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

2025 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.

Headquartered in Singapore, the Company has established its R&D base in Guangzhou Science City and has applied over 6,000 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。

本公司總部位於新加坡，在中國廣州科學城設有研發基地，已申請國內外專利超過6,000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)*
Chang Fei Fu *(Chief Financial Officer)*
Ye Ka *(Chief Marketing Officer)* (appointed with effect from 20 August 2025)

Non-Executive Director

Yi Lei (appointed with effect from 1 April 2025)

Independent Non-Executive Directors

Ng Yi Kum
Chong Chee Keong, Chris
Tan Khee Giap (appointed with effect from 16 October 2025)
Wong Lok Lam (resigned with effect from 16 October 2025)

COMPANY SECRETARY

Chan Siu Man

AUDIT COMMITTEE

Ng Yi Kum *(Chairman)*
Chong Chee Keong, Chris
Tan Khee Giap (appointed with effect from 16 October 2025)
Wong Lok Lam (resigned with effect from 16 October 2025)

NOMINATION COMMITTEE

Tan Khee Giap *(Chairman)* (appointed with effect from 16 October 2025)
Ng Yi Kum
Chong Chee Keong, Chris
Wong Lok Lam (resigned with effect from 16 October 2025)

REMUNERATION COMMITTEE

Chong Chee Keong, Chris *(Chairman)*
Ng Yi Kum
Tan Khee Giap (appointed with effect from 16 October 2025)
Wong Lok Lam (resigned with effect from 16 October 2025)

EXECUTIVE COMMITTEE (established on 1 April 2025)

Huo Xinru *(Chairman)*
Chang Fei Fu
Sun Shanqiu
Li Yuwen
Xiang Wei
Li Xuefeng

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 SINGAPORE (established on 16 October 2025)

164 Kallang Way
#03-12, Solaris@Kallang 164
Singapore 349248

CORPORATE INFORMATION

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

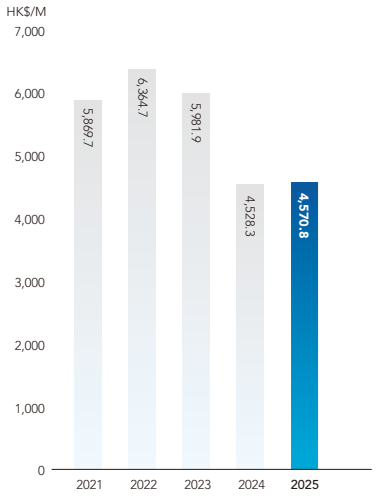
Industrial and Commercial Bank of China Limited
China Guangzhou Development Zone Branch
No.2 Xiangxue Road Kaichuang
Dadao Huangpu District
Guangzhou, PRC

China Merchants Bank Co Ltd
Guangzhou Branch Gaoxin Sub-branch
Ground Floor, No. 160, West Zhongshan Avenue
Tianhe District
Guangzhou, PRC

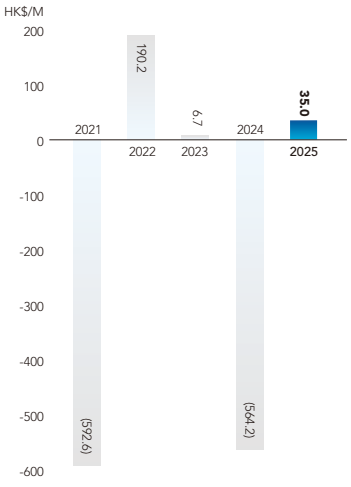
Agricultural Bank of China
Guangzhou Beixiu Sub-branch
No.133 Xiaobei Road
Yuexiu District
Guangzhou, PRC

FINANCIAL SUMMARY

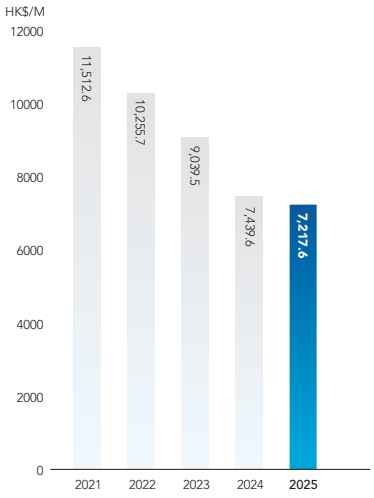
REVENUE



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

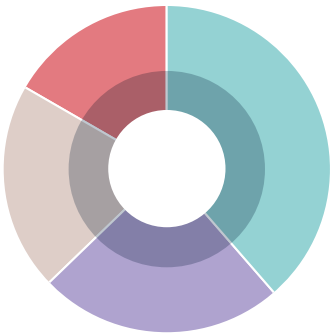


TOTAL ASSETS



REVENUE BREAKDOWN BY BUSINESSES

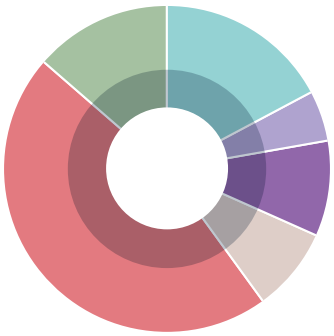
▲/▼ = YoY change



- ▼ 7.5% Base Station Antennas and Subsystems **38.7%**
- ▲ 26.5% Network System **24.2%**
- ▲ 0.3% Services **20.6%**
- ▼ 6.2% Wireless Transmission & Others **16.5%**

REVENUE BREAKDOWN BY CUSTOMERS

▲/▼ = YoY change



- ▲ 9.3% China Mobile **17.9%**
- ▲ 32.3% China Unicom **5.1%**
- ▼ 24.2% China Telecom **7.3%**
- ▲ 12.4% China Tower **8.6%**
- ▼ 0.3% International Customers & Core Equipment Manufacturers **48.2%**
- ▼ 2.4% Others **12.9%**

FINANCIAL SUMMARY

For the year ended 31 December	2025 HK$'000	2024 HK$'000	Change
Revenue	4,570,827	4,528,263	42,564
Gross profit	1,313,252	1,171,116	142,136
Gross profit margin	28.7%	25.9%	2.8 pp
Operating profit/(loss)	147,574	(509,247)	656,821
Profit/(Loss) attributable to owners of the parent	35,020	(564,191)	599,211
Net profit/(loss) margin	0.8%	(12.5%)	13.3 pp
Basic profit/(loss) per share (HK cents)	1.15	(20.41)	21.56

KEY FINANCIAL FIGURES

As at 31 December	2025 HK$'000	2024 HK$'000	Change
Total assets	7,217,645	7,439,608	(221,963)
Net assets (before non-controlling interest)	3,200,829	2,652,379	548,450
Net assets value per share (HK dollars)	1.02	0.96	0.06
Net cash	1,266,139	744,759	521,380
Inventory turnover days	98	123	(25)
A/R turnover days	185	244	(59)
A/P turnover days	284	345	(61)
Return on average equity	1.2%	(18.8%)	20.0 pp
Gross gearing ratio	10.1%	11.3%	(1.2) pp

CHAIRMAN'S STATEMENT

Operating Cashflows:

HK$527 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 2025 (the "Current Year").

During the Current Year, the revenue generated by the Group amounted to HK$4,570,827,000, representing an increase of 0.9% from the year ended 31 December 2024 (the "Prior Year"). Furthermore, the Group's gross profit margin rose by 2.8 percentage points to 28.7% from the Prior Year. At the same time, the Group strictly controlled expenses, achieved a substantial reduction in overall operating expenses, which fully reflects the results of organizational efficiency optimization. During the Current Year, the Group achieved a turnaround to

profitability and maintained strong cash flow, with the financial leverage ratio remaining at a healthy level.

Specifically, the Group's network systems business demonstrated strong growth momentum, with revenue increasing by 26.5% year-on-year. This reflects the Group's continued improvement in the competitiveness of its solutions in related fields.

During the Current Year, the Group successfully completed a placement financing and successfully raising a net proceeds of approximately HK$372 million to strengthen its capital reserve in preparation for more future development.

Facing a complex and ever-changing market environment, the management and all colleagues of our Group will adhere to the principles of "technology leadership, reliable quality, and rational competition." We will further strengthen our independent research and development capabilities and our capacity for innovation and breakthroughs, seize new opportunities arising from technological upgrades and the global market development, and deepen our understanding of customer needs to provide stable, high-quality, and cost-effective products and services. We will also continue to enhance organizational effectiveness and operational efficiency, striving to create long-term, stable value returns for our shareholders.

Fok Tung Ling
Chairman
Singapore

24 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Despite the slowdown in capital projects for network construction plans by global telecom operators and the challenges posed by the economic downturn, the Group still achieved an increase in revenue of 0.9% to HK$4,570,827,000 (2024: HK$4,528,263,000) for the Current Year. The growth was primarily driven by our proactive pursuit of opportunities arising from technological advancements and global market trends, and a deep understanding of customer needs. These efforts enabled us to deliver stable, high-quality, and cost-effective products and services, contributing to the revenue increase.

BY CUSTOMERS

During the Current Year, revenue generated from three major telecom operators in the Chinese Mainland and China Tower and their respective subsidiaries increased by 3.7% to HK$1,777,236,000 (2024: HK$1,713,570,000), accounting for 38.9% of the Group's revenue for the Current Year, compared with 37.8% in the Prior Year.

During the Current Year, revenue from other customers in the Chinese Mainland decreased by 0.7% to HK$425,256,000 (2024: HK$428,155,000) as compared to the Prior Year, and represented 9.3% (2024: 9.5%) of the Group's revenue.

On the international front, revenue generated from international customers and core equipment manufacturers remained stable during the Current Year at HK$2,201,552,000 (2024: HK$2,208,117,000), representing 48.2% of the Group's revenue for the Current Period, compared to 48.8% for 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, decreased by 6.5% to HK$166,783,000 (2024: HK$178,421,000) as compared with the Prior Year, representing 3.6% (2024: 3.9%) of the Group's revenue for the Current Year.

BY BUSINESSES

During the Current Year, revenue from the base station antennas and subsystems business decreased by 7.5% to HK$1,769,961,000 (2024: HK$1,912,775,000) as compared with the Prior Year, accounting for 38.7% (2024: 42.2%) 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, increased by 26.5% to HK$1,106,702,000 (2024: HK$874,837,000) as compared with the Prior Year, accounting for 24.2% (2024: 19.3%) of the Group's revenue for the Current Year.

During the Current Year, revenue from services increased by 0.3% to HK$938,142,000 (2024: HK$935,042,000) as compared with the Prior Year, accounting for 20.6% (2024: 20.7%) of the Group's revenue.

During the Current Year, revenue from other businesses (including wireless transmission) decreased by 6.1% to HK$589,239,000 (2024: HK$627,188,000) as compared with the Prior Year, accounting for 12.9% (2024: 13.9%) of the Group's revenue.

GROSS PROFIT

During the Current Year, the Group's gross profit increased by 12.1% to HK$1,313,252,000 (2024: HK$1,171,116,000) as compared with the Prior Year. The gross profit margin of the Group was 28.7% in the Current Year (2024: 25.9%), increased by 2.8 percentage points as compared with the Prior Year. During the Current Year, the Group's products demonstrated good pricing power and competitiveness.

OTHER INCOME AND GAINS

During the Current Year, other income and gains decreased by 1.8% to HK$127,074,000 (2024: HK$129,351,000) as compared with the Prior Year, accounting for 2.8% (2024: 2.9%) of the Group's revenue. The decrease in other income and gains was mainly due to the changes in foreign exchange rates.

RESEARCH AND DEVELOPMENT ("R&D") EXPENSES

During the Current Year, R&D expenses decreased by 19.0% to HK$331,737,000 (2024: HK$409,436,000) as compared with the Prior Year, representing 7.3% (2024: 9.0%) of the Group's revenue. As the post-5G era requires multi-technology integration and innovation, the Group focused more on investing resources in R&D activities with high returns.

With strong commitment towards R&D, the Group made significant advances in creating its own solutions with proprietary intellectual property rights, applied for over 6,000 patents by the end of the Current Period (as at 31 December, 2024: approximately 5,900 patents).

SELLING AND DISTRIBUTION ("S&D") EXPENSES

During the Current Year, S&D expenses decreased by 24.7% to HK$417,301,000 (2024: HK$554,012,000) as compared with the Prior Year, representing 9.1% (2024: 12.2%) of the Group's revenue. The Group continued to improve operational efficiency, optimize cost structures, and focus on more profitable projects.

ADMINISTRATIVE EXPENSES

During the Current Year, administrative expenses decreased by 31.6% over the Prior Year to HK$322,461,000 (2024: HK$471,540,000) as compared with the Prior Year, accounting for 7.1% (2024: 10.4%) of the Group's revenue. The Group is committed to optimizing its strategy for organizational and management structure, thereby improving operational efficiency on a continuous basis.

FINANCE COSTS

During the Current Year, finance costs increased by 29.5% to HK$40,492,000 (2024: HK$31,264,000) as compared with the Prior Year, representing 0.9% (2024: 0.7%) of the Group's revenue. Interest income increased by 39.8% to HK$40,940,000 (2024: HK$29,287,000) as compared with the Prior Year, and the net finance costs was HK$448,000 (2024: HK$–1,977,000). Net finance costs decreased mainly due to the optimization of fund utilization.

As at 31 December 2025, the Group's gearing ratio, defined as total interest-bearing bank borrowings divided by total assets, was 10.1%, compared to 11.3% as at 31 December 2024.

OTHER EXPENSES

During the Current Year, other expenses decreased by 41.0% to HK$221,253,000 (2024: HK$374,726,000) as compared with the Prior Year, representing 4.8% (2024: 8.3%) of the Group's revenue. The decrease in other expenses was primarily due to the expenses related to the termination of the listing of Comba Network Systems Company Limited having been accounted for in the Prior Year.

TAX

During the Current Year, the Group's overall taxation charge of HK$44,762,000 (2024: HK$14,856,000) comprised an income tax expense of HK$38,580,000 (2024: HK$30,629,000) and a deferred tax charge of HK$6,182,000 (2024: deferred tax credit of HK$15,773,000).

NET PROFIT/LOSS

The profit attributable to owners of the parent of the Group was HK$35,020,000 (2024: loss attributable to owners of the parent of HK$564,191,000) during the Current Year.

DIVIDEND

Given the Group's operating results in the Current Year and considering its long-term future development, the Board does not recommend the distribution of a final dividend for the Current Year (2024: no final dividend was paid).

PROSPECTS

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances for its operations from cash flows generated internally and bank borrowings. As at 31 December 2025, the Group had net current assets of HK$2,160,956,000. The current assets of the Group comprised inventories of HK$815,052,000, trade receivables of HK$2,071,745,000, notes receivable of HK$72,719,000, prepayments, other receivables and other assets of HK$293,497,000, financial assets at fair value through profit or loss of HK$29,987,000, restricted bank deposits of HK$47,649,000, time deposits of HK$252,335,000 and cash and cash equivalents of HK$1,688,014,000. The current liabilities of the Group comprised trade and bills payables of HK$2,350,828,000, other payables and accruals of HK$471,919,000, interest-bearing bank borrowings of HK$155,203,000, tax payable of HK$86,800,000 and provision for product warranties of HK$45,292,000.

The average receivable (after loss allowance for impairment of trade receivables) turnover for the Current Year was 185 days compared to 244 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 284 days compared to 345 days for the Prior Year. The average inventory turnover for the Current Year was 98 days compared to 123 days for the Prior Period.

As at 31 December 2025, the Group's cash and bank balances were mainly denominated in Renminbi, Hong Kong dollars and United States dollars while the Group's bank borrowings were mainly denominated in Renminbi and Hong Kong dollars. The interest rates on the Group's bank borrowings are principally on a floating basis at prevailing market rates.

In addition to the short-term interest-bearing facilities, the Group entered into 3-year term and 5-year loan facility agreements with certain financial institutions in 2024 and 2025. Details of the Group's bank borrowings are set out in note 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 2025, the Group has outstanding foreign currency forward and option contracts in respect of Renminbi and Indian Rupee with notional amount of US$50,400,000 and US$20,000,000 to manage its currency risk exposures (31 December 2024: Nil).

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

The Group's gross gearing ratio, defined as total interest-bearing bank borrowings divided by total assets, was 10.1% as at 31 December 2025 (31 December 2024: 11.3%).

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

RESTRICTED BANK DEPOSITS

Deposit balances of HK$53,621,000 (31 December 2024: HK$62,664,000) represented the restricted deposits given to banks in respect of bills payable and performance bonds.

CHARGES ON GROUP ASSETS

As at 31 December 2025, 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 2025, 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 2025, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had contingent liabilities of HK$303,364,000 (31 December 2024: HK$294,320,000), which mainly included guarantees given to banks in respect of performance bonds.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Fok Tung Ling (霍東齡), aged 69, is one of the founders of Comba Telecom Systems Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). He is the chairman (the "Chairman") of the board of directors (the "Board") and the authorized representative of the Company. He also acts as director of the subsidiaries of the Company. 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 44 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 67, 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, director and manager 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 43 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.

