY AND INVESTOR RELATIONS

The Group always endeavors to improve transparency and accountability to its Shareholders in the best possible way. The senior management of the Group participates in various investor relations activities including investor meetings, investor conferences and post-results road shows from time to time. These provide the investment community with an opportunity to understand the business of the Group better. The Group actively liaises and carries out high-quality communication with Shareholders and investors via diversified communication channels. After reporting its interim and annual results, the Group holds press conference and investor presentation/conference call where the financial performance, business review and prospect of the Group are presented in real time. This also sets an open communication platform for the Group's senior management to address any questions that the investment community and the media may have. Web-cast presentation is then sent to Shareholders and investors around the world to ensure information is disseminated on a fair and timely basis. The Group issues press releases and announcements where appropriate to provide updated information about the Group's business development in a timely manner. The Group also updates its website regularly to ensure information about its latest development disseminated promptly.

In 2024, the Group's investor relations activities were held via physical meeting or teleconference when appropriate. During the Current Year, the Group's senior management attended over 40 investor meetings. This allowed the investment community to understand the business of the Group better. As a result of various investor relations activities undertaken, as at the end of the Current Year, 12 securities companies have provided research coverage on the Group.

CORPORATE GOVERNANCE REPORT

Key Investor Relations Events in 2024:

Date	Event
January	: Exchange meeting with investors, fund managers and analysts (organized by CGS-CIMB Securities and Soochow Securities CSSD respectively)
February	: Exchange meeting with investors, fund managers and analysts (organized by CICC Securities)
March	: Exchange meeting with investors, fund managers and analysts (organized by Soochow Securities CSSD)
April	: Non-deal road show (organized by First Shanghai Securities and China Merchants Communication respectively)
May	: 2024 Annual General Meeting
June	: 2024 interim strategy seminar and non-deal road show organized by Minsheng Securities : 2024 interim strategy seminar and non-deal road show organized by Galaxy Securities : Exchange meeting with investors, fund managers and analysts (organized by KeyBanc, Haitong Securities, China Securities, Galaxy Securities and Huajin Securities respectively) : Exchange meeting with investors and analysts at the Mobile World Congress 2024 (organized with CITIC Securities, CICC Securities and Guosen Securities respectively)
July	: Exchange meeting with investors and analysts (organized with DBS Bank Research)
August	: 2024 Interim Results Announcements (Virtual Press Conference and Presentation on Current Investment)
September	: Non-deal road show and investment strategy conference (organized by CICC Securities and Essence International respectively)
October	: Non-deal road show and investment strategy conference (organized by LBS and Zheshang Securities)
November	: Golden Bauhinia Hong Kong International Finance Week-Shenzhen : Exchange meeting with analysts and investors (organized with CITIC Securities and investors respectively)
December	: Non-deal road show in Singapore via teleconference (organized by LBS, Maybank Research and UOB Kay Hian) : Golden Bauhinia Hong Kong International Finance Week-Hong Kong

ON BEHALF OF THE BOARD OF
COMBA TELECOM SYSTEMS HOLDINGS LIMITED

Fok Tung Ling
Chairman
Hong Kong
27 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. SUMMARY AND SCOPE OF REPORT

This report is compiled under the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The disclosure in this report has objectively, fairly and truly reflected the work achievements and practices regarding the environmental, social and governance issues of Comba Telecom Systems Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) in 2024. In 2024, this report adopts a consistent information statistic method, the newly added categories include “Use of Sold Products” and “End-of-life Treatment of Sold Products” compared to 2023.

The Group recognizes “Connecting the World to Promote the Progress of Human Civilization” as its corporate vision and “Achieving Innovation and Development in the Information Communications Technology Areas to Provide Customers with Excellent Communications and Information Solutions and Services” as its corporate mission. Considering its customers, employees, shareholders and the government as the basic elements to achieve business core values, the Group is devoted to “creating ideal values for customers, co-developing better life quality as well as leading and giving back to society” as its core values. The Group pays close attention to policy and market changes to effectively control risks, and is committed to integrating sustainable development and social responsibility into its corporate culture from various aspects.

This report is designed to convey the Group’s influence, policies and corresponding measures on environmental, social and governance (“ESG”) aspects to relevant individuals in various sectors of the community.

This report covers the performance indicators from 1 January 2024 to 31 December 2024. The indicators related to environment are mainly sourced from the Group’s headquarters and research and development (the “R&D”) base in Guangzhou Science City, the manufacturing base in Guangzhou Development Zone, the Hong Kong head office and the main sales offices in Mainland China and overseas as their profit contributions to the Group are fairly representative and important.

II. ESG RESPONSIBILITY MANAGEMENT

The Board assumes the overall responsibility for the Company’s management strategies and reports on ESG as well as the identification, assessment and determination of the risks faced by the Company concerning ESG matters, and ensures that the Company has established a proper and effective system of ESG risk management and internal control.

Changes in climate and environment have posed huge challenges to the production and development of human society. As a professional wireless solution provider, the Group adheres to the concept of green and low-carbon development and adopts low-loss and high-efficiency network technology as well as new green materials and techniques, with a view to provide operators with green, low-carbon, smart and efficient antenna and subsystem solutions for 5G macro cells.

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In addition to providing supervision and guidance, the Board regularly listens to management teams' reports on production safety, operation and management, internal control and performance of social responsibility. The Board assesses and ranks risk hierarchies, taking consideration of, among others, the impacts on our corporate strategies, policies, procedures and commitment, impacts on the Company's competitive edges and management excellence, and current and future financial impacts on the Company. Major considerations of external stakeholders conducting materiality assessment include impacts on the Company's evaluation and decision-making, and on the interests of themselves. The Company has established an ESG work leadership group which is responsible for making decisions on major issues during the process of the guideline implementation and conducting assessment and providing feedbacks on the effectiveness of its management. The management of major risks such as production safety, employee health, energy conservation and environmental protection, intellectual property rights, anti-fraud risk, implementation of internal control and corporate culture has already been incorporated into the daily routine of the Company and comprehensively ensured the effectiveness and applicability of the Company's ESG management.

The Group manages the enterprise in accordance with the law, insists on operating in accordance with the law, operating with integrity, abides by relevant laws and regulations and industry regulatory rules, and establishes a law-abiding and compliance system in terms of internal control construction, audit supervision, corruption prevention and comprehensive risk management. The Group also establishes and improves long-term communication mechanism, standardizes the disclosure of corporate information, and consciously accepts governmental supervision and social supervision. In addition, it improves communication with stakeholders such as investors, customers, suppliers, employees, governmental and regulatory authorities, and communities by ways of announcements, reports, conferences, service hotlines and events, listens carefully to stakeholders' expectations and demands, and actively responds to them.

As a group that actively practices green development, the Group takes heed of the impact of its operations on the environment and improves the management system in relation to its production and operation. In active fulfillment of its environmental duties, the Group gives full consideration to the environmental effect of each procedure of its operation. It endeavours to minimize the environmental impact of its products at all steps throughout their life cycles, such that a greener and healthier environment can be built with concerted efforts. The Company keeps a close eye on intergovernmental climate change. It established standards according to science based targets initiative Science Based Targets initiative (SBTi) and incorporated them into target management during production and operation processes. The Company will adopt robust measures to constantly integrate the concept of green and low-carbon development into all aspects of its product design and operational management. At the same time, the Group will work together with its partners, customers and suppliers to seek a sustainable, green and low-carbon business environment.

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III. COMMUNICATIONS WITH STAKEHOLDERS AND IMPORTANCE ASSESSMENT

The Group attaches great importance to communication with all stakeholders by learning about their varying expectations of the Group's ESG aspects through a variety of channels, as well as by representing in this report its efforts put in issues that are of concern to stakeholders, in a bid to enhance the Group's transparency and stakeholders' confidence in its promotion of sustainable development.

Key Stakeholder	Main Communication Channel	Main Contents Covered
Shareholders/ Investors	General meeting, results presentation, non-deal roadshow, institutional investigation conferences, regular report, press announcement, telephone, email, website, the Company's platform on WeChat	Operating results and financial performance, future development prospect and strategy, corporate governance and social responsibility, protection of investors' benefits
Customers	Daily business dealings, project progress meeting, technology exchange meeting, customer exchange forums	Quality of product and service, level of technology, customer feedbacks, demand from potential customers
Employees	Training programs, intranet and the Company's platform on WeChat, employee engagement surveys, staff meetings, employees' group activities, regular performance assessment	Development plan and deployment of the Company, efficiency and effectiveness of all processes through R&D, manufacturing and sales to services, staff reasonable proposals, occupational health and safety, development of and reward to staff
Suppliers	On-site inspection and evaluation, daily business dealings, exchanges on project progress	Corporate reputation and recognition, scale of enterprise and delivery capability, successful experiences of peers, requirements of environmental and social responsibility, staff cultivation and reward
Regulatory authorities	Communication document, government hotline, face-to-face meeting	Integrity operation, legality and compliance, joint development of economy, environment and the society, amendments to government policies, promulgation of preferential policies
Communities	Community activities, public welfare activities	Active participation of enterprises, contribution to the community, sustainable development of enterprises

IV. ENVIRONMENTAL PROTECTION AND RESOURCE UTILIZATION

The Group has been committed to achieving the sustainable development goal of environmental protection and energy saving. By implementing the Environmental and Quality Management System to manage the environment in a systematic manner, the Group strives to deliver the development strategy of balancing environment, society and economy. In 2024, the Group was awarded with the Silver Medal by EcoVadis in the evaluation of corporate social responsibility. The Group has adopted the life cycle management concept in all the business activities worldwide to minimize adverse effect on the environment in the course of production and service offering. It performs its compliance obligations and enhances environmental performance, thus contributing to the improvement of the sustainable development of environment and society.

During the reporting period, the Group did not have any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to exhaust gas and greenhouse gas emissions, discharge of wastewater and removal of residue and generation of hazardous and poisonous waste.

(I) EMISSIONS

To implement relevant laws and regulations promulgated by the People's Republic of China ("PRC") such as Environmental Protection Law (《環境保護法》), the Law on the Prevention and Control of Air Pollution (《大氣污染防治法》), the Law on the Prevention and Control of Water Pollution (《水污染防治法》), the Group sets a goal of environmental management to achieve pollution reduction and emission control and strictly monitors waste discharge during the course of production by setting up ISO14001 Environmental Management System and carrying out environmental control procedures as well as environmental monitoring and measurement control procedures pursuant to the working guideline of "standardizing the works of environmental management, taking precaution as the main task, fulfilling regulation requirement, satisfying the standards of emission to make sure that it is under control and continuing to save energy and reduce consumption", with the aim to ensure the management and control of pollution at source. The Group is committed to achieving environmental and social sustainability in its daily operations. In terms of environmental aspects of the 2024 sustainable development goal, we strive to ensure zero fine in exhaust gas emission continuously. In each production area are discharged after treatment in accordance with the approved requirements based on the evaluation on the impact on the environment and the production areas shall perform annual review to ensure legal and compliant emission of exhaust gas. Designated dumping areas in each production base segregated wastes by licensed waste collectors and the garbage in the bases was strictly sorted and recycled.

During the production process of the Group, there is no emission of industrial wastewater. We classify wastes generated during the course of operation into non-hazardous wastes and hazardous wastes, which are then disposed of through different methods according to their types, thereby mitigating the negative impact on the environment. The waste generated by the Group includes waste silicone, glues, waste activated carbon and waste engine oil. The Group has entered into contracts for hazardous waste treatment with companies that have obtained national qualification for hazardous waste treatment to carry out regular waste disposal. It has also signed treatment orders for hazardous wastes to be regularly reported on the government website for reporting hazardous wastes. The Group classified wastes for proper disposal and avoided sending waste to landfill, so as to minimize the negative impact on the environment. Non-hazardous waste was managed with 100% compliance in disposal. Non-hazardous waste mainly includes domestic waste generating from daily office works and canteen of the Company. They are treated in strict compliance with the sorting principle and regularly sent for incineration and harmless treatment. Raw material wastes are treated as domestic wastes. For canteen garbage, the Group has entered into treatment contracts with qualified companies for regular disposals.

The Group will enhance the monitoring of relevant data in respect of emissions, water usage and hazardous and non-hazardous wastes. The Company will also enhance the accuracy of data collection and increase the number of personnel responsible for these tasks. Additionally, the Company will assess the feasibility and operability of specific measures in daily operations. Once the necessary conditions are met, we will promptly establish practical and achievable targets in respect of these few areas.

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Emissions	Unit	2024	2023	Comparison
Air contaminant NO _x	tonne	0.2330	0.3648	↓ 36.12%
SO _x	tonne	0.0004	0.0019	↓ 80.93%
PM	tonne	0.0200	0.0344	↓ 42.37%
Waste Household wastewater	tonne	122,298	149,501	↓ 18.20%
Non-hazardous wastes	tonne	722	473	↑ 52.64%
Hazardous wastes	tonne	9	12	↓ 26.00%
Greenhouse gas emission	thousand tonnes	1,892	756	↑ 150.34%
Direct greenhouse gas emission		1	1	↓ 31.18%
Energy indirect greenhouse gas emission		8	11	↓ 29.48%
Other indirect greenhouse gas emission		1,884	744	↑ 153.26%
Annual sales revenue in total	ten thousand HK\$	452,826	598,197	↓ 24.30%
Emission density of greenhouse gas	tonne/ten thousand HK\$	4.18	1.26	↑ 230.71%

- Greenhouse gas emissions are calculated based on, amongst others, EMFAC-HK Vehicle Emission Calculation Model issued by The Hong Kong Environmental Protection Department and the MOBILE6 and Particulate Emission Factor released by the United States Environmental Protection Agency. Direct greenhouse gas emissions (scope 1) include the greenhouse gas emissions arising from using petrol, diesel and refrigerants. Indirect greenhouse gas emissions (scope 2) represent such indirect energy greenhouse gas emissions resulted from internal consumption of electricity, heating, refrigeration and steam within the Company. Scope 3 covers all other indirect greenhouse gas emissions generated outside of the Company, including emissions from wastepaper, sewage treatment, business trips of employees as well as purchasing and sales of upstream and downstream products.
- The total greenhouse gas emissions are the sum of the direct greenhouse gas emissions (scope 1), indirect greenhouse gas emissions (scope 2) and other indirect greenhouse gas emissions (scope 3).
- The volume of sewage discharge is calculated according to the amount of water used. The sewage discharge coefficient is based on National Standard for Urban Drainage Works Planning Specification of the People's Republic of China (《中華人民共和國國家標準城市排水工程規劃規範》) and relevant documents of the National Bureau of Statistics of the PRC.
- The volume of non-hazardous waste emission is measured based on the per capita household waste output coefficient as specified in the guidance released by the State Council of the PRC.
- Non-hazardous waste includes domestic waste, kitchen waste, cardboard and waste plastic. In 2023, non-hazardous waste only included domestic waste, and other waste was excluded as the data was processed by third parties. In 2024, all non-hazardous waste was included in the data.
- In 2024, the scope of inventory were expanded as compared to 2023. The newly added categories include "Use of Sold Products" and "End-of-Life Treatment of Sold Products".

(II) RESOURCE UTILIZATION

The Group takes a careful consideration of environment factors throughout the life cycle of its products and services to provide its products with the characteristics of energy and natural resource saving and non-pollution in each procedure of R&D, production, sales, transportation, utilization and disposal.

In building a green industrial chain, the Group curbed the amount of material used in equipment through technological innovation to reduce the weight of equipment, increased the integration of equipment as well as preferred and adopted high-efficiency power supplies to reduce power consumption of equipment. To reduce the energy consumption of equipment, technologies were used in new products such as the promotion of digital technology, the improvement of chips' integration, the upgrade of structural processes, the enhancement of efficiency of power amplifiers, the dynamic power management, and the software-controlled switches for energy-saving. Through improving the operational efficiency of the products themselves, the Group achieved energy conservation and consumption reduction, and formulated strict procedures in accordance with the Waste Electrical and Electronic Equipment (WEEE). In addition, the Group curbed unnecessary product appearance design and materials and reduce excessive packaging to improve the recyclability and reusability of products.

The Group commits to aligning with the 1.5°C climate target set forth in the Intergovernmental Panel on Climate Change (IPCC) initiatives, and pledges to uphold this objective in accordance with future revisions of relevant guidelines. The Company strives to achieve a 50% reduction in greenhouse gas emissions by 2030 in line with the Science Based Targets initiative (SBTi) criteria.

The Group continuously monitors its energy consumption. In regard to controlling water and electricity consumption, it established the daily inspection mechanism and performed around-the-clock regular and non-regular inspections on power and water utilization across all floors and department of the base. In addition, it provided updates on departments with wastage on a regular basis. Aligned with the ISO 14001 Energy Management System framework, the Group has established a comprehensive water stewardship program to systematically reduce consumption across manufacturing and administrative operations, including Implement closed-loop water recycling systems for rain tests and daily water management protocols, including regular inspection and maintenance to eliminate leaks, which promoting water reuse initiatives to enhance overall efficiency.

The Group also increased the use of renewable energy. Distributed photovoltaic power generation projects have been launched in both Science City and Development Zone by the Group. In 2024, they generated a total of 2.03 million kWh of green electricity, saving electricity tariff of approximately RMB1.84 million annually. The Group has replaced the obsolete main units of the central air conditioners in the Development Zone and optimized the operation modes of the exhaust hoods, demonstrating remarkable energy-saving effects. The Group adheres to the ISO 50001 Energy Management System framework, implementing ongoing initiatives to continuously enhance power use efficiency across operations. During the year, the electricity consumption of the Group reduced by 19% year-on-year. Water consumption of the Group reduced by 14% year-on-year.

The Company effectively manages water consumption and wastewater treatment, organizes energy saving and emission reduction activities, and educates its staff to raise their environmental awareness. The Group did not encounter any difficulties in seeking appropriate water sources.

The Group promotes green office practices and integrates energy conservation and emission reduction into its business activities ranging from procurement, production, operation and office work. It actively advocates for double-sided printing of documents and reduces colour printing, accelerates the digital transformation of the procurement supply chain, promotes the application of e-procurement and e-ordering processes, and encourages paperless operation for the entire supply chain. The Group continuously pushes forward the electronic management of accounting files, e-invoicing for VAT and paperless operations for reimbursement. It adopts the automatic process for tax declaration to reduce the use of paper documents. The Group encourage online meetings and training to minimize unnecessary business travel. It also collects data on the greenhouse gas emissions from business travels of employees through the business travel information platform.

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Type of energy	2024			2023		
	Total amount	Unit	Density (Unit/ten thousand HK\$)	Total amount	Unit	Density (Unit/ten thousand HK\$)
Electricity	17,059,112	kWh	37.67	21,060,965	kWh	35.15
Municipal water	164,171	cubic meter	0.36	191,136	cubic meter	0.32

(III) ENVIRONMENT AND NATURAL RESOURCES

The Group is proactive in enhancing staff awareness and responsibility towards environmental protection. All the employees in each of its branches worldwide are required to comply with local laws and regulations in respect of environment, safety and health. In the absence of local laws and regulations, they are encouraged to provide assistance in solving environmental issues within their capacity.

The Group has reduced its negative impact on the environment and natural resources by pursuing high quality products, as evidenced by the reduction in repair rate of products and reported damage rate of machines. The Group has implemented flexible layout and upgraded its intelligent manufacturing equipment in its production workshops during the reporting period. All pieces of equipment have been connected to optimize the intelligent deployment in the life cycle of products so as to improve operation efficiency of products, reduce the repair rate in the market, and extend the useful life of machines.

The Group has actively responded to the national “Dual Carbon” strategy, kept abreast of the climate change issues involved in its daily operations, and strived to identify and assess the climate risks and opportunities that may have an impact on its business, implement and continuously optimize the responsive measures in order to enhance its climate risk management capabilities. In terms of transition risks, against the backdrop of accelerating popularity of the low-carbon economy, the Group has actively responded to the trend of green and low-carbon development by closely monitoring the developments of the industry, market and policies, and formulating timely measures to strengthen its carbon emission management in a bid to cope with the risks arising from policy and market changes. In terms of low-carbon network operation, the Group launched the low-loss and high-efficiency green antenna to minimise internal antenna losses and enhance antenna gain and efficiency. With the same input power, the base stations can cover a larger area, and in turn allows the Group to reduce the density of base stations. Within the same coverage area, the base stations require a lower input power, resulting in less energy consumption.

V. EMPLOYMENT AND LABOUR PRACTICES

(I) EMPLOYMENT

The Group has standardized labor management in accordance with national laws and regulations. It also strictly regulates the employment system including recruitment, resignation, promotion, staff salary and benefits, and resolutely eliminates the employment of child labor and forced labor.

The Group considers its employees as an important resource. Thus, the Group attaches great importance to safeguarding their interests, offers them competitive remuneration packages and contributes towards the relevant insurances. Apart from national statutory holidays, employees are also given an appropriate number of leaves or compensation depending on their entitlement under their respective employment agreements with the Group and in accordance with the relevant laws and regulations.

As of 31 December 2024, the Group had 4,349 employees in total. The Group is committed to ensuring equal development opportunities of both male and female employees while protecting and improving the rights of female employees. The Group's employment policy seeks to eliminate gender discrimination and female employees are all entitled to maternity leave according to the local laws. The Group's employees are located primarily in Mainland China with certain employees located in the other districts such as Europe and Southeast Asia.

The Group has always attached importance to the competitiveness of employees' remuneration packages. It adjusted the annual organizational incentive model to further motivate the organization and employees. It also improved its long-term incentive framework and optimized the flexible benefit system, in a bid to satisfy the diversified demands of employees and enhance core employees' satisfaction of remuneration.

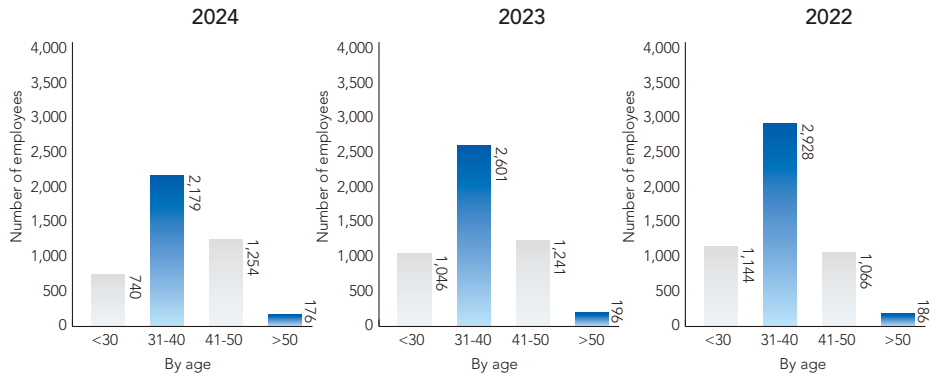
The Group has a robust performance management system in place and has implemented performance assessment for all employees. It has improved the assessment and incentive system and the restraint and supervision mechanism to ensure the fairness and credibility of performance assessment.

During the reporting period, the Group has complied with relevant laws and regulations that have a significant impact on the Group relating to employment and labour standards.