Ms. Huo Xinru (霍欣茹), aged 42, is an executive director of the Company, the president of the Group and the president of Comba Telecom Systems International Limited ("CTSIL"), also the chairman of the executive committee of the Company. Ms. Huo also holds various positions in the subsidiaries of the Company, including acting as legal representative, director, chief executive officer and manager 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 51, is an executive director of the Company and the group chief financial officer. He is also the authorized representative of the Company and a member of the executive committee 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 28 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.

Ms. Ye Ka (葉卡), aged 59, is an executive director of the Company, the chief marketing officer of the Company, the authorized representative of the Singapore branch of the Company and the vice president of CTSIL. She is also a director of a subsidiary of the Company. Ms. Ye is responsible for key account management, developing and expanding the business for global accounts, defining the strategies, business models and corresponding process for the Group's international operations. She is also responsible for the antennas and subsystems product marketing of international market. Ms. Ye has obtained a master's degree in electrical engineering from National University of Singapore and a bachelor's degree in electronic engineering from Northwestern Polytechnical University. She has nearly 30 years of knowledge and experience in product management, business development and network planning in telecommunication and wireless industry. Ms. Ye joined the Group in 2005.

NON-EXECUTIVE DIRECTOR

Mr. Yi Lei (易磊), aged 30, is a non-executive director of the Company. He obtained a Bachelor's degree in Economics from Kwantlen Polytechnic University in 2019. Mr. Yi serves as the general manager of Shenzhen Liling Private Equity Fund Management Co., Ltd. since 2024, and served as the general manager of Liling Private Equity Fund Management (Jiangsu) Co., Ltd. from 2022 to 2023. He is the sole director and shareholder of Ocean Link Investment Limited, which is a substantial shareholder of the Company. Mr. Yi joined the Group in 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Yi Kum (伍綺琴), aged 68, 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. 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 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 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 and an elected member of Quality Tourism Services Association Governing Council (Retailer Category) from February 2019 to May 2024. Ms. Ng joined the Group in 2019.

Mr. Chong Chee Keong, Chris (張智強), aged 57, 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 31 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 ("SGX-ST"). 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.

Dr. Tan Khee Giap (陳企業), aged 68, is an independent non-executive director of the Company. He is also the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. Dr. Tan obtained a doctor's degree of philosophy, a master's degree of arts and a bachelor's degree in economics all from University of East Anglia. He is the chairman of Singapore National Committee for Pacific Economic Cooperation, a senior business advisor of United Overseas Bank Limited and a faculty advisor of Executive Education of Lee Kuan Yew School of Public Policy at National University of Singapore. Dr. Tan has consulted extensively with government ministries and statutory boards of Singapore, and served as a consultant to international agencies such as the Asian Development Bank, Asian Development Bank Institute, United Nations Industrial Development Group, World Gold Council, ASEAN Secretariat, Central Policy Unit of Hong Kong, Kerzner International, Las Vegas Sands and Marina Bay Sands. He is currently the lead independent non-executive director of Dezign Format Group Limited and Jumbo Group Limited, both of which are listed on the Catalist of SGX-ST. He is currently also an independent non-executive director of Boustead Singapore Limited and mm2 Asia Ltd., both of which are listed on the Main Board of SGX-ST. In addition, Dr. Tan served as an independent non-executive director of Envictus International Holdings Limited, a company listed on the Main Board of SGX-ST, from August 2023 to January 2025. He also served as a lead independent non-executive director of Ascent Bridge Limited, a company listed on the Main Board of SGX-ST, from January 2022 to October 2025. Dr. Tan joined the Group in 2025

SENIOR MANAGEMENT

Mr. Sun Shanqiu (孫善球), aged 45, 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 55, 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 34 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 43, 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 18 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 52, 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 legal affairs, intellectual property rights and risk control. 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. 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, Jinan University, South China Normal University, Northeast Forestry University and the Guangdong University of Foreign Studies. He joined the Group in 2010.

Mr. Sun Tao (孫滔), aged 50, is a vice president of the Group and Comba International. Mr. Sun is responsible for the network product operations of international market, as well as the sales and operational management of Asia Pacific regions. He graduated from Xi'an Technological University (西安工業大學) in 1997 with a bachelor's degree in Industrial Electrical Automation. Mr. Sun has over 28 years of experience in communication industry. He joined the Group in 2018.

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, the "Group") for the year ended 31 December 2025 (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 of this annual report. 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 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 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 set out in the Environmental, Social and Governance Report of 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 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 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Current Year, sales to the Group's five largest customers accounted for approximately 48.8% of the total sales for the year and sales to the largest customer included therein accounted for approximately 17.9% 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 2025, 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.

RESULTS

The Group's results for the year ended 31 December 2025 and the state of affairs of the Group as at 31 December 2025 are set out in the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Cayman Islands Companies Act, amounted to HK$358,609,000. In addition, the Company's share premium account in the amount of HK$1,885,416,000 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.

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 (2024: Nil) in respect of the Current Year.

DONATIONS

Charitable and other donations made by the Group during the Current Year amounted to HK$1,066,000.

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 in the 5 Year Financial Summary of this annual report. This summary does not form part of the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities and/or sold any treasury shares during the Current Year. As at 31 December 2025, the Company did not hold any treasury shares.

USE OF PROCEEDS

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

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

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

As at 31 December 2025, details of the amount of the utilized and unutilized net proceeds from the Subscriptions are set out as follows:

Net proceeds raised HK$'000	Intended use of the net proceeds	Amounts Utilized during the Current Year HK$'000	Amounts Unutilized as at 31 December 2025 HK$'000	Expected timeline for utilizing the residual amount of net proceeds
371,685	General working capital	371,685	nil	N/A

During the Current Year, the net proceeds from the Subscriptions 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.

MATERIAL ACQUISITIONS AND DISPOSALS

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

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

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

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 of this annual report. These related party transactions in respect of (i) purchases of software from a company of which a close family member of a Director is a controlling shareholder; (ii) purchases of technical service from a company of which a close family member of a Director is a controlling shareholder; and (iii) 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.

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)*
Mr. Chang Fei Fu *(Chief Financial Officer)*
Ms. Ye Ka ("Ms. Ye") *(Chief Marketing Officer)*
(appointed with effect from 20 August 2025)

NON-EXECUTIVE DIRECTOR

Mr. Yi Lei ("Mr. Yi")
(appointed with effect from 1 April 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Yi Kum ("Ms. Ng")
Mr. Chong Chee Keong, Chris
Dr. Tan Khee Giap ("Dr. Tan")
(appointed with effect from 16 October 2025)
Ms. Wong Lok Lam
(resigned with effect from 16 October 2025)

In accordance with Article 86(3) of the Articles of Association (the "Articles") of the Company, Ms. Ye and Dr. Tan will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM") of the Company.

In accordance with Articles 87(1) and 87(2) of the Articles, Ms. Huo, Mr. Chang Fei Fu and Ms. Ng will retire by rotation and, being eligible, will offer themselves for re-election at the AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the Directors and Senior Management of this annual report.

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.

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

No 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Current Year, none of the Directors (not being the independent non-executive 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.

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

As at 31 December 2025, 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 shares of the Company:

		Number of ordinary shares held, capacity and nature of interest			
Name of Directors	Notes	Personal interests	Corporate interests	Total	Percentage of the Company's issued share capital (Approximately)
Mr. Fok	(a)	16,302,339	678,115,129	694,417,468	22.16
Mr. Zhang Yue Jun	(b)	–	228,225,410	228,225,410	7.28
Mr. Yi	(c)	–	310,407,322	310,407,322	9.90

Long positions in underlying shares of the Company:

Name of Directors	Capacity and nature of interest	Number of share options held under the share option schemes	Number of shares remained unvested under the share award scheme
Ms. Huo	Beneficial owner	2,000,000	–
	Beneficiary of a trust	–	486,000
Mr. Chang Fei Fu	Beneficiary of a trust	–	336,000
Ms. Ye	Beneficial owner	298,000	–

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.

(c) These 310,407,322 shares are beneficially owned by Ocean Link Investment Limited, which is wholly owned by Mr. Yi. As such, Mr. Yi is deemed or taken to be interested in the 310,407,322 shares owned by Ocean Link Investment Limited under the SFO.

Save as aforesaid, as at 31 December 2025, 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, 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

Details of movements in the Company's share capital during the Current Year are set out in note 29 to the consolidated financial statements of this annual report.

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 of this annual report. 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 of this annual report, 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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had approximately 3,700 staffs, out of which 800 staffs were from ETL Company Limited ("ETL") (31 December 2024: 4,300 staffs, out of which 1,100 staffs were from ETL). The total staff costs, excluding capitalized development costs, for the Current Year were HK$786,936,000 (31 December 2024: HK$1,130,918,000).

The Group offers competitive remuneration packages (including basic salaries, allowances, benefits in kind and performance related bonuses) to its employees (including executive Directors, non-executive Director and senior management of the Group) based on industry practices, legal and regulatory requirements, as well as the employees' performance and the Group's results. 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. Directors' fees to non-executive Director and independent non-executive Directors are determined by the Board with reference to their duties, performance, responsibilities and time commitment within the Group, the Group's remuneration policy and the prevailing market conditions. In addition, share options and awarded shares are granted to eligible employees and Directors based on their 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. 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.

PENSION SCHEMES

Details of the pension schemes of the Group are set out in the (i) section headed "OTHER EMPLOYEE BENEFITS" under note 2.4 and (ii) "Employee benefit expenses" under note 6 to the consolidated financial statements of this annual report respectively.

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.

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

As at 31 December 2025, the following substantial shareholders (as defined under the Hong Kong Listing Rules) 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	21.64
Madam Chen Jing Na	(a)	Interest of spouse	694,417,468	22.16
Ocean Link Investment Limited		Beneficial owner	310,407,322	9.90
Wise Logic Investments Limited		Beneficial owner	228,225,410	7.28
Madam Cai Hui Ni	(b)	Interest of spouse	228,225,410	7.28

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 2025, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained (i) sufficient public float of more than 25% of the Company's issued shares (excluding treasury shares) as required under the Hong Kong Listing Rules as at 31 December 2025 and (ii) public float as prescribed under Rule 13.32B of the Hong Kong Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles 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.

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.

EVENTS AFTER THE REPORTING PERIOD

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

AUDITOR

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

ON BEHALF OF THE BOARD OF
COMBA TELECOM SYSTEMS HOLDINGS LIMITED

Fok Tung Ling
Chairman
Singapore
24 March 2026

for identification purpose only

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, the "Group") and helps safeguard the interests of the shareholders (the "Shareholder(s)") of the Company.

The board (the "Board") of directors (the "Director(s)") of the Company reviewed its governance framework in the context of its daily operations 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 and considered that, from 1 January 2025 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 2025 (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 regular review of the effectiveness of the risk management and internal control systems 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 2025 to the date of this annual report.

BOARD OF DIRECTORS

BOARD COMPOSITION

As at the date of this annual report, the Board comprises nine Directors, of whom five are executive Directors, one is non-executive Director 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, non-executive Director, 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 Directors and Senior Management of this annual report.

BOARD MEETINGS

During the Current Year, ten Board meetings and an annual general meeting were held by the Company. Details of the attendance at the Board meetings and the general meeting held during the Current Year are 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
Executive Directors:		
Mr. Fok Tung Ling *(Chairman)*	10/10	1/1
Mr. Zhang Yue Jun *(Vice Chairman)*	10/10	1/1
Ms. Huo Xinru *(President)*	10/10	1/1
Mr. Chang Fei Fu *(Chief Financial Officer)*	10/10	1/1
Ms. Ye Ka *(Chief Marketing Officer)*(Note 1)	1/1	N/A
Non-executive Director:		
Mr. Yi Lei(Note 2)	5/5	1/1
Independent Non-executive Directors:		
Ms. Ng Yi Kum	9/10	1/1
Mr. Chong Chee Keong, Chris	10/10	1/1
Dr. Tan Khee Giap(Note 3)	N/A	N/A
Ms. Wong Lok Lam(Note 4)	10/10	1/1

Notes:

(1) Ms. Ye Ka was appointed as an executive Director and the chief marketing officer of the Company with effect from 20 August 2025. During the period from 20 August 2025 to 31 December 2025, a Board meeting was held and no general meeting was held.

(2) Mr. Yi Lei was appointed as a non-executive Director with effect from 1 April 2025. During the period from 1 April 2025 to 31 December 2025, five Board meetings and a general meeting were held.

(3) Dr. Tan Khee Giap was appointed as an independent non-executive Director with effect from 16 October 2025. During the period from 16 October 2025 to 31 December 2025, no Board meeting and general meeting was held.

(4) Ms. Wong Lok Lam resigned as an independent non-executive Director with effect from 16 October 2025. During the period from 1 January 2025 to 16 October 2025, ten Board meetings and a general meeting were held.

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 2024 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, Ms. Ye Ka, Mr. Yi Lei, Ms. Ng Yi Kum, Mr. Chong Chee Keong, Chris, Dr. Tan Khee Giap and Ms. Wong Lok Lam 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.

The following Directors appointed during the Current Year have obtained legal advice from a firm of solicitors pursuant to Rule 3.09D of the Hong Kong Listing Rules before their appointments become effective, details of which are set out as follows:

Name of Director	Date of Obtaining Legal Advice	Date of Appointment as Director
Mr. Yi Lei	19 March 2025	1 April 2025
Ms. Ye Ka	13 August 2025	20 August 2025
Dr. Tan Khee Giap	13 October 2025	16 October 2025

Each of Mr. Yi Lei, Ms. Ye Ka and Dr. Tan Khee Giap confirmed that he or she understood his or her obligations as a director of a listed issuer.

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 non-executive Director and independent non-executive Directors. Pursuant to such letters of appointment, each of the non-executive Director and 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 Dr. Tan Khee Giap. 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 to the Board the remuneration policy and structure for all Directors and senior management of the Group; to review and recommend to the Board 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, four Remuneration Committee meetings were held to, inter alia, review the remuneration package of the newly appointed non-executive Director, executive Director and the chief marketing officer of the Company, also independent non-executive Director; approve the grant of awards (the "Share Awards") under the share award scheme (the "Share Award Scheme") adopted by the Company on 22 May 2023 to the Directors and senior management of the Group; 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 Share Awards, 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 of this annual report.

During the Current Year, the Remuneration Committee approved the grant of Share Awards under the Share Award Scheme to (i) the Directors and the senior management of the Group on 21 May 2025 and (ii) the senior management of the Group on 15 October 2025 all without performance target attached to the Share Awards. The purpose of the Share Award Scheme is to recognize the contributions of the grantees to the Group and provide them with incentives in order to retain them for the continual operation and development to the Group and to attract suitable personnel for future development of the Group. The Remuneration Committee was of the view that, the Share Awards were granted taking into consideration of (a) the performance of the Group and contributions of the grantees during the financial period and (b) the grantees would directly contribute to the overall business performance, sustainable development and/or good corporate governance of the Group, the Share Awards (which did not have future performance target) aligned the interests of the grantees with those of the Company and the Shareholders, thereby motivating the grantees to dedicate themselves to the Company's sustained competitiveness, operational results, and future growth, which was consistent with the purpose of the Share Award Scheme.

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	4/4
Ms. Ng Yi Kum	4/4
Dr. Tan Khee Giap(Note 1)	N/A
Ms. Wong Lok Lam(Note 2)	4/4

Notes:

(1) Dr. Tan Khee Giap was appointed as an independent non-executive Director with effect from 16 October 2025. During the period from 16 October 2025 to 31 December 2025, no meeting was held.

(2) Ms. Wong Lok Lam resigned as an independent non-executive Director with effect from 16 October 2025. During the period from 1 January 2025 to 16 October 2025, four meetings were held.

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	2
2,000,001 to 3,000,000	3
3,000,001 to 4,000,000	0

NOMINATION COMMITTEE

As at the date of this annual report, the Nomination Committee comprised three independent non-executive Directors, being Dr. Tan Khee Giap, Ms. Ng Yi Kum and Mr. Chong Chee Keong, Chris. The chairman of the Nomination Committee is Dr. Tan Khee Giap. 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 support the regular evaluation of the performance of the Board; to review and assess each Director's time commitment and contribution to the Board as well as the Director's ability to discharge his or her responsibilities effectively; monitor the implementation and effectiveness of the board diversity policy (the "Board Diversity Policy") of the Company; and to formulate and update 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 composition (including the skills, knowledge, experience and diversity) of the Board at least annually, assist the Board in maintaining a Board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(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, three Nomination Committee meetings were held to, inter alia, consider the appointment of a non-executive Director, an executive Director and the chief marketing officer of the Company, also an independent non-executive Director 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.

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
Dr. Tan Khee Giap[(Note 1)]	N/A
Ms. Ng Yi Kum	3/3
Mr. Chong Chee Keong, Chris	3/3
Ms. Wong Lok Lam[(Note 2)]	3/3

Notes:

(1) Dr. Tan Khee Giap was appointed as an independent non-executive Director with effect from 16 October 2025. During the period from 16 October 2025 to 31 December 2025, no meeting was held.

(2) Ms. Wong Lok Lam resigned as an independent non-executive Director with effect from 16 October 2025. During the period from 1 January 2025 to 16 October 2025, three meetings were held.

BOARD DIVERSITY POLICY

The Board Diversity Policy was adopted on 30 August 2013 and 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. In designing the Board's composition, the Board diversity has been considered from a range of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge as well as any other factors that the Board may consider relevant and applicable from time to time. All appointments of the Board will be based on merit, and candidates will be considered against objective and appropriate criteria, having 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.

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 the Board Diversity Policy at least annually and make recommendations 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.

For gender diversity at the Board level, the Board set a target in 2023 to maintain female representation at least 27% and progressively increase to around 33% by 2033. The female representation at the Board level was around 43% as at 31 December 2024 which exceeded the target set in 2023. Subsequent to some changes in the Board composition during the Current Year, the female representation at the Board level was around 33% as at 31 December 2025, which met the target set in 2023. The Board has reviewed its gender diversity target and approved to move from a point-in-time target to a continuous commitment. It was decided by the Board that it will maintain a minimum of 25% female representation at all times, to ensure resilience in gender diversity at the Board level.

As at 31 December 2025 and as at the date of this annual report, the Board comprised six male members and three female members, with around 33% female representation at the Board level.

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 maintain the proportion of female members over time as and when suitable candidates are identified.

The Company will provide training to all employees (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.

WORKFORCE DIVERSITY POLICY

The workforce diversity policy (the "Workforce Diversity Policy") of the Company was adopted on 25 June 2025 and aims to set out the approach to achieve diversity on the workforce (including senior management of the Group) (the "Workforce") of the Group. The Company recognizes the benefits of having a diverse Workforce to enhance the quality of the Group's performance. The Workforce diversity has been considered from a range of attributes, including but not limited to gender, age, cultural and educational background, family status, race, national or ethnic origin, nationality or religion. All employment-related decisions of the Workforce will be based on merit, and free from any form of discrimination or bias. Candidates will be considered against objective and appropriate criteria, having due regard for the benefits of diversity on the Workforce.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, family status, race, national or ethnic origin, nationality or religion. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Group.

The Nomination Committee will review the implementation of the objectives and the effectiveness of the Workforce Diversity Policy at least annually and make recommendations on any proposed changes to the Board to ensure its appropriateness and effectiveness.

For gender diversity at the Workforce level, the Board set a target in 2023 to maintain female representation at least 30% and progressively increase to around 35% by 2033. The female representation at the Workforce level were around 30% and around 29% as at 31 December 2023 and as at 31 December 2024 respectively. During the Current Year, the Board conducted regular review on the Group's workforce composition and gender diversity. To demonstrate the Group's long-term commitment to building a balanced and inclusive working environment, the Board has decided to move from a point-in-time target to a continuous commitment and targets to maintain a minimum of 25% female representation at all times, to ensure resilience in gender diversity at the Workforce level.

As at 31 December 2025, the employees of the Group (excluding the senior management of the Group) comprised 2,572 male and 1,165 female, with around 31% female representation at the Workforce level. The senior management of the Group comprised 4 male and 1 female, with 20% female representation at the senior management level.

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.

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	• 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	• 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	• 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	• 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	• 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 on any proposed changes to the Board to ensure its appropriateness and effectiveness.

AUDIT COMMITTEE

As at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, being Ms. Ng Yi Kum, Mr. Chong Chee Keong, Chris and Dr. Tan Khee Giap. 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, three 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.

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	3/3
Mr. Chong Chee Keong, Chris	3/3
Dr. Tan Khee Giap(Note 1)	N/A
Ms. Wong Lok Lam(Note 2)	3/3

Notes:

(1) Dr. Tan Khee Giap was appointed as an independent non-executive Director with effect from 16 October 2025. During the period from 16 October 2025 to 31 December 2025, no meeting was held.

(2) Ms. Wong Lok Lam resigned as an independent non-executive Director with effect from 16 October 2025. During the period from 1 January 2025 to 16 October 2025, three meetings were held.

EXECUTIVE COMMITTEE

As at the date of this annual report, the executive committee (the "Executive Committee") of the Company comprised two executive Directors, being Ms. Huo Xinru and Mr. Chang Fei Fu, also four senior management of the Group, being Mr. Sun Shanqiu, Ms. Li Yuwen, Mr. Xiang Wei and Mr. Li Xuefeng. The chairman of the Executive Committee is Ms. Huo Xinru.

The main duties and responsibilities of the Executive Committee are to monitor and review the policies, strategies and investment plans implemented by the Group and evaluate the acquisitions and investment projects or business projects and make recommendations to the Board.

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

Members of Executive Committee	Number of meeting attended/ Total number of meeting held
Ms. Huo Xinru	1/1
Mr. Chang Fei Fu	1/1
Mr. Sun Shanqiu	1/1
Ms. Li Yuwen	1/1
Mr. Xiang Wei	1/1
Mr. Li Xuefeng	1/1

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$3,433,000; and non-audit services with respect to tax review and interim financial statements agreed – upon procedure services amounted to HK$736,000 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 Independent Auditor's Report 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, including strategic, financial, operational or compliance aspects, 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 geopolitical risk, compliance risk, supply risk, market risk, strategic selection risk and accounts receivable risk, and thereby optimized the organizational structure and division of duties, formulated effective control procedures and proposed feasible solutions.

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 2025 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.

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 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.

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 (2024: Nil) in respect of the Current Year.

A dividend policy (the "Dividend Policy") was adopted by the Board on 31 December 2018. The Dividend Policy aims to enable the Shareholders to participate in the Company's profits while retaining adequate reserves to support future growth and business opportunities. It sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to the Shareholders. Pursuant to the Dividend Policy, when declaring or recommending the frequency, amount and form of any dividend, 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. All dividend decisions made by the Board were made in accordance with the Dividend 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 TRANSPARENCY AND INVESTOR RELATIONS

During the Current Year, the Company has proactively enhanced its corporate transparency and communications with its Shareholders and the investors through the announcement of its interim and annual reports. Through the timely distribution of other announcements, including but not limited to notices of meetings, circulars and other relevant Company's information, the Company has also kept the public aware of its latest developments.

ON BEHALF OF THE BOARD OF
COMBA TELECOM SYSTEMS HOLDINGS LIMITED

Fok Tung Ling
Chairman
Singapore
24 March 2026

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 2025. This report adopts a consistent information statistic method. In 2025, the scope of information statistics has been expanded compared to 2024 to include "climate"-related disclosures, in order to comply with the requirements of Part D of the Environmental, Social and Governance Reporting Code.

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". It 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, including actively responding to the global "Dual Carbon" goals and promoting the systematic management of climate-related risks and opportunities.

Through this report, the Group will convey to relevant stakeholders in the community its impacts, policies, and related initiatives in the areas of Environment, Social and Governance ("ESG"). Furthermore, the Group will also explain in this report the governance structure, strategic layout, risk management, and performance targets related to climate management.

This report covers the period from 1 January 2025 to 31 December 2025. The performance indicators related to the environment are mainly sourced from the Group's operations center and research and development (the "R&D") base in Guangzhou Science City, its manufacturing base in Guangzhou Development Zone, its Hong Kong head office, and its main sales offices in Mainland China and overseas, as their profit contributions to the Group are significant and fairly representative.

II. ESG RESPONSIBILITY MANAGEMENT

The Board assumes overall responsibility for the Company's management strategies and reports on ESG, and is responsible for identifying, assessing, and determining the Company's ESG-related risks, including climate-related risks, policies, and opportunities. It also ensures that the Company has established a compliant and effective ESG risk management and internal control system, and has integrated climate issues into the overall ESG management framework.

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.

In addition to providing supervision and guidance, the Board regularly listens to management teams' reports on production safety, operation and management, internal control performance of social responsibility and climate-related management. The Board assesses and prioritizes risk levels, considering factors such as the impact on the Company's strategies, policies, processes, and commitments; the impact on the Company's competitive advantage and management excellence; the current and future financial impacts on the Company; and the potential impact of climate-related risks and opportunities on the business. 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 important risks, including production safety, employee health, energy conservation and environmental protection, intellectual property rights, anti-fraud risk, internal control implementation, corporate culture, and climate risk management, has been integrated into daily operations, comprehensively ensuring 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.

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,, low-energy consumption product solutions and carbon reduction empowerment achievements
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 and climate-related green office requirements
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, green supply chain construction
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 2025, 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. When conditions permit, we will promptly formulate practical and achievable emission reduction targets based on production volume in these areas.

Emissions		Unit	2025	2024	Comparison
Air contaminant	NO_x	tonne	0.1666	0.2330	↓ 28.49%
	SO_x	tonne	0.0003	0.0004	↓ 20.62%
	PM	tonne	0.0156	0.0200	↓ 22.14%
Waste	Household wastewater	tonne	115,469	122,298	↓ 5.58%
	Non-hazardous wastes	tonne	822	722	↑ 13.87%
	Hazardous wastes	tonne	17	9	↑ 95.08%
Greenhouse gas emission		thousand tonnes	1,249	1,892	↓ 34.01%
Direct greenhouse gas emission			1	1	↓ 0.38%
Energy indirect greenhouse gas emission			7	8	↓ 7.62%
Other indirect greenhouse gas emission			1,241	1,884	↓ 34.13%
Annual sales revenue in total		ten thousand HK$	457,083	452,826	↑ 0.94%
Emission density of greenhouse gas		tonne/ten thousand HK$	2.73	4.18	↓ 34.62%

Notes:

1. The Group's greenhouse gas (GHG) accounting and reporting follows the requirements of the GHG Protocol (i.e., The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)) and ISO 14064-1. The GHG emission inventory is prepared adhering to the five principles of relevance, completeness, consistency, transparency, and accuracy. Scope 1 (Direct GHG emissions): Emissions from sources owned or controlled by the Company, generated from activities such as stationary combustion, mobile combustion, process emissions, and fugitive emissions. Scope 2 (Energy indirect GHG emissions): Emissions from the generation of purchased energy (e.g., electricity) consumed by equipment or operations owned or controlled by the Company. Scope 3 (Other indirect GHG emissions): Emissions from the Company's upstream and downstream activities.

2. The methodology used by the Company to calculate GHG emissions is the emission factor method (Emissions = Activity Data (AD) x Emission Factor (EF) x Global Warming Potential (GWP)). This internationally recognized calculation method was chosen as there is no established methodology specific to the Company or its region. There was no change in the quantification methodology during the reporting period. The GWP values used in this report are taken from the IPCC Sixth Assessment Report (2021).

1. Input of Activity Data (AD) and Emission Factors (EF) for Scope 1:

   – AD: Refers to consumption/generation data for each emission source during the reporting period, such as fuel consumption by company vehicles, quantity of fire extinguishing agent (e.g., FM200) refilled, amount of organically degradable material in septic tanks, consumption of dry ice in production processes, etc.

   – EF: Selected emission factors from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories (Volume 2 Energy and Volume 5 Waste) and the mass balance method provided by the IPCC.

2. Input of Activity Data (AD) and Emission Factors (EF) for Scope 2:

   – AD: Based on electricity consumption.

   – EF: Based on the national average CO_2 emission factor for electricity published by the environmental protection government departments of the countries where Comba's subsidiaries and branches are located.

3. Input of Activity Data (AD) and Emission Factors (EF) for Scope 3:

   – AD: The Company collects data through its travel system, logistics system, procurement system, and data provided by suppliers.

   – EF: Selected relevant parameters and requirements from the UK Government GHG Conversion Factors for Company Reporting (2025), the Chinese Life Cycle Database (CLCD), and the Ecoinvent database.

4. The main assumptions used in calculating GHG emissions are as follows:

   – When calculating Scope 1 GHG emissions from fugitive emissions of refrigerants, fire extinguishing agents, etc., due to the absence of GHG leak monitoring devices on refrigeration equipment and fire extinguishing systems, and considering the difficulty and cost of obtaining Activity Data (AD), we use the mass balance method provided by the IPCC 2006 Guidelines. We assume that at the time of refilling, all refrigerants and fire extinguishing agents being replaced are fully released (i.e., Emission Factor (EF) = 1).

   – When calculating Scope 2 (location-based) GHG emissions from purchased electricity consumption, the emission factor used is the national average CO_2 emission factor for electricity published by the environmental authorities in the countries where Comba's subsidiaries and branches are located. It is assumed that this factor is representative of the average carbon emission level of electricity generation in the regions where the subsidiaries and branches are located.

   – When calculating Scope 3 GHG emissions for the "End-of-Life Treatment of Sold Products" category, a scenario analysis is conducted based on the product characteristics, assuming recycling as the end-of-life treatment method. This assumption is based on the following: 1. According to expert experience, the Company's products are mainly made of metal and plastic, which are largely recyclable at the end of their life, with virtually no landfilling or incineration. 2. Our products are components and are not directly sold to the end-market, making it infeasible to investigate the disposal methods of sold products. Quantifying based on the end-of-life treatment methods of end-user products in the market is also not feasible. 3. The total emissions from end-of-life treatment account for less than 0.01% of the organization's total emissions, and the carbon emission coefficients for different disposal stages like incineration and landfilling are relatively similar. Therefore, the impact on the organization's total emissions is minimal.

3. The Scope 2 GHG emissions disclosed by the Company are location-based emissions, calculated based on the consumption of purchased electricity in 2025. The primary emission factor used is the national average CO_2 emission factor for electricity published by the environmental authorities of the countries where Comba's subsidiaries and branches operate. Specifically, Comba's Guangzhou factory entered into a Retail Transaction Contract between Power Seller and Electricity User with a power sales company for 2025. This contract is for conventional electricity retail trading and does not include any terms regarding green power attributes. This contract is the primary basis for determining 2025 electricity consumption and its associated emissions. Furthermore, to achieve GHG emission reduction targets, the Guangzhou factory signed a Renewable Energy Green Electricity Certificate Trading Contract in February 2026 and completed the transfer of 10,546 China Green Electricity Certificates (GEC) in March 2026. These certificates correspond to 10,546 MWh of renewable electricity generated during the 2025 production year, from non-subsidized, non-grid-connection wind and solar projects located outside Zhejiang Province. These GECs will be used to offset the market-based Scope 2 emissions for 2025.

4. The Company's Scope 3 GHG emissions are calculated and reported following the requirements of the GHG Protocol (i.e., the Corporate Value Chain (Scope 3) Accounting and Reporting Standard). Emissions are calculated for the 15 categories of Scope 3 emission sources:

Upstream Scope 3 Emission Categories	Downstream Scope 3 Emission Categories
Category 1: Purchased Goods and Services	Category 9: Downstream Transportation and Distribution
Category 2: Capital Goods	Category 10: Processing of Sold Products
Category 3: Fuel- and Energy-Related Activities (not included in Scope 1 and Scope 2)	Category 11: Use of Sold Products
Category 4: Upstream Transportation and Distribution	Category 12: End-of-Life Treatment of Sold Products
Category 5: Waste Generated in Operations	Category 13: Downstream Leased Assets
Category 6: Business Travel	Category 14: Franchises
Category 7: Employee Commuting	Category 15: Investments
Category 8: Upstream Leased Assets	–

5. 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.

6. 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.

7. Non-hazardous waste includes domestic waste, kitchen waste, cardboard and waste plastic.

(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 has increased its use of renewable energy. Distributed photovoltaic power generation projects were initiated at the Science City and Development Zone campuses. In 2025, they generated a total of 2.02 million kWh of green electricity, reducing annual costs by approximately HK$1.01 million. 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 0.76% 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 will strengthen the monitoring of data related to water usage and wastewater treatment. When conditions permit, it will promptly formulate practical and achievable resource usage targets (including water consumption and water efficiency) based on production volume in these areas.

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 encourages 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.

	2025			2024		
Type of Energy	Total Amount	Unit	Density (Unit/ten thousand HK$)	Total Amount	Unit	Density (Unit/ten thousand HK$)
Electricity	16,929,463	kWh	37.04	17,059,112	kWh	37.67
Municipal Water	166,715	Cubic meter	0.36	164,171	Cubic meter	0.36

(III) ENVIRONMENT AND NATURAL RESOURCES

The Group actively strives to enhance the environmental awareness and sense of responsibility for environmental protection among all employees. Employees in all global branches are required to comply with local environmental, safety, and health laws and regulations. In the absence of local laws and regulations, the Group's relevant standards will apply. Employees are encouraged to help solve environmental problems within their capacity.

The Group's main business activities do not involve large-scale natural resource extraction, heavily polluting production processes, or other activities that could have a significant impact on the environment and natural resources. Therefore, the Group believes that its business activities do not have a significant impact on the environment and natural resources. Nevertheless, the Group remains committed to continuously improving its environmental performance and actively takes measures to reduce the potential environmental impact of its daily operations.

The Group seeks to reduce its negative impact on the environment and natural resources by pursuing high-quality products, which includes lowering product repair rates and machine damage rates. During the reporting period, the Group implemented flexible layouts and upgraded its intelligent manufacturing equipment in its production workshops. Through equipment interconnectivity, it achieves optimized and smart scheduling throughout the product life cycle, enhancing product operational efficiency, reducing repair rates, and extending machine service life.

V. EMPLOYMENT AND LABOUR PRACTICES

(I) EMPLOYMENT

The Group has standardized labor management in accordance with national laws and regulations. It strictly regulates employment practices including recruitment, resignation, promotion, staff remuneration 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 leave days or compensation in accordance with their respective employment agreements with the Group and relevant laws and regulations.