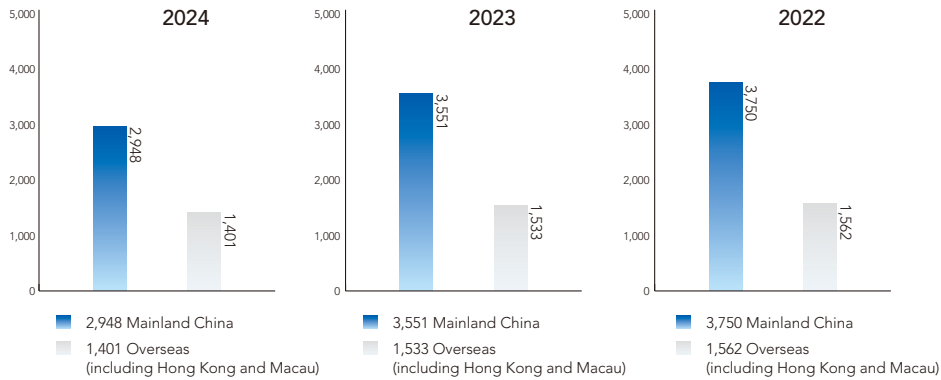
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Total number of employees

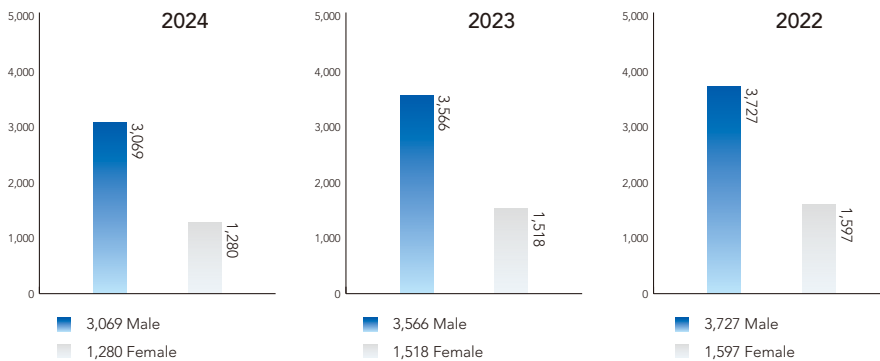
By age



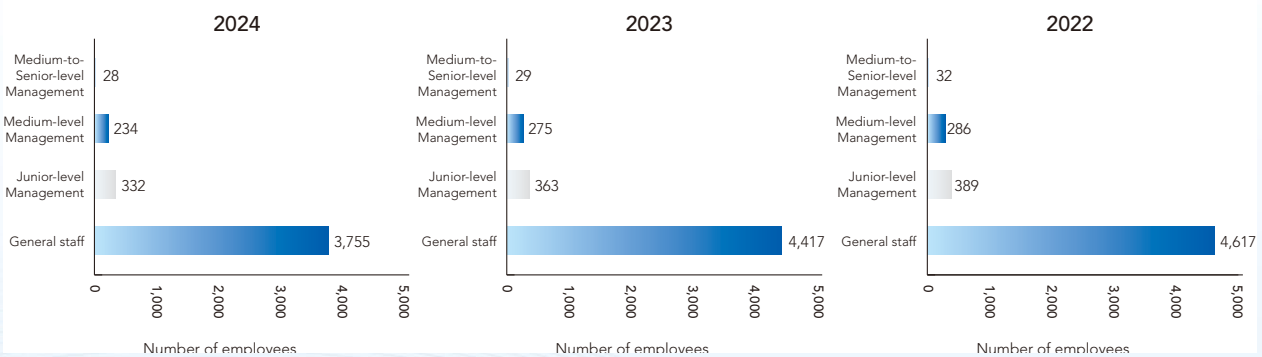
By geographic location



By gender



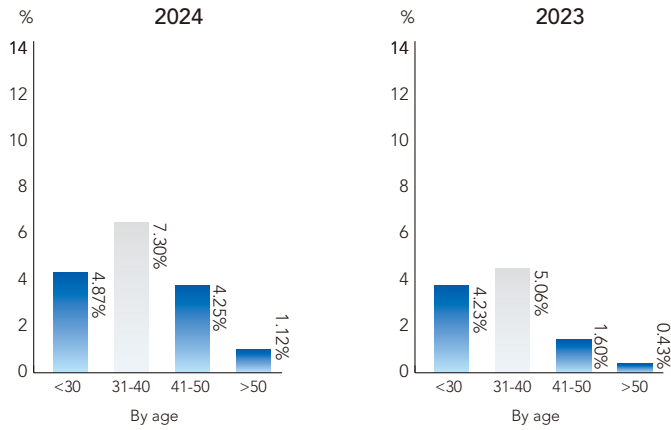
By position



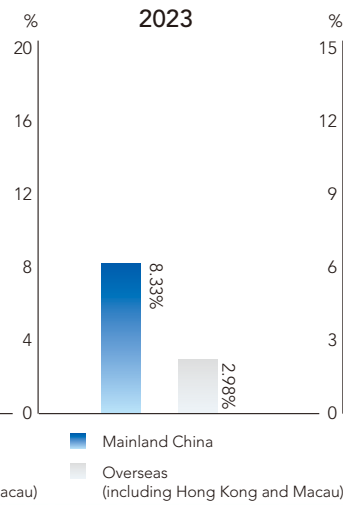
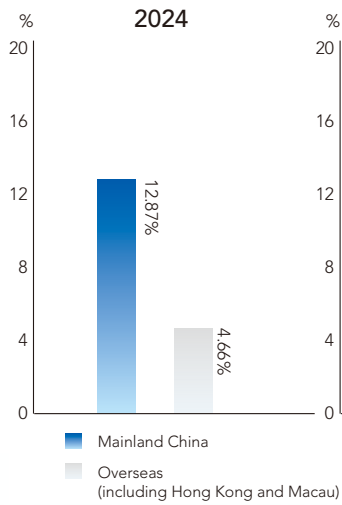
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Turnover rate of employees

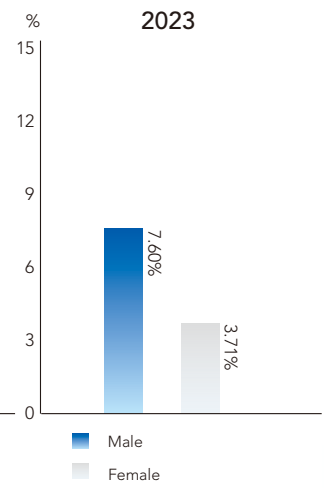
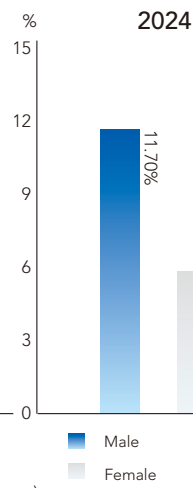
By age



By geographic location



By gender



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(II) HEALTH AND SAFETY

Striving to create a safe, healthy and comfortable working environment for its employees, the Group has established the ISO45001 Occupational Health and Safety System and SA8000 Social Responsibility System to protect employees' health and safety. Such systems are operated in combination with quality management system to deliver the Group's commitment to the community and its employees.

There had not been any employee fatalities related to work in previous 3 years including the reporting period. In 2024, no fire accidents were reported across all business units, and there were no loss days caused by work-related injury. The Group has organized fire safety training for all buildings, floors and departments within the premises and successfully covered 1,115 employees in the training, which significantly improved the fire safety awareness and sense of security among employees.

The Group continued to ensure the proactive and proper implementation of control measures for safety risks with a view to ensuring the target of "six zeros" in production safety, namely zero fatal accident of staff, zero fire accident above general level, zero accident on environmental protection, zero accident on occupational diseases, zero widespread contagious disease and zero incident of mass poisoning. The Group reported its progress in fulfilling the annual safety production goals, and reviewed the result based on its annual responsibility goals. Monthly reports on management and control of energy, as well as inspection of production safety have been prepared, while management and control responsibilities have been assigned to individuals, with a view to raising and cultivating awareness of energy conservation and production safety amongst all staff. Targeted trainings for department heads, project leaders and employees were organized from time to time to improve the awareness on safety responsibilities and production safety, thereby ensuring that everyone has the awareness of safety and everyone manages safety. All staffs are required to sign the Safety Production Responsibility Agreement (《安全生產責任書》).

The Group carried out in-depth safety management actions and special investigation and remediation actions for hidden threats of major accidents. It also strengthened the analysis and notification of hidden threats of accidents and improved safety risk warnings. Besides, it endeavoured to enhance the risk awareness and bottom-line mentality of the entire workforce. To protect the personal safety and property of employees, the Group promoted production safety management and comprehensively prevented and eliminated major risks. The Group also carried out the investigation and rectification of hidden safety threats, organised all units to investigate and rectify hidden threats on an ongoing basis, optimised the hidden threat inventory and implemented closed-loop rectification in all aspects. The Group has incorporated all information of its building and building manager into the system for better management, and promoted the regular inspection and rectification of potential fire safety hazards in buildings.

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Ensuring Safe Production

1. The Group has conscientiously implemented the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), took on all main responsibility of the enterprise, established a sound responsibility system, and fulfilled safety responsibilities at every level. In terms of formulating safety management policies and procedures, the Group has established safety management policies such as the Management Procedure of Safety and Environmental Protection for Construction Project (《建設項目安全和環境保護管理程序》), the Fire Control and Safety Management Regulations (《消防安全管理規定》), the Safety Production Responsibility System (《安全生產責任制》), the Labor Protection Standards of Production Position (《生產崗位勞動保護標準》) and the Transportation Safety Management Regulations (《運輸安全管理規定》). At the same time, it has refined various safety management policies and safe operating procedures of all levels. Pursuant to which, all persons in charge are required to sign the Safety Production Responsibility Agreement (《安全生產責任書》), and all the division principals are directly responsible for safety performance of their respective areas and timely rectifying potential safety hazards.
2. The Group continued to put efforts to improve environmental safety, regularly organize the supervision and inspection of employees' work sites, and improve the working environment and working conditions of employees. It replaced 44 water purifiers at the base in Science City up to 31 December 2024, and set up maternal and child care rooms to cater to the special needs of female employees.

The Group keeps improving working environment and protects the personal safety and health of its employees by offering corresponding appliances for labor protection to staff at special positions. It puts up educational safety posters at the bases and dormitories, striving to raise production safety awareness of all employees. It also installed 4 sets of automated external defibrillators (AED) at the base and organized training on first aid skills to enhance the first aid and mutual aid awareness and skills of employees in case of emergencies.

3. The Group continues to strengthen the publicity and promote training with regard to health and safety of all staff and formulates a safety manual in respect of production operation for staff compliance, with a view to promoting general improvement of health and safety awareness of all staff and thus creating a good atmosphere of production safety. During 2024, the Group organized 49 training programs in relation to health and safety, fire extinguishing system, chemical safety and fire safety.

During the year, regular annual fire drills and 8 drills for other types of emergencies, including heat stroke, food poisoning and elevator safety training, were held for all employees so as to continuously enhance their emergency response capability. Meanwhile, a fire emergency team, which is responsible for urgent evacuation of personnel in emergency, is established to protect its employees' life and property security.

4. The Group has established special safety inspection system and conducted 12 major safety inspections during the year, which covered a variety of measures, including daily fire safety, electrical safety and hazardous chemicals management. Inspection results are promptly reported, so that potential hazards can be identified and rectified in a timely manner within a prescribed time period to prevent the occurrence of related risks. The Group was repeatedly awarded as "Advanced Enterprise in Production Safety (安全生產先進單位)" and "Enterprise with Qualified Work Safety Standardizations (安全生產標準化達標企業)" in Guangzhou City.

During the reporting period, the Group has complied with relevant laws and regulations that have a significant impact on the Group relating to health and safety.

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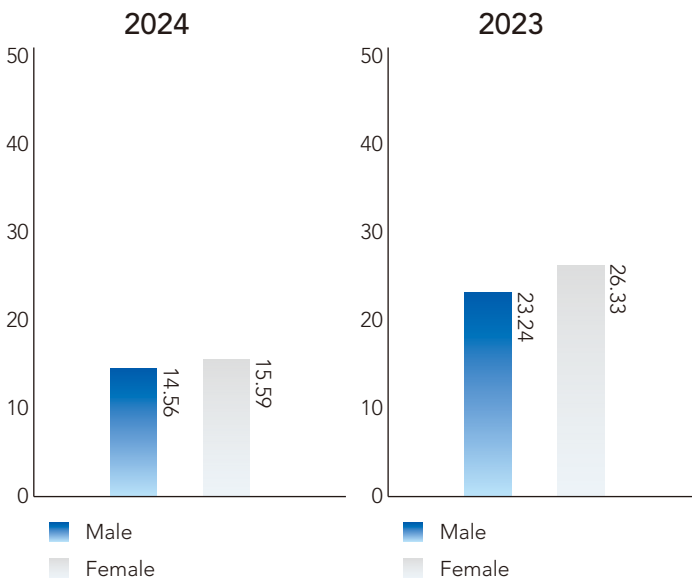
(III) SUPPORTING EMPLOYEE DEVELOPMENT

The Group attaches importance to employees' long-term career development, and strive to strengthen the development of management talents and professional teams. The Group offers dual promotion paths, namely "promotion for management functions" and "promotion for technical expertise" and implements a system that links remuneration and promotion to employees' working experience, capabilities and performance to stimulate their enthusiasm at work. During 2024, 100% of both male and female employees at all levels attended training.

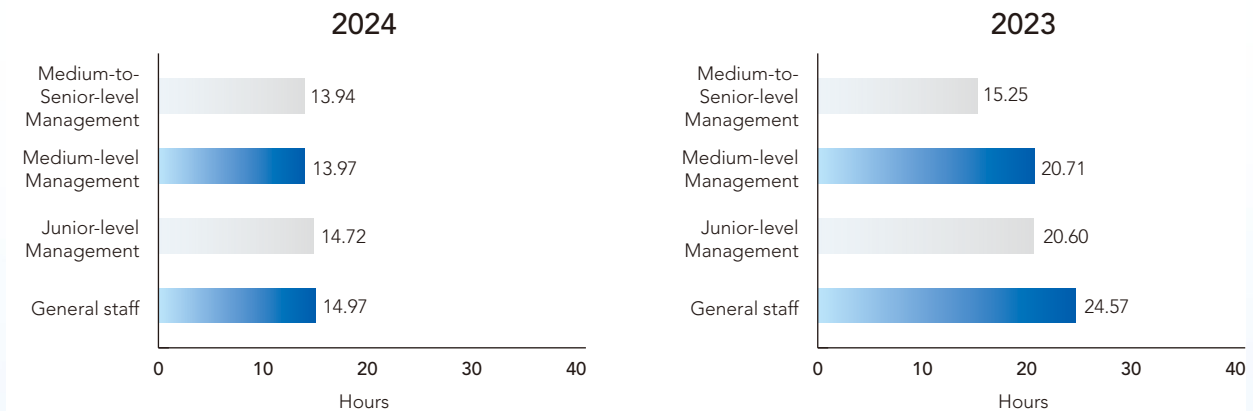
Average hours of training completed by each employee

Breakdown of employees

Gender



Position



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Faced with changes in both external and internal environment, the Company focuses on setting targets and reaching a consensus. It carried out an all-round publicity of the Group's annual strategies, objectives, policies, initiatives and business progress to build consensus among all officers and employees, so that all employees act in concert towards the same objective. The Group carried out a series of interviews covering its outstanding projects, benchmarking teams and elite employees and disseminated their excellent track records, behavioral characteristics and mindsets and concepts in the columns of the Group's internal magazine, which promoted the inheritance of the corporate spirit and culture and encouraged all employees to learn from role models. To promote the corporate spirit and culture, the Group published and issued the "Comba Time Machine – 20th Anniversary of Listing" newsletter and set up the "Comba Story" column to reflect our corporate culture. During the Corporate Culture Month, it organized the "One Comba Creativity Challenge" for employees to participate online and offline.

The Group is committed to providing its employees with opportunities for personal development and growth, including organizing internal and external training and development programs and regular performance evaluation of employees in all departments, hence providing relevant professional development opportunities for employees, at the same time encouraging self-initiated personal development by providing a diversified learning platform to keep abreast of the world's top and new professional techniques in communication and telecommunication services. Outstanding employees were promoted based on the regular performance evaluation, as such they could lead the Group to progress and develop together. In the past two years, the Group devoted continuous effort in carrying out specialized works to boost its project management capability. It organized special exchange studies, optimized the mechanism and enhanced its capabilities in various areas, including marketing, research and development, services and functional management.

The Group has always been focusing on the cultivation of talents. On such basis, the Group advocates the talent concept of "promote the outstanding among flourishing talents" and establishes an effective and systematic talent training system, which is designed to enhance its employees' quality, capability and skills. In view of the Group's demand for talents arising from its development goals, the Group ensures effective implementation of training from the five aspects of training regulation system, training program system, training instructor system, training material system and training operation system. The Group has been granted the qualification of independent recognition of national occupational skill with respect to telecommunication, and awarded "national" qualification certificates to over 1,000 individuals in total upon performance assessment.

1. Enhancing Orientation Training for New Employees

In order to help employees quickly integrate into the team and enhance the cohesion of the Group, the Group offers well-established orientation training programs to new employees, which cover training on occupational health and safety, corporate culture, rules and regulations, organization management, quality management, trade secrets and intellectual property rights, anti-fraud, process and IT know-how and the application of office software, information security, product and professional knowledge, job practice and other aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. Building a Stronger Talent Pool of Operation and Management Staff

The management serves as the core strength in the operation and management of a corporate. To cope with the ever-changing market environment and enhance our management and operations capability, the Group has formulated and released the Comba Telecom Leader Competency Model (《京信通信幹部勝任力模型》) and Comba Telecom Leader Management Manual (《京信幹部管理手冊》) to clarify the capability standards and management requirements of the management. The Group continuously nurtures management personnel and issued the Guidelines for Development and Management of Leadership Talent Team of Comba Telecom (《京信幹部人才梯隊建設管理》). It strengthens the leadership and management skills of its management team by optimizing the leader management mechanism, recommending high-quality strategies and management training courses and providing practical training. It also fosters a culture of continuous learning and focuses on cultivating the strategic, innovative and team skills of management, so as to ensure compliance with the position-specific requirements for Comba Telecom management and meet the demand for future development and challenges of the Group. Meanwhile, such training programs also boost management's self-management skills, promote their career development in a more systematic way and better motivate and retain high-calibre management talents.

3. Devoting Greater Efforts in Developing the Professional Competence of Employees

In order to enhance the expertise and skills of employees and to keep them abreast of the latest market changes and development trends, the Group provides technical, software, safety and compliance trainings in a timely manner. It has also provided external professional training for China Tower, which is a good opportunity for experience exchange of ideas, knowledges and information with external customers.

4. Establishing a Better Team of Internal Lecturers

The Group regularly organizes internal skill enhancement training and certification for lecturers in order to build a high-quality team of internal lecturers, improve their teaching skills, broaden their horizons and promote the accumulation and inheritance of its corporate culture. During 2024, there were 191 internal lecturers. In addition, the Group invites industry experts to provide its internal lecturers with full set guidance on curriculum development, teaching and presentation. Furthermore, the Group builds its branded lecturer team and delivers a series of excellent courses through after-class practices and getting certification and approval of internal lecturers.

5. Position-specific and Professional Knowledge Training and Competitions

In order to improve the competence of employees, the Company has continuously carried out position-specific and professional knowledge training and practices through a three-level training system and by ways of combining instructor coaching, internal training, training by external lecturers, external training and on-the-job practice. Extensive On the job Training (OJT) has been provided to better align the training with actual job needs. Various branches and subsidiaries have repeatedly held skills competitions to encourage employees to develop their personal professional ability based on the requirements of the Company and the position, laying the foundation for the Company's stable business operation and employees' career development.

6. Training on i-learning Online Platform

The Group upgraded a new learning platform, the “iLearning” platform, based on the SaaS-based, which substantially broadened the knowledge pool and enriched the learning experience of online learning. As at the end of December 2024, there are more than 2,000 online courses on the platform and over 2,800 employees have used this learning platform annually, with an average learning hours of approximately 15 hours. This online learning platform has opened up the training channels among departments and employees and ensured the consistency and efficiency of learning information and through which, the employees may always use their fragmented spare time to study in a systematic manner. Meanwhile, this platform also facilitates the development and improvement of the Group’s training system, thereby contributing to developing the Group into a learning-oriented organization.

(IV) SAFEGUARDING THE BENEFITS OF EMPLOYEES

To safeguard employees’ rights and benefits in compliance with applicable legal requirements, the Group strictly implements relevant national and local laws and regulations on labor and enhances its employment management. Various subsidiaries carry out stringent management on recruitment and employment matters in compliance with the requirements under the Labor Law of the PRC, the Labor Contract Law of the PRC and the relevant national laws and regulations, and uphold the principles of equality, voluntariness and consensus to guarantee staff’s rights and interests in conformity with legal provisions.

The Group has entered into labor contracts with employees in writing to safeguard their basic rights and ensure fulfillment of obligations by both parties. Detailed requirements in relation to termination of the labor contract by employees are also stipulated and executed in compliance with relevant laws and regulations.

The Group is committed to creating an equal working environment for employees and is strictly abided by the regulations on equal opportunities and anti-discrimination. It adhered to fair employment policies, such as gender equality and equal pay for equal work, and offered multiple and diverse recruitment channels. It also specifies the recruitment requirements and form of employment, at the same time strictly implementing the relevant requirements of Prohibition of Child Labor Provisions. In order to prohibit the use of child labor and forced labor in compliance with relevant laws, it conducts strict identification verification on the interviewee to make sure the age meets the minimum working age stipulated by the government. The Group treats employees equally and makes sure that they are free from discrimination in recruitment and real-life practice such as promotion, receiving awards, gaining training opportunities and dismissal due to reasons including race, skin color, age, gender, ethnicity and disability. Additionally, the Group also develops and maintains an effective grievance and complaint procedures to protect its employees’ human rights and labor interests. During 2024, there were no incidents of discrimination, use of child labor and employee abuse.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In accordance with applicable labor laws and regulations in relevant countries and areas, the Group offered its employees remuneration and paid leaves accordingly. Working hours as well as holidays and leaves are specified under the employment contract. The Group also paid its employees salary in full and contributed to social insurance. It provided paid holiday to its staff and protected their legal rights. In addition, it offered compensation for employees who are leaving according to national regulations and relevant internal regulations and requirements.

The Group respects and protects its employees' right of freedom, including freedom to be employed, freedom to resign, freedom to work overtime and freedom of action. The Group also respects and protects their rights to freedom of association and collective bargaining.

VI. OPERATION MANAGEMENT

(I) SUPPLY CHAIN MANAGEMENT

The Group carries out the Bidding Law of the People's Republic of China and other procurement related laws and regulations strictly. The Group has established supplier acceptance, performance appraisal and exit mechanisms, by which the regulated management of the key processes of supply chain such as the placing of purchase order, the entering into of contracts, product acceptance and the settlement is achieved.

Locations of suppliers	2024	2023	Comparison
First-tier cities in Chinese Mainland	305	326	↓ 6.44%
Other cities in Chinese Mainland	198	239	↓ 17.15%
Overseas (including Hong Kong and Macau)	327	413	↓ 20.82%
Total	830	978	↓ 15.13%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strengthening the regulated management

The Group puts emphasis on supply chain management and implements comprehensive certification of its newly introduced suppliers. It has formulated the Supplier Code of Conduct (《供應商行為準則》), Supplier Social Responsibility Control Procedures (《供應商社會責任控制程序》) and Procedures for Supplier Certification and Management (《供應商認證與管理的流程》) based on the international standards such as SA8000, ISO14001 and ISO45001, as well as social responsibility concepts such as new requirements for energy conservation and environmental protection. The Group has incorporated supplier CSR into the supplier certification, selection and management process, formulated corresponding systems and templates, and carried out CSR review and improvement for key suppliers.

In the course of vendor certification process, the comprehensive capabilities of suppliers are thoroughly certified through various dimensions, including supplier evaluations, system audits, and technical expertise. The Group regards sustainable development as one of the basic conditions and requirements in introducing suppliers, so as to assess suppliers' capability and level to comply with laws and regulations and sustainable development agreements. To ensure the bidding of our projects is lawfully processed, we strictly comply with the requirements of the national laws and regulations and consistently select the suppliers by way of open tendering. Suppliers are required to undertake that they carry out business in compliance with applicable laws and regulations and meet the requirements for sustainable development. The Group has entered into Corporate Social Responsibility Agreement (《企業社會責任協議》) with material suppliers to establish a code of conduct on integrity and law abiding, human rights, labor standards, health and safety, environment and prohibited business acts, which is a necessity to carry out supplier certification, audit and performance assessment, thereby allowing us to identify the relevant social risks along the supply chain. During the year, more than 500 suppliers have signed the agreement, covering 99% of our active supplier base.

Pursuing the fair, just and open principle, the Group has exercised standardized management on each procedure of procurement, while incorporating the social and environmental considerations into the whole process such as selection and engagement of suppliers, signing of contracts and assessment.

Conducting hierarchical management

The results of supplier performance assessment are utilized for supplier management to enhance the cooperation with suppliers and promote their sustained improvement. Suppliers are subject to annual comprehensive assessment based on various factors such as their business volume, daily assessment, quality performance, RoHS risk, environment and safety. Over 38 material suppliers have been selected for on-site system audit in 2024. Suppliers with excellent performance are entitled to increase purchase percentage on the same conditions and provided with priority of business cooperation. Suppliers with poorer grades in performance assessment are provided with respective training and coaching so as to drive suppliers to regard corporate social responsibility as a requirement of product and related production process, and integrate it into business decision making and daily operation, thus establishing effective management system.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Performing responsible purchase

The Group attaches great importance to the issue of conflict minerals and publicly states that it will not purchase or support the utilization of conflict minerals. All suppliers are required not to purchase conflict minerals and their sub-suppliers are also so required. The Group identifies the material lists and supplier lists relating to conflict minerals in accordance with OECD Guidelines for Due Diligence of Conflict Minerals (《OECD衝突礦物盡職調查指南》) and adopts conflict mineral questionnaire (CMRT Form) under Global Conflict Free Sourcing Initiative (全球無衝突採購倡議) (CFSI) to carry out due diligence and analysis on 98% of its suppliers.

The Group also attaches importance to environmental risks. For the acceptance of suppliers, the Group collects the RoHS testing qualified report from suppliers and formulates a period for the renewal of such report in order to carry out regular monitoring on suppliers' results of RoHS testing, thereby promoting the use of environmentally-friendly materials by suppliers. Over 186 renewed RoHS testing qualified report are collected during the year. Regarding social risks, the Group attaches significant importance to the enforcement of occupational and health regulations, and the protection of labor rights in our supply chain operation. We strive to prevent any harm to employees' health and to avoid incidents that may have adverse effects on our sustainable development.

During the year, the Group continued to optimize and reform its product packaging. The Group prioritized the adoption of environment-friendly technologies in the construction of new projects, during which an inspection report shall be submitted regarding the materials used so that all materials can meet the national requirements for environmental protection, the use of recyclable packaging material can be enhanced and all materials will not cause pollution to the surrounding environment when used.

Type of Packing material	Unit	Consumption in 2024	Consumption in 2023	Comparison
Paper boxes and paperboards	tonne	1,105	1,615	↓ 31.58%
Wooden boxes	tonne	450	602	↓ 25.25%
Packing accessories	tonne	295	341	↓ 13.49%
Straps	tonne	70	115	↓ 39.13%
Other packing materials	tonne	151	261	↓ 42.15%
Total packing materials	tonne	2,071	2,934	↓ 29.41%
Consumption of packing materials per ten thousand HK\$ sales revenue	tonne/ ten thousand HK\$	0.0046	0.0049	↓ 6.75%

1. Packing accessories include assembly materials, plastic bags, labels and packaging accessories (discs, manuals and certificates)
2. Packaging materials include straps and carton-sealing tapes
3. Packaging boxes include paper boxes and wooden boxes
4. Other packing materials include expandable polyethylene, stretch film and foam, etc.

(II) PRODUCT RESPONSIBILITY

By adhering to its corporate value and core culture, persistently seeking higher working quality and constantly promoting improvement and innovation, the Group is committed to building its brand reputation featured with “excellence” and “value-for-money”.

In terms of the construction of the quality management system, the Group has established the ISO9001 international quality management system and the TL9000 quality management system in telecommunication industry that have gained international accreditation, as well as an automatic product testing and reliability measurement system to secure its product quality and provide the customers with safe and reliable products and services. The specialty team of quality improvement solves key quality issues identified from its customers’ feedbacks and its production.

In terms of hazardous substance control, the Group has established the RoHS (Restriction of Hazardous Substances in electrical and electronic equipment) management system, a product control system for hazardous and toxic substances. Under the system, operational processes and regulations are developed for implementing RoHS management and control over the whole life cycle of products, including the process of product R&D and design, purchase and supplier management, incoming inspection, production and manufacturing procedure control, transportation and storage and product recall. All products produced by the Group have met the requirements under the Measures for Administration of the Pollution Control of Electronic Information Products (《電子信息產品污染控制管理辦法》) of the PRC, while all the products sold to the European Union have met the requirements under RoHS of the European Union.

(III) PROTECTION OF INTELLECTUAL PROPERTIES

The Group continued to step up its efforts in intellectual property management and protection. To optimize the intellectual property management system and regulate the utilization and protection of intellectual properties, it stipulated various institutional documents such as the Management Measures of Business Secrets (《商業秘密管理辦法》) and the Pilot Management Measures on Intellectual Properties for Exhibition (《展會知識產權管理辦法(試行)》) and revised the Management Measures on Intellectual Properties (《知識產權管理辦法》), the Management Measures on Patents (《專利管理辦法》) and the Incentive Measures on Intellectual Properties (《知識產權獎勵辦法》).

We designated specific personnel to conduct daily supervision and monitoring of the trademarks held by the Group, help identify risks and maintain the trademarks properly, and make claims against any infringement on the Group’s trademarks or names in a timely manner to protect the Group’s lawful rights by legal means. Since 2020, the Group has maintained China’s National IP overseas infringement liability insurance for five consecutive years, which safeguard the Group’s expansion in the overseas market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has applied for patents since 2002. As of the end of 2024, the Group has applied for over 5,900 patents in total in Chinese Mainland and overseas, including more than 4,000 applications for invention patents. The main trademark of the Group, “Comba”, has been granted approval for registration in 51 countries and regions across the world.

In 2024, the Group achieved remarkable success in the field of intellectual property. It received two Excellence Prizes at the 25th China Patent Award and won the Silver Award at the 2024 Guangdong-Hong Kong-Macao Greater Bay Area High-Value Patent Portfolio Layout Competition. In addition, the Comba trademark was once again included in the 2023 Guangdong Key Trademark Protection List. Comba RF Technology (Guangzhou) Limited was recognized as a Guangdong Province Intellectual Property Demonstration Enterprise. Comba Network Systems Company Limited, Comba Telecom Technology (Guangzhou) Limited and Comba RF Technology (Guangzhou) Limited successfully passed the recertification for the Enterprise Intellectual Property Compliance Management System Requirements (GB/T 29490-2023) in 2024. The achievements of the Group’s intellectual property efforts were fully recognized by external parties.

(IV) PRODUCT QUALITY

The Group regards product quality as its life. Hence, the Group has built up a robust quality control team to take charge of incoming inspection, production process and delivery inspection of products, so as to make sure all its outgoing products meet its customers’, corporate and national or international relevant standards and requirements. It has put in place all-process quality management and developed a complete quality system to ensure integration of various crucial requirements such as compliance, reliability, quality, internal control, network safety and privacy protection and information security into various business areas including marketing, R&D, delivery and services, supply chain, procurement and manufacturing. All domestic products of the Group have conformed with and passed the “3C” certifications, namely the National Safety Certification (國家安全認證) (CCEE), the Imported Products Safety and Quality Licensing System (進口安全質量許可制度) (CCIB) and the Electro Magnetic Compatibility Certification in China (中國電磁兼容認證) (EMC), while all its overseas products have conformed with and obtained the certification of American Underwriters Laboratories (美國保險商試驗所) (UL).

The Group’s products have undergone strict reliability tests in terms of environmental stress testing on high and low temperature, water spilling and electro-magnetic compatibility and the staff performing such tests have undergone strict professional quality training and obtained relevant certificates. The Group carried out sample testing regarding the manufacturing process of products and products ready for final shipment underwent 100% testing and will only be shipped when the requirements are met. Neither sold or shipped products of the Company has been recalled for safety and health reasons. In 2024, we received 34 complaints regarding our products and services. The company established product recall procedures and set up multiple online and offline channels for gathering customers’ feedback of returned and repaired products, categorizing the recalled products, as well as identifying solutions and improvements so to ensure the maintenance and replacement of recalled products comply with local laws and regulations during implementation process. The Company will conduct investigation and report all recall reasons in order to reduce the likelihood of future recalls. We identified solutions and made improvement in accordance with the 8D reporting management principle.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to ensuring the security of product throughout its whole life cycle. Upholding the principle of life cycle analysis, the Group strives to make sure that every stage in life cycle is taken into consideration, which includes manufacturing, transportation, installation, utilization, after-sale service and recovery. For the domestic market, the Group develops free or compensated recovery mechanism in every province nationwide. For the international market, the Group enters into cooperation with local enterprises qualified for recovery processing and entrusts them with the recovery processing of its products.

During the reporting period, the Group has complied with relevant laws and regulations that have a significant impact on the Group relating to product responsibility.

(V) INFORMATION SECURITY

The Group upholds its responsibilities to protect customers' privacy and the security of their personal information. The Group strictly implements the information security and confidentiality policy, and formulates and implements confidentiality management policies for strict protection of the Company's and customers' confidential information. Through various systems such as VI Standards on Management and Utilization (《VI 管理及使用規範》) and Management Measures on External News and Publicity of the Group (《集團對外新聞宣傳管理辦法》), the Group has strengthened its management of corporate brand image and sensitive information so as to ensure all the business activities of its employees are in compliance with the laws and relevant contracts. In order to effectively ensure the security of the Company's information system and improve the ability of the information system to serve the Company's production and operation, the Group has formulated and continuously revised and improved the Information Security Management System (《信息安全管理制度》) and Information Security System (《信息安全體系》). The Group actively conducts hidden threat clearance and rectification work regarding cybersecurity loopholes of the network and systems, continuously enhances the management of cybersecurity and information security, optimizes practices and procedures for handling online information security and improves the capability of handling risks regarding online information security. For self-developed systems, we prevent external malicious attacks against our businesses through perceptual analysis, optimise external network mapping and business systems, and reduce the risk of external attacks. In respect of data security, we adhere to the overall working philosophy of "management-based and supported by technology; give due regards to both security and efficiency, and maintain appropriate management and control over information security" and follow up the management progress, thereby realizing our strategy for information security of "protection against external attacks and internal information leakage".

Information security is comprehensively managed from six aspects: IT infrastructure protection, computer terminal management, application system management, data management, network management, data backup and emergency disaster recovery system to ensure information security and prevent data breach. Meanwhile, the Group also organizes relevant training to effectively raise the staff awareness of privacy and data protection. The Group strictly performs relevant non-disclosure terms in accordance with the requirements set out in the contracts entered into with the customers to prevent misuse of customers' information without permission. It also enters into non-disclosure agreements with employees based on actual needs, so as to minimize the risks relating to leakage of private information and business information.

VII. ANTI-CORRUPTION

In compliance with the requirements of national laws and regulations and the Group's relevant systems, the Group establishes and improves its internal audit rules and regulations and the internal control system with the aim of strengthening internal supervision, risk management and anti-corruption management. It adopts a zero-tolerance attitude towards corrupt practices and insists on operating in a lawful and compliant manner. The Group also encourages its associated third parties (such as suppliers) to comply with the relevant policies and principles. During the reporting period, the Group did not have any concluded corruption litigation against the company or its employees.

The Group strictly complies with the relevant policies and regulations on the prevention of bribery, extortion, fraud and money laundering in the locations where it operates. It strictly abides by the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Provisional Provisions on the Prohibition of Acts of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other relevant laws and regulations, so as to improve the internal control and management system and strengthen the anti-fraud supervision on an ongoing basis. It conducts training on fraud risks and anti-fraud procedures to promote the development of a corruption-free culture and create a fair and just business environment. In order to effectively prevent fraud and corruption, the Group has developed a series of anti-fraud and anti-corruption systems focusing on the development of a sound corporate culture of fighting corruption, comprising (among others) the Code of Conduct for Managers (《集團經理人行為準則及管理守則》), Accountability System of Marketing Platform Operation (《市場營銷平台經營問責制》), Purchasing Accountability policy (《採購問責制度》), Regulations on Integrity of Purchasing Staff (《採購業務人員廉潔從業規定》), Accountability and Incident Management System in relation to Key Responsibility (《關鍵責任事件問責管理制度》), Anti-corruption Policy (《反舞弊制度》) and Standards of Commercial Conduct (《商業行為準則》). As a complementary measure, the Group has also implemented various operation procedures, including the Management Regulations for Anti-Fraud and Anti-Corruption policy (《反舞弊反腐敗管理規範》), Compliance Management Regulations (《合規管理規範》) and Management Regulations for the Integrity of Staff in Sensitive Positions (《敏感崗位從業人員廉潔管理規定》). The Group clearly demonstrates a zero-tolerance attitude towards corruption in behavior or finance, and encourages all employees to participate in supervision by giving feedbacks and reporting any internal operational defects or irregularities of the Group through multiple channels including the whistle-blowing hotline and mailbox, thus curbing any forms of illegal operation activities such as bribery, fraud and corruption and fostering its corporate culture of integrity and compliant operation. The Group addresses the identified issues in a timely manner in accordance with the laws and regulations to ensure the implementation of the relevant systems.

In 2024, the Group's Audit Department launched the annual integrity promotion campaign for employees and suppliers. It sent the "Supplier Integrity Questionnaire" to 286 supplier partners and received responses from a total of 250 suppliers, representing a response rate of 87%. It also sent the "Annual Employee Integrity Questionnaire" to 1,830 employees and received responses from a total of 1,760 employees, representing a response rate of 96%.

In terms of the promotion of the integrity culture, new employees are required to receive orientation training in relation to the anti-fraud and anti-corruption culture. The Group also organizes publicity of its anti-corruption culture in daily operation through various ways including offline special training, Comba Colorful Classes, Comba Lessons (京日說法) and E-Learning online learning platform. Besides, the Group has organized special training on integrity and anti-corruption for specific personnel, including marketing staff and procurement staff. In respect of audit, the Group puts emphasis on the issues such as business ethics and anti-corruption. It carries out internal control audit and risk assessment regularly to ensure its business integrity and compliant operations in all aspects.

VIII. COMMUNITY AND PUBLIC WELFARE

In 2024, the Group actively put efforts in employee care by conducting compassionate visits and hospitalized employees to reflect the corporate humanistic care and enhance employees' sense of belonging. It organized flower distribution activities on Women's Day, and distributed festive care packages during festivals to send season's greetings and care to employees. It assisted 52 employees in applying for inpatient care and academic qualification upgrade subsidies of the higher-level trade unions. Besides, it analyzed, coordinated and solved the school admission problems for children of 29 employees. Seminars were organized for female employees to analyze and solve their problems by attentively listening to what the employees think and how they feel. Social and dating activities were organized for single workers in Guangzhou in pursuit of compatible partners to expand networking opportunities for single employees and enhance their sense of well-being.

The Group organized and participated in various cultural and sports activities on a continuous basis in 2024. These activities mainly included the opening ceremony of the Group's Sports Day and walking events, matches such as badminton, basketball and table tennis, hosting the Best-Voice Singers' Competition, chess match and Guandan card game (a Chinese trick-taking card game) of the Group. It regularly carried out the exchange events of the associations of badminton, yoga, dance and swimming respectively to enhance team cohesion, promote exchanges and cooperation among divisions, and promote physical fitness and enrich leisure life of employees.

In the steady pursuit of the healthy and rapid growth of business, the Group is devoted to supporting social charity and proactively fulfills its social responsibilities and obligations. In 2024, a total of HK\$1.137 million was donated in the areas of social charity, poverty alleviation and relief and public welfare activities.

On Behalf of the Board of
Comba Telecom Systems Holdings Limited

Fok Tung Ling
Chairman
Hong Kong
27 March 2025

REPORT OF THE DIRECTORS

The board (the “Board”) of directors (the “Director(s)”) of Comba Telecom Systems Holdings Limited (the “Company”) present their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024 (the “Current Year”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the Company’s principal subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the Current Year.

BUSINESS REVIEW

Business review of the Group for the Current Year and discussion on the Group’s future business development and the principal risks and uncertainties facing the Group are set out in the Management Discussion and Analysis on pages 11 to 22 of this annual report. An analysis of the Group’s performance during the Current Year using financial key performance indicators is set out in the 5 Year Financial Summary on page 194 of this annual report.

The Group is committed to supporting sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measures to achieve efficient use of resources, energy saving and waste reduction. A further discussion of the Group’s environmental policies and performance is included in the Environmental, Social and Governance Report as contained in this annual report.

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group. The Company is subject to, among others, the Rules Governing the Listing of Securities (the “Hong Kong Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Codes on Takeovers and Mergers and Share Buy-backs, the Cayman Islands Companies Act, the Hong Kong Companies Ordinance, the Securities and Futures Ordinance (the “SFO”), and rules under Singapore Exchange Securities Trading Limited. The Environmental, Social and Governance Report as contained in this annual report also contains brief description of relevant laws and regulations that have significant impact on the operations of the Group.

The Group is committed to establishing a close and caring relationship with our employees, providing quality services to our customers and enhancing cooperation with our business partners.

OPERATING SEGMENT INFORMATION

An analysis of the Group’s revenue for the Current Year by the business and location of customers is set out in note 4 to the consolidated financial statements.

RESULTS

The Group’s results for the year ended 31 December 2024 and the state of affairs of the Group as at 31 December 2024 are set out in the consolidated financial statements on pages 85 to 193 of this annual report.

DIVIDENDS

In view of the Group's operating results for the Current Year and taking into consideration of its long-term future development, the Board does not recommend to declare and pay a final dividend (2023: Nil) in respect of the Current Year.

A dividend policy (the "Dividend Policy") was adopted by the Board on 31 December 2018. Pursuant to the Dividend Policy, the Company may consider to declare and pay dividends to the shareholders of the Company, provided that the Company is profitable and without affecting the normal operations of the Group. When deciding whether to propose a dividend and determining the dividend amount, the Board shall take into account, amongst other things, the financial performance and condition, liquidity position, working capital requirements and future expansion plans of the Group, and any other factors which the Board deems relevant. The payment of dividend is also subject to any requirements of the Cayman Islands Companies Act and the Memorandum and Articles of Association of the Company.

The Board will continue to review the Dividend Policy from time to time. There is no assurance that dividends will be paid in any particular amount for any given period.

5 YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 194 of this annual report. This summary does not form part of the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the Current Year amounted to HK\$1,137,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association (the "Articles") of the Company or the Cayman Islands Companies Act, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the Cayman Islands Companies Act, amounted to HK\$380,474,000. In addition, the Company's share premium account in the amount of HK\$1,467,931,000 may be distributed, provided that immediately following the date on which the distribution or dividends proposed to be paid, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

REPORT OF THE DIRECTORS

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

During the Current Year, the Company repurchased a total of 3,140,000 shares of the Company on the Hong Kong Stock Exchange for an aggregate amount of approximately HK\$1,771,000. All of the repurchased shares of the Company were cancelled during the Current Year. Accordingly, as at 31 December 2024, the total number of issued shares of the Company was 2,762,625,168. Details of the share repurchases during the Current Year are as follows:

Month	Number of shares repurchased	Purchase price per share		Aggregate Amount paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2024	1,300,000	0.53	0.51	680
May 2024	308,000	0.63	0.62	195
June 2024	1,532,000	0.60	0.55	896
Total	3,140,000			1,771

The Board is committed to optimizing the Company's capital structure. The Board considered that the trading price of the shares of the Company during the Current Year did not reflect the Company's performance, asset value and business prospects and that the repurchase of the shares could enhance earnings per share of the Company and overall return to the shareholders of the Company as well as reflect the confidence of the Board and the management team in the long-term strategy and growth of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities and/or sold any treasury shares during the Current Year. As at 31 December 2024, the Company did not hold any treasury shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Current Year, sales to the Group's five largest customers accounted for approximately 48.7% of the total sales for the year and sales to the largest customer included therein accounted for approximately 16.5% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases during the Current Year.

As at 31 December 2024, none of the Directors or any of their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares (excluding treasury shares)) had any beneficial interests in the Group's five largest customers.

DIRECTORS

The Directors during the Current Year and up to the date of this annual report were as follows:

EXECUTIVE DIRECTORS

Mr. Fok Tung Ling ("Mr. Fok") (*Chairman*)

Mr. Zhang Yue Jun (*Vice Chairman*)

Ms. Huo Xinru ("Ms. Huo") (*President*)

(appointed as President with effect from 18 November 2024)

Mr. Chang Fei Fu

Mr. Xu Huijun ("Mr. Xu") (*President*)

(resigned with effect from 18 November 2024)

NON-EXECUTIVE DIRECTOR

Mr. Wu Tielong ("Mr. Wu")

(resigned with effect from 22 March 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Yi Kum

Ms. Wong Lok Lam ("Ms. Wong")

Mr. Chong Chee Keong, Chris

In accordance with articles 87(1) and 87(2) of the Articles, Mr. Fok, Mr. Zhang Yue Jun and Ms. Wong will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM") of the Company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 23 to 27 of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION POLICIES

Details of the remuneration policies are set out in the section "EMPLOYEES AND REMUNERATION POLICIES" on page 22 of this annual report.

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses as a result of any act or failure to act in carrying out his/her functions but such indemnity does not extend to any matter in respect of any fraud or dishonesty which may attach to any of them.

A permitted indemnity provision for the benefit of the Directors is currently in force throughout the Current Year. The Company has maintained Directors' liability insurance which provides appropriate cover for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for XHT No.2 Partnership (as defined below) in which Ms. Huo, Mr. Chang Fei Fu and Mr. Xu have interests and XHT No.3 Partnership (as defined below) in which Mr. Wu has interests (as disclosed in the section "CONNECTED TRANSACTIONS" below), no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, was a party, and in which a Director or his/her connected entities (as defined in section 486 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) had a material interest, whether directly or indirectly, subsisted at the end of the Current Year or at any time during the Current Year.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of the business of the Group were entered into or subsisted during the Current Year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Hong Kong Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Directors	Notes	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital (Approximately)
		Directly beneficially owned	Through controlled corporation	Total	
Mr. Fok	(a)	16,302,339	678,115,129	694,417,468	25.13
Mr. Zhang Yue Jun	(b)	–	228,225,410	228,225,410	8.26

Long positions in shares underlying share options of the Company:

Name of Directors	Number of share options directly beneficially owned
Ms. Huo	2,000,000
Mr. Chang Fei Fu	2,000,000

REPORT OF THE DIRECTORS

Notes:

- (a) These 678,115,129 shares are beneficially owned by Prime Choice Investments Limited, which is wholly owned by Mr. Fok. As such, Mr. Fok is deemed or taken to be interested in the 678,115,129 shares owned by Prime Choice Investments Limited under the SFO.
- (b) These 228,225,410 shares are beneficially owned by Wise Logic Investments Limited, which is wholly owned by Mr. Zhang Yue Jun. As such, Mr. Zhang Yue Jun is deemed or taken to be interested in the 228,225,410 shares owned by Wise Logic Investments Limited under the SFO.