As of 31 December 2025, the Group had 3,742 employees in total. The Group is committed to ensuring equal development opportunities for both male and female employees while protecting and advancing the rights of female employees. The Group's employment policy seeks to eliminate gender discrimination and female employees are entitled to maternity leave according to local laws. The Group's employees are located primarily in Mainland China, with certain employees located in other regions such as Europe and Southeast Asia.

The Group continuously focuses on the competitiveness of employees' overall remuneration packages. It optimizes the annual organizational incentive model to further enhance organizational effectiveness and employees' intrinsic motivation, improves the long-term incentive framework, upgrades the flexible benefits system to meet employees' diversified needs, and enhances remuneration satisfaction for core position personnel.

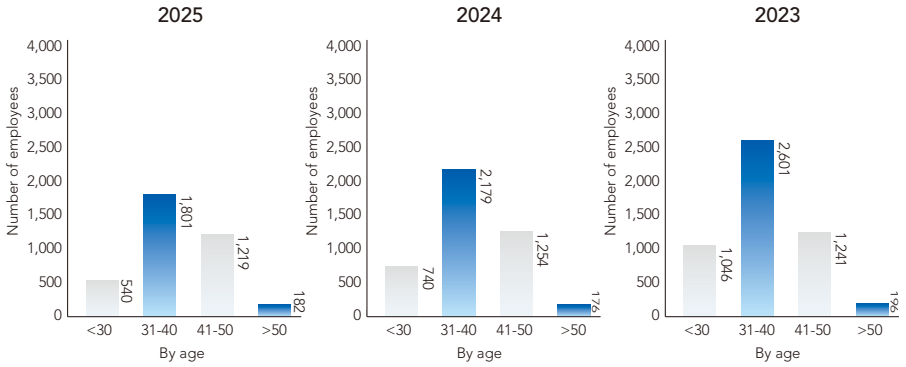
The Group has established a robust performance management system and has implemented performance assessment mechanisms covering all employees. Through continuous optimization of the assessment, incentive, and supervision systems, it effectively ensures the fairness and credibility of performance assessment.

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.

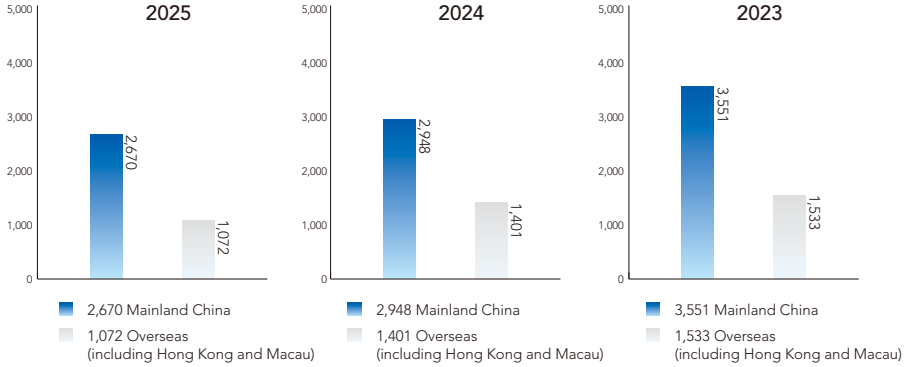
During the reporting period, the Company had no part-time employees.

Total number of employees

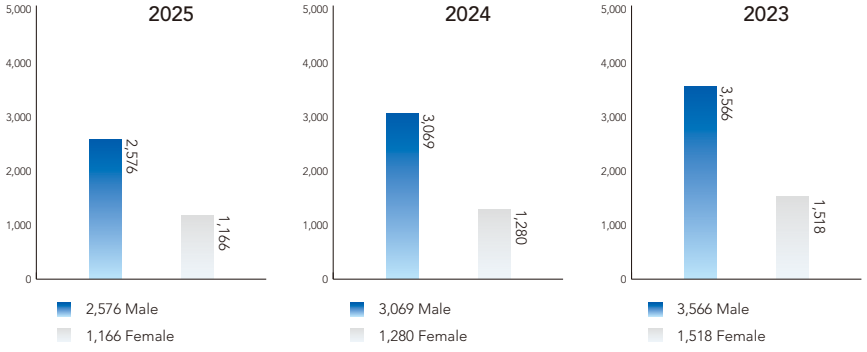
By age



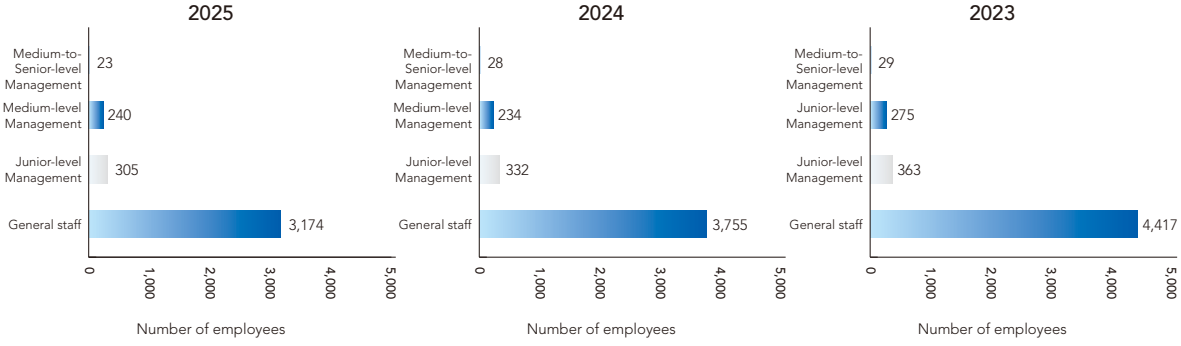
By geographic location



By gender

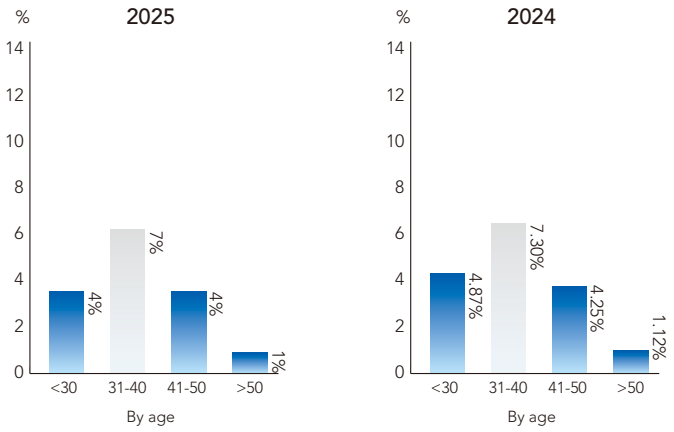


By position

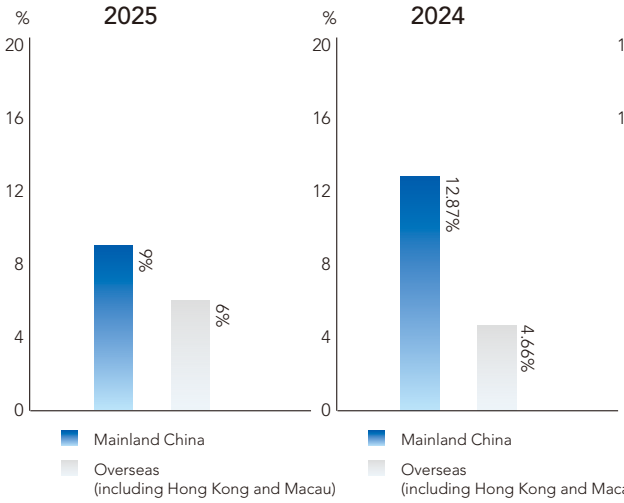


Turnover rate of employees

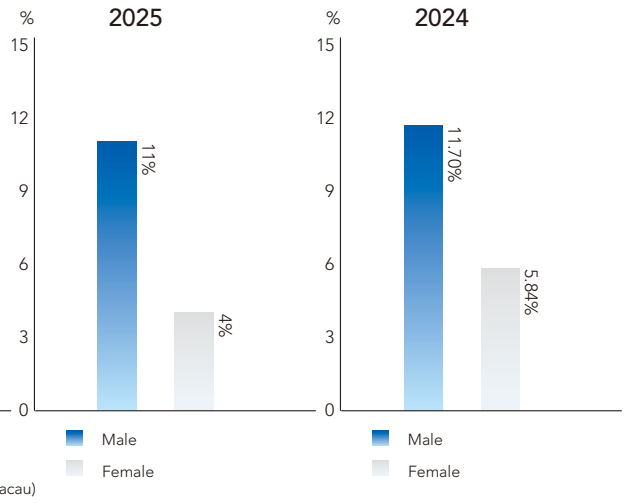
By age



By geographic location



By gender



(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 the quality management system to fulfill the Group's commitment to society and its employees.

There had been no employee fatalities related to work in the previous 3 years including the reporting period. In 2025, the Group achieved its goal of zero fire incidents across all operations. The number of workdays lost due to work-related injuries was 48 days. The Group also organized fire safety training for all buildings, floors, and departments within its premises, achieving good coverage with 1,060 employees trained, which significantly enhanced employees' fire safety awareness and sense of security.

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.

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 invest in improving the safety environment, regularly organizing supervision and inspection of employees' work sites, and continuously improving employees' working environment and conditions. To further enhance the working environment, the Group provides corresponding labor protection supplies for all special positions. To ensure the personal safety and health of employees, we also display safety awareness posters in the campuses and dormitories, embedding the concept of production safety into every employee's consciousness. Additionally, we have equipped the campuses with 4 automated external defibrillators (AED) and organized first aid training to enhance employees' awareness and skills in emergency response and mutual aid.

3. The Group continuously strengthens health and safety publicity and training for all employees, formulating production operation safety manuals for employees to follow, promoting the overall enhancement of health and safety awareness among all staff, and fostering a positive atmosphere for production safety. In 2025, the Group conducted 42 specialized training sessions, including: annual post-holiday resumption training, three-level safety education training (三級安全教育), annual health and safety training, hazard identification and rectification training, special equipment safety education, hazardous chemicals safety training, safety management certification renewal training, and annual factory-level safety training.

   In 2025, all employees participated in regular annual fire drills and 11 other emergency drills, covering fire emergency evacuation and extinguishing drills, food poisoning drills, heatstroke prevention drills, elevator entrapment drills, special equipment (forklift) safety drills, and hazardous chemical leakage drills, all aimed at protecting employees' life and property in emergency situations. We have also established a fire emergency response team responsible for the emergency evacuation of personnel to ensure the safety of employees' lives and property.

4. The Group has a dedicated safety inspection system in place, conducting 32 major safety inspections throughout the year, covering daily fire safety, electrical safety, hazardous chemicals management, as well as special inspections for typhoon prevention, flood prevention, and pre-holiday and post-holiday periods. Inspection results were promptly reported, and identified hazards were rectified within specified timeframes to prevent and eliminate risks. We also coordinated with 24 local inspections, including special inspections by the Huangpu District Fire Brigade, inspections by the Huangpu District Environmental Protection Bureau and street-level safety supervision departments, inspections by the Huangpu District Water Affairs Department, and surprise inspections by the district safety supervision authorities. The Group has been repeatedly awarded as "Advanced Enterprise in Production Safety" and "Enterprise Meeting Production Safety Standardization Requirements" 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.

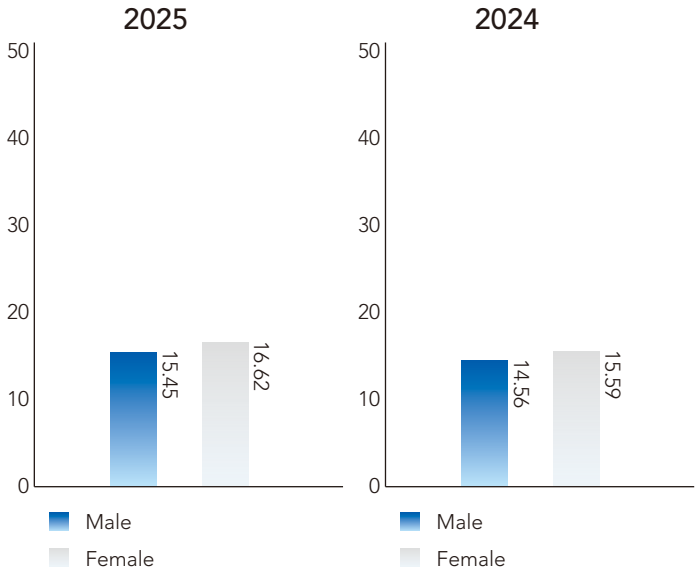
(III) SUPPORTING EMPLOYEE DEVELOPMENT

The Group attaches importance to employees' long-term career development and strives to strengthen the development of management talents and professional teams. The Group offers dual career development paths, namely the "management track" and the "professional track", and implements a system that links remuneration and promotion to experience, capabilities, and performance to stimulate employee enthusiasm. In 2025, 100% of both male and female employees at all levels (including senior, middle, and junior management and general staff) received training.

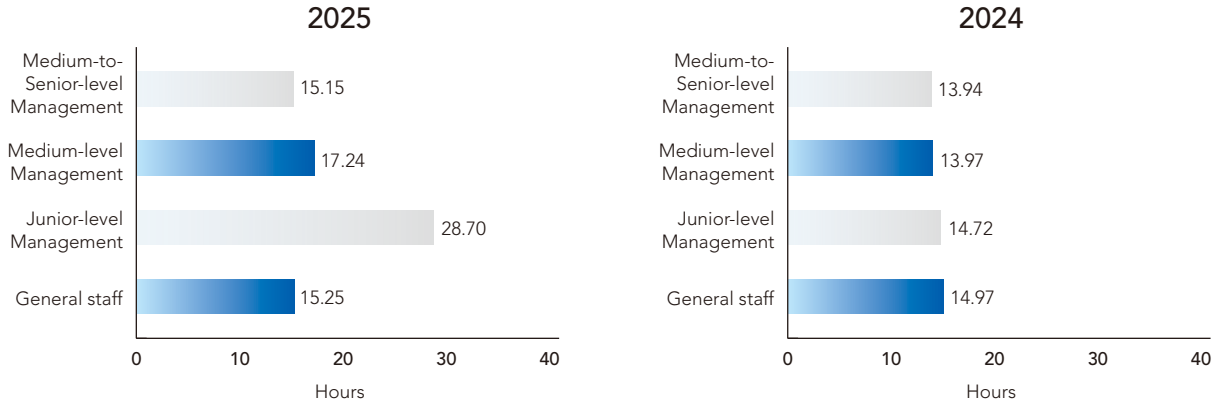
Average hours of training completed by each employee

Breakdown of employees

Gender



Position



Faced with changes in both external and internal environments, the Group focused on building goal consensus, carrying out comprehensive publicity of the Group's annual strategies, objectives, policies, initiatives, and business progress to build consensus among all management and employees, ensuring that all staff act in concert towards the same objectives. The Group conducted a series of interviews covering its outstanding projects, benchmark teams, and elite employees, and widely disseminated their excellent achievements, behavioral traits, and mindsets through columns in the Group's internal publications, promoting the inheritance of corporate spirit and culture and encouraging all employees to learn from role models.

The Group is committed to providing employees with opportunities for personal development and growth, including organizing internal and external training and development programs, and regularly evaluating employee performance across departments, thereby providing relevant professional development opportunities for employees, as well as a diversified learning platform, encouraging employees to proactively enhance their capabilities and keep pace with world-class, cutting-edge professional skills in communication and telecommunication services. Based on regular performance evaluations, outstanding employees are promoted, enabling them to lead the Group in collective progress and development.

The Group has always attached great importance to talent cultivation, advocating the talent philosophy of "promoting the outstanding among flourishing talents" and establishing an effective and systematic talent training system. Based on the Group's development goals and talent needs, this training system focuses on enhancing employees' quality, capabilities, and skills, ensuring effective training implementation through five aspects: training policy system, training curriculum system, trainer system, training material system, and training operation management system. The Group has been granted the qualification for independent certification of national vocational skill levels and has cumulatively assessed and issued over 1,000 "national" qualification certificates.

1. Enhancing Orientation Training for New Employees

   The Group provides comprehensive orientation training for new employees, covering occupational health and safety, corporate culture, rules and regulations, organizational management, quality management, trade secrets and intellectual property rights, anti-fraud, process IT knowledge and office software usage, information security, product and business knowledge, and on-the-job practice, among other aspects, helping employees quickly integrate into the organization and enhance Group cohesion.

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

The Company regards talent cultivation as an important measure for fulfilling social responsibility, utilizing a systematic training system to enhance employee value. It has established a three-level training system framework, integrating multi-dimensional approaches such as mentorship, internal and external training, and on-the-job practice, complemented by the OJT (On the Job Training) model, to ensure deep integration of training content with actual work. Specialized internal training focusing on core business areas has been conducted, covering over 100 participants, effectively enhancing employees' professional capabilities and job suitability. Actively embracing AI technological transformation to empower talent growth, the Company has held several AI skills practical training sessions, effectively strengthening employees' digital skills reserves.

4. Strengthening the Development of Internal Trainers

To build a high-quality team of internal trainers, enhance their teaching skills, broaden their horizons, and promote the accumulation and inheritance of corporate culture and knowledge, the Group regularly organizes skill enhancement training and certification for internal trainers. In 2025, the Group developed 95 internal trainers.