Save as aforesaid, as at 31 December 2024, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company are taken or deemed to have under the provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Save as aforesaid and save for Ms. Huo, Mr. Chang Fei Fu and Mr. Xu beneficially holding approximately 10.90%, 10.90% and 32.12% equity interest respectively in Xin Han Tong No.2 Enterprise Management (Zhuhai) Partnership (Limited Partnership)[#] (鑫瀚通二號企業管理(珠海)合夥企業(有限合夥)) (“XHT No.2 Partnership”), and Mr. Wu beneficially holding approximately 17.68% equity interest in Xin Han Tong No.3 Enterprise Management (Zhuhai) Partnership (Limited Partnership)[#] (鑫瀚通三號企業管理(珠海)合夥企業(有限合夥)) (“XHT No.3 Partnership”), both of which are subsidiaries of the Company, at no time during the Current Year, the Directors or chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any of such rights, required to be disclosed under the SFO.

SHARE CAPITAL, SHARE OPTIONS AND AWARDED SHARES

Details of movements in the Company's share capital, share options and awarded shares during the Current Year are set out in notes 29 and 30 to the consolidated financial statements.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

Details of the share option schemes and share award scheme of the Company (including any issuance of shares of the Company pursuant to these schemes) are set out in note 30 to the consolidated financial statements. Save for grants underlying these schemes, no equity-linked agreement was entered into by the Company subsisted at the end of the Current Year or any time during the Current Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “SHARE OPTION SCHEMES AND SHARE AWARD SCHEME” above and in the share option schemes and share award scheme in note 30 to the consolidated financial statements, at no time during the Current Year was the Company, any of its subsidiaries, the Company's holding company or any of the holding company's subsidiaries a party to any arrangement to enable the Director to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Current Year, none of the Directors have any interest in business which competes or may compete, directly or indirectly, with the business of the Group, or have or may have any other conflicts of interest with the Group.

PENSION SCHEMES

Details of the pension schemes of the Group are set out in notes 2.5 and 6 to the consolidated financial statements, respectively under “OTHER EMPLOYEE BENEFITS” on page 127 and “Employee benefit expense” on page 138 of this annual report, respectively.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following substantial shareholders of the Company (other than a Director or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO or otherwise notified to the Company and/or the Hong Kong Stock Exchange as follows:

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company’s issued share capital (Approximately)
Prime Choice Investments Limited		Beneficial owner	678,115,129	24.54
Madam Chen Jing Na	(a)	Interest of spouse	694,417,468	25.13
Wise Logic Investments Limited		Beneficial owner	228,225,410	8.26
Madam Cai Hui Ni	(b)	Interest of spouse	228,225,410	8.26

Notes:

- (a) Madam Chen Jing Na is the spouse of Mr. Fok and is deemed to be interested in the 694,417,468 shares in which Mr. Fok is interested or deemed to be interested under the SFO, including the 678,115,129 shares beneficially owned by Prime Choice Investments Limited.
- (b) Madam Cai Hui Ni is the spouse of Mr. Zhang Yue Jun and is deemed to be interested in the 228,225,410 shares in which Mr. Zhang Yue Jun is interested or deemed to be interested under the SFO, including the 228,225,410 shares beneficially owned by Wise Logic Investments Limited.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors or chief executive of the Company, whose interests are set out in the section headed “DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register maintained pursuant to Section 336 of the SFO or otherwise notified to the Company and/or the Hong Kong Stock Exchange.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into during the Current Year are set out in note 35 to the consolidated financial statements. These related party transactions in respect of compensation of key management personnel of the Group constituted connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules but are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules during the Current Year.

CONNECTED TRANSACTIONS

On 29 May 2020, the Company adopted a share incentive scheme (the "Scheme") and established a total of 11 partnerships (the "Partnerships") to subscribe for the shares in Comba Network Systems Company Limited (京信網絡系統股份有限公司) ("Comba Network", an indirect non wholly-owned subsidiary of the Company, together with its subsidiaries, the "Comba Network Group") according to the Scheme as a recognition of the contributions by the selected participants (the "Selected Participants") to the Group (in particular, those of the Comba Network Group).

Pursuant to the Scheme,

- (1) the Company previously awarded shares in Comba Network as the incentive shares (the "Incentive Shares") to Selected Participants; and

- (2) Comba Business Consulting (Guangzhou) Limited[#] (京信企業諮詢(廣州)有限公司), an indirect wholly-owned subsidiary of the Company, as general partner, together with the relevant Selected Participants as limited partners, established a total of 11 Partnerships, including but not limited to XHT No. 2 Partnership and XHT No. 3 Partnership (both subsidiaries of the Company, the "Connected Partnership(s)", in the People's Republic of China (the "PRC").

In light of the termination of the proposed spin-off of Comba Network by the Company and the proposed listing of the A-Shares in Comba Network on the Science and Technology Innovation Board of the Shanghai Stock Exchange in the PRC, Comba Telecom Technology (Guangzhou) Limited[#] (京信通信技術(廣州)有限公司), an indirect wholly-owned subsidiary of the Company, entered into agreements with each of the limited partners of the Partnerships for the buyback (the "Buyback(s)") of the Incentive Shares.

On 18 October 2024, Ms. Huo, Mr. Chang Fei Fu, Mr. Xu and Mr. Wu, the Directors and former Director, together held more than 10% of the partnership interest in each Connected Partnership. Therefore, each Connected Partnership is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules and hence a connected person of the Company. Given that the highest applicable percentage ratio in relation to the transactions with the Connected Partnership pursuant to the Buybacks is more than 0.1% but all the applicable percentage ratios are less than 5%, the Buybacks from Connected Partnerships are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. The Buybacks of Incentive Shares from the Connected Partnerships would constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that it has complied with the disclosure requirement in accordance with Chapter 14A of the Hong Kong Listing Rules.

REPORT OF THE DIRECTORS

The respective limited partnership interests held by Ms. Huo, Mr. Chang Fei Fu, Mr. Xu and Mr. Wu, the Directors and the former Directors, in the respective Partnerships and their respective consideration of the Buyback were set out below:

Name	Partnerships	Capital Contribution previously made RMB	Consideration for Buyback RMB	Percentage as to respective Partnerships (Approximately)
Ms. Huo	XHT No. 2 Partnership	2,600,000	2,847,000	10.90%
Mr. Chang Fei Fu	XHT No. 2 Partnership	2,600,000	2,847,000	10.90%
Mr. Xu (resigned with effect from 18 November 2024)	XHT No. 2 Partnership	7,660,000	8,299,474	32.12%
Mr. Wu (resigned with effect from 22 March 2024)	XHT No. 3 Partnership	3,400,000	3,787,322	17.68%

In particular, the total consideration for the Buybacks amounted to approximately RMB142,000,000, which was arrived with reference to (i) principal amount (i.e. capital contribution in cash) originally paid by the limited partners; and (ii) a return calculated in accordance with the respective limited partnership agreements. For further details, please refer to the announcement of the Company dated 18 October 2024.

Save as disclosed above, the Company has not conducted any other connected transactions during the Current Year.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of more than 25% of the Company's total issued shares (excluding treasury shares) as required under the Hong Kong Listing Rules as at 31 December 2024 and the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

On 17 February 2025, the Company entered into two subscription agreements in relation to subscription of new shares of the Company under general mandate. In particular, the Company entered into (a) a subscription agreement with Ocean Link Investment Limited ("Ocean Link"), pursuant to which Ocean Link conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue an aggregate of 310,407,322 new shares of the Company at the subscription price of HK\$1.09 per share of the Company; and (b) a subscription agreement with Intel Capital Corporation ("Intel"), pursuant to which Intel conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 31,040,732 new shares of the Company at the subscription price of HK\$1.09 per share of the Company (collectively, the "Subscriptions"). The Company considers that the Subscriptions represents a good opportunity to strengthen the Group's financial position and provide additional working capital to the Group whilst enlarging the shareholder base and the capital base of the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Ocean Link and Intel and their respective ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons (as defined under the Hong Kong Listing Rules).

The completion of the Subscriptions are conditional upon (a) the listing committee of the Hong Kong Stock Exchange having granted the listing of and permission to deal in the shares of the Company (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificates); (b) all representation, warranties or undertakings made by the Company under the subscription agreements remain to be true, accurate, complete and not misleading in all material respects from the date of the agreement till the completion; (c) there are no suspension or limitation of trading in any of the Company's securities by the Hong Kong Stock Exchange and/or Singapore Exchange Securities Trading Limited (save and except for any trading halt in relation to the Subscriptions); (d) there are no material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, in the earnings, assets, business, operations or prospects of the Company, or the Group as a whole; and (e) all representations, warranties or undertakings made by the Ocean Link and Intel under the respective subscription agreements remain to be true, accurate, complete and not misleading in all material respects from the date of the subscription agreement till the date of completion.

The aggregate gross proceeds from the Subscriptions were approximately HK\$372,178,000, and the aggregate net proceeds from the Subscriptions (after deducting all applicable costs and expenses) were approximately HK\$371,991,000. The net issue price of each share of the Company was approximately HK\$1.0895. The proceeds from Subscriptions are intended to be used as the general working capital of the Group.

On 20 March 2025, the Subscriptions were completed respectively, and 310,407,322 new shares of the Company of a nominal value of HK\$0.1 each were allotted to Ocean Link and 31,040,732 new shares of the Company of a nominal value of HK\$0.1 each were allotted to Intel, both at the subscription price of HK\$1.09 per share of the Company.

For details, please refer to the announcements of the Company dated 17 February 2025, 7 March 2025 and 20 March 2025.

Details of the significant events after the reporting period of the Group are also set out in note 39 to the consolidated financial statements.

AUDITOR

Ernst & Young will retire at the forthcoming AGM and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming AGM.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group believes that employees are the primary force in driving its business growth and considers them to be the most valuable assets of a company and strives to help its employees achieve their full potential both personally and professionally. We promote team spirit and offer various training programmes to help improve the competency, work skills, expertise and performance of employees. The training programmes also help employees raise awareness on environmental issues and workplace discrimination to improve their understanding of the strategies and policies of the Group.

Besides, the Group understands that it is important to maintain good relationships with the stakeholders, including business partners, suppliers, customers, shareholders, investors and bankers to achieve its long term business growth and development. With an aim to enhancing the competitiveness, it endeavours to provide consistently high quality and large range of products to its customers; and to build up and maintain a trustworthy and long-term relationship with its suppliers.

ON BEHALF OF THE BOARD OF
COMBA TELECOM SYSTEMS HOLDINGS LIMITED

Fok Tung Ling

Chairman

Hong Kong

27 March 2025

for identification purpose

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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To the shareholders of Comba Telecom Systems Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Comba Telecom Systems Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 85 to 193, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

Inventory provision

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. Since the technology develops rapidly in the telecommunications industry, the Group's inventories are subject to significant risk of obsolescence and significant management's judgements and estimates were involved in determining the provisions against obsolete and slow-moving inventories. We focused on this area because balances of inventories were significant to the Group (13% of total assets) and inventory provision was made based on subjective estimates and was influenced by assumptions concerning future consumption.

The Group's disclosures about accounting judgements and estimates relating to and the recognition of inventory provision are included in notes 3 "Significant accounting judgements and estimates" and note 6 "Profit before tax" to the consolidated financial statements.

Impairment of trade receivables

Trade receivables comprised 34% of total assets in the consolidated statement of financial position at 31 December 2024.

The Group applied a forward-looking expected credit loss model on impairment of trade receivables. This involved judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.

Due to the significance of trade receivables and the related estimation uncertainty, this is considered a key audit matter.

Details of the impairment of trade receivables are disclosed in notes 3 "Significant accounting judgements and estimates" and note 21 "Trade receivables" to the consolidated financial statements.

How our audit addressed the key audit matter

We evaluated the sales forecasts prepared by management for the purpose of identifying slow-moving and obsolete inventories by checking, on a sample basis, the sales orders and agreements, and assessing the estimated sales by taking into account the accuracy of previous estimations, the historical evidence supporting underlying assumptions and current market conditions. We also tested, on a sample basis, the accuracy of the inventories ageing report. For the net realisable value of obsolete and slow-moving inventories identified, we checked a sample of recent sales invoices for the value.

We evaluated management's assessment on impairment of trade receivables by checking, on a sample basis, the ageing analysis and settlements made subsequent to the year-end date. For long-aged receivables, we have assessed the Group's provision by considering historical payment patterns, available information concerning the creditworthiness of the customers and any correspondence with customers on expected settlement dates which we sample tested the settlements for proper execution of such repayment schedules. For balances where a provision for impairment was recognized, we understood the rationale behind management's judgement, considering historical patterns of trading and settlement, current economic conditions and forward-looking information as well as recent communications with the counterparties.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Impairment of goodwill and intangible assets

As at 31 December 2024, the Group recorded goodwill and operating license in intangible assets of HK\$68 million and HK\$248 million, respectively, as a result of previous acquisitions. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company performs its annual impairment test on each cash-generating unit to assess whether the goodwill might be impaired as at 31 December. In addition, each year, the Company assesses whether a change in useful life is applicable and/or whether there are any indications of impairment for intangible assets. The test and assessment are largely based on management's expectations and estimates of future results of the (group of) cash-generating units which include the entities acquired in the past. During the year ended 31 December 2024, one of the foreign operations (Lao P.D.R.) had been identified as hyperinflationary. As substantial amount of the goodwill and intangibles arose from the acquisitions of this foreign operation, when performing the impairment assessment, management has also taken into consideration the requirement as set out in the relevant standards, that these assets were reduced to the respective recoverable amount.

The accounting policies, significant accounting judgements and estimates and disclosures for goodwill are included in notes 2.5 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 14 "Goodwill" to the consolidated financial statements.

How our audit addressed the key audit matter

We examined the forecasted cash flows of the respective cash-generating units which underpinned management's impairment review. We tested the basis of preparing those forecasts taking into account the historical data supporting underlying assumptions. Future cash flow assumptions were examined through comparison with current business performance, seeking corroborative evidence and enquiry with management in respect of key growth and business assumptions. The key assumptions such as the discount rate and terminal growth rate were tested with appropriate inputs from our internal valuation experts. With respect to the goodwill and intangible assets arising from the foreign operations in hyperinflationary economy, we have tested the recoverable amounts and compared to the amounts of respective goodwill and intangibles. We also focused on the adequacy of the Group's disclosures of goodwill.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is TJEN, Michael.

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	4,528,263	5,981,974
Cost of sales		(3,357,147)	(4,319,287)
Gross profit		1,171,116	1,662,687
Other income and gains	5	129,351	174,120
Research and development expenses	6	(409,436)	(446,059)
Selling and distribution expenses		(554,012)	(583,638)
Administrative expenses		(471,540)	(491,308)
Impairment losses on financial and contract assets		(90,521)	(79,329)
Other expenses		(284,205)	(127,901)
Finance costs	7	(31,264)	(54,534)
Share of profits of a joint venture		1,793	626
(LOSS)/PROFIT BEFORE TAX	6	(538,718)	54,664
Income tax expense	9	(14,856)	(39,051)
(LOSS)/PROFIT FOR THE YEAR		(553,574)	15,613
Attributable to:			
Owners of the parent		(564,191)	6,696
Non-controlling interests		10,617	8,917
		(553,574)	15,613
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		HK(20.41) cents	HK0.24 cents
Diluted		HK(20.41) cents	HK0.24 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000 (Restated)
(LOSS)/PROFIT FOR THE YEAR	(553,574)	15,613
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(187,862)	(158,943)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(187,862)	(158,943)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value, net of tax	429	22,928
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	429	22,928
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(187,433)	(136,015)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(741,007)	(120,402)
Attributable to:		
Owners of the parent	(805,046)	(93,882)
Non-controlling interests	64,039	(26,520)
	(741,007)	(120,402)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000 (Restated)	1 January 2023 HK\$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	12	931,174	1,078,318	1,188,351
Right-of-use assets	13(a)	164,829	186,879	191,400
Goodwill	14	68,193	105,528	131,343
Deferred tax assets	15	40,086	43,034	59,584
Intangible assets	16	554,299	471,823	517,399
Investment in a joint venture	17	2,751	1,169	6,390
Equity investments designated at fair value through other comprehensive income	18	101,725	104,524	76,314
Equity investments designated at fair value through profit or loss	18	75,228	84,117	89,871
Restricted bank deposits	23	16,401	23,340	27,078
Time deposits	23	–	109,951	350,861
Total non-current assets		1,954,686	2,208,683	2,638,591
CURRENT ASSETS				
Inventories	20	934,874	1,323,827	1,447,911
Trade receivables	21	2,550,801	3,504,455	3,862,632
Notes receivable	22	143,731	96,225	112,574
Prepayments, other receivables and other assets	19	285,988	388,317	430,572
Financial assets at fair value through profit or loss	18	–	1,965	17,500
Restricted bank deposits	23	46,263	129,241	101,056
Time deposits	23	106,855	198,341	113,181
Cash and cash equivalents	23	1,416,410	1,188,457	1,531,669
Total current assets		5,484,922	6,830,828	7,617,095
CURRENT LIABILITIES				
Trade and bills payables	24	2,714,337	3,634,150	4,051,703
Other payables and accruals	25	666,588	541,454	571,506
Interest-bearing bank borrowings	26	417,602	707,980	751,993
Tax payable		79,494	78,258	71,407
Provision for product warranties	27	56,978	59,050	70,284
Redeemable preferred shares in a subsidiary	28	173,479	246,117	–
Total current liabilities		4,108,478	5,267,009	5,516,893
NET CURRENT ASSETS		1,376,444	1,563,819	2,100,202
TOTAL ASSETS LESS CURRENT LIABILITIES		3,331,130	3,772,502	4,738,793

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000 (Restated)	1 January 2023 HK\$'000 (Restated)
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	26	423,568	87,961	590,000
Lease liabilities	13(b)	39,373	42,590	47,205
Deferred government grants		18,445	20,113	15,856
Deferred tax liabilities	15	136,390	106,749	117,630
Redeemable preferred shares in a subsidiary		–	–	274,028
Total non-current liabilities		617,776	257,413	1,044,719
Net assets		2,713,354	3,515,089	3,694,074
EQUITY				
Equity attributable to owners of the parent				
Issued capital	29	276,263	276,576	278,020
Shares held for share award scheme	29	(22,818)	(22,818)	(22,818)
Reserves	31	2,398,934	3,106,605	3,280,470
		2,652,379	3,360,363	3,535,672
Non-controlling interests		60,975	154,726	158,402
Total equity		2,713,354	3,515,089	3,694,074

Fok Tung Ling
Director

Chang Fei Fu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent													
	Notes	Issued capital	Shares held for share award scheme	Share premium account	Share-based compensation reserve	Capital reserve	Asset revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Fair value reserve of equity instruments at FVOCI	Retained profits	Total	Non-controlling interests	Total equity
		HK\$'000 (note 29)	HK\$'000 (note 29)	HK\$'000 (note 29)	HK\$'000 (note 30/35)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2022 as previously reported		278,020	(22,818)	1,486,391	145,447	45,480	65,381	214,285	(63,865)	41,131	1,538,853	3,728,305	236,421	3,964,726
Prior year adjustment (note 2.2)		-	-	-	-	-	-	-	(196,375)	-	3,743	(192,632)	(78,020)	(270,652)
At 1 January 2023 (restated)		278,020	(22,818)	1,486,391	145,447	45,480	65,381	214,285	(260,240)	41,131	1,542,596	3,535,673	158,401	3,694,074
Profit for the year		-	-	-	-	-	-	-	-	-	6,696	6,696	8,917	15,613
Other comprehensive income for the year:														
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	-	-	22,928	-	22,928	-	22,928
Exchange differences related to foreign operations (restated)		-	-	-	-	-	-	-	(123,506)	-	-	(123,506)	(35,437)	(158,943)
Total comprehensive income/(loss) for the year (restated)		-	-	-	-	-	-	-	(123,506)	22,928	6,696	(93,882)	(26,520)	(120,402)
Additional capital contribution to a subsidiary		-	-	-	-	(22,845)	-	-	-	-	-	(22,845)	22,845	-
Share option scheme														
- value of services	30(a)	-	-	-	7,530	-	-	-	-	-	-	7,530	-	7,530
- exercise of share options	29(a)	2,542	-	38,509	(11,274)	-	-	-	-	-	-	29,777	-	29,777
- transfer of share option reserve upon the forfeiture or expiry of share options		-	-	-	(2,705)	-	-	-	-	-	2,705	-	-	-
Share incentive scheme														
- value of services	35	-	-	-	27,377	-	-	-	-	-	-	27,377	-	27,377
Final 2022 dividend		-	-	-	-	-	-	-	-	-	(30,556)	(30,556)	-	(30,556)
Interim 2023 dividends		-	-	-	-	-	-	-	-	-	(33,190)	(33,190)	-	(33,190)
Cancellation of repurchased shares		(3,966)	-	(55,535)	-	-	-	-	-	-	-	(59,521)	-	(59,521)
Transfer to/from retained profits		-	-	-	-	-	(3,015)	1,626	-	-	1,389	-	-	-
At 31 December 2023 (restated)		276,576	(22,818)	1,469,365*	166,375*	22,635*	62,366*	215,911*	(383,746)*	64,059*	1,489,640*	3,360,363	154,726	3,515,089

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

Notes	Attributable to owners of the parent												Total equity HK\$'000	
	Issued capital HK\$'000 (note 29)	Shares held for share award scheme HK\$'000 (note 29)	Share premium account HK\$'000 (note 29)	Share-based compensation reserve HK\$'000 (note 30/35)	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Fair value reserve of equity instruments at FVOCI HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000		
At 31 December 2023 as previously reported	276,576	(22,818)	1,469,365	166,375	22,635	62,366	215,911	(158,836)	64,059	1,485,897	3,581,530	244,836	3,826,366	
Prior year adjustment (note 22)	-	-	-	-	-	-	-	(224,910)	-	3,743	(221,167)	(90,110)	(311,277)	
Adjustment on hyperinflation (note 22)	-	-	-	-	-	-	-	56,575	-	-	56,575	23,060	79,635	
At 1 January 2024 (restated)	276,576	(22,818)	1,469,365	166,375	22,635	62,366	215,911	(327,171)	64,059	1,489,640	3,416,938	177,786	3,594,724	
(Loss)/profit for the year	-	-	-	-	-	-	-	-	-	(564,191)	(564,191)	10,617	(553,574)	
Other comprehensive income for the year:														
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	429	-	429	-	429	
Exchange differences related to foreign operations	-	-	-	-	-	-	-	(241,284)	-	-	(241,284)	53,422	(187,862)	
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(241,284)	429	(564,191)	(805,046)	64,039	(741,007)	
Share option scheme														
- value of services	30(a)	-	-	2,925	-	-	-	-	-	-	2,925	-	2,925	
- exercise of share options	29(b)	1	-	(3)	-	-	-	-	-	-	14	-	14	
- transfer of share option reserve upon the forfeiture or expiry of share options		-	-	(46,578)	-	-	-	-	-	46,578	-	-	-	
Share incentive scheme														
- value of services	35	-	-	38,170	-	-	-	-	-	-	38,170	-	38,170	
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(28,150)	(28,150)	
Acquisition of non-controlling interests		-	-	-	1,142	-	-	-	-	-	1,142	(152,700)	(151,558)	
Shares repurchased		(314)	-	(1,450)	-	-	-	-	-	-	(1,764)	-	(1,764)	
Transfer to/from retained profits		-	-	-	-	(3,015)	833	-	-	2,182	-	-	-	
At 31 December 2024		276,263	(22,818)	1,467,931*	160,889*	23,777*	59,351*	216,744*	(568,455)*	64,488*	974,209*	2,652,379	60,975	2,713,354

* These reserve accounts comprise the consolidated reserves of HK\$2,398,934,000 (2023: HK\$3,106,605,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax:		(538,718)	54,664
Adjustments for:			
Interest income	5	(29,287)	(37,098)
Finance costs	7	31,264	54,534
Share of profit of a joint venture	17	(1,793)	(626)
Depreciation of property, plant and equipment	6	154,753	153,033
Depreciation of right-of-use assets	6	61,050	67,029
Amortisation of intangible assets	16	73,339	127,979
Hyperinflation monetary adjustment	6	8,539	–
Equity-settled share option expense	6	2,925	7,530
Loss on disposal of items of property, plant and equipment		18,123	5,002
Awarded share expense	6	38,170	27,377
Loss on fair value change of financial assets at fair value through profit or loss	6	1,368	16,596
Loss/(gain) on fair value change of redeemable preferred shares in a subsidiary	6	129,538	(20,211)
Impairment of goodwill	6	–	9,864
Loss on equity investments designated at fair value through profit or loss	6	6,301	3,208
		(44,428)	468,881
Decrease in inventories		352,836	82,763
Decrease in trade receivables		840,983	247,944
(Increase)/decrease in notes receivable		(87,077)	13,136
Decrease in prepayments, other receivables and other assets		88,519	27,984
Decrease in trade and bills payables		(857,949)	(301,924)
Increase/(decrease) in other payables and accruals		82,126	(19,752)
(Decrease)/increase in deferred government grants		(1,668)	4,257
Decrease in provision for product warranties		(177)	(5,442)
Cash generated from operations		373,165	517,847
Mainland China profits tax paid		(18,164)	(20,393)
HK profits tax paid		(1,764)	(114)
Overseas taxes paid		(13,800)	(4,621)
Net cash flows from operating activities		339,437	492,719
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		29,287	37,098
Dividends received from a joint venture		–	2,656
Purchases of items of property, plant and equipment		(41,913)	(90,430)
Additions to intangible assets		(181,277)	(125,533)
Proceeds from disposal of items of property, plant and equipment		5,748	13,027
Proceeds from disposal of intangible assets		1,600	–
Purchase of financial assets at fair value through profit or loss		–	(3,099)
Decrease in time deposits		191,525	142,507
Decrease/(increase) in restricted bank deposits		85,011	(28,104)
Net cash flows from/(used in) investing activities		89,981	(51,878)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		985,090	906,922
Repayment of bank loans		(835,561)	(1,443,610)
Principal portion of lease payments		(54,057)	(62,195)
Proceeds from exercise of share options	29(c)	14	29,777
Share repurchase	29(d)	(1,764)	(59,521)
Interest and other finance costs paid		(31,264)	(54,534)
Dividends paid		–	(63,696)
Dividends paid to non-controlling shareholders		(23,752)	–
Payment for acquisition of non-controlling interests		(148,528)	–
Repurchase of redeemable preferred shares		(128,895)	–
Net cash flows used in financing activities		(238,717)	(746,857)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		1,188,457	1,531,669
Effect of foreign exchange rate changes, net		37,252	(37,196)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,416,410	1,188,457
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,339,399	1,062,598
Non-pledged time deposits with original maturity of less than three months when acquired		77,011	125,859
Cash and cash equivalents as stated in the consolidated statement of financial position		1,416,410	1,188,457

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

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

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

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the research, development, manufacture and sale of wireless telecommunications network system equipment, the provision of related engineering services and the provision of operator telecommunication services and their value-added services.

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Comba Telecom Systems Investments Limited	British Virgin Islands	US\$100	100	–	Investment holding
Praises Holdings Limited	British Virgin Islands	US\$100	–	100	Investment holding
Comba Telecom Systems Limited 京信通信系統有限公司	Hong Kong	HK\$2	–	100	Investment holding and trading of wireless telecommunications network system equipment
Comba Telecom Systems (Guangzhou) Limited 京信通信系統(廣州)有限公司*	Mainland China	HK\$260,000,000	–	100	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services
Comba Telecom Technology (Guangzhou) Limited 京信通信技術(廣州)有限公司*	Mainland China	HK\$542,000,000	–	100	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Comba Network Systems Company Limited 京信網絡系統股份有限公司**	Mainland China	RMB401,676,957	–	89.3	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services
Tianjin Comba Telecom Systems Limited 天津京信通信系統有限公司	Mainland China	RMB250,000,000	–	100	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services
Comba RF Technology (Guangzhou) Limited 京信射頻技術(廣州)有限公司*	Mainland China	RMB60,000,000	–	100	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services
Comba Intelligent Technology (Guangzhou) Limited 京信智能科技(廣州)有限公司*	Mainland China	RMB30,000,000	–	100	Manufacture and sale of intelligent machinery
Cascade Technology Limited	British Virgin Islands	US\$1	–	100	Investment holding
WaveLab Holdings Limited	Cayman Islands	US\$1,000	–	55	Investment holding
WaveLab, Inc.	Commonwealth of Virginia/ United States of America	US\$400,000	–	55	Research and development of digital microwave system equipment
WAVELAB GLOBAL, Incorporated	Commonwealth of Virginia/ United States of America	US\$500,000	–	55	Trading of digital microwave system equipment

1. CORPORATE AND GROUP INFORMATION (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
WaveLab Asia Holdings Limited	British Virgin Islands	US\$1	–	55	Investment holding
WaveLab Telecom Equipment (Guangzhou) Limited 波達通信設備(廣州)有限公司*	Mainland China	US\$3,400,000	–	55	Manufacture and sale of digital microwave system equipment
Comba Telecom Systems International Limited	British Virgin Islands	US\$1	–	100	Investment holding
Comba Telecom Limited	Hong Kong	HK\$2	–	100	Trading of wireless telecommunications network enhancement system equipment and provision of technical support and repairing services
COMBA NETWORK (SINGAPORE) PTE. LTD.	Singapore	SG\$800,000	–	89.3	Trading of wireless telecommunications network system equipment
PT COMBA TELECOM NETWORK INDONESIA	Indonesia	IDR10,113,400,000	–	89.3	Trading of wireless telecommunications network system equipment
COMBA REDES E SISTEMAS INTEGRADOS DO BRASIL LTDA	Brazil	BRL2,000,000	–	89.3	Trading of wireless telecommunications network system equipment
COMBA REDES Y SISTEMAS INTEGRALES SA de CV	Mexico	MXN50,000	–	89.3	Trading of wireless telecommunications network system equipment
COMBA NETWORK (M) SDN. BHD.	Malaysia	MYR350,000	–	89.3	Trading of wireless telecommunications network system equipment

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Comba Telecom Systems (Singapore) Pte. Ltd.	Singapore	SG\$2,000,000	–	100	Provision of marketing services and trading of wireless telecommunications network system equipment and provision of related engineering services
Noblefield International Limited	British Virgin Islands	US\$1	–	89.3	Investment holding
Comba Telecom Inc.	State of Delaware/ United States of America	US\$1	–	89.3	Trading of wireless telecommunications network system equipment
Comba Indústria e Comércio de Equipamentos de Telecomunicações Ltda.	Brazil	BRL188,695,129	–	100	Production and assembling and trading of wireless telecommunications network system equipment
Comba Telecom India Private Limited	India	INR500,000	–	100	Trading of wireless telecommunications network system equipment
Comba Telecom, S.L.U.	Spain	EUR100,000	–	89.3	Trading of wireless telecommunications network system equipment
Jiafu Investments Limited 迦福投資有限公司#	British Virgin Islands	US\$100	–	100	Investment holding
Jiafu Holdings Limited 迦福控股有限公司#	Hong Kong	HK\$10,000	–	100	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
ETL Company Limited#	Lao People's Democratic Republic	LAK 637,763,000,000	–	51	Provision of operator telecommunication services and their value-added services
Rivera Power Limited	British Virgin Islands	US\$1	–	89.3	Investment holding
Comba Telecom Network Systems Limited 京信通信網絡系統有限公司	Hong Kong	HK\$1	–	89.3	Trading of wireless telecommunications network system equipment
ScanViS Limited	Hong Kong	HK\$1	–	89.3	Provision of hardware and software total solutions and services
Xin Han Tong No.1 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通一號企業管理(珠海)合夥企業(有限合夥)*** ("Xin Han Tong No.1")	Mainland China	RMB10,900,000	–	100	Investment holding
Xin Han Tong No.2 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通二號企業管理(珠海)合夥企業(有限合夥)*** ("Xin Han Tong No.2")	Mainland China	RMB23,850,000	–	100	Investment holding
Xin Han Tong No.3 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通三號企業管理(珠海)合夥企業(有限合夥)*** ("Xin Han Tong No.3")	Mainland China	RMB19,220,000	–	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Xin Han Tong No.5 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通五號企業管理(珠海) 合夥企業(有限合夥)*** ("Xin Han Tong No.5")	Mainland China	RMB11,900,000	–	100	Investment holding
Xin Han Tong No.6 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通六號企業管理(珠海) 合夥企業(有限合夥)*** ("Xin Han Tong No.6")	Mainland China	RMB12,380,000	–	100	Investment holding
Xin Han Tong No.7 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通七號企業管理(珠海) 合夥企業(有限合夥)*** ("Xin Han Tong No.7")	Mainland China	RMB13,200,000	–	100	Investment holding
Xin Han Tong No.8 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通八號企業管理(珠海) 合夥企業(有限合夥)*** ("Xin Han Tong No.8")	Mainland China	RMB20,650,000	–	100	Investment holding
Xin Han Tong No.9 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通九號企業管理(珠海) 合夥企業(有限合夥)*** ("Xin Han Tong No.9")	Mainland China	RMB4,750,000	–	100	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Particulars of issued/ paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Xin Han Tong No.10 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通十號企業管理(珠海)合夥企業(有限合夥)*** ("Xin Han Tong No.10")	Mainland China	RMB5,330,000	–	100	Investment holding
Xin Han Tong No.11 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通十一號企業管理(珠海)合夥企業(有限合夥)*** ("Xin Han Tong No.11")	Mainland China	RMB5,280,000	–	100	Investment holding
Xin Han Tong No.12 Enterprise Management (Zhuhai) Partnership (Limited Partnership) 鑫瀚通十二號企業管理(珠海)合夥企業(有限合夥)*** ("Xin Han Tong No.12")	Mainland China	RMB4,640,000	–	100	Investment holding

Notes:

* These are wholly-foreign-owned enterprises under PRC law.

** This is a joint stock company limited by shares under PRC law.

*** These are limited partnerships registered under PRC law.

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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31 December 2024

2.1 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”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment, redeemable preferred shares in a subsidiary, forward currency contracts and equity investments which have been measured at fair value and the financial statements of its foreign operations in Lao P.D.R., whose function currency is determined as currency of a hyperinflationary economy, have been restated for the changes in the general purchasing power of the foreign operations’ functional currency and, as a result, have been stated in terms of the measuring unit current at the end of the reporting period. 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 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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 above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and 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.

2.2 PRIOR YEAR ADJUSTMENT AND ADJUSTMENT TO THE OPENING BALANCES OF A SUBSIDIARY GROUP OPERATING IN A HYPERINFLATORY COUNTRY

As referred to Note 1 to these financial statements, the directors determined that Lao P.R.D. became hyperinflationary during the year. Jiafu Group operates in Lao P.D.R. with its functional currency of a hyperinflationary economy. During the year, the Group recorded the following opening adjustments and prior year adjustment.

As set out in note 2.5 to these financial statements, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy are required to restate by applying a general price index. With this respect, for the first time adoption of the aforesaid policy in these consolidated financial statements, an adjustment to the opening balances of the consolidated financial statements of the Group, representing the cumulative financial effects of the restatements of the financial statements arising from Jiafu Group is therefore recorded.

NOTES TO FINANCIAL STATEMENTS

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2.2 PRIOR YEAR ADJUSTMENT AND ADJUSTMENT TO THE OPENING BALANCES OF A SUBSIDIARY GROUP OPERATING IN A HYPERINFLATORY COUNTRY (continued)

The following table describes the details of the adjustment to the opening balances of the consolidated financial statements of the Group as at 1 January 2024:

	1 January 2024 HK\$'000
Consolidated statement of financial position:	
Decrease in goodwill	(30,954)
Increase in intangible assets	92,918
Increase in property, plant and equipment	55,754
Increase in deferred tax liabilities	(38,083)
Increase in non-controlling interests	(23,060)
Cumulative financial effect from hyperinflation on the opening reserve equity attributable to parent	56,575

During the course of restating the financial statements of Jiafu Group arising from hyperinflation, a misstatement has been identified which related to the goodwill, and other fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of Jiafu Group, should have been treated as assets and liabilities of Jiafu Group and stated at the currency of Lao P.D.R. as its functional currency, instead of stating at Hong Kong dollars. All exchange differences arising therefrom should have been recorded in the other comprehensive income.

Accordingly, in addition to the opening adjustments of the cumulative impact from hyperinflation as detailed above, the following prior year adjustment has been made. The adjustment has not resulted in changes in the comparative consolidated profit and loss accounts and consolidated cash flow statements for the year ended 31 December 2023.

2.2 PRIOR YEAR ADJUSTMENT AND ADJUSTMENT TO THE OPENING BALANCES OF A SUBSIDIARY GROUP OPERATING IN A HYPERINFLATORY COUNTRY (continued)

The impact of the prior year adjustments to the consolidated financial statements of the Group are set forth below.

	31 December 2023 HK\$'000	1 January 2023 HK\$'000
Consolidated statement of financial position:		
Decrease in goodwill	(127,381)	(111,430)
Decrease in intangible assets	(242,133)	(208,746)
Decrease in deferred tax liabilities	58,237	49,524
Decrease in non-controlling interests	90,110	78,019
Net decrease in equity attributable to parent	221,167	192,633
		Year ended 31 December 2023 HK\$'000
Consolidated statement of other comprehensive income:		
Decrease in other comprehensive loss that will be reclassified to profit or loss in subsequent periods		40,625

The following tables disclose the adjustment that have been made by the directors of the Group to each of the line items in the consolidated statement of comprehensive income for the year ended 31 December 2023, and the consolidated statement of financial position as at 31 December 2023 and 1 January 2023.

Year ended 31 December 2023	As previously reported HK\$'000	Prior year adjustment HK\$'000	Restated HK\$'000
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(118,318)	(40,625)	(158,943)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(95,390)	(40,625)	(136,015)
Attributable to:			
Owners of the parent	(65,347)	(28,535)	(93,882)
Non-controlling interests	(14,430)	(12,090)	(26,520)

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2.2 PRIOR YEAR ADJUSTMENT AND ADJUSTMENT TO THE OPENING BALANCES OF A SUBSIDIARY GROUP OPERATING IN A HYPERINFLATORY COUNTRY (continued)

31 December 2023	As previously reported HK\$'000	Prior year adjustment HK\$'000	Restated HK\$'000
NON-CURRENT ASSETS			
Goodwill	232,909	(127,381)	105,528
Intangible assets	713,956	(242,133)	471,823
Total non-current assets	2,578,197	(369,514)	2,208,683
NON-CURRENT LIABILITIES			
Deferred tax liabilities	164,986	(58,237)	106,749
Total non-current liabilities	315,650	(58,237)	257,413
EQUITY			
Reserves	3,327,772	(221,167)	3,106,605
Non-controlling interests	244,836	(90,110)	154,726
Total equity	3,826,366	(311,277)	3,515,089
<hr/>			
1 January 2023	As previously reported HK\$'000	Prior year adjustment HK\$'000	Restated HK\$'000
NON-CURRENT ASSETS			
Goodwill	242,773	(111,430)	131,343
Intangible assets	726,145	(208,746)	517,399
Total non-current assets	2,958,767	(320,176)	2,638,591
NON-CURRENT LIABILITIES			
Deferred tax liabilities	167,154	(49,524)	117,630
Total non-current liabilities	1,094,243	(49,524)	1,044,719
EQUITY			
Reserves	3,473,103	(192,633)	3,280,470
Non-controlling interests	236,421	(78,019)	158,402
Total equity	3,964,726	(270,652)	3,694,074

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
HKAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.
- (d) HKAS 29 was firstly applied by the Group in consideration of one of the Group's foreign operations in Lao P.D.R. becoming hyperinflationary during the year. HKAS 29 requires the financial statements of the entity in a hyperinflationary economy, which are based on historical cost approach or a current cost approach, to restate by applying a general price index, which is to reflect its measuring unit current at the reporting date. The gain or loss on the net monetary position shall be included in profit and loss and separately disclosed. This has resulted in an adjustment to the Group's opening balances as at 1 January 2024 (see note 2.2) and impact on the current year profit and loss, as well as its financial position and changes in equity.

NOTES TO FINANCIAL STATEMENTS

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2.4 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. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.5 MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

The Group measures its redeemable preferred shares in a subsidiary, forward currency contracts and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

NOTES TO FINANCIAL STATEMENTS

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2.5 MATERIAL ACCOUNTING POLICIES (continued)

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realized in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	4.5%
Staff quarters	4.5%
Plant and machinery	9%-20%
Furniture, fixtures and office equipment	10%-30%
Motor vehicles	18%-20%

Buildings are stated at valuation less accumulated depreciation and any impairment losses except for staff quarters. Staff quarters are stated at cost less accumulated depreciation and any impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software and technology

The purchased computer software and technology are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Golf club membership

Golf club membership with an indefinite useful life is tested for impairment annually. Such intangible asset is not amortised. The useful life is reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

Operating license

Operating license is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 25 years.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL) (continued)

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding three years, commencing from the date when the products are put into commercial production.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land lease payments	50 years
Buildings	More than 1 to 10 years
Telecom towers and other equipment	More than 1 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

LEASES (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in lease liabilities and other payables and accruals.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due, except for certain customers which are granted with a longer credit term. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and other borrowings, financial liabilities at fair value through profit or loss and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, interest-bearing bank and other borrowings and redeemable preferred shares in a subsidiary.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities. The Group has designated its redeemable preferred shares in a subsidiary as financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets; and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

TREASURY SHARES

Own equity instruments which are reacquired and held by the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash Commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty – related cost is revised annually.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) **Sale of goods and related installation**

Revenue from the sale of goods and related installation is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and related installation.

(b) **Operator telecommunication services**

Revenue is measured at the transaction price which is the amount of consideration to which the Group is entitled in exchange for transferring promised services to the customer. For offerings which included the provision of multiple performance obligations, such as telecommunications services (such as voice and data services), telecommunication related products (such as handsets), customer point rewards and/or other promotional goods/services, the Group allocates the transaction price received/receivable from customers to each performance obligation based on the relative stand-alone selling prices.

Revenue for each performance obligation is then recognised when the Group satisfies the performance obligation by transferring the promised services to a customer. Revenue is recognised when the customer obtains the control of the telecommunications services over the time of provision of the services. Revenue from the sale of telecommunication related products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

(c) Technical support and maintenance services

Revenue from the technical support and maintenance services is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflect the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding equity-settled awards is reflected as additional share dilution in the computation of earnings per share.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date using the Black-Scholes formula. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognised for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest.

OTHER EMPLOYEE BENEFITS

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

NOTES TO FINANCIAL STATEMENTS

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2.5 MATERIAL ACCOUNTING POLICIES (continued)

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

EVENTS AFTER THE REPORTING PERIOD

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

DIVIDENDS

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

FOREIGN CURRENCIES (NON-HYPERINFLATIONARY)

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

2.5 MATERIAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES (NON-HYPERINFLATIONARY) (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The results of foreign operations whose functional currency is the currency of a non-hyperinflationary economy are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

FOREIGN CURRENCIES (HYPERINFLATIONARY)

The results of foreign operations whose functional currency is the currency of a hyperinflationary economy applies hyperinflation accounting in accordance with HKAS 29.

- For non-monetary items, those presented in the measurement unit of the balance sheet date are not restated. Other non-monetary items are restated by adjusting historical costs and accumulated depreciation (or amortisation) from the acquisition date based on changes in the general price index. Non-monetary assets measured at fair value as of the balance sheet date are stated at their fair value on that date;

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES (HYPERINFLATIONARY) (continued)

- A gain or loss on the next monetary position may be derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income and the adjustment of index linked assets and liabilities. Such gain or loss is included in profit or loss.
- The restated amount of a non-monetary item should not exceed its recoverable amount, when an impairment is assessed.
- A parent that consolidates the subsidiary(ies) whose function currency is of hyperinflationary economy, the financial statements of such subsidiary(ies) need to be restated by applying a general price index of the country in whose currency it reports before they are included in the consolidated financial statements issued by the parent. Where such a subsidiary is a foreign subsidiary, its restated financial statements are translated at closing rates.

When the economy ceases to be hyperinflationary, the Group will discontinue the application of hyperinflation accounting and the amounts presented in the measuring unit current at the end of the previous reporting period will become the basis for the carrying amounts in its subsequent financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Revenue recognition

Performance obligation at a point in time

For performance obligations of the Group such as the sale of goods and related installation are not distinct from each other, as: (a) the customer is unable to receive and consume the benefits provided by the Group's performance; (b) the Group's performance does not create or enhance an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced; and (c) the Group does not have an enforceable right to payment for performance completed to date. Hence, such performance obligations are satisfied at a point in time. Specifically, revenue of those performance obligations is recognised upon acceptance by the customers after the respective performance obligations are satisfied.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

JUDGEMENTS (continued)

Revenue recognition (continued)

Hyperinflation

The Group has applied significant judgement in determining whether an entity is beginning to be in a hyperinflationary economy and whether the functional currency of its subsidiaries is the currency of the hyperinflationary economy.

When determining whether a country is in a hyperinflationary economy, the Group considers the characteristics of its economic environment, including but not limited to:

- The general population prefers to keep its wealth in non-monetary assets or in relatively stable foreign currencies. Amounts of local currency held are immediately invested to maintain purchasing power.
- The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency.
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during credit period, even if the period is short.
- Interest rates, wages and prices linked to a price index.
- Cumulative inflation rate over three years is approaching, or exceeds, 100%.

Based on management's assessment, Lao P.D.R. is considered as hyperinflationary as of September 2024 as the cumulative inflation rate in the past three year exceeds 100%.

HKAS 29 requires to report the results of operations in Lao P.D.R. as if these were highly inflationary as of 1 January 2024.

To measure the impact of inflation on the Group's financial position and results, the Group uses the Laos Consumer Price Index, which is published by the Bank of the Lao P.D.R., as follows:

	Laos Consumer Price Index
1 January 2024	208.37
31 December 2024	243.52

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was HK\$68,193,000 (2023 restated: HK\$105,528,000). Further details are given in note 14.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates and time value. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognized tax losses at 31 December 2024 was HK\$27,176,000 (2023: HK\$28,688,000). Further details on deferred taxes are disclosed in note 15 to the financial statements.

Recognition of a deferred tax liability for withholding taxes

The PRC New Corporate Income Tax Law, which became effective on 1 January 2008, states that the distribution of dividends by a foreign-invested enterprise established in Mainland China to its foreign investors, from its earnings of 2008 or thereafter, shall be subject to withholding taxes at an applicable rate of 5% or 10%. The directors had assessed whether it is probable for the Group's PRC subsidiaries to distribute dividends out of their profits earned after 1 January 2008. For details, refer to note 15 to the financial statements.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of telecommunications industry. Management estimates the net realizable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed. Further details are contained in note 6 and 20 to the financial statements.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 37 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The fair value of the unlisted equity investments at 31 December 2024 was HK\$176,953,000 (2023: HK\$188,641,000). Further details are included in note 18 to the financial statements.