(IV) SAFEGUARDING EMPLOYEE RIGHTS AND INTERESTS

The Group implements employees' labor rights and interests in accordance with the law, strictly complies with relevant national and local labor laws and regulations, and strengthens labor and employment management. All subsidiaries strictly manage recruitment and employment in compliance with the requirements of the PRC Labor Law, the PRC Labor Contract Law, and relevant national laws and regulations, adhering to the principles of equality, voluntariness, and consensus, and implementing employees' labor rights and interests in accordance with the law.

The Group signs written labor contracts with employees to protect their basic rights and fulfill the obligations of both parties. The circumstances for employees terminating labor contracts are specified in detail and implemented in accordance with laws and regulations.

The Group is committed to establishing an equal working environment for employees, strictly complies with regulations concerning equal opportunities and anti-discrimination, adheres to employment policies such as gender equality and equal pay for equal work, and provides diverse recruitment channels. It clearly defines recruitment requirements and employment forms, strictly implements the relevant requirements of the Provisions on the Prohibition of Using Child Labor, legally prohibits the use of child labor, and prevents forced labor. It conducts strict identity document verification for recruits to ensure their age meets the minimum working age stipulated by the government. It treats every employee equally, ensuring they are not discriminated against in recruitment and actual work (e.g., promotion, awards, training opportunities, dismissal) based on race, color, age, gender, ethnicity, disability, or other reasons. Furthermore, the Group has established and maintains effective grievance and complaint procedures to protect employees' human rights and labor rights and interests. In 2025, there were no incidents of discrimination, use of child labor, or employee abuse. Should any violations be discovered, the Group will handle them promptly and seriously.

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. It also provides departing employees with relevant compensation in accordance with national policies and the Company's relevant regulations.

The Group respects and protects employees' rights to freedom, including freedom of employment, freedom to resign, freedom to work overtime, and freedom of action. The Group also respects and protects employees' rights to freedom of association and collective bargaining.

VI. OPERATIONS 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	2025	2024	Comparison
First-tier cities in Mainland China	253	305	↓ 17.05%
Other cities in Mainland China	245	198	↑ 23.74%
Overseas (including Hong Kong and Macau)	246	327	↓ 24.77%
Total	744	830	↓ 10.36%

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. Over 400 suppliers signed agreements this year, covering more than 99% of our active suppliers.

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.

Implementing Tiered Management

The Group applies supplier performance assessment results to supplier management, strengthening supplier cooperation and driving their continuous improvement. The Group conducts annual comprehensive assessments of suppliers based on factors including business volume, routine assessment, quality performance, RoHS risk, environment, and safety. In 2025, over 30 material suppliers were selected for on-site system audits. Suppliers with good performance receive increased procurement shares under the same conditions and are given priority for business cooperation opportunities. Suppliers with poorer performance assessment grades receive training and coaching, guiding them to regard corporate social responsibility requirements as requirements for products and their production processes, integrating them into business decision-making and daily operations to establish an effective management system.

Practicing Responsible Procurement

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 200 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 2025	Consumption in 2024	Comparison
Paper boxes and paperboards	tonne	920	1,105	↓ 16.74%
Wooden boxes	tonne	390	450	↓ 13.33%
Packing accessories	tonne	255	295	↓ 13.56%
Straps	tonne	63	70	↓ 10.00%
Other packing materials	tonne	145	151	↓ 3.97%
Total packing materials	tonne	1,773	2,071	↓ 14.39%
Consumption of packing materials per ten thousand HK$ sales revenue	tonne/ ten thousand HK$	0.0039	0.0046	↓ 15.19%

Notes:

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) INTELLECTUAL PROPERTY PROTECTION

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》).

The Comba trademark has been included in the Guangdong Province Key Trademark Protection List since 2021. We assign dedicated personnel to conduct daily supervision and management of the trademarks held by the Group, assisting in risk identification and trademark maintenance. The Group promptly files complaints against external infringements such as the unauthorized use of the Group's trademarks or names, using legal means to protect its legitimate rights and interests. Since 2020, the Group has maintained national intellectual property overseas infringement liability insurance for six consecutive years, which safeguards the Group's expansion in overseas markets.

The Group has been applying for patents since 2002. As of the end of 2025, the Group had applied for over 6,000 patents in total in Mainland China and overseas, including more than 4,100 invention patent applications. The Group's main trademark, "Comba", has been approved for registration in 51 countries and regions globally.

In 2025, the Group was awarded the Gold Award at the 2025 Guangdong-Hong Kong-Macao Greater Bay Area High-Value Intellectual Property Cultivation and Layout Competition. Furthermore, Comba Network Systems Company Limited passed the ISO56005 "Innovation and Intellectual Property Management Capability" (Level 3) certification for the first time. Comba Network Systems Company Limited, Comba Telecom Technology (Guangzhou) Limited, and Comba RF Technology (Guangzhou) Limited successfully passed the 2025 annual supervision audit for the Enterprise Intellectual Property Compliance Management System Requirements (GB/T 29490-2023). The achievements of the Group's intellectual property efforts have received full recognition from 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. The Company received 52 complaints regarding products and services in 2025. 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 investigates and reports on the causes of product recalls to reduce the likelihood of future recalls. Solutions are determined and improvements are made in accordance with the 8D (Eight Disciplines Problem Solving) report management method.

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.

In 2025, the Group internally launched an email security gateway and a new-generation situational awareness system. The former intercepts various types of malicious emails and prevents account security and information leakage risks, while the latter upgrades traffic monitoring and threat analysis capabilities. The two systems work in synergy to optimize the security protection system, enhance risk resistance and emergency response efficiency, and safeguard the Company's information security.

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 relevant policies and regulations in its business locations concerning the prevention of bribery, extortion, fraud, and money laundering. In particular, it strictly follows the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibiting Commercial Bribery, and other relevant laws and regulations, continuously improving the internal control management system, continuously strengthening anti-fraud supervision, conducting training on fraud risks and anti-fraud procedures, strengthening the construction of a clean culture, and creating a fair and just business environment. To effectively combat fraud and corruption, the Group has formulated a series of anti-fraud and anti-corruption systems, focusing on establishing and improving a corporate anti-corruption culture. These include the Group Manager Code of Conduct (2025 Revised Edition)《集團經理人行為準則(2025年修訂版)》, the Marketing Platform Operation Accountability System《市場營銷平台經營問責制》, the Procurement Accountability System《採購問責制度》, the Group Procurement Personnel Integrity Management Regulations (2025 Revised Edition)《集團採購人員廉潔管理規定(2025年修訂版)》, the Key Responsibility Incident Accountability Management System《關鍵責任事件問責管理制度》, the Business Partner Compliance Risk Control System《商業合作伙伴合規風險控制制度》, the Anti-Fraud System《反舞弊制度》, and the Code of Business Conduct《商業行為準則》. These are complemented by operational procedures such as the Anti-Fraud and Anti-Corruption Management Regulations, the Compliance Management Regulations, and the Integrity Management Regulations for Employees in Sensitive Positions. The Group clearly demonstrates its zero-tolerance attitude towards corruption, encouraging all employees to participate in supervision by providing feedback and reporting internal operational deficiencies or various irregularities through multiple channels including the whistleblowing hotline and email, thereby curbing the occurrence of various illegal business activities such as bribery, fraud, and corruption, and fostering a corporate culture of integrity and compliant operation. The Group addresses identified issues promptly in accordance with laws and regulations to ensure the implementation of relevant systems.

In terms of promoting a clean culture, the Group promotes anti-fraud and anti-corruption culture through new employee orientation training. In daily work, it promotes the Company's anti-corruption culture through offline specialized training, Comba Colorful Classes, and Comba Daily Legal Talks. Additionally, specialized anti-corruption training is conducted for specific personnel, such as marketing and procurement staff. In audit, the Group focuses on issues such as business ethics and anti-corruption, regularly conducting internal control audits and risk assessments to comprehensively ensure the Group's integrity and compliant operations.

VIII. COMMUNITY AND PUBLIC WELFARE

In 2025, the Group actively engaged in employee care initiatives, visiting sick and hospitalized employees to demonstrate corporate humanistic care and enhance employees' sense of belonging. It organized flower distribution activities for Women's Day and distributed festive care packages during holidays, sending festive greetings and care to employees. It assisted 95 employees in applying for hospitalization care, academic qualification upgrade subsidies, and vocational skill subsidies from higher-level trade unions. It helped 38 employees analyze, coordinate, and resolve issues related to their children's education. It organized social and networking activities for single employees to broaden their social platforms and enhance their sense of well-being.

In 2025, the Group participated in organizing and continuously carried out various cultural and sports activities, mainly including the Group's Sports Day opening ceremony and hiking event, badminton matches, basketball matches, swimming matches, chess matches, Guandan card games, hiking events, and the Good Voice Singer Competition. It regularly conducted exchange activities for associations such as badminton, swimming, chess, yoga, and dance, enhancing team cohesion, promoting inter-departmental exchange and cooperation, improving employees' physical fitness, and enriching their spare time life.

While steadily promoting its own healthy and rapid development, the Group vigorously supports social welfare causes and actively fulfills its social responsibilities and obligations. In 2025, total donations in areas such as social charity, poverty alleviation, and public welfare activities amounted to HK$1.066 million.

IX. CLIMATE-RELATED DISCLOSURES

The Group, as a leading global wireless solution provider, deeply recognizes the profound impact of climate change on corporate operations, industry development, and social sustainability. In accordance with the requirements of Part D of 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 Group systematically identifies climate-related risks and opportunities based on the Science Based Targets initiative (SBTi) standards and the Intergovernmental Panel on Climate Change (IPCC) 1.5°C target initiative, and formulates corresponding action plans to ensure deep integration of climate management with corporate strategy.

(I) CLIMATE-RELATED RISK IDENTIFICATION AND ASSESSMENT

The Group has established a climate risk management mechanism overseen by the Board and implemented by the ESG Work Leadership Group. Using SBTi standards, the IPCC 1.5°C initiative, and industry ESG professional frameworks as input data, covering global production bases, R&D centers, supply chain, and core business segments, the Group conducts risk identification and ranking (high/medium/low) from two dimensions – transition risks and physical risks – based on industry experience, professional advice from ESG experts, and with reference to universal assessment frameworks. The Group adopts three types of scenario analysis – policy compliance, market green transition, and extreme weather – to identify climate risks, combining qualitative (strategic/operational/financial impact) and quantitative (revenue/asset scale impact thresholds) standards to assess risk impact. In terms of policy compliance, the Group continuously tracks the evolution of domestic and international climate policies and regulatory requirements, including energy efficiency standards and environmental information disclosure requirements, and assesses the potential impact of climate risks on business operations and financial position by simulating changes in compliance costs under different policy tightening scenarios. In addition, we analyze changes in customer preferences during the green transition to identify risks early and adjust strategic positioning. The Group also actively assesses the potential impact of extreme weather events (such as typhoons, floods, earthquakes, high temperatures, etc.) on the Group's assets, supply chain, and business continuity, and identifies climate risk exposure.

The Group also uses climate-related scenario analysis to identify information on climate-related opportunities. For example, we assess trends in low-carbon technology breakthroughs and cost reductions to identify commercialization opportunities in technologies such as clean energy and smart work scenarios. We also monitor projects such as China Green Electricity Certificates (GEC) to analyze and identify relevant opportunities early.

The Board regularly receives reports on climate risk management progress. The ESG Work Leadership Group conducts monthly tracking and control and carries out a comprehensive climate risk assessment annually; core processes have not been adjusted compared to the previous year. The Board regularly evaluates the knowledge base of the ESG Work Leadership Group in areas such as climate science, and ESG governance, ensuring that the ESG Work Leadership Group and the Board possess appropriate skills to effectively oversee strategies for responding to climate-related risks and opportunities through thematic training and support from ESG professionals.

In making decisions regarding the Company's development strategy, major investments/R&D, and other transactions, the Board incorporates climate-related risks and opportunities into its core considerations, fully weighs climate risks against development opportunities, and continuously monitors relevant climate-related risks and opportunities by reviewing progress reports from the ESG Work Leadership Group, adjusting corresponding targets as appropriate. Specifically, when reviewing the Group's medium- to long-term development strategy, the Board systematically evaluates the potential impact of climate change on business models, market positioning, and the competitive landscape. When approving major investments, mergers and acquisitions, R&D projects, and capital expenditures, the Board includes climate-related factors in the scope of due diligence and feasibility assessment. When reviewing business plans, it weighs market growth opportunities against relevant climate physical risks and transition risks. The Board also assesses the impact of different strategic options on stakeholders, ensuring that decisions balance shareholder value, environmental benefits, and social responsibility.

The Board currently does not include climate-related performance indicators in its remuneration policy. In the future, depending on the progress of climate management work, it will study the feasibility of incorporating climate performance indicators into remuneration assessments. The Board delegates climate risk management responsibilities to the ESG Work Leadership Group. The Leadership Group coordinates various business departments to implement specific governance processes, monitoring measures, and procedures, and works closely with business departments through cross-departmental coordination mechanisms to ensure effective integration of climate monitoring measures with the Group's daily operations and decision-making processes. It regularly reports implementation progress to management, and management supervises and evaluates its work effectiveness.

The following are climate-related risks and opportunities that may affect the Group's cash flows, access to finance, or cost of capital in the short, medium, or long term, based on reasonable expectations and the Group's analysis:

1. Transition Risks

   The Group defines short-term as 1-2 years, medium-term as 3-5 years, and long-term as 6 years and above. This timeframe is highly aligned with the Company's strategic planning cycles for product R&D, production capacity layout, and supply chain optimization. The impact periods for each risk below are defined based on this.

   (1) Policy and Regulatory Change Risk (High Risk): The acceleration of global carbon neutrality policies, deepening implementation of China's "Dual Carbon" strategy, and the gradual effectiveness of cross-border carbon control policies such as the EU Carbon Border Adjustment Mechanism (CBAM) may lead to increased environmental compliance costs and higher carbon audit requirements for product exports, potentially impacting the Group's global supply chain and product pricing. This risk affects the Group from the short to long term.

   (2) Market Demand Transition Risk (Medium Risk): Domestic and international customers are increasingly focusing on suppliers' low-carbon performance, and green procurement standards are continuously rising. Failure to promptly upgrade traditional products for low-carbon performance may lead to the risk of losing market share. This risk primarily affects the Group in the medium term.

   (3) Technology Substitution Risk (Medium Risk): The acceleration of low-carbon technology iteration in the communications industry may lead to the loss of technological competitive advantage in core areas such as green antennas and energy-efficient base stations if investment in green product R&D is not sustained. This risk affects the Group in the medium to long term.

   (4) Operating Cost Increase Risk (Low Risk): As climate-related requirements increase, the Company's investment in energy-saving renovations and carbon reduction measures in production and operation processes may increase operating costs. This risk primarily affects the Group in the short term.

The Group's assets susceptible to climate transition risks primarily include: traditional old air conditioners, compressors, production and testing facilities, etc. The net book value of such assets is HK$5.56 million, accounting for 0.66% of the Group's net fixed assets. These assets have high energy consumption and low adaptability for low-carbon transition; the Company plans to gradually complete technological upgrades and asset replacement.

2. Physical Risks

(1) Direct Business Interruption Risk in Own Production Operations (Medium Risk): The Group's operations center in Guangzhou Science City, in the Guangzhou Development Zone production base, and overseas branches in Southeast Asia, Europe, and elsewhere face threats from extreme weather events such as typhoons, heavy rain, and floods. The Group's computer rooms and production facility infrastructure may be damaged, affecting the continuity of certain supply chain operations and operational efficiency.

(2) Assurance Pressure Risk Passed Through from Customers (Low Risk): As a supplier of communication equipment to operators, when communication facilities malfunction or are interrupted due to extreme weather (e.g., base stations toppled by typhoons, equipment submerged by heavy rain, lines damaged by low temperatures, base station infrastructure destroyed by earthquakes), the Group must respond promptly to communication assurance needs, undertaking responsibilities such as emergency supply, on-site repairs, and equipment replacement.

The Group's climate-related risks in its business model and value chain are primarily concentrated in: geographic regions including the Guangzhou Science City operations center/Development Zone production base and various domestic and international branches; facility and asset types including production facility infrastructure and the Company's data centers; value chain segments including manufacturing, production, and logistics transportation. The core reasons for the concentration of related risks in these areas are: the Guangzhou operations center is located in an area with a high incidence of extreme weather events such as typhoons, heavy rain, and floods, making production facilities, logistics, and transportation susceptible to impact; the data center is the Group's core operational infrastructure, with high requirements for power supply and site protection, making it vulnerable to power outages and site damage caused by extreme weather.

The Group's assets/business activities subject to climate-related physical risks are primarily: to mitigate these risks, the Group anticipates increasing annual investment in production and infrastructure for physical risk prevention. The Group's assets subject to climate-related physical risks primarily include: testing facilities, power distribution facilities, and servers at the Guangzhou Science City operations center and Development Zone production base. The total net book value of these assets is HK$4.67 million, accounting for 0.56% of the Group's net fixed assets.