Development costs

Development costs are capitalized in accordance with the accounting policy for research and development expenses in note 2.5 to the financial statements. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2024, the best estimate of the carrying amount of capitalized development costs was HK\$259,052,000 (2023: HK\$241,927,000). For details, please refer to note 16 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

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

(a) Wireless telecommunications network system equipment and services

(b) Operator telecommunication services

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

Year ended 31 December 2024	Wireless telecommunications network system equipment and services HK\$'000	Operator telecommunication services HK\$'000	Total HK\$'000
Revenue	4,349,842	178,421	4,528,263
Loss before tax	(475,145)	(63,573)	(538,718)
Segment assets	7,128,950	731,943	7,860,893
Elimination			(421,285)
Total assets			7,439,608
Segment liabilities	4,571,144	576,395	5,147,539
Elimination			(421,285)
Total liabilities			4,726,254

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023 (restated)	Wireless telecommunications network system equipment and services HK\$'000	Operator telecommunication services HK\$'000	Total HK\$'000
Revenue	5,824,143	157,831	5,981,974
Profit/(loss) before tax	142,263	(87,599)	54,664
Segment assets	8,807,674	693,495	9,501,169
Elimination			(461,658)
Total assets			9,039,511
Segment liabilities	5,389,546	596,534	5,986,080
Elimination			(461,658)
Total liabilities			5,524,422

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Mainland China	2,757,314	3,916,033
Other countries/areas in Asia Pacific	607,320	1,023,682
Americas	756,270	564,285
European Union	370,482	406,593
Middle East	30,995	44,668
Other countries	5,882	26,713
	4,528,263	5,981,974

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION (continued)

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000 (Restated)
Mainland China	1,383,055	1,587,032
Lao People's Democratic Republic	514,628	558,817
Other countries/regions	57,003	62,834
	1,954,686	2,208,683

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from continuing operations of approximately HK\$747,056,000 (2023: HK\$1,112,140,000), HK\$440,063,000 (2023: HK\$403,097,000) and HK\$347,701,000 (2023: HK\$545,148,000) was derived from 3 major customers, which accounted for 16.5% (2023: 18.6%), 9.7% (2023: 6.7%) and 7.7% (2023: 9.1%) of the total revenue of the Group, respectively.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and services rendered during the 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 is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue		
Manufacture and sale of wireless telecommunications network system equipment and provision of related installation services	4,349,842	5,824,143
Provision of operator telecommunication services	178,421	157,831
	4,528,263	5,981,974

5. REVENUE, OTHER INCOME AND GAINS (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 HK\$'000	2023 HK\$'000
Types of customers		
PRC state-owned telecommunication operator groups	1,713,570	2,806,966
Other customers	2,814,693	3,175,008
Total revenue from contracts with customers	4,528,263	5,981,974
	2024 HK\$'000	2023 HK\$'000
Timing of revenue recognition		
Goods transferred at a point in time	4,349,842	5,824,143
Services transferred over time	178,421	157,831
Total revenue from contracts with customers	4,528,263	5,981,974

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	111,914	91,921

An analysis of other income and gains is as follows:

	2024 HK\$'000	2023 HK\$'000
Other income and gains		
Bank interest income	29,287	37,098
Government subsidies [#]	27,952	47,266
Exchange gain, net	36,128	17,696
Fair value gains on redeemable preferred shares in a subsidiary	–	20,212
VAT refunds	11,474	20,813
Written-off of trade payables	–	2,245
Gross rental income	11,439	12,050
Penalty income	1,723	3,148
Scrapped and recycled item sales	2,322	2,284
Reversal of impairment of financial assets included in prepayments, other receivables and other assets	–	3,742
Others	9,026	7,566
Total	129,351	174,120

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

6. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold and services provided		3,169,347	4,285,662
Depreciation of property, plant and equipment [#]	12	154,752	153,033
Depreciation of right-of-use assets	13	61,050	67,029
Amortisation of computer software and technology and operating license [#]	16	18,503	46,995
Research and development expenses:			
Deferred expenditure amortised	16	54,836	80,984
Current year expenditure		354,600	365,075
Total		409,436	446,059
Impairment of goodwill ^{##}	14	–	9,864
Lease payments not included in the measurement of lease liabilities	13	33	1,811
Auditor's remuneration		3,512	3,798
Employee benefit expense (including directors' remuneration, note 8)^:			
Salaries and wages		971,419	926,480
Staff welfare expenses		48,890	44,480
Equity-settled share option expense	30(a)	2,925	7,530
Awarded share expenses	35	38,170	27,377
Pension scheme contributions (defined contribution schemes)*		69,514	64,992
		1,130,918	1,070,859
Net loss on equity investments designated at fair value through profit or loss		6,301	3,208
Loss on fair value change of financial assets at fair value through profit or loss ^{##}		1,368	16,596
Write-down of inventories to net realizable value		31,049	16,722
Impairment of trade receivables and notes receivable		90,521	79,329
Provision for product warranties	27	11,274	12,913
Reversal of impairment of financial assets included in prepayments, other receivables and other assets ^{##}		(94)	(3,742)
Loss on disposal of items of property, plant and equipment		18,123	5,002
Loss/(gain) on fair value change of redeemable preferred shares in a subsidiary ^{##}		129,538	(20,211)
Hyperinflation monetary adjustments		8,539	–

6. (LOSS)/PROFIT BEFORE TAX (continued)

* At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

^ Staff costs capitalised into deferred development costs amounting to HK\$77,087,000 (2023: HK\$82,837,000) have not been included in the employee benefit expense.

The depreciation of certain property, plant and equipment and amortisation of operating license amounting to HK\$61,758,000 (2023: HK\$60,912,000) and HK\$9,382,000 (2023: HK\$23,336,000) are included in "Other expenses" in the consolidated statement of profit or loss.

These items are included in "Other expenses" and "Other income and gains" in the consolidated statement of profit or loss, respectively.

7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans	27,007	50,166
Interest on lease liabilities	4,257	4,368
	31,264	54,534

8. DIRECTORS' REMUNERATION AND 5 HIGHEST PAID EMPLOYEES

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	615	711
Other emoluments:		
Salaries, allowances and benefits in kind	11,012	14,990
Performance related bonuses	9,744	13,099
Equity-settled share option expense	459	1,682
Share based payment expense	4,667	3,762
Pension scheme contributions	114	186
	25,996	33,719
	26,611	34,430

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8. DIRECTORS' REMUNERATION AND 5 HIGHEST PAID EMPLOYEES (continued)

(a) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

2024	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance Related bonuses HK\$'000	Equity- settled share option expense HK\$'000	Share based payment expense HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors:							
Mr. Fok Tung Ling	-	1,787	-	-	-	-	1,787
Mr. Zhang Yue Jun	-	904	-	-	-	-	904
Mr. Xu Huijun (resigned with effect from 18 November 2024)	-	2,536	5,349	229	2,064	73	10,251
Mr. Chang Fei Fu	-	3,122	1,401	115	700	18	5,356
Ms. Huo Xinru	-	2,373	2,002	115	700	18	5,208
Subtotal	-	10,722	8,752	459	3,464	109	23,506
Non-executive director:							
Mr. Wu Tielong (resigned with effect from 22 March 2024)	-	290	992	-	1,203	5	2,490
Independent non-executive directors:							
Ms. Ng Yi Kum	220	-	-	-	-	-	220
Ms. Wong Lok Lam	220	-	-	-	-	-	220
Mr. Chong Chee Keong, Chris	175	-	-	-	-	-	175
Subtotal	615	-	-	-	-	-	615
Total	615	11,012	9,744	459	4,667	114	26,611

8. DIRECTORS' REMUNERATION AND 5 HIGHEST PAID EMPLOYEES (continued)

(a) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

2023	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance Related bonuses HK\$'000	Equity- settled share option expense HK\$'000	Share based payment expense HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors:							
Mr. Fok Tung Ling	-	2,060	-	-	-	-	2,060
Mr. Zhang Yue Jun	-	943	-	-	-	14	957
Mr. Xu Huijun	-	3,411	6,146	642	1,460	79	11,738
Mr. Chang Fei Fu	-	3,503	2,189	322	496	18	6,528
Mr. Bu Binlong (resigned with effect from 24 March 2023)	-	1,175	1,269	323	458	31	3,256
Ms. Huo Xinru	-	2,488	2,109	322	496	18	5,433
Subtotal	-	13,580	11,713	1,609	2,910	160	29,972
Non-executive director:							
Mr. Wu Tielong	-	1,410	1,386	64	852	26	3,738
Independent non-executive directors:							
Mr. Lau Siu Ki, Kevin (resigned with effect from 29 December 2023)	220	-	-	3	-	-	223
Dr. Lin Jin Tong (resigned with effect from 24 March 2023)	50	-	-	3	-	-	53
Ms. Ng Yi Kum	220	-	-	3	-	-	223
Ms. Wong Lok Lam	220	-	-	-	-	-	220
Mr. Chong Chee Keong, Chris	1	-	-	-	-	-	1
Subtotal	711	-	-	9	-	-	720
Total	711	14,990	13,099	1,682	3,762	186	34,430

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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8. DIRECTORS' REMUNERATION AND 5 HIGHEST PAID EMPLOYEES (continued)

(b) FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2023: four directors), details of whose remuneration are set out in note 8(a) above. Details of the remuneration for the year of the remaining two (2023: one) highest paid employees who is not a director of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	2,208	1,007
Performance related bonuses	2,226	2,047
Equity-settled share option expense	84	207
Share based payment expense	2,700	415
Pension scheme contributions	228	103
Total	7,446	3,779

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	2024 HK\$'000	2023 HK\$'000
HK\$3,500,001 to HK\$4,000,000	2	1
Total	2	1

During the year and in prior years, share options were granted to two non-director highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

	2024 HK\$'000	2023 HK\$'000
Current – Charge for the year		
Hong Kong	3,242	6,032
Mainland China	15,349	14,997
Elsewhere	9,915	8,886
Current – underprovision in prior years	2,123	3,212
Deferred	(15,773)	5,924
Total tax charge for the year	14,856	39,051

Under the relevant income tax law, the subsidiaries in Mainland China are subject to corporate income tax at a statutory rate of 25%, except for certain subsidiaries that entitled to the preferential tax rate of 15% based on the designation as High-New Technology Enterprises, on their respective taxable income during the year.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled (i.e., the Mainland China) to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

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9. INCOME TAX (continued)

	2024		2023	
	HK\$'000	%	HK\$'000 (Restated)	%
(Loss)/profit before tax	(538,718)		54,664	
Tax at the applicable tax rate	(95,393)	17.71	14,642	26.78
Adjustments in respect of current tax of previous years	2,123	(0.39)	3,212	5.88
Income not subject to tax	(5,626)	1.04	(3,222)	(5.89)
Expenses not deductible for tax	8,186	(1.52)	26,274	48.06
Additional deductible research and development expenses	(51,072)	9.48	(59,865)	(109.51)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	9,926	(1.84)	1,759	3.22
Tax losses utilised from previous years	(205)	0.04	(9,732)	(17.80)
Deferred tax expense arising from the write-down of a deferred tax asset	–	–	13,581	24.84
Effect of deductible temporary difference from unrecognised deferred tax asset of the current period or effect of deductible loss	146,917	(27.27)	52,402	95.86
Tax charge at the Group's effective rate	14,856	(2.76)	39,051	71.44

The Group has tax losses arising in Hong Kong and other jurisdictions of HK\$673,402,000 (2023: HK\$226,475,000) 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 2024.

10. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Interim – Nil (2023: HK1.2 cent) per ordinary share	–	33,190
Proposed final – Nil (2023: nil) per ordinary share	–	–

11. LOSS/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss (2023: earnings) per share amount is based on the loss (2023: profit) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,764,180,000 (2023: 2,772,275,000) outstanding during the year.

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

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2024 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2024 HK\$'000	2023 HK\$'000
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted loss/earnings per share calculations	(564,191)	6,696
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculations	2,764,180,000	2,772,275,000
Effect of dilution – weighted average number of ordinary shares: shares options	–	–
	2,764,180,000	2,772,275,000

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12. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Staff quarters HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024							
At 31 December 2023 and 1 January 2024:							
Cost or valuation	672,630	102,139	1,968,637	208,217	27,120	5,187	2,983,930
Accumulated depreciation	(303,017)	(8,240)	(1,407,663)	(164,960)	(21,732)	–	(1,905,612)
Net carrying amount	369,613	93,899	560,974	43,257	5,388	5,187	1,078,318
At 1 January 2024, net of accumulated depreciation	369,613	93,899	560,974	43,257	5,388	5,187	1,078,318
Additions	2,981	25	31,656	6,833	418	–	41,913
Disposals	(6,779)	–	(15,410)	(1,477)	(205)	–	(23,871)
Depreciation provided during the year	(37,958)	(4,608)	(97,744)	(12,840)	(1,602)	–	(154,753)
Hyperinflation adjustment	921	–	51,255	635	(347)	3,290	55,754
Exchange realignment	(3,573)	(2,933)	(56,918)	(1,818)	(694)	(251)	(66,187)
At 31 December 2024, net of accumulated depreciation	325,205	86,382	473,813	34,590	2,958	8,226	931,174

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Staff quarters HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2023							
At 31 December 2022 and 1 January 2023:							
Cost or valuation	703,281	89,066	2,142,661	214,632	30,092	4,138	3,183,870
Accumulated depreciation	(284,860)	(4,291)	(1,510,208)	(171,933)	(24,227)	–	(1,995,519)
Net carrying amount	418,421	84,775	632,453	42,699	5,865	4,138	1,188,351
At 1 January 2023, net of accumulated depreciation	418,421	84,775	632,453	42,699	5,865	4,138	1,188,351
Additions	8,386	15,431	45,107	18,591	1,740	1,175	90,430
Disposals	(10,117)	–	(5,373)	(2,412)	(127)	–	(18,029)
Depreciation provided during the year	(36,887)	(3,949)	(97,263)	(13,502)	(1,432)	–	(153,033)
Exchange realignment	(10,190)	(2,358)	(13,950)	(2,119)	(658)	(126)	(29,401)
At 31 December 2023, net of accumulated depreciation	369,613	93,899	560,974	43,257	5,388	5,187	1,078,318

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31 December 2024

13. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of prepaid land lease payment, buildings, and other equipment. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years, while other equipment generally has lease terms between 1 and 10 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments HK\$'000	Buildings HK\$'000	Telecom towers and other equipment HK\$'000	Total HK\$'000
As at 1 January 2023	109,095	59,055	23,250	191,400
Additions	–	64,779	1,941	66,720
Depreciation charge	(2,619)	(60,951)	(3,459)	(67,029)
Exchange realignment	(2,928)	(1,161)	(123)	(4,212)
As at 31 December 2023 and 1 January 2024	103,548	61,722	21,609	186,879
Additions	–	41,955	6,825	48,780
Depreciation charge	(2,451)	(52,637)	(5,962)	(61,050)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,207)	–	(1,207)
Exchange realignment	(3,125)	(750)	(4,698)	(8,573)
As at 31 December 2024	97,972	49,083	17,774	164,829

13. LEASES (continued)

THE GROUP AS A LESSEE (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under lease liabilities and other payables and accruals) and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	82,363	81,016
New leases	47,578	64,724
Accretion of interest recognised during the year	4,257	4,368
Payments	(58,314)	(66,563)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,131)	–
Exchange realignment	(5,583)	(1,182)
Carrying amount at 31 December	69,170	82,363
Analysed into:		
Current portion	29,797	39,773
Non-current portion	39,373	42,590

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	4,257	4,368
Depreciation charge of right-of-use assets	61,050	67,029
Expense relating to short-term leases or of low-value assets	33	1,811
Total amount recognised in profit or loss	65,340	73,208

(d) The total cash outflow for leases is disclosed in note 32(b) to the financial statements.

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13. LEASES (continued)

THE GROUP AS A LESSOR

The Group leases certain of its properties under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognized by the Group during the year was HK\$11,439,000 (2023: HK\$12,050,000), details of which are included in note 5 to the financial statements.

As at 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	8,788	7,295
After 1 year but within 2 years	6,775	5,214
After 2 years but within 3 years	2,413	2,900
After 3 years but within 4 years	874	309
After 4 years but within 5 years	729	83
	19,579	15,801

14. GOODWILL

	HK\$'000
At 1 January 2023 (restated):	
Cost and net carrying amount	131,343
Cost at 1 January 2023, net of accumulated impairment	131,343
Impairment during the year	(9,864)
Exchange realignment	(15,951)
Net carrying amount at 31 December 2023	105,528
At 31 December 2023 (restated):	
Cost	253,077
Accumulated impairment	(20,168)
Exchange realignment	(127,381)
Net carrying amount	105,528
At 31 December 2023:	
Net carrying amount	105,528
Cost at 1 January 2024, net of accumulated impairment	105,528
Impairment during the year	–
Hyperinflation adjustments	(30,954)
Exchange realignment	(6,381)
Net carrying amount at 31 December 2024	68,193

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14. GOODWILL (continued)

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations is allocated to the following cash-generating units (“CGUs”) for impairment testing:

- Wireless telecommunications equipment CGU; and
- Provision of operator telecommunication services and their value added services CGU.

The recoverable amount of goodwill is determined based on a value in use calculation. The value in use calculation uses cash flow projections based on financial budgets covering at least a 5-year period approved by management. The discount rate applied to the cash flow projections is approximately from 15% to 20% (2023: 15% to 20%), and cash flows beyond the 5-year period were extrapolated using a growth rate of 2.0% to 3.0% (2023: 2.0% to 3.0%), which was represented by expected long term CPI growth rate.

Management has determined the budgeted gross margins based on past performance and its expectation for market development. The discount rate reflects specific risks relating to the cash-generating unit.

15. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

DEFERRED TAX ASSETS

	Unrealised profit HK\$'000	Accruals HK\$'000	Products warranty HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Deferred government grant HK\$'000	Lease liability HK\$'000	Total HK\$'000
At 1 January 2023	2,682	1,699	8,632	44,193	2,378	-	59,584
Deferred tax (charged)/credited to profit or loss during the year	1,322	(1,661)	(1,125)	(15,190)	711	15,386	(557)
Exchange realignment	(80)	(38)	(239)	(315)	(72)	-	(744)
At 31 December 2023	3,924	-	7,268	28,688	3,017	15,386	58,283
Deferred tax (charged)/credited to profit or loss during the year	(2,132)	-	423	(1,512)	(166)	(2,791)	(6,178)
Exchange realignment	(87)	-	(242)	-	(94)	-	(423)
At 31 December 2024	1,705	-	7,449	27,176	2,757	12,595	51,682

15. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES

	Revaluation of properties HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Fair value adjustments for equity investments designated at fair value HK\$'000	Withholding taxes HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Hyperinflation adjustments for non-monetary assets HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 January 2023 (restated)	17,335	65,664	27,351	5,517	1,762	-	-	117,629
Deferred tax charged/(credited) to profit or loss during the year	(527)	(7,554)	(3,540)	1,759	(343)	-	15,573	5,368
Deferred tax charged to other comprehensive income during the year	-	-	7,643	-	-	-	-	7,643
Exchange realignment	-	(8,711)	-	117	(48)	-	-	(8,642)
At 31 December 2023 (restated)	16,808	49,399	31,454	7,393	1,371	-	15,573	121,998
Deferred tax charged/(credited) to the statement of profit or loss during the year	(527)	(2,251)	(1,810)	57	(336)	-	(3,559)	(8,426)
Deferred tax charged/(credited) to other comprehensive income during the year	-	-	143	-	-	38,083	-	38,226
Exchange realignment	-	(3,519)	-	(254)	(38)	-	-	(3,811)
At 31 December 2024	16,281	43,629	29,787	7,196	997	38,083	12,014	147,987

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	40,086	43,034
Net deferred tax liabilities recognised in the consolidated statement of financial position	136,390	106,749

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15. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2024, the Group recognised the relevant deferred tax liabilities of HK\$7,196,000 (2023: HK\$7,395,000) on earnings anticipated to be distributed by a subsidiary in the foreseeable future. No withholding tax has been provided for the earnings of approximately HK\$1,706,922,000 (2023: HK\$2,088,447,000) as these earnings are expected to be retained by the PRC subsidiaries and not to be distributed to a foreign investor in the foreseeable future based on several factors, including management's estimation of overseas funding requirements, the working capital demand for business operation in Mainland China and the Company's dividend policy.

16. INTANGIBLE ASSETS

	Operating license HK\$'000	Computer software and technology HK\$'000	Golf club membership HK\$'000	Deferred development costs HK\$'000	Total HK\$'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation (restated)	177,737	42,045	10,114	241,927	471,823
Additions	–	8,150	–	80,209	88,359
Disposal	–	(1,600)	–	–	(1,600)
Amortisation provided during the year	(9,382)	(9,121)	–	(54,836)	(73,339)
Hyperinflation adjustment	92,918	–	–	–	92,918
Exchange realignment	(12,830)	(2,784)	–	(8,248)	(23,862)
At 31 December 2024, net of accumulated amortization	248,443	36,690	10,114	259,052	554,299

16. INTANGIBLE ASSETS (continued)

	Operating license HK\$'000	Computer software and technology HK\$'000	Golf club membership HK\$'000	Deferred development costs HK\$'000	Total HK\$'000
31 December 2023 (restated)					
Cost at 1 January 2023, net of accumulated amortisation	234,460	46,356	10,114	226,469	517,399
Additions	–	22,492	–	103,038	125,530
Amortisation provided during the year	(23,336)	(23,659)	–	(80,984)	(127,979)
Exchange realignment	(33,387)	(3,144)	–	(6,596)	(43,127)
At 31 December 2023, net of accumulated amortisation	177,737	42,045	10,114	241,927	471,823

17. INVESTMENT IN A JOINT VENTURE

	2024 HK\$'000	2023 HK\$'000
Share of net assets/(liabilities)	1,218	(364)
Goodwill on acquisition	1,533	1,533
	2,751	1,169

Particulars of the Group's material joint venture are as follows:

Name	Particulars of issued shares held	Place of registration and business	Ownership interest	Percentage of Voting power	Profit sharing	Principal activities
CLB ELEKTRONİK ELEKTRİK İLETİŞİM ÜRETİM ARAŞTIRMA GELİŞTİRME MÜHENDİSLİK SANAYİ VE TİCARET ANONİM ŞİRKETİ	Registered capital of TRY1 each	Turkey	50	50	50	Manufacture and sale of electronic products

The above investment is indirectly held by the Company.

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17. INVESTMENT IN A JOINT VENTURE (continued)

The following table illustrates the financial information of the Group's joint venture:

	2024 HK\$'000	2023 HK\$'000
Share of the joint venture's profit and total comprehensive income for the year	1,793	626
Carrying amount of the Group's investment in the joint venture	2,751	1,169

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Equity investments designated at fair value through other comprehensive income:		
Unlisted equity investments, at fair value		
極芯通訊技術南京有限公司	88,543	91,485
深圳市匯芯通信技術有限公司	13,182	13,039
	101,725	104,524
Equity investments designated at fair value through profit or loss:		
Unlisted equity investments, at fair value		
北京奕斯偉計算技術有限公司	56,699	57,215
佛山臻智微芯科技有限公司	6,104	6,471
通號粵港澳(廣州)交通科技有限公司	5,441	6,013
廣東省洛倫茲技術股份有限公司	6,984	14,418
	75,228	84,117
Financial assets at fair value through profit or loss:		
Forward currency contracts	–	1,965

The equity investments of 極芯通訊技術南京有限公司 and 深圳市匯芯通信技術有限公司 were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The equity investments of 北京奕斯偉計算技術有限公司, 佛山臻智微芯科技有限公司, 通號粵港澳(廣州)交通科技有限公司, and 廣東省洛倫茲技術股份有限公司 were classified as equity investments designated at fair value through profit or loss as they were held for trading.

These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 HK\$'000	2023 HK\$'000
Prepayments	96,003	204,736
Deposits	102,972	128,712
Other receivables	132,135	101,005
	331,110	434,453
Impairment allowance	(45,122)	(46,136)
	285,988	388,317

Deposits and other receivables under current assets mainly represent rental deposits and deposits with suppliers. As at 31 December 2024, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2024 was 0.10% to 10.00% and 100% for stage 1 and stage 3 respectively (2023: 0.10% to 10.00% and 100% for stage 1 and stage 3).

20. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	193,132	296,214
Project materials	23,726	34,494
Work in progress	55,738	58,148
Finished goods	414,377	449,963
Inventories on site	247,901	485,008
	934,874	1,323,827

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21. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	3,263,246	4,259,641
Impairment	(712,445)	(755,186)
	2,550,801	3,504,455

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

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

	2024 HK\$'000	2023 HK\$'000
Within 3 months	959,025	1,503,441
4 to 6 months	418,467	472,277
7 to 12 months	504,292	673,858
More than 1 year	1,381,462	1,610,065
	3,263,246	4,259,641
Provision for impairment	(712,445)	(755,186)
	2,550,801	3,504,455

21. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	755,186	689,067
Impairment losses	87,596	82,589
Amount written off as uncollectible	(108,274)	(302)
Exchange realignment	(22,063)	(16,168)
At end of year	712,445	755,186

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

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

	Current	Past due			Total
		Less than 1 year	1-2 years	Over 2 years	
As at 31 December 2024					
Expected credit loss rate	1.32%	7.29%	17.83%	88.79%	
Gross carrying amount (HK\$'000)	1,907,613	486,773	168,732	700,128	3,263,246
Expected credit losses(HK\$'000)	25,236	35,481	30,080	621,648	712,445
<hr/>					
	Current	Past due			Total
		Less than 1 year	1-2 years	Over 2 years	
As at 31 December 2023					
Expected credit loss rate	1.49%	6.58%	17.66%	82.60%	
Gross carrying amount (HK\$'000)	2,659,781	654,934	166,369	778,557	4,259,641
Expected credit losses(HK\$'000)	39,620	43,118	29,389	643,059	755,186

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22. NOTES RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
Notes receivable	148,522	98,209
Impairment	(4,791)	(1,984)
	143,731	96,225

At 31 December 2024, notes receivable with an aggregate carrying amount of HK\$12,777,000 (2023: HK\$2,184,000) were endorsed to suppliers on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the notes receivable.

All notes receivable of the Group would mature within 12 months.

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	1,339,399	1,062,598
Restricted bank deposits	62,664	152,581
Time deposits	183,866	434,151
	1,585,929	1,649,330
Less:		
Restricted bank deposits for bills payable	(6,492)	(105,596)
Restricted bank deposits for performance bonds	(56,172)	(46,985)
Time deposits with original maturity of over three months:		
– non-current	–	(109,951)
– current	(106,855)	(198,341)
Cash and cash equivalents	1,416,410	1,188,457
	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents and time deposits		
Denominated in		
– RMB	964,128	1,258,674
– USD	342,697	159,188
– HKD	16,874	16,502
– INR	118,340	45,236
– Others	143,890	169,730
	1,585,929	1,649,330

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(continued)

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and three years depending on the cash requirements of the Group and earn interest at respective time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND BILLS PAYABLES

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

	2024 HK\$'000	2023 HK\$'000
Within 3 months	1,331,680	1,158,694
4 to 6 months	460,730	889,517
7 to 12 months	326,813	759,862
More than 1 year	595,114	826,077
	2,714,337	3,634,150

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

25. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Contract liabilities	132,206	114,157
Accruals	260,888	203,809
Lease liabilities	29,797	39,773
Dividend payables	336	336
Other payables	243,361	183,379
	666,588	541,454

Other payables are non-interest-bearing and have an average term of 1 year.

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26. INTEREST-BEARING BANK BORROWINGS

	2024		2023	
	Maturity	HK\$'000	Maturity	HK\$'000
Current				
Bank loans – guaranteed	2025	417,602	2024	707,980
Non-current				
Bank loans – guaranteed	2026-2027	423,568	2025	87,961
		841,170		795,941
Analysed into:				
Bank loans repayable				
Within 1 year or on demand		417,602		707,980
In the 2nd year		230,568		87,961
In the 3rd to 5th years, inclusive		193,000		–
		841,170		795,941

As at 31 December 2024, loans denominated in Hong Kong dollars and RMB amounted to Nil (2023: HK\$230,000,000) and HK\$841,170,000 (2023: HK\$565,941,000), respectively.

The carrying amounts of the Group's interest-bearing bank borrowings approximate to their fair values (note 37).

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

Bank loans as of 31 December 2024 bear interest at rates ranging from 2.6% to 3.4%. As of 31 December 2023, certain bank loans carried floating rates at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin per annum. Bank loans as of 31 December 2023 bore interest at rates ranging from 1% to 8.26% per annum.

27. PROVISION FOR PRODUCT WARRANTIES

	2024 HK\$'000	2023 HK\$'000
At 1 January	59,050	70,285
Additional provision	11,274	12,913
Amounts utilised during the year	(11,451)	(22,198)
Exchange realignment	(1,895)	(1,950)
At 31 December	56,978	59,050

The Group generally provides warranties of 1 to 2 years to its customers on certain of its products, under which faulty products are repaired or replaced. The amount of provision is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate. During the year, the provision for product warranties were not discounted as the effect of discounting was not material.

28. REDEEMABLE PREFERRED SHARES IN A SUBSIDIARY

	2024 HK\$'000	2023 HK\$'000
Redeemable preferred shares in a subsidiary	173,479	246,117

On 22 December 2020, Comba Network Systems Company Limited (“Comba Network”) issued 16,586,416 shares to an investor, which represented 4.5% of the enlarged equity interest in Comba Network for the consideration of HK\$111,908,000.

On 17 June 2021, Comba Network issued 19,166,409 shares to two investors, which represented 4.86% of the enlarged equity interest in Comba Network for the consideration of HK\$156,296,000.

On 22 July 2021, Comba Network issued 7,371,696 shares to two investors, which represented 1.84% of the enlarged equity interest in Comba Network for the consideration of HK\$60,136,000.

The key terms of the preferred shares in a subsidiary are summarised as follows:

(A) LIQUIDATION PREFERENCE

In the event of any liquidation event (including customarily-deemed-liquidation events such as acquisition), the holders of the preferred shares in a subsidiary would be entitled to receive in preference to the holders of the ordinary shares a per share amount equal to the per share purchase price plus a pre-determined simple interest rate and any declared but unpaid dividends (the “Preference Amount”), proportionately adjusted for share splits, share dividends, recapitalisations and the like.

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28. REDEEMABLE PREFERRED SHARES IN A SUBSIDIARY (continued)

The key terms of the preferred shares in a subsidiary are summarised as follows: (continued)

(B) REDEMPTION RIGHTS

If Comba Network fails to consummate a qualified public offering prior to the date of 31 December 2024, at the option of the holder of the preferred shares in a subsidiary, the Group shall redeem all of the outstanding preferred shares in a subsidiary held by the requesting holder, at the price for preferred share issue price and a return at a pre-determined simple interest rate on all accrued but unpaid dividends, proportionally adjusted for share splits, share dividends, recapitalisations and the like. The redemption rights shall be terminated upon the closing of a qualified public offering.

The redeemable preferred shares in a subsidiary were designated as financial liabilities at fair value through profit or loss on initial recognition. At the end of the reporting period subsequent to initial recognition, all redeemable preferred shares in a subsidiary are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

The movements of the preferred shares in a subsidiary are set out below:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	246,117	274,028
Repurchase	(128,895)	–
Transfer of preferred shares to other payables	(62,968)	–
Fair value losses/(gains)	129,538	(20,211)
Exchange realignment	(10,313)	(7,700)
At 31 December	173,479	246,117

On 18 October 2024, the Group has decided to terminate the Comba Network's Proposed A-Share listing plan on the Science and Technology Innovation Board of Shanghai Stock Exchange in the PRC in 2024. According to the terms of redemption, the failure of Comba Network to achieve IPO by 31 December 2024 triggered the repurchase obligation. The fair value of redeemable preferred shares with signed share transfer contracts was measured at the contractual transfer price and reclassified to other payables. The fair value of redeemable preferred shares without signed share transfer contracts as of 31 December 2024 was measured at the repurchase price previously agreed according to the terms of redemption.

On 3 January 2025 and 17 February 2025, the Group signed share transfer contracts with the remaining two investors, for a total consideration of HK\$ 38,033,000 and HK\$ 122,477,000 respectively.

29. SHARE CAPITAL

Shares	2024 HK\$'000	2023 HK\$'000
Authorized: 5,000,000,000 (2023: 5,000,000,000) ordinary shares of HK\$0.10 each	500,000	500,000
Issued and fully paid or credited as fully paid: 2,762,625,168 (2023: 2,765,752,668) ordinary shares of HK\$0.10 each	276,263	276,576

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Issued capital HK\$'000	Shares held for share award scheme HK\$'000	Share premium account HK\$'000	Total HK\$'000
As at 1 January 2023		2,780,189,168	278,020	(22,818)	1,486,391	1,741,593
Share option scheme						
– exercise of share options	(a)	25,421,500	2,542	–	38,509	41,051
Cancellation of repurchased shares	(b)	(39,858,000)	(3,986)	–	(55,535)	(59,521)
As at 31 December 2023 and 1 January 2024		2,765,752,668	276,576	(22,818)	1,469,365	1,723,123
Share option scheme						
– exercise of share options	(c)	12,500	1	–	16	17
Cancellation of repurchased shares	(d)	(3,140,000)	(314)	–	(1,450)	(1,764)
As at 31 December 2024		2,762,625,168	276,263	(22,818)	1,467,931	1,721,376

As at 31 December 2024, the total number of issued ordinary shares of the Company was 2,762,625,168 (2023: 2,765,752,668) shares which included 16,637,136 (2023: 16,637,136) shares held under the share award scheme adopted by the shareholders of the Company on 22 May 2023 (the “2023 Share Award Scheme”) as transitioned from the previous share award scheme (the “2011 Share Award Scheme”) which was adopted by the shareholders of the Company on 25 March 2011, renewed on 25 March 2021 and terminated on 22 May 2023 (note 30(B)).

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31 December 2024

29. SHARE CAPITAL (continued)

Notes:

- (a) During the year ended 31 December 2023, the subscription rights attaching to 25,155,500 share options and 266,000 share options were exercised at the exercise prices of HK\$1.17 per share and HK\$1.30 per share respectively, resulting in the issue of 25,421,500 shares of HK\$0.10 each for a total cash consideration (before expenses) of approximately HK\$29,777,000.
- (b) During the year ended 31 December 2023, the Company repurchased a total of 39,858,000 shares on the Hong Kong Stock Exchange for an aggregate amount of approximately HK\$59,722,000 (HK\$201,000 expenses was included) ranging from HK\$1.34 to HK\$1.65 per share. All of the repurchased shares of the Company were cancelled during the year ended 31 December 2023. For details of the share repurchases during the year ended 31 December 2023, please refer to the section "PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (INCLUDING SALE OF TREASURY SHARES) OF THE COMPANY" on page 70 of this annual report.
- (c) During the year ended 31 December 2024, the subscription rights attaching to 12,500 share options were exercised at the exercise price of HK\$1.116 per share, resulting in the issue of 12,500 shares of HK\$0.10 each for a total cash consideration (before expenses) of approximately HK\$14,000.
- (d) During the year ended 31 December 2024, the Company repurchased a total of 3,140,000 shares on the Hong Kong Stock Exchange for an aggregate amount of approximately HK\$1,771,000 ranging from HK\$0.51 to HK\$0.63 per share. All of the repurchased shares of the Company were cancelled during the year ended 31 December 2024.

30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

(A) SHARE OPTION SCHEMES

A share option scheme (the "2013 Share Option Scheme") was adopted by the shareholders of the Company on 3 June 2013 and terminated on 22 May 2023. Upon termination, no further options were granted but the provisions of the 2013 Share Option Scheme remained in full force and effect in respect of any options granted before its termination but not yet exercised.

The purpose of the 2013 Share Option Scheme is to provide incentives and rewards to eligible persons for their contribution or potential contribution to the success of the Group's operations. Eligible persons of the 2013 Share Option Scheme include (i) any directors (whether executive or non-executive, including independent non-executive directors) or employees (whether full time or part time) of, or individual for the time being seconded to work for; (ii) any holders of any securities issued by; (iii) any business or joint venture partners, contractors, agents or representatives of; (iv) any persons or entities that provide research, development or technological support or any advisory, consultancy or professional services incidental to the business of the Group to; (v) any investors, vendors, suppliers, developers or licensors of; or (vi) any customers, licensees (including sub-licensees), wholesalers, retailers, traders or distributors of goods or services of, any member of the Group, the Company's controlling shareholders or companies controlled by the Company's controlling shareholders.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme, the 2011 Share Award Scheme and any other share incentive schemes of the Company shall not exceed 30% of the shares of the Company in issue at any time. The maximum number of shares issued and to be issued upon exercise of share options granted to each eligible person under the 2013 Share Option Scheme and any other share schemes of the Company (including cancelled, exercised and outstanding share options) in any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)**(A) SHARE OPTION SCHEMES** (continued)

Share options granted under the 2013 Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval by the independent non-executive directors of the Company. In addition, any share options granted under the 2013 Share Option Scheme and any other share schemes of the Company (including share options exercised, cancelled and outstanding) to a substantial shareholder of the Company or an independent non-executive director of the Company, or to any of their respective associates, in excess of in aggregate 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant of the share options) in excess of HK\$5 million, in any 12-month period up to and including the date of such grant, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options under the 2013 Share Option Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$10 in total by the grantee. The exercise period of the share options granted under the 2013 Share Option Scheme is determined by the directors of the Company and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options. Generally, there is no specified minimum period prescribed under the 2013 Share Option Scheme for which share options must be held before they can be exercised in accordance with the terms of the 2013 Share Option Scheme. Please refer to the table below for details on the specific vesting period with respect to the share options granted under the 2013 Share Option Scheme.

The exercise price of the share options granted under the 2013 Share Option Scheme is determined by the directors of the Company, but shall be at least the higher of: (i) the nominal value of the Company's shares; (ii) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the date of offer of the share options; and (iii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of offer of the share options.

Share options granted under the 2013 Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

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30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(A) SHARE OPTION SCHEMES (continued)

Movements in the number of the Company's share options under the 2013 Share Option Scheme during the year are as follows:

Name or category of participant	Outstanding as at 1 January 2024	Number of share options					Outstanding as at 31 December 2024	Date of grant of share options*	Exercise period of share options	Exercise price of share options HK\$ per share	Weighted average closing price of the shares immediately before the dates on which the share options were exercised HK\$ per share
		Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Cancelled during the year					
Executive directors											
Mr. Fok Tung Ling	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhang Yue Jun	-	-	-	-	-	-	-	-	-	-	-
Ms. Huo Xinru	5,000,000	-	-	(5,000,000)	-	-	-	8 Apr 19	8 Apr 20-7 Apr 24	1.890	-
	2,000,000	-	-	-	-	-	2,000,000	13 Apr 21	13 Apr 22-12 Apr 26	2.030	-
	7,000,000	-	-	(5,000,000)	-	-	2,000,000				
Mr. Chang Fei Fu	5,000,000	-	-	(5,000,000)	-	-	-	8 Apr 19	8 Apr 20-7 Apr 24	1.890	-
	2,000,000	-	-	-	-	-	2,000,000	13 Apr 21	13 Apr 22-12 Apr 26	2.030	-
	7,000,000	-	-	(5,000,000)	-	-	2,000,000				
Mr. Xu Huijun (resigned with effect from 18 November 2024)	10,000,000	-	-	(10,000,000)	-	-	-	8 Apr 19	8 Apr 20-7 Apr 24	1.890	-
	4,000,000	-	-	-	-	-	4,000,000	13 Apr 21	13 Apr 22-12 Apr 26	2.030	-
	14,000,000	-	-	(10,000,000)	-	-	4,000,000				
Non-executive director Mr. Wu Tielong (resigned with effect from 22 March 2024)	5,000,000	-	-	(5,000,000)	-	-	-	8 Apr 19	8 Apr 20-7 Apr 24	1.890	-

30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(A) SHARE OPTION SCHEMES (continued)

Movements in the number of the Company's share options under the 2013 Share Option Scheme during the year are as follows (continued):

Name or category of participant	Outstanding as at 1 January 2024	Number of share options					Outstanding as at 31 December 2024	Date of grant of share options*	Exercise period of share options	Exercise price of share options HK\$ per share	Weighted average closing price of the shares immediately before the dates on which the share options were exercised HK\$ per share
		Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Cancelled during the year					
Independent non-executive directors											
Ms. Ng Yi Kum	200,000	-	-	(200,000)	-	-	8 Apr 19	8 Apr 20-7 Apr 24	1.890	-	
Ms. Wong Lok Lam	-	-	-	-	-	-	-	-	-	-	
Mr. Chong Chee Keong, Chris	-	-	-	-	-	-	-	-	-	-	
Other employees in aggregate	46,390,500	-	-	(46,390,500)	-	-	8 Apr 19	8 Apr 20-7 Apr 24	1.890	-	
	40,210,000	-	-	-	(400,000)	-	13 Apr 21	13 Apr 22-12 Apr 26	2.030	-	
	86,600,500	-	-	(46,390,500)	(400,000)	-				-	
	119,800,500	-	-	(71,590,500)	(400,000)	-				-	

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(A) SHARE OPTION SCHEMES (continued)

The expense recognized in the consolidated statement of profit or loss for employee services received during the year under the 2013 Share Option Scheme is approximately HK\$2,872,000 (2023: HK\$7,512,000).

At the end of the reporting period, the Company had 47,810,000 share options outstanding under the 2013 Share Option Scheme, of which 35,857,500 were vested and 11,952,500 were unvested. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 47,810,000 additional ordinary shares of the Company and additional share capital of HK\$4,781,000 and share premium of HK\$92,273,000 (before issue expenses). No shares under the 2013 Share Option Scheme have been granted during the Current Year.

As at the date of approval of these financial statements, the Company had 39,280,000 share options outstanding under the 2013 Share Option Scheme, representing approximately 1.27% of the Company's shares in issue as at that date.

A share option scheme (the "2023 Share Option Scheme") was adopted by the shareholders of the Company on 22 May 2023. Subject to early termination as may be determined by shareholders of the Company in general meeting, the 2023 Share Option Scheme shall be valid and effective for a period of ten years commencing from its date of adoption and is due to expire on 22 May 2033.

The purpose of the 2023 Share Option Scheme is to enable the board of directors of the Company (the "Board") to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the success of the Group's operations. Eligible participants of the 2023 Share Option Scheme include any director or employee (whether full-time or part-time, but explicitly excludes any former employee) of the Group, who is eligible to be granted option(s) under the 2023 Share Option Scheme (and including persons who are granted option(s) under the 2023 Share Option Scheme as an inducement to enter into employment contracts with these companies).

The maximum number of shares issued and to be issued in respect of all options and awards granted to each eligible participant under the 2023 Share Option Scheme and each Selected Participant (as defined below) under the 2023 Share Award Scheme respectively (excluding any options and awards lapsed in accordance with the terms of the share schemes of the Company) in any 12-month period (up to and including the date of such grant) is limited to in aggregate 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(A) SHARE OPTION SCHEMES (continued)

Share options granted under the 2023 Share Option Scheme to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the grantee of the option). In addition, the maximum number of shares issued and to be issued in respect of all options and awards granted to each substantial shareholder or each independent non-executive director of the Company under the 2023 Share Option Scheme and the 2023 Share Award Scheme respectively (excluding any options and awards lapsed in accordance with the terms of the share schemes of the Company) in any 12-month period (up to and including the date of such grant) is limited to in aggregate 0.1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

An offer for the grant of options under the 2023 Share Option Scheme may be accepted at a total consideration of HK\$10 or such other amount as the Board may determine within 21 days inclusive of, and from, the day on which such offer was made (subject to any determination otherwise by the Board). In respect of any option granted under the 2023 Share Option Scheme, the period during which such option can be exercised subject to the terms of the 2023 Share Option Scheme, being the period commencing on such date on or after the date of grant of the option as the Board may determine when granting the option and expiring at the close of business on such date as the Board may determine when granting the option but in any event not exceeding ten years from the date of grant of the option. The vesting period of options granted under the 2023 Share Option Scheme shall be determined by the Board subject to a minimum period of not less than 12 months. Please refer to the table below for details on the specific vesting period with respect to the share options granted under the 2023 Share Option Scheme.

The exercise price of the share options granted under the 2023 Share Option Scheme shall be determined by the Board at its discretion at the time of the grant of the relevant option but in any event shall be at least the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the date of grant; and (ii) the average of the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant, subject to subsequent adjustments provided that the exercise price shall not be less than the nominal value of each share of the Company.

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30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(A) SHARE OPTION SCHEMES (continued)

Movements in the number of the Company's share options under the 2023 Share Option Scheme during the year are as follows:

Name or category of participant	Outstanding as at 1 January 2024	Number of share options					Outstanding as at 31 December 2024	Date of grant of share options*	Exercise period of share options	Exercise price of share options HK\$ per share	Weighted average closing price of the shares immediately before the dates on which the share options were exercised HK\$ per share
		Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Cancelled during the year					
Directors	-	-	-	-	-	-	-	-	-	-	-
Other employees in aggregate	300,000	-	(12,500)	-	-	-	287,500	15 Sep 23	15 Sep 24–14 Sep 28	1.116	-
	300,000	-	(12,500)	-	-	-	287,500				-
	300,000	-	(12,500)	-	-	-	287,500				-

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The expense recognized in the consolidated statement of profit or loss for employee services received during the year under the 2023 Share Option Scheme is approximately HK\$53,000 (2023: HK\$18,000).

At the end of the reporting period, the Company had 287,500 share options outstanding under the 2023 Share Option Scheme, of which 62,500 were vested and 225,000 were unvested. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 287,500 additional ordinary shares of the Company and additional share capital of HK\$29,000 and share premium of HK\$ 292,000 (before issue expenses). No shares under the 2023 Share Option Scheme have been granted during the Current Year.

As at the date of approval of these financial statements, the Company had 250,500 share options outstanding under the 2023 Share Option Scheme, representing approximately 0.01% of the Company's shares in issue as at that date.

30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(B) SHARE AWARD SCHEME

The 2023 Share Award Scheme was adopted by the shareholders of the Company on 22 May 2023. Subject to early termination as may be determined by shareholders of the Company in general meeting, the 2023 Share Award Scheme shall be valid and effective for a period of ten years commencing on its date of adoption and is due to expire on 22 May 2033.

The purpose of the 2023 Share Award Scheme is to enable the Board to grant awards to certain directors and employees (the “Selected Participant(s)”) of the Group to recognize the contributions by them to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Selected Participant(s) are those eligible participant(s) selected by the Board in accordance with the terms of the 2023 Share Award Scheme. Eligible participants of the 2023 Share Award Scheme include any director or employee (whether full-time or part-time, but explicitly excludes any former employee) of the Group, who is eligible to be granted award(s) under the 2023 Share Award Scheme (and including persons who are granted award(s) under the 2023 Share Award Scheme as an inducement to enter into employment contracts with these companies).

The maximum number of shares issued and to be issued in respect of all awards and options granted to each Selected Participant under the 2023 Share Award Scheme and each eligible participant under the 2023 Share Option Scheme respectively (excluding any awards or options lapsed in accordance with the terms of the share schemes of the Company) in any 12-month period (up to and including the date of such grant) is limited to in aggregate 1% of the shares of the Company in issue at any time. Any further grant of awards in excess of this limit is subject to shareholders’ approval in a general meeting. No amount is payable on the acceptance of any award granted under the 2023 Share Award Scheme. No amount is payable by the Selected Participants on application or acceptance of the award granted under the 2023 Share Award Scheme.

Awards granted under the 2023 Share Award Scheme to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the grantee of the award).