(II) CLIMATE-RELATED OPPORTUNITY IDENTIFICATION AND STRATEGIC LAYOUT

While climate change presents challenges, it also drives the green transformation of the communications industry. Leveraging its core technology and market advantages, the Group focuses on exploring four major categories of opportunities. In current and future plans for its strategies and decisions, we will also consider the relevant climate-related risks and opportunities.

In terms of resource allocation, the Company invests resources in researching green surface treatment processes, new materials research, green packaging materials, etc., to enhance product low-carbon transition and reduce product carbon footprint. Supply chain resources integrate green assessment into supplier access, prioritizing the procurement of low-carbon raw materials. The Group has initiated and plans to continuously promote adaptation/mitigation efforts, including: direct mitigation actions such as R&D of low-carbon products, promotion of renewable energy, optimization of production processes to reduce carbon emissions, and building a green supply chain; indirect mitigation actions such as helping customers reduce base station carbon emissions through green products and promoting the green transformation of the communications industry; adaptation actions such as formulating emergency production plans for extreme weather, upgrading flood/typhoon resistance facilities at production bases, and optimizing logistics transportation routes to cope with extreme weather. Regarding resource guarantee methods for these actions, the Group plans to secure funding through its own operating funds, supplemented by applying for green bonds or green loans, government R&D subsidies, and energy-saving incentives. For human capital, external professional institutions are engaged to enhance internal green transformation capabilities; for institutional governance, a climate management system is established, and carbon emission reduction targets are integrated into the key performance indicators (KPIs) of all departments.

1. Product Upgrade and Technological Innovation Opportunities

   The Group deeply cultivates the R&D of low-loss, high-efficiency green antenna technology, undertaking comprehensive innovation in design, manufacturing, processes, and materials around the full life cycle carbon footprint of base station antennas. It minimizes internal antenna losses and improves beam efficiency, achieving a 15-20 percentage point improvement in antenna energy efficiency ratio compared to traditional antennas, reducing carbon emissions by 11,000-20,000 tons per year per 10,000 stations under typical load: under the same input power, base station coverage expands by 15%-25%, reducing the number of sites needed by 10%-20%; under the same coverage area, RRU transmission power is reduced by 20%-35%, reducing carbon emissions by 11,000-20,000 tons per year per 10,000 stations under typical load; key KPI indicators for wireless networks are significantly improved; on the manufacturing side, electroplating-free production has been largely achieved, with a drastic reduction in solder joints. This product has gained high recognition from global customers, achieving large-scale commercial use among multiple mainstream telecom operators domestically and internationally. It will gradually replace traditional base station antennas and become the main product type for operators' antenna procurement for network construction.

At the same time, the Group will further research higher efficiency green antenna technology platforms to further enhance customer-side carbon reduction benefits and respond to global operators' demands for green network construction. Currently, global research and exploration into the next generation of mobile communication technology, 6G, has begun. The Company's technological innovations in ultra-low loss green packaging, long-waveguide cavity structure integrated phase-shift feeding networks, and high-efficiency self-decoupling multi-frequency complex antenna radiating elements and arrays will still be applicable to Sub 6GHz band antennas in the 6G era and will contribute technically to building a green and sustainable network for 6G.

2. Market Expansion Opportunities

Carbon neutrality policies in over 100 countries and regions worldwide are driving growth in green investment in the communications industry. Leveraging its global sales network and technical service system covering the world, the Group expands its green products globally. In the domestic market, it seizes opportunities from operators' large-scale procurement of green base station antennas and energy-saving retrofits of existing network base stations. In the international market, it deepens green cooperation with local operators to further increase the market share of green antennas.

3. Operations and Supply Chain Optimization Opportunities

At the operational level, in 2025, the Guangzhou Science City and Development Zone bases generated 2.02 million kWh of green electricity, and the share of renewable energy consumption reached 12%. Through measures such as intelligent upgrades to production processes and promotion of water recycling technology, energy and water consumption per unit of output value were further reduced.

At the supply chain level, the Company can leverage its own green manufacturing experience to drive upstream and downstream enterprises in the supply chain to jointly achieve carbon reduction and build a green supply chain system. The Company will guide suppliers to strengthen green production and energy-saving renovations, promote the application of green raw materials and processes, and work with suppliers to create a low-carbon, efficient, and sustainable supply chain, while enhancing the overall green competitiveness of the supply chain and reducing its carbon footprint.

4. Green Finance and Policy Dividend Opportunities

Actively apply for green bonds, green loans, and other financing instruments for green product R&D and low-carbon production line transformation to reduce financing costs; fully utilize policy support such as R&D subsidies and energy-saving incentives from governments at all levels to enhance the return on investment for low-carbon projects.

Apart from the changes to future business operations listed above, the Group currently has no other climate-related transition plans. We will also closely monitor the progress of business-level plans related to climate change.

Overall, climate-related opportunities are mainly concentrated in: the R&D of low-carbon products such as green antennas in the product R&D link; green procurement by domestic operators, overseas export of green products and provision of environmental and climate monitoring solutions in the marketing and sales link. The core reasons for the concentration of climate-related opportunities in these areas are: the Group has been deeply engaged in the R&D of wireless communication antenna technologies, possesses core technology patents and an R&D team, and has a first-mover technological advantage in the field of low-carbon antennas, which is the core support for opportunities in the product R&D link; global carbon neutrality policies have driven domestic and overseas operators to introduce green procurement standards, and the Group has a global sales network and customer resources.

In 2025, revenue from green antenna products and environmental climate monitoring solutions totaled HK$376 million, accounting for 8.22% of the Group's total revenue.

(III) CLIMATE-RELATED ACTION PLANS AND IMPLEMENTATION

The Group follows the principle of "short-term results, medium-term breakthroughs, long-term leadership" in formulating phased climate action plans to ensure targets are measurable and achievable:

1. Governance System Improvement (2025-2026)

   The Board formulates climate-related strategies based on the Company's development strategy, including energy consumption substitution and product design, integrates climate risk control requirements into core business processes such as production, R&D, and supply chain, and establishes climate risk emergency plans.

2. Product and Technology Innovation (2025-2030)

   Continuously invest in R&D for the next generation of higher efficiency green antennas and develop green antenna product series for new scenarios such as low-altitude and maritime coverage.

3. Operational Low-carbon Transition (2025-2030)

   Optimize production operation processes, promote the application of clean energy, upgrade energy-efficient equipment, and reduce carbon emissions in production, R&D, and office activities; strengthen energy-saving renovations at the Guangzhou operations center and R&D base and global production bases, improve energy utilization efficiency, and gradually achieve carbon reduction targets in operational activities. Achieve a year-on-year reduction in electricity consumption in 2025; by 2030, reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 50% compared to the 2021 base year, and reduce absolute Scope 3 greenhouse gas emissions by 25% compared to the 2021 base year.

4. Supply Chain Green Synergy

   Improve the supplier green assessment system, strengthen green guidance for upstream and downstream enterprises in the supply chain, and promote carbon reduction among suppliers; sign green cooperation agreements with core suppliers and carry out green supply chain cooperation projects.

   Continuously optimize packaging materials, continuously increase the usage rate of recyclable packaging, and achieve a year-on-year reduction in total packaging material consumption in 2025.

5. Carbon Accounting and Disclosure

Based on ISO14064 and also meeting GHG Protocol standards, improve the Scope 1, 2, and 3 carbon emission accounting system to achieve accurate, consistent, and objective data. Since 2023, engage a third-party organization annually for carbon emission data verification.

From 2025 onwards, disclose climate-related risks, opportunities, and action plan implementation progress in detail in the ESG report annually, subject to stakeholder supervision. The Group currently does not apply carbon pricing in any operational decisions such as investment decisions, transfer pricing, or scenario analysis, nor has it set a price per tonne of greenhouse gas emissions for assessing GHG emission costs. In the future, it will actively study the feasibility of applying carbon pricing in operational decisions based on industry development and policy requirements.

Regarding greenhouse gas emission targets, the Group plans to achieve relevant targets through four main dimensions: first, product-side emission reduction, continuously researching and developing high-efficiency green antennas to reduce the full life cycle carbon footprint of products; second, operations-side emission reduction, promoting renewable energy such as distributed photovoltaics, upgrading production base equipment, increasing the proportion of renewable energy, using green and recyclable production materials, optimizing process flows, and reducing energy consumption; third, supply chain-side emission reduction, improving the supplier green assessment system, continuously increasing the proportion of green suppliers, promoting low-carbon raw materials and processes, and reducing Scope 3 carbon emissions in the supply chain; fourth, carbon accounting and control, based on ISO14064 and GHG Protocol standards, continuously improving the internal carbon inventory and accounting system and engaging third-party organizations for verification, achieving data quantification and monitoring; simultaneously, incorporating greenhouse gas emission reduction targets into the annual assessments of various business departments, with the Board regularly supervising target implementation progress and conducting an annual evaluation of emission reduction effectiveness.

(IV) CLIMATE MANAGEMENT EFFECTIVENESS AND OUTLOOK

In 2025, the Group's low-loss, high-efficiency green antennas helped customers reduce carbon emissions by over 90,000 tons. The distributed photovoltaic project generated a cumulative 2.02 million kWh of electricity, reducing carbon dioxide emissions by 1,072 tons. Currently, there are no significant climate-related risks that would lead to material adjustments in the carrying amounts of assets and liabilities in the relevant financial statements for the next reporting year.

The Group has established a comprehensive climate resilience management system, enhancing climate risk resistance capabilities from three aspects: operational support, supply chain synergy, and technology reserve. The implementation status of the Group's climate-related scenario analysis is as follows:

1. Input Data and Scenario Sources: Scenarios used are all sourced from the Intergovernmental Panel on Climate Change (IPCC) 1.5°C warming scenario, the Hong Kong Stock Exchange's guidance on climate scenario analysis, and special research reports on climate risks in the communications industry. Input data includes historical extreme weather data for the Group's global operating sites, industry low-carbon policy iteration data, supply chain geographic risk data, and product low-carbon market demand data.

2. Scenario Coverage Types: Covers both climate-related transition risk scenarios (policy compliance tightening scenario, market green transition acceleration scenario, low-carbon technology iteration scenario) and physical risk scenarios (frequent extreme weather scenario, single extreme weather severe impact scenario).

3. Consistency with International Agreements: The selected scenarios are all consistent with the latest climate change international agreements and regional policies, including the Paris Agreement's global carbon neutrality goals, China's "Dual Carbon" strategy, and the EU Carbon Border Adjustment Mechanism (CBAM).

4. Scenario Relevance Explanation: The selected scenarios align closely with the communications industry's characteristics of rapid technological iteration, globalized operations, and high dependence on infrastructure. They can accurately assess the Group's business resilience, strategic adaptability, and potential losses under climate transition and physical risks.

5. Time Frame: The scenario analysis uses short-term (1-2 years), medium-term (3-5 years), and long-term (6 years and above) time dimensions, highly matching the Group's strategic planning and product R&D cycles.

6. Operational Scope: The analysis covers all of the Group's global operating locations (Guangzhou operations center and R&D base/production bases, Singapore headquarter, Hong Kong office, Southeast Asia/Europe branches) and all core business units (R&D, production and manufacturing, marketing and sales, supply chain, logistics and transportation).

7. Key Assumptions: Assumes that future global carbon neutrality policies will continue to tighten, the scope of the EU CBAM will gradually expand, and the frequency of extreme weather events will increase compared to historical averages.

8. Reporting Period: The Group initiated comprehensive climate scenario analysis in 2025, with 2025 being the first complete reporting period.

Based on the scenario analysis results, the Group has identified the significant impacts of climate change on its strategy and business model and optimized response measures accordingly. At the operational level, it has formulated emergency plans for production interruption and data recovery plans for the Guangzhou and other key areas to ensure production and business continuity, enabling rapid response during extreme weather events such as typhoons and heavy rain to ensure operational continuity, while also assessing the necessity and feasibility of upgrading production facilities. At the supply chain level, it has established a supplier emergency reserve by identifying key suppliers in climate-vulnerable regions and developing alternative supply plans, effectively reducing the risk of supply chain disruption caused by extreme weather or transition policies.

At the technical level, it continues to reserve core low-carbon technologies such as green antennas, while simultaneously researching protective technologies for communication equipment adapted to extreme weather, enhancing product climate adaptability and strengthening climate resilience.

Significant uncertainties considered in the Group's climate resilience assessment include:

First, policy uncertainty: The pace of implementation of global carbon neutrality policies and the specific implementation details of cross-border carbon control policies may be subject to adjustment, potentially affecting the cost and pace of the Group's low-carbon transition.

Second, market uncertainty: The speed of upgrading green procurement standards in the communications industry and the actual scale of implementation of customer low-carbon demands may fluctuate, potentially affecting the market promotion progress of green products.

Third, natural environment uncertainty: The type, scope, and severity of extreme weather events are unpredictable and may exceed the assessment scope of scenario analysis.

Fourth, technological uncertainty: The pace of breakthroughs in low-carbon technology R&D and the iteration of industry technical standards are uncertain, potentially affecting the return on investment for the Group's technology R&D.

The Group possesses core capabilities to dynamically adjust its short, medium, and long-term strategies and business models based on climate developments, specifically reflected in:

First, at the strategic level, the Board regularly reviews climate management progress and can quickly adjust the Group's low-carbon development strategy in response to climate policy and market changes, incorporating climate factors into the core considerations of medium- to long-term strategic planning.

Second, at the R&D level, the Group has a green technology R&D team that can quickly adjust the R&D direction in accordance with the trends of low-carbon technologies in the industry; meanwhile, the early layout of 6G low-carbon technologies has laid the foundation for long-term technological adjustments.

Third, at the operational level, the Group has established a cross-regional production capacity allocation mechanism and a flexible adjustment system for production processes, which can quickly optimize operational processes in accordance with extreme weather and low-carbon policy requirements, and implement initiatives such as energy-saving retrofits and renewable energy promotion;.

Fourth, at the market level, the Group has a global sales network and customer cooperation system, which can adjust the market layout and sales strategies of green products in accordance with the climate policies and market demands of different regions;

Fifth, at the supply chain level, the Group has established a green supplier assessment and emergency reserve system, which can dynamically adjust the supply chain layout according to climate risks and guide upstream and downstream enterprises to carry out collaborative low-carbon transformation.

Combined with the management strategy for climate-related risks and opportunities, the Group's financial position will gradually optimize with investment and disposal plans. The Group's core investment plans include green product R&D, renewable energy projects, low-carbon upgrades to production lines, and green supply chain construction. However, the Group currently has no significant asset disposal plans, only gradually phasing out high-carbon, inefficient traditional production equipment. Required funds are primarily sourced from the Company's own operating funds, supplemented by green financing instruments such as green bonds/loans and policy funds including R&D subsidies and energy-saving incentives from governments at all levels.

During the 2025 reporting period, climate-related risks and opportunities had specific impacts on the Group's cash flows: sales of green antenna products and environmental climate monitoring solutions led to an increase in operating cash inflow of HK$267 million; concurrently, investments in fixed facilities, environmental testing equipment, and other capital expenditures related to climate opportunities led to an increase in investing cash outflow of HK$1.67 million.

In the short term (1-2 years), the Group's investment in low-carbon initiatives will continue to increase, leading to a slight rise in operating costs. However, we believe the Group's market share of green products will gradually increase, driving steady revenue growth in the green product market. In the medium term (3-5 years), we expect to largely complete the low-carbon upgrade of traditional production capacity. The completion of these upgrades will gradually reduce operating costs, and green antennas will become a core product for the Group, significantly increasing their share of the Group's revenue, thereby significantly enhancing corporate profitability. In the long term (6 years and above), we expect our planned 6G low-carbon technologies to achieve commercialization, the overseas green product market to continue expanding, revenue scale to further increase, and the overall carbon emission cost of the Group to significantly decrease after the completion of supply chain green synergy.

Based on industry-standard SBTi criteria and the Paris Agreement's global carbon neutrality goals initiative, the Group has formulated short-term (2025-2026) and medium-term (2025-2030) climate-related core targets applicable to the entire Group. The core purpose of these targets is: based on science-based targets, to reduce the Group's full value chain greenhouse gas emissions through mitigation initiatives (low-carbon product R&D, operational emission reduction, supply chain green synergy), and to enhance the Group's resilience to climate physical risks through adaptation initiatives (extreme weather emergency plans, facility protection upgrades, supply chain emergency system construction), ultimately achieving low-carbon sustainable development aligned with the the Paris Agreement's global carbon neutrality goals. Specifically:

1. Operational Low-carbon Targets: 2025 electricity consumption year-on-year reduction; 2025 total packaging material consumption year-on-year reduction; by 2030, reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 50% compared to the 2021 base year, and reduce absolute Scope 3 greenhouse gas emissions by 25% compared to the 2021 base year.

2. Product Innovation Targets: Continuously research and develop high-efficiency green antennas, increasing the revenue share of green products.

3. Supply Chain Green Targets: Improve the supplier green assessment system, increase the proportion of green suppliers and the share of low-carbon raw material procurement, and reduce Scope 3 carbon emissions in the supply chain.

4. Carbon Accounting Targets: Based on ISO14064 and GHG Protocol standards, continuously improve the internal Scope 1, 2, and 3 carbon inventory and accounting system and engage third-party organizations for verification, achieving data quantification and monitoring.

The core elements of the Group's greenhouse gas emission targets are disclosed as follows:

1. Greenhouse Gases Covered: Includes greenhouse gases listed in the Kyoto Protocol such as carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O), with carbon dioxide as the core accounting and reduction target.

2. Emission Scopes Covered: Simultaneously covers Scope 1 (direct greenhouse gas emissions), Scope 2 (energy indirect greenhouse gas emissions), and Scope 3 (value chain indirect greenhouse gas emissions).

3. Target Type: The Group's greenhouse gas emission target is an absolute emission reduction target. No net greenhouse gas emission target has been set. The core approach is to achieve an absolute reduction through its own emission reduction initiatives.

4. Application of Sector Decarbonization Methods: The Group's emission targets are formulated using decarbonization methods common to the communication equipment manufacturing industry, referring to the communication sector decarbonization pathway guidance and China's communication industry low-carbon development white papers, combining the Group's own business characteristics and operational realities to determine the reduction magnitude and pace.

5. Application of Carbon Credit Offsets: At this stage, the Group plans to achieve its emission targets entirely through its own low-carbon transformation, technology R&D, and operational optimization initiatives. It currently does not plan to use carbon credits to offset greenhouse gas emissions.

The Group's actual performance and trend analysis for each climate-related target in 2025 are as follows:

(I) Operational Low-carbon Targets

2025 Performance Information:

① Electricity consumption decreased by 0.76% year-on-year, achieving the annual consumption reduction target.

② Total packaging material consumption decreased by 14.39% year-on-year, achieving the annual consumption reduction target.

③ In 2025, absolute Scope 1, 2, and 3 greenhouse gas emissions decreased by 34.01% compared to 2024, and greenhouse gas emission density decreased by 34.62% compared to 2024.

Trend/Change Analysis:

Trend/Change Analysis: ① Electricity consumption has shown a continuous downward trend, with a year-on-year decrease of 19% in 2024 and a further decrease of 0.76% in 2025 on this basis, mainly due to the gradual manifestation of the effects of intelligent upgrading of production processes in reducing costs and consumption; ② The consumption of packaging materials has shown a continuous downward trend, with a year-on-year decrease of 29.4% in 2024 and a further decrease of 14.39% in 2025, mainly due to the promotion and implementation of green and recyclable packaging materials, and the gradual emergence of cost and consumption reduction effects; ③ Both greenhouse gas emissions and emission intensity have shown a downward trend, mainly because the emission reduction measures for energy-saving retrofits at the operational end have been gradually implemented and taken effect. It is expected to maintain a certain emission reduction rate every year and is expected to achieve the 2030 emission reduction target as scheduled.

(II) Product and Market Targets

2025 Performance Information:

In 2025, revenue from green antenna products and environmental climate monitoring solutions totaled HK$376 million, a year-on-year increase of 280.1%.

In 2025, green product revenue accounted for 8.22% of the Group's total revenue, a 6-percentage point increase compared to the 2024 green product revenue share.

Trend/Change Analysis:

Green product revenue and share show a rapid growth trend. In 2024, the green product revenue share was 2.2%, increasing to 8.22% in 2025. This is primarily due to the implementation of green procurement standards by global operators and the improvement of the Group's global sales network layout, leading to continuously increasing market recognition of green products. It is expected that the revenue share of green products will continue to grow from 2026 to 2030, gradually becoming a core revenue segment for the Group.

(III) Supply Chain Green Targets

2025 Performance Information:

"Category 1: Purchased Goods and Services" within Scope 3 accounts for over 95% of the Company's total Scope 1, 2, and 3 emissions, making it the Company's largest emission source. In 2025, through the implementation of low-carbon management in the supply chain, significant emission reduction performance was achieved: "Category 1: Purchased Goods and Services" greenhouse gas emissions in 2025 decreased by 8.26% compared to 2024 and decreased by 25.62% compared to the base year 2021.

Trend/Change Analysis:

The main reasons for the achievement of carbon emission reduction performance in the supply chain are:

① Implementation of green and low-carbon product design: equipment miniaturization and lightweight; improvement of equipment integration; enhancement of product recyclability and reusability; packaging optimization: optimization of primary packaging to reduce its size and weight, and simplification of material mixing.

② Supplier capacity building: Attach importance to the capacity building of suppliers themselves, carry out supplier capacity building work based on the thinking of "establishing a foundation, improving capabilities and enhancing influence", provide them with training courses and seminars to improve their capabilities in energy conservation, consumption reduction and emission reduction practices. In 2025, suppliers with large procurement volumes and high-emission suppliers (such as PCB, active electronic materials and passive electronic materials suppliers) were selected as the key objects for emission reduction guidance;

③ Promote suppliers to focus on energy efficiency, adoption of renewable energy, waste reduction, etc.

These key initiatives have led to a significant decrease in greenhouse gas emissions from "Category 1: Purchased Goods and Services" (i.e., Scope 3 supply chain greenhouse gas emissions).

(IV) Carbon Accounting Targets

2025 Performance Information:

① Completed the full-process establishment of the Scope 1, 2, and 3 carbon emission accounting system in accordance with ISO14064 and GHG Protocol standards, achieving refined and systematic management of carbon emission data.

② From 2023 to 2025, engaged a third-party carbon accounting organization for carbon emission data verification for three consecutive years, with verification results meeting expectations.

③ Since 2025, disclosed climate-related risks, opportunities, and action plan implementation progress in detail in the ESG report.

Trend/Change Analysis:

① The maturity of the carbon accounting system shows a continuous improvement trend. From 2023 to 2025, the system progressed from establishment to full-process refined management, primarily due to the Group's continuous improvement of carbon accounting systems and gradual enhancement of accounting capabilities.

② Carbon emission data disclosure shows a continuous optimization trend. From 2023 to 2025, disclosed content gradually expanded from basic emission data to full dimensions including risks, opportunities, and action plans, with disclosure transparency increasing year by year, meeting ESG disclosure requirements. Data disclosure dimensions will continue to be optimized in the future to enhance stakeholder information acquisition efficiency.

The requirements for the setting, review, and progress monitoring of the Group's climate targets are disclosed as follows:

1. Target Setting and Third-party Verification: Climate targets are jointly formulated by the Group's ESG Work Leadership Group in conjunction with external professional consultants in the climate field and third-party carbon accounting organizations. The targets themselves and the setting methodology have been verified by a third-party organization, with verification results meeting the Company's expected target requirements.

2. Target Review Procedures: The Board conducts a comprehensive review of climate targets annually, assessing the rationality and feasibility of the targets in conjunction with the results of the annual climate scenario analysis, the Group's low-carbon transition progress, and industry policy and market changes. If force majeure factors such as major climate policy adjustments or industry technological breakthroughs occur, an ad hoc review procedure will be initiated.

3. Progress Monitoring Indicators: Quantitative monitoring indicators are set for each target, including carbon emissions per unit of output value, renewable energy usage ratio, green product revenue share, total Scope 1/2/3 carbon emissions, total packaging material consumption, etc. Each indicator is incorporated into the annual KPIs of relevant business departments.

4. Target Revision Rules: If the original targets cannot be achieved due to factors such as major global climate policy adjustments, extreme market environment changes, or force majeure events, the ESG Work Leadership Group proposes a target revision plan. After re-verification by a third-party organization, the plan is submitted to the Board for review and approval before revision. After revision, the revised content, reasons for revision, and implementation plan for the new targets will be disclosed in the current ESG report.

In the future, the Group will always adhere to the development philosophy of "green, low-carbon and innovation-driven," continuously deepen climate risk management, increase investment in green technology R&D, and collaborate with customers, suppliers, and industry partners to promote carbon neutrality in the communications industry, contributing Comba's strength to global climate governance.

On Behalf of the Board of
Comba Telecom Systems Holdings Limited

Fok Tung Ling
Chairman
Singapore
24 March 2026

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
www.ey.com

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 89 to 199, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKSAs") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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	How our audit addressed the 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 (11% 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 note 3 "Significant accounting judgements and estimates" and note 6 "Profit/(loss) before tax" to the consolidated financial statements.	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.
Impairment of trade receivables Trade receivables comprised 29% of total assets in the consolidated statement of financial position at 31 December 2025. 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 note 3 "Significant accounting judgements and estimates" and note 21 "Trade receivables" to the consolidated financial statements.	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 recognised, 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.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets As at 31 December 2025, the Group recorded goodwill of HK$69 million and operating license in intangible assets of HK$238 million, respectively, as a result of previous acquisitions. Goodwill is subject to annual impairment testing, or more frequently if indications of impairment exist. The Company performs its annual impairment assessment on the relevant cash-generating units ("CGUs") to evaluate whether the goodwill might be impaired as at year end. In addition, the Company reviews annually whether there are any indications of impairment for intangible assets and reassesses their useful lives where applicable. The impairment assessments are highly dependent on management's significant judgements and estimates, particularly regarding future cash flows, discount rates, growth rates, and the allocation of goodwill to CGUs. Given the substantial portion of goodwill and intangible assets relates to the acquisition of a foreign operation, management has also considered the requirements under the relevant accounting standards, ensuring that these assets are measured at their respective recoverable amounts. The accounting policies, significant accounting judgements and estimates and disclosures for goodwill are included in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 14 "Goodwill" to the consolidated financial statements.	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 HKFRS Accounting Standards as 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 HKSAs 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 HKSAs, 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.

- 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 purposes 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 (practising certificate number: A46594).

Certified Public Accountants
Hong Kong
24 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
REVENUE	5	4,570,827	4,528,263
Cost of sales		(3,257,575)	(3,357,147)
Gross profit		1,313,252	1,171,116
Other income and gains	5	127,074	129,351
Research and development expenses	6	(331,737)	(409,436)
Selling and distribution expenses		(417,301)	(554,012)
Administrative expenses		(322,461)	(471,540)
Impairment losses on financial and contract assets	6	(14,914)	(90,521)
Other expenses		(206,339)	(284,205)
Finance costs	7	(40,492)	(31,264)
Share of profits of a joint venture		2,416	1,793
PROFIT/(LOSS) BEFORE TAX	6	109,498	(538,718)
Income tax expense	9	(44,762)	(14,856)
PROFIT/(LOSS) FOR THE YEAR		64,736	(553,574)
Attributable to:			
Owners of the parent		35,020	(564,191)
Non-controlling interests		29,716	10,617
		64,736	(553,574)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		HK1.15 cents	HK(20.41) cents
Diluted		HK1.15 cents	HK(20.41) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
PROFIT/(LOSS) FOR THE YEAR		64,736	(553,574)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		90,069	(187,862)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		90,069	(187,862)
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		4,094	429
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		4,094	429
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		94,163	(187,433)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		158,899	(741,007)
Attributable to:			
Owners of the parent		131,988	(805,046)
Non-controlling interests		26,911	64,039
		158,899	(741,007)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 HK$'000	31 December 2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	838,225	931,174
Right-of-use assets	13(a)	240,163	164,829
Goodwill	14	68,867	68,193
Deferred tax assets	15	33,420	40,086
Intangible assets	16	545,483	554,299
Investments in a joint venture	17	5,127	2,751
Equity investments designated at fair value through other comprehensive income	18	111,959	101,725
Equity investments designated at fair value through profit or loss	18	97,431	75,228
Restricted bank deposits	23	5,972	16,401
Total non-current assets		1,946,647	1,954,686
CURRENT ASSETS			
Inventories	20	815,052	934,874
Trade receivables	21	2,071,745	2,550,801
Notes receivable	22	72,719	143,731
Prepayments, other receivables and other assets	19	293,497	285,988
Financial assets at fair value through profit or loss	18	29,987	–
Restricted bank deposits	23	47,649	46,263
Time deposits	23	252,335	106,855
Cash and cash equivalents	23	1,688,014	1,416,410
Total current assets		5,270,998	5,484,922
CURRENT LIABILITIES			
Trade and bills payables	24	2,350,828	2,714,337
Other payables and accruals	25	471,919	666,588
Interest-bearing bank borrowings	26	155,203	417,602
Tax payable		86,800	79,494
Provision for product warranties	27	45,292	56,978
Redeemable preferred shares in a subsidiary	28	–	173,479
Total current liabilities		3,110,042	4,108,478
NET CURRENT ASSETS		2,160,956	1,376,444
TOTAL ASSETS LESS CURRENT LIABILITIES		4,107,603	3,331,130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 HK$'000	31 December 2024 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	26	572,628	423,568
Lease liabilities	13(b)	105,178	39,373
Deferred government grants		18,762	18,445
Deferred tax liabilities	15	138,625	136,390
Total non-current liabilities		835,193	617,776
Net assets		3,272,410	2,713,354
EQUITY			
Equity attributable to owners of the parent			
Issued capital	29	313,350	276,263
Shares held for share award scheme	29	(22,818)	(22,818)
Reserves	31	2,910,297	2,398,934
		3,200,829	2,652,379
Non-controlling interests		71,581	60,975
Total equity		3,272,410	2,713,354

Fok Tung Ling
Director

Chang Fei Fu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

		Attributable to owners of the parent												
	Notes	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	Total equity HK$'000
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(a)	1	–	16	(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
Dividends 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Notes	Attributable to owners of the parent												
		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	Total equity HK$'000
At 1 January 2025		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
Profit for the year		–	–	–	–	–	–	–	–	–	35,020	35,020	29,716	64,736
Other comprehensive income for the year:														
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	–	–	–	–	–	4,094	–	4,094	–	4,094
Exchange differences related to foreign operations		–	–	–	–	–	–	–	92,874	–	–	92,874	(2,805)	90,069
Total comprehensive income for the year		–	–	–	–	–	–	–	92,874	4,094	35,020	131,988	26,911	158,899
Issue of shares	29(c)	34,145	–	338,033	–	–	–	–	–	–	–	372,178	–	372,178
Share issue expenses	29(c)	–	–	(493)	–	–	–	–	–	–	–	(493)	–	(493)
Share option scheme														
– value of services	30(a)	–	–	–	17	–	–	–	–	–	–	17	–	17
– exercise of share options	29(d)	2,942	–	79,452	(22,788)	–	–	–	–	–	–	59,606	–	59,606
– transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	(2,095)	–	–	–	–	–	2,095	–	–	–
Share incentive scheme		–	–	–	–	–	–	–	–	–	–	–	–	–
– value of services	35	–	–	–	3,831	–	–	–	–	–	–	3,831	–	3,831
2025 interim dividend		–	–	–	–	–	–	–	–	–	(18,677)	(18,677)	–	(18,677)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(16,305)	(16,305)
Transfer to/from retained profits		–	–	–	–	–	(3,015)	1	–	–	3,014	–	–	–
At 31 December 2025		313,350	(22,818)	1,884,923*	139,854*	23,777*	56,336*	216,745*	(475,581)*	68,582*	995,661*	3,200,829	71,581	3,272,410

* These reserve accounts comprise the consolidated reserves of HK$2,910,297,000 (2024: HK$2,398,934,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:		109,498	(538,718)
Adjustments for:			
Interest income	5	(40,940)	(29,287)
Finance costs	7	40,492	31,264
Share of profit of a joint venture	17	(2,416)	(1,793)
Depreciation of property, plant and equipment	6	159,147	154,753
Depreciation of right-of-use assets	6	53,572	61,050
Amortisation of intangible assets	16	125,820	73,339
Hyperinflation monetary adjustments	6	–	8,539
Equity-settled share option expense	6	17	2,925
Loss on disposal of items of property, plant and equipment	6	2,219	18,123
Share based payment expense	6	–	38,170
Awarded share expense	6	3,831	–
(Gain)/loss on fair value change of financial assets at fair value through profit or loss	6	(2,551)	1,368
(Gain)/loss on fair value change of redeemable preferred shares in a subsidiary	6	(13,217)	129,538
(Gain)/loss on equity investments designated at fair value through profit or loss	6	(18,301)	6,301
		417,171	(44,428)
Decrease in inventories		162,421	352,836
Decrease in trade receivables		595,287	840,983
Decrease/(increase) in notes receivable		77,561	(87,077)
Decrease in prepayments, other receivables and other assets		5,405	88,519
Decrease in trade and bills payables		(487,192)	(857,949)
(Decrease)/increase in other payables and accruals		(186,039)	82,126
Increase/(decrease) in deferred government grants		317	(1,668)
Decrease in provision for product warranties		(13,922)	(177)
Cash generated from operations		571,009	373,165
Chinese mainland profits tax paid		(28,372)	(18,164)
HK profits tax paid		(1,995)	(1,764)
Overseas taxes paid		(13,229)	(13,800)
Net cash flows from operating activities		527,413	339,437
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		40,940	29,287
Purchases of items of property, plant and equipment		(65,421)	(41,913)
Additions to intangible assets		(98,088)	(181,277)
Proceeds from disposal of items of property, plant and equipment		6,587	5,748
Proceeds from disposal of intangible assets		–	1,600
Purchase of financial assets at fair value through profit or loss		(27,436)	–
(Increase)/decrease in time deposits		(140,611)	191,525
Decrease in restricted bank deposits		11,898	85,011
Net cash flows (used in)/from investing activities		(272,131)	89,981

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		761,204	985,090
Repayment of bank loans		(912,425)	(835,561)
Principal portion of lease payments		(49,613)	(54,057)
Proceeds from exercise of share options	29(a)/29(d)	59,606	14
Share repurchase	29(b)	–	(1,764)
Interest and other finance costs paid		(40,492)	(31,264)
Dividends paid		(18,658)	–
Dividends paid to non-controlling shareholders		(723)	(23,752)
Issue of shares	29(c)	372,178	–
Share issue expenses	29(c)	(493)	–
Payment for acquisition of non-controlling interests		–	(148,528)
Repurchase of redeemable preferred shares		(223,478)	(128,895)
Net cash flows used in financing activities		(52,894)	(238,717)
NET INCREASE IN CASH AND CASH EQUIVALENTS		202,388	190,701
Cash and cash equivalents at beginning of year		1,416,410	1,188,457
Effect of foreign exchange rate changes, net		69,216	37,252
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,688,014	1,416,410
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,413,634	1,339,399
Non-pledged time deposits with original maturity of less than three months when acquired		274,380	77,011
Cash and cash equivalents as stated in the consolidated statement of financial position		1,688,014	1,416,410

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 in Singapore is located at 164 Kallang Way, #03-12, Solaris@Kallang 164, Singapore 349248.