The maximum number of shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant share scheme pursuant to which they are granted) to each director of the Company (other than an independent non-executive director of the Company) or chief executive of the Company, or any of their associates, under all share schemes of the Company (excluding, for the avoidance of doubt, any grant of options) in any 12-month period (up to and including the date of such grant) is limited to 0.1% of the shares of the Company in issue at any time. Any further grant of awards (that involve issuance of new shares by the Company) in excess of this limit is subject to shareholders’ approval in a general meeting.

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30. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

(B) SHARE AWARD SCHEME (continued)

The maximum number of shares issued and to be issued in respect of all awards and options granted (excluding any awards and options lapsed in accordance with the terms of the relevant share scheme pursuant to which they are granted) to each substantial shareholder of the Company or independent non-executive director of the Company (or any of their respective associates) under all share schemes of the Company in any 12-month period (up to and including the date of such grant) is limited to 0.1% of the shares of the Company in issue at any time. Any further grant of awards (that involve issuance of new shares by the Company) in excess of this limit is subject to shareholders' approval in a general meeting.

The vesting period of awards granted under the 2023 Share Award Scheme shall be determined by the Board subject to a minimum period of not less than 12 months.

During the year ended 31 December 2024, no awarded shares were outstanding, granted, vested, unvested, cancelled or lapsed in accordance with the terms of the 2023 Share Award Scheme.

Taking into account share options granted under the 2013 Share Option Scheme (as refreshed in 2018) and awarded shares granted under the 2011 Share Award Scheme involving issuance of new shares, and the common scheme mandate limit shared by both the 2013 Share Option Scheme and the 2011 Share Award Scheme (i.e. not exceeding 10% of the number of issued shares of the Company as at 28 May 2018), the total number of new shares which may fall to be issued by the Company in connection with share options that may be granted under the 2013 Share Option Scheme and/or awarded shares involving issuance of new shares that may be granted under the 2011 Share Award Scheme as at 1 January 2024 and 31 December 2024 both were nil.

Taking into account the common scheme mandate limit shared by both the 2023 Share Option Scheme and the 2023 Share Award Scheme (i.e. not exceeding 10% of the number of issued shares of the Company as at 22 May 2023), the total number of new shares which may fall to be issued by the Company in connection with share options that may be granted under the 2023 Share Option Scheme and/or awarded shares involving issuance of new shares that may be granted under the 2023 Share Award Scheme as at 1 January 2024 and 31 December 2024 both were 280,234,466.

As at the date of approval of these financial statements:

- (i) the total number of shares available for issue under the 2013 Share Option Scheme and 2011 Share Award Scheme was 39,280,000 shares, representing approximately 1.27% of the Company's issued share capital (excluding treasury shares).
- (ii) the total number of shares available for issue under the 2023 Share Option Scheme and 2023 Share Award Scheme was 280,484,966 shares, representing approximately 9.04% of the Company's issued share capital (excluding treasury shares).

The number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the financial year ended 31 December 2024 divided by the weighted average number of shares in issue (excluding treasury shares) for the year ended 31 December 2024 is 0.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 89 and 90 of the annual report.

Pursuant to the relevant laws and regulations of the PRC, a portion of the profits of the Group's subsidiaries which are established in the PRC has been transferred to the statutory reserve which is restricted as to use.

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities were as follows:

	Interest-bearing bank borrowings HK\$'000	Lease liabilities HK\$'000
At 1 January 2024	795,941	82,363
Changes from financing cash flows*	58,079	(59,445)
New leases	–	47,578
Foreign exchange movement	(12,850)	(5,583)
Interest expense	–	4,257
At 31 December 2024	841,170	69,170

* Excluding HKD91,452,000 from reversal of discounted notes receivable classified as operating cash flows.

	Interest-bearing bank borrowings HK\$'000	Lease liabilities HK\$'000
At 1 January 2023	1,341,993	81,016
Changes from financing cash flows	(536,690)	(66,563)
New leases	–	64,724
Foreign exchange movement	(9,362)	(1,182)
Interest expense	–	4,368
At 31 December 2023	795,941	82,363

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31 December 2024

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK\$'000	2023 HK\$'000 (Restated)
Within operating activities	33	1,811
Within financing activities	58,314	66,563
	58,347	68,374

33. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2024 HK\$'000	2023 HK\$'000
Guarantees given to banks in respect of performance bonds*	294,320	359,619

* Part of performance bonds are secured by the pledge of certain of the Group's time deposits amounting to HK\$56,172,000 (2023: HK\$46,984,000).

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Contracted, but not provided for: Plant and machinery	2,792	8,718

35. RELATED PARTY TRANSACTIONS

- (a) The Group had no significant transactions with related parties during the year and had no significant outstanding balances with related parties as at the end of the reporting period.
- (b) Compensation of key management personnel of the Group:

	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	21,371	28,800
Equity-settled share option expense	459	1,682
Share based payment expense*	4,667	3,762
Pension scheme contributions	114	186
Total compensation paid to key management personnel	26,611	34,430

The related party transactions in respect of directors' remuneration mentioned above were connected transactions as defined in Chapter 14A of the Listing Rules but exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further details of directors' remuneration are included in note 8 to the financial statements.

* Share Incentive Scheme

On 29 May 2020, the Company adopted a share incentive scheme (the "Scheme") to award, the shares of Comba Network Systems Company Limited ("Comba Network"), an indirectly – owned subsidiary of the Company, to directors, employees and consultants of the Group to recognise their contributions. Comba Business Consulting (Guangzhou) Limited# (京信企業諮詢(廣州)有限公司) ("Comba Consulting", an indirect wholly-owned subsidiary of the Company), acts as a general partner, together with the selected participants (the "Selected Participants") in the Scheme who act as limited partners, has set up three Non-G Partnerships (as defined below) and eight G Partnerships (as defined below) in the People's Republic of China.

In June 2020, Comba Consulting has set up Xin Han Tong No.2, Xin Han Tong No.7 and Xin Han Tong No.8 (the "Non-G Partnerships") under the Non-G Limited Partnership agreements to hold the relevant incentive shares for and on behalf of the Selected Participants. Upon the completion of the establishment, the Selected Participants under Non-G Partnerships consist of four Directors, five directors of the relevant subsidiaries of the Company, 98 employees of the Group (excluding Comba Network and its subsidiaries, collectively the "Comba Network Group") and three consultants of the Group (excluding Comba Network Group). Non-G Partnerships purchased certain existing shares of Comba Network from Comba Telecom Systems Limited, a wholly owned subsidiary of the Company, at the total consideration of RMB57,700,000.

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35. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group: (continued)

* Share Incentive Scheme (continued)

In June 2020, Comba Consulting has also set up Xin Han Tong No.1, Xin Han Tong No.3, Xin Han Tong No.5 and Xin Han Tong No.6 (the "G Partnerships") under the G Limited Partnership agreements to hold the relevant incentive shares for and on behalf of the Selected Participants. Upon the completion of the establishment, the Selected Participants in the G Partnerships consist of one Director, three directors of the relevant subsidiaries of the Company as well as 119 employees of the Comba Network Group. G Partnerships subscribed for and Comba Network issued certain new shares at the total consideration of RMB54,400,000.

Pursuant to the partnership interest transfer agreements entered into between (i) Comba Consulting as general partner (the "G General Partner") of G Partnerships (the "Existing G Partnerships") and (ii) certain existing limited partners in G Partnerships which consist of a Director together with 100 employees and five directors in the Comba Network Group (the "Existing G Limited Partners") and certain new limited partners in G Partnerships which consist of 10 employees in the Comba Network Group (the "Additional G Limited Partners") on 12 April 2021, the G General Partner has transferred its limited partnership interests in the Existing G Partnerships in the aggregate amount of RMB14,000,000 to certain Existing G Limited Partners and Additional G Limited Partners, as limited partners of the Existing G Partnerships, including RMB13,160,000 to certain Existing G Limited Partners and RMB840,000 to the Additional G Limited Partners at the total consideration of RMB14,000,000.

On 23 March 2021, Comba Consulting has further set up Xin Han Tong No.9, Xin Han Tong No.10, Xin Han Tong No.11 and Xin Han Tong No.12 (collectively the "New G Partnerships") in the People's Republic of China under the New G Limited Partnership agreements to hold the relevant incentive shares for and on behalf of the Selected Participants. Upon the completion of the establishment, the Selected Participants under New G Partnerships consist of 174 employees of the Comba Network Group.

Pursuant to the capital increase agreement entered into between New G Partnerships and Comba Network on 12 April 2021, the New G Partnerships subscribed for and Comba Network issued new shares at the total consideration of RMB20,000,000, including RMB19,880,000 contributed by the limited partners in New G Partnerships as limited partners, and RMB120,000 contributed by Comba Consulting as general partner, respectively.

Each of the Non-G Partnerships, Existing G Partnerships and New G Partnerships has been accounted for as a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company.

Due to the termination of Comba Network's IPO plan, Comba Telecom Technology (Guangzhou) Limited, an indirectly wholly owned subsidiary of the Group, had bought back all the incentive shares held by the limited partners during the year.

The Group had recorded the expenses associated with the shares granted under the Scheme of HK\$38,170,000 in profit or loss in 2024, of which HK\$11,830,000 was attributable to the acceleration of vesting, representing the amount that would have been recognised over the remaining vesting period.

For details, please refer to the announcements of the Company dated 10 June 2020, 24 June 2020, 12 April 2021, 20 May 2021 and 18 October 2024.

for identification purpose

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Equity investments at fair value through other comprehensive income	–	101,725	–	101,725
Equity investments at fair value through profit or loss	75,228	–	–	75,228
Trade receivables	–	–	2,550,801	2,550,801
Notes receivable	–	–	143,731	143,731
Financial assets included in prepayments, other receivables and other assets	–	–	235,107	235,107
Restricted bank deposits	–	–	62,664	62,664
Time deposit	–	–	106,855	106,855
Cash and cash equivalents	–	–	1,416,410	1,416,410
	75,228	101,725	4,515,568	4,692,521

Financial liabilities

	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Redeemable preferred shares in a subsidiary	173,479	–	173,479
Trade and bills payables	–	2,714,337	2,714,337
Financial liabilities included in other payables and accruals	–	309,196	309,196
Interest-bearing bank borrowings	–	841,170	841,170
Lease liabilities	–	39,373	39,373
	173,479	3,904,076	4,077,555

NOTES TO FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023

Financial assets

	Financial assets at fair value through profit or loss HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Equity investments at fair value through other comprehensive income	–	104,524	–	104,524
Equity investments at fair value through profit or loss	84,117	–	–	84,117
Trade receivables	–	–	3,504,455	3,504,455
Notes receivable	–	–	96,225	96,225
Financial assets included in prepayments, other receivables and other assets	–	–	229,717	229,717
Financial assets at fair value through profit or loss	1,965	–	–	1,965
Restricted bank deposits	–	–	152,581	152,581
Time deposit	–	–	308,292	308,292
Cash and cash equivalents	–	–	1,188,457	1,188,457
	86,082	104,524	5,479,727	5,670,333

Financial liabilities

	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Redeemable preferred shares in a subsidiary	246,117	–	246,117
Trade and bills payables	–	3,634,150	3,634,150
Financial liabilities included in other payables and accruals	–	270,103	270,103
Interest-bearing bank borrowings	–	795,941	795,941
Lease liabilities	–	42,590	42,590
	246,117	4,742,784	4,988,901

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, the current portion of restricted bank deposits, trade receivables, notes receivable, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables, the current portion of interest-bearing bank borrowings and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of restricted bank deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2024 were assessed to be insignificant.

As at 31 December 2023 and 2024, the carrying amount of the Group's financial assets and financial liabilities approximate to their fair values.

The fair values of unlisted equity investments designated at fair value through other comprehensive income/profit and loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income/profit and loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	2.51 to 16.16 (2023: 1.36 to 11.59)	10% (2023: 10%) increase/decrease in multiple would result in increase/decrease in fair value by HK\$17,137,000 (2023: HK\$2,140,000)
		Discount for lack of marketability	30% (2023: 30%)	10% (2023: 10%) increase/decrease in multiple would result in decrease/increase in fair value by HK\$7,267,000 (2023: HK\$771,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (level 1) HK\$'000	Significant observable inputs (level 2) HK\$'000	Significant unobservable inputs (level 3) HK\$'000	
Equity investments designated at fair value through other comprehensive income	–	–	101,725	101,725
Equity investments designated at fair value through profit or loss	–	–	75,228	75,228
	–	–	176,953	176,953

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

FAIR VALUE HIERARCHY^(continued)

Assets measured at fair value:^(continued)

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (level 1) HK\$'000	Significant observable inputs (level 2) HK\$'000	Significant unobservable inputs (level 3) HK\$'000	
Equity investments designated at fair value through other comprehensive income	–	91,485	13,039	104,524
Financial assets at fair value through profit or loss	–	1,965	–	1,965
Equity investments designated at fair value through profit or loss	–	71,633	12,484	84,117
	–	165,083	25,523	190,606

As at 31 December 2024, the Group transferred its financial assets of HK\$163,118,000 at fair value through profit or loss from Level 2 to Level 3 fair value hierarchy. The fair values of the unlisted equity investments at Level 3 fair value hierarchy was based on a market-based valuation technique. The fair values of financial assets at fair value through profit or loss were measured using valuation models and various market observable inputs, including tenor, volatility and spot rate.

As at 31 December 2023, the Group transferred its financial assets of HK\$49,026,000 at fair value through profit or loss from Level 3 to Level 2 fair value hierarchy. As at 31 December 2023, the fair value of the unlisted equity investments at Level 2 fair value hierarchy was based on transaction price. The fair values of the unlisted equity investments at Level 3 fair value hierarchy was based on a market-based valuation technique. The fair values of financial assets at fair value through profit or loss were measured using valuation models and various market observable inputs, including tenor, volatility and spot rate.

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31 December 2024

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

FAIR VALUE HIERARCHY (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	25,523	95,734
Total losses recognised in the statement of profit or loss included in other expenses	(6,301)	(21,828)
Total gains recognised in other comprehensive income	572	1,856
Transfer from/(to) Level 2	163,118	(49,026)
Exchange realignment	(5,959)	(1,213)
At 31 December	176,953	25,523

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (level 1) HK\$'000	Significant observable inputs (level 2) HK\$'000	Significant unobservable inputs (level 3) HK\$'000	
Redeemable preferred shares in a subsidiary	–	173,479	–	173,479

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (level 1) HK\$'000	Significant observable inputs (level 2) HK\$'000	Significant unobservable inputs (level 3) HK\$'000	
Redeemable preferred shares in a subsidiary	–	–	246,117	246,117

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, cash, redeemable preferred shares in a subsidiary and short-term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligation with floating rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2024			
Hong Kong dollars	50	–	–
RMB	50	(5,240)	–
Hong Kong dollars	(50)	–	–
RMB	(50)	5,240	–
2023			
Hong Kong dollars	50	(679)	–
RMB	50	(1,710)	–
Hong Kong dollars	(50)	679	–
RMB	(50)	1,710	–

* Excluding retained profits

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 15.0% (2023: 13.7%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales, whilst approximately 97.4% (2023: 88.3%) of costs were denominated in the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in US\$/AED/ RMB rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2024			
If Brazil dollar weakens against US\$	5	(9,043)	–
If Brazil dollar strengthens against US\$	(5)	9,043	–
If RMB weakens against US\$	5	35,021	–
If RMB strengthens against US\$	(5)	(35,021)	–
If Hong Kong dollar weakens against AED	5	(19,580)	–
If Hong Kong dollar strengthens against AED	(5)	19,580	–
If Hong Kong dollar weakens against RMB	5	(30,092)	–
If Hong Kong dollar strengthens against RMB	(5)	30,092	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

FOREIGN CURRENCY RISK (continued)

	Increase/ (decrease) in US\$/AED/ RMB rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2023			
If Brazil dollar weakens against US\$	5	(9,109)	–
If Brazil dollar strengthens against US\$	(5)	9,109	–
If RMB weakens against US\$	5	28,904	–
If RMB strengthens against US\$	(5)	(28,904)	–
If Hong Kong dollar weakens against AED	5	(19,250)	–
If Hong Kong dollar strengthens against AED	(5)	19,250	–
If Hong Kong dollar weakens against RMB	5	(34,837)	–
If Hong Kong dollar strengthens against RMB	(5)	34,837	–

* Excluding retained profits

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31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs			Total HK\$'000
		Stage 2	Stage 3	Simplified	
		HK\$'000	HK\$'000	approach HK\$'000	
Trade receivables*	–	–	–	3,263,246	3,263,246
Notes receivable	–	–	–	148,522	148,522
Financial assets included in prepayments, other receivables and other assets	207,439	–	27,668	–	235,107
Restricted bank deposits	62,664	–	–	–	62,664
Time deposit	106,855	–	–	–	106,855
Cash and cash equivalents	1,416,410	–	–	–	1,416,410
	1,793,368	–	27,668	3,411,768	5,232,804

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs			Total HK\$'000
		Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	4,259,641	4,259,641
Notes receivable	–	–	–	98,209	98,209
Financial assets included in prepayments, other receivables and other assets	201,130	–	28,587	–	229,717
Restricted bank deposits	152,581	–	–	–	152,581
Time deposit	308,292	–	–	–	308,292
Cash and cash equivalents	1,188,457	–	–	–	1,188,457
	1,850,460	–	28,587	4,357,850	6,236,897

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

The credit risk of the Group's other financial assets, which comprise cash at banks and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. At the end of the reporting period, the Group has certain concentrations of credit risk as 21% (2023: 23%) and 59% (2023: 64%) of the Group's trade receivables were due from the Group's largest customer and the 5 largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in note 21 to the financial statements.

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31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. In addition, banking facilities have been put in place for contingency purposes. The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024				
	On demand HK\$'000	Within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Lease liabilities	–	–	40,578	3,520	44,098
Redeemable preferred shares in a subsidiary	–	173,479	–	–	173,479
Interest-bearing bank borrowings	–	436,908	435,272	–	872,180
Trade and bills payables	–	2,714,337	–	–	2,714,337
Financial liabilities included in other payables and accruals	–	309,196	–	–	309,196
	–	3,633,920	475,850	3,520	4,113,290
	2023				
	On demand HK\$'000	Within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Lease liabilities	–	–	39,925	7,691	47,616
Redeemable preferred shares in a subsidiary	–	390,104	–	–	390,104
Interest-bearing bank borrowings	–	713,292	90,512	–	803,804
Trade and bills payables	–	3,634,150	–	–	3,634,150
Financial liabilities included in other payables and accruals	–	270,103	–	–	270,103
	–	5,007,649	130,437	7,691	5,145,777

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2024.

Capital is the total equity of the Group. The Group monitors capital using a gearing ratio, which is interest-bearing bank borrowings divided by the total assets. The gross gearing ratios as at the end of the reporting periods were as follows:

	2024 HK\$'000	2023 HK\$'000 (Restated)
Interest-bearing bank borrowings	841,170	795,941
Total assets	7,439,608	9,039,511
Gross gearing ratio	11.3%	8.8%

39. EVENTS AFTER THE REPORTING PERIOD

On 17 February 2025, the Company entered into two subscription agreements with two investors, who agreed to subscribe for 310,407,322 and 31,040,732 new shares, respectively, at HK\$1.09 per share, representing 10.10% and 1.11% of the enlarged equity interest in the Company. The total proceeds from both subscriptions were approximately HK\$372,178,000.

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40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	824,242	817,488
Total non-current assets	824,242	817,488
CURRENT ASSETS		
Other receivables	330	325
Due from subsidiaries	1,405,608	1,413,954
Cash and cash equivalents	6,253	4,096
Total current assets	1,412,191	1,418,375
CURRENT LIABILITIES		
Other payables and accruals	92,769	92,446
Total current liabilities	92,769	92,446
NET CURRENT ASSETS	1,319,422	1,325,929
TOTAL ASSETS LESS CURRENT LIABILITIES	2,143,664	2,143,417
NON-CURRENT LIABILITIES		
Financial guarantee contracts	11,516	7,687
Total non-current liabilities	11,516	7,687
Net assets	2,132,148	2,135,730
EQUITY		
Issued capital	276,263	276,576
Shares held for share award scheme	(22,818)	(22,818)
Reserves (note)	1,878,703	1,881,972
Total equity	2,132,148	2,135,730

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK\$'000	Share-based compensation reserve** HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	1,486,391	79,988	335,087	415	–	1,901,881
Total comprehensive income for the year	–	–	–	–	64,607	64,607
Share option scheme						
– value of services	–	7,530	–	–	–	7,530
– exercise of share options	38,509	(11,274)	–	–	–	27,235
– transfer of share option reserve upon the forfeiture or expiry of share options	–	(2,705)	–	–	2,705	–
Share repurchase	(55,535)	–	–	–	–	(55,535)
Final 2022 dividend	–	–	–	–	(30,556)	(30,556)
Interim 2023 dividend	–	–	–	–	(33,190)	(33,190)
At 31 December 2023 and 1 January 2024	1,469,365	73,539	335,087	415	3,566	1,881,972
Total comprehensive loss for the year	–	–	–	–	(4,757)	(4,757)
Share option scheme						
– value of services	–	2,925	–	–	–	2,925
– exercise of share options	16	(3)	–	–	–	13
– transfer of share option reserve upon the forfeiture or expiry of share options	–	(46,578)	–	–	46,578	–
Share repurchase	(1,450)	–	–	–	–	(1,450)
At 31 December 2024	1,467,931	29,883	335,087	415	45,387	1,878,703

* The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganization before the listing of the Company on the main board of the Hong Kong Stock Exchange, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Law of the Cayman Islands, a company may make distributions to its members out of the contributed surplus under certain circumstances.

** The share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.5 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board on 27 March 2025.

5 YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last 5 financial years, as extracted from the published audited financial statements is set out below:

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
RESULTS					
REVENUE	4,528,263	5,981,974	6,364,677	5,869,666	5,057,240
Cost of sales	(3,357,147)	(4,319,287)	(4,491,146)	(4,446,835)	(3,612,059)
Gross profit	1,171,116	1,662,687	1,873,531	1,422,831	1,445,181
Other income and gains	129,351	174,120	236,520	193,320	183,442
Research and development expenses	(409,436)	(446,059)	(515,798)	(608,940)	(471,055)
Selling and distribution expenses	(554,012)	(583,638)	(565,904)	(597,546)	(542,321)
Administrative expenses	(471,540)	(491,308)	(493,411)	(601,073)	(571,519)
Other expenses	(374,726)	(207,230)	(183,504)	(428,256)	(243,540)
Finance costs	(31,264)	(54,534)	(60,198)	(43,761)	(69,352)
Share of profit of:					
A joint venture	1,793	626	5,818	6,968	1,052
PROFIT/(LOSS) BEFORE TAX	(538,718)	54,664	297,054	(656,457)	(268,112)
Income tax expense	(14,856)	(39,051)	(153,558)	(16,100)	(23,011)
PROFIT/(LOSS) FOR THE YEAR	(553,574)	15,613	143,496	(672,557)	(291,123)
Attributable to:					
Owners of the parent	(564,191)	6,696	190,237	(592,567)	(194,104)
Non-controlling interests	10,617	8,917	(46,741)	(79,990)	(97,019)
	(553,574)	15,613	143,496	(672,557)	(291,123)
TOTAL ASSETS	7,439,608	9,039,511	10,255,686	11,512,579	11,325,161
TOTAL LIABILITIES	(4,726,254)	(5,524,422)	(6,561,612)	(7,328,762)	(6,775,127)
NON-CONTROLLING INTERESTS	(60,975)	(154,726)	(158,402)	(409,101)	(443,121)
	2,652,379	3,360,363	3,535,672	3,774,716	4,106,913



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