The principal place of business of the Company in Hong Kong 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*	Chinese mainland	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*	Chinese mainland	HK$542,000,000	–	100	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services
Comba Network Systems Company Limited 京信網絡系統股份有限公司**	Chinese mainland	RMB401,676,957	–	100	Manufacture and sale of wireless telecommunications network system equipment and provision of related engineering services

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	
Tianjin Comba Telecom Systems Limited 天津京信通信系統有限公司	Chinese mainland	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*	Chinese mainland	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*	Chinese mainland	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
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*	Chinese mainland	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

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 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	–	100	Trading of wireless telecommunications network system equipment
PT COMBA TELECOM NETWORK INDONESIA	Indonesia	IDR10,113,400,000	–	100	Trading of wireless telecommunications network system equipment
COMBA REDES E SISTEMAS INTEGRADOS DO BRASIL LTDA	Brazil	BRL2,000,000	–	100	Trading of wireless telecommunications network system equipment
COMBA REDES Y SISTEMAS INTEGRALES SA de CV	Mexico	MXN50,000	–	100	Trading of wireless telecommunications network system equipment
COMBA NETWORK (M) SDN. BHD.	Malaysia	MYR350,000	–	100	Trading of wireless telecommunications network system equipment
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	–	100	Investment holding
Comba Telecom Inc.	State of Delaware/ United States of America	US$1	–	100	Trading of wireless telecommunications network 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	
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	–	100	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
ETL Company Limited#	Lao People's Democratic Republic	LAK637,763,000,000	–	51	Provision of operator telecommunication services and their value-added services
Rivera Power Limited	British Virgin Islands	US$1	–	100	Investment holding
Comba Telecom Network Systems Limited 京信通信網絡系統有限公司	Hong Kong	HK$1	–	100	Trading of wireless telecommunications network system equipment
ScanViS Limited	Hong Kong	HK$1	–	100	Provision of hardware and software total solutions and services

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.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")	Chinese mainland	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")	Chinese mainland	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")	Chinese mainland	RMB19,220,000	–	100	Investment holding
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")	Chinese mainland	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")	Chinese mainland	RMB12,380,000	–	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.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")	Chinese mainland	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")	Chinese mainland	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")	Chinese mainland	RMB4,750,000	–	100	Investment holding
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")	Chinese mainland	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")	Chinese mainland	RMB5,280,000	–	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.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")	Chinese mainland	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 ("IMF WEO") 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 then level of inflation and its then expected rise, the directors believe that Lao P.D.R. should be considered hyperinflationary as of 31 December 2024. During September 2025, the IMF WEO reported a 3-year cumulative rate of inflation of 102% as of December 2024 and forecast 3-year cumulative rates of inflation of 52% and 30% for 2025 and 2026, respectively. The Lao Statistics Bureau reported 3-year and 12-month cumulative rates of inflation of 60% and 5%, respectively, as of September 2025. The highly inflationary patterns that occurred in 2022 and 2023 are no longer present and both the annual rate and forecast rate of inflation have come down consistently. Therefore, the directors believe that economy of Lao P.D.R. is no longer hyperinflationary state.

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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as 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, financial assets at fair value through profit or loss and equity investments which have been measured at fair value. Based on management's assessment, the Lao P.D.R. is no longer considered hyperinflationary, following a cumulative inflation rate of 60% over the preceding three years as of September 2025. The hyperinflationary accounting treatment is no longer applicable for reporting periods ending on or after 1 January 2025. 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 2025. 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.

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

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.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(continued)

Further information about those HKFRS Accounting Standards 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 HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards 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 HKFRS Accounting Standards. 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 HKFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* 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 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. 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 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(continued)

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.

- 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. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. 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.

2.4 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.

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*.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 recognised 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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL (continued)

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, financial assets at fair value through profit or loss 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.

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 recognised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 recognised 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised 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.

2.4 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.

2.4 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 capitalised 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 recognises 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 realised 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.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 live 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.

Research and development expenses

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

Expenditure incurred on projects to develop new products is capitalised 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 amortised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

(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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

LEASES (continued)

Group as a lessee (continued)

(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 recognised 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.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised 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 amortised 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.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised 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 recognised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Subsequent measurement (continued)

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 recognised 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 recognised 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 recognised 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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 recognised 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).

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

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 recognises 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.

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, lease liabilities 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (trade and other payables, lease liabilities 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 recognised in profit or loss when the liabilities are derecognised 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 amortisation 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 recognised 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 recognised less, when appropriate, the cumulative amount of income recognised.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised 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 realise 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 realisable 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.

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 recognised 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 recognised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 recognised 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.

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 utilised, 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 utilised.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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 realised 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 realise 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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

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 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.

(c) Technical support and maintenance services

Revenue from the technical support and maintenance services is recognised 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 recognised as income in the accounting period in which they are incurred.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

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 and share award 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 reflects 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.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS (continued)

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 recognised 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 recognised for the award is recognised 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 Chinese mainland 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.

2.4 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 capitalised 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 recognised 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 recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES (NON-HYPERINFLATIONARY) (continued)

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 recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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 recognised 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 recognised 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

- For profit and loss statement items, all amounts are restated from their initial recognition date using changes in the general price index to ensure all items are expressed in the measurement unit of the balance sheet date. Differences arising from such restatements are recognised in the current period's net profit. All cash flow statement items are restated in accordance with the general price index of the balance sheet date.

- 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 recognised 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.

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%.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

JUDGEMENTS (continued)

Hyperinflation (continued)

Based on management's assessment, the economy of Lao P.D.R. is considered as no longer hyperinflationary as of September 2025 as the cumulative inflation rate in the past three years of inflation of 60%. The economy of Lao P.D.R ceased to be hyperinflationary for periods ending after 31 December 2024.

HKAS 29 requires to report the results of its operations in Lao P.D.R. as if these were highly inflationary as of 1 January 2024. The economy of Lao P.D.R. ceased to be hyperinflationary for periods ending after 31 December 2024 (based on recent inflation data and announcements). Per HKAS 29 paragraph 38, when an economy ceases to be hyperinflationary, the restated amounts at the end of the last period under HKAS 29 become the new carrying amounts for subsequent periods. No further inflation adjustments are made.

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 2025 was HK$68,867,000 (2024: HK$68,193,000). 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 calibrates 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 recognised 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 recognised, 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 recognised tax losses at 31 December 2025 was HK$19,341,000 (2024: HK$27,176,000).

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 Chinese mainland 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 realisable 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 recognised 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 2025 was HK$209,390,000 (2024: HK$176,953,000). Further details are included in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development expenses in note 2.4 to the financial statements. Determining the amounts to be capitalised 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 2025, the best estimate of the carrying amount of capitalised development costs was HK$262,567,000 (2024: HK$259,052,000). For details, please refer to note 16 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised 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 2025	Wireless telecommunications network system equipment and services HK$'000	Operator telecommunication services HK$'000	Total HK$'000
Revenue	4,404,044	166,783	4,570,827
Profit/(loss) before tax	173,259	(63,761)	109,498
Segment assets	7,054,580	576,223	7,630,803
Elimination			(413,158)
Total assets			7,217,645
Segment liabilities	3,793,204	565,189	4,358,393
Elimination			(413,158)
Total liabilities			3,945,235

4. OPERATING SEGMENT INFORMATION (continued)

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

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2025 HK$'000	2024 HK$'000
Chinese mainland	2,887,661	2,757,314
Other countries/areas in Asia Pacific	526,929	607,320
Americas	707,731	756,270
European Union	340,261	370,482
Middle East	94,349	30,995
Other countries	13,896	5,882
	4,570,827	4,528,263

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

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION (continued)

(b) Non-current assets

	2025 HK$'000	2024 HK$'000
Chinese mainland	1,421,805	1,383,055
Lao People's Democratic Republic	443,788	514,628
Other countries/regions	81,054	57,003
	1,946,647	1,954,686

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from continuing operations of approximately HK$816,261,000 (2024: HK$747,056,000), HK$390,929,000 (2024: HK$347,701,000) and HK$333,628,000 (2024: HK$440,063,000) was derived from 3 major customers, which accounted for 17.9% (2024: 16.5%), 8.6% (2024: 7.7%) and 7.3% (2024: 9.7%) 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:

	2025 HK$'000	2024 HK$'000
Revenue		
Manufacture and sale of wireless telecommunications network system equipment and provision of related installation services	4,404,044	4,349,842
Provision of operator telecommunication services	166,783	178,421
	4,570,827	4,528,263

5. REVENUE, OTHER INCOME AND GAINS (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS

	2025 HK$'000	2024 HK$'000
Types of customers		
PRC state-owned telecommunication operator groups	1,777,236	1,713,570
Other customers	2,793,591	2,814,693
Total revenue from contracts with customers	4,570,827	4,528,263

	2025 HK$'000	2024 HK$'000
Timing of revenue recognition		
Goods transferred at a point in time	4,404,044	4,349,842
Services transferred over time	166,783	178,421
Total revenue from contracts with customers	4,570,827	4,528,263

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:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	127,692	111,914

5. REVENUE, OTHER INCOME AND GAINS (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

An analysis of other income and gains is as follows:

	2025 HK$'000	2024 HK$'000
Other income and gains		
Bank interest income	40,940	29,287
Government subsidies#	18,805	27,952
Exchange gain, net	–	36,128
Fair value gains on redeemable preferred shares in a subsidiary	13,217	–
VAT refunds	11,157	11,474
Gross rental income	9,967	11,439
Fair value gain on equity investments designated at fair value through profit or loss	18,301	–
Penalty income	1,462	1,723
Scrapped and recycled item sales	425	2,322
Fair value gains on financial assets at fair value through profit or loss	2,551	–
Others	10,249	9,026
	127,074	129,351

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.

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2025 HK$'000	2024 HK$'000
Cost of inventories sold and services provided		3,169,169	3,169,347
Depreciation of property, plant and equipment#	12	159,147	154,753
Depreciation of right-of-use assets	13	53,572	61,050
Amortisation of computer software and technology and operating license#	16	27,007	18,503
Research and development expenses:			
Deferred expenditure amortised	16	98,813	54,836
Current year expenditure		232,924	354,600
Total		331,737	409,436
Lease payments not included in the measurement of lease liabilities	13	123	33
Auditor's remuneration		3,433	3,512
Employee benefit expense (including directors' remuneration, note 8)^:			
Salaries and wages		664,216	971,419
Staff welfare expenses		57,829	48,890
Equity-settled share option expense	30(a)	17	2,925
Awarded share expense	30(b)	3,831	–
Share based payment expense	35	–	38,170
Pension scheme contributions (defined contribution schemes)*		61,043	69,514
		786,936	1,130,918
Net (gain)/loss on equity investments designated at fair value through profit or loss##		(18,301)	6,301
(Gain)/loss on fair value change of financial assets at fair value through profit or loss##		(2,551)	1,368
Write-down of inventories to net realisable value		58,250	31,049
Impairment of trade receivables and notes receivable		28,836	90,521
Provision for product warranties	27	10,000	11,274
Reversal of impairment of financial assets included in prepayments, other receivables and other assets##		(13,922)	(94)
Loss on disposal of items of property, plant and equipment		2,219	18,123
(Gain)/loss on fair value change of redeemable preferred shares in a subsidiary##		(13,217)	129,538
Foreign exchange differences, net##		98,980	(36,128)
Hyperinflation monetary adjustments		–	8,539

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

* At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Nil).

^ Staff costs capitalised into deferred development costs amounting to HK$68,423,000 (2024: HK$77,087,000) 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$82,169,000 (2024: HK$61,758,000) and HK$14,939,000 (2024: HK$9,382,000) 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

	2025 HK$'000	2024 HK$'000
Interest on bank loans	32,905	27,007
Interest on lease liabilities	7,587	4,257
	40,492	31,264

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:

	2025 HK$'000	2024 HK$'000
Fees	775	615
Other emoluments:		
Salaries, allowances and benefits in kind	7,494	11,012
Performance related bonuses	1,171	9,744
Equity-settled share option expense	–	459
Awarded share expense	861	–
Share based payment expense	–	4,667
Pension scheme contributions	66	114
	9,592	25,996
	10,367	26,611

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

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

2025	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Awarded share expense HK$'000	Pension Scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:							
Mr. Fok Tung Ling	–	1,430	–	–	–	–	1,430
Mr. Zhang Yue Jun	–	849	–	–	–	–	849
Mr. Chang Fei Fu	–	2,484	479	–	352	18	3,333
Ms. HUO Xinru	–	2,107	692	–	509	18	3,326
Ms. Ye Ka (appointed with effect from 20 August 2025)	–	624	–	–	–	30	654
	–	7,494	1,171	–	861	66	9,592
Non-executive director:							
Mr. Yi Lei (appointed with effect from 1 April 2025)	165	–	–	–	–	–	165
Independent non-executive directors:							
Ms. Ng Yi Kum	220	–	–	–	–	–	220
Ms. Wong Lok Lam (resigned with effect from 16 October 2025)	174	–	–	–	–	–	174
Mr. Chong Chee Keong, Chris	179	–	–	–	–	–	179
Mr. Tan Khee Giap (appointed with effect from 16 October 2025)	37	–	–	–	–	–	37
Subtotal	610	–	–	–	–	–	610
Total	775	7,494	1,171	–	861	66	10,367

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

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

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
	–	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 (resigned with effect from 16 October 2025)	220	–	–	–	–	–	220
Mr. Chong Chee Keong, Chris	175	–	–	–	–	–	175
Subtotal	615	–	–	–	–	–	615
Total	615	11,012	9,744	459	4,667	114	26,611

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

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

(B) FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: three directors), details of whose remuneration are set out in note 8(a) above. Details of the remuneration for the year of the remaining three (2024: two) highest paid employees who is not a director of the Company are as follows:

	2025 HK$'000	2024 HK$'000
Salaries, allowances and benefits in kind	3,620	2,208
Performance related bonuses	1,989	2,226
Equity-settled share option expense	–	84
Awarded share expense	1,303	–
Share based payment expense	–	2,700
Pension scheme contributions	346	228
Total	7,258	7,446

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

	2025 HK$'000	2024 HK$'000
HK$2,000,000 to HK$2,500,000	2	–
HK$2,500,001 to HK$3,000,000	1	–
HK$3,500,001 to HK$4,000,000	–	2
Total	3	2

During the year, no share options were granted to non-director highest paid employees in respect of their services to the Group. 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% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2025 HK$'000	2024 HK$'000
Current – Charge for the year		
Hong Kong	2,948	3,242
Chinese mainland	18,496	15,349
Elsewhere	14,569	9,915
Current – underprovision in prior years	2,567	2,123
Deferred	6,182	(15,773)
Total tax charge for the year	44,762	14,856

Under the relevant income tax law, the subsidiaries in Chinese mainland 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 Chinese mainland) to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

9. INCOME TAX (continued)

	2025		2024	
	HK$'000	%	HK$'000	%
Profit/(loss) before tax	109,498		(538,718)	
Tax at the applicable tax rate	16,640	15.20	(95,393)	17.71
Adjustments in respect of current tax of previous years	2,566	2.34	2,123	(0.39)
Income not subject to tax	(455)	(0.42)	(5,626)	1.04
Expenses not deductible for tax	10,975	10.02	8,186	(1.52)
Additional deductible research and development expenses	(48,671)	(44.45)	(51,072)	9.48
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	6,467	5.91	9,926	(1.84)
Tax losses utilised from previous years	(85)	(0.08)	(205)	0.04
Effect of deductible temporary difference from unrecognised deferred tax asset of the current period or effect of deductible loss	57,325	52.35	146,917	(27.27)
Tax charge at the Group's effective rate	44,762	40.88	14,856	(2.76)

The Group has tax losses arising in Hong Kong and other jurisdictions of HK$275,012,000 (2024: HK$673,402,000) 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 2025.

10. DIVIDENDS

	2025	2024
	HK$'000	HK$'000
Interim – HK0.6 cent (2024: nil) per ordinary share	18,677	–
Proposed final – Nil (2024: nil) per ordinary share	–	–

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

The calculation of the basic earnings (2024: basic loss) per share amount is based on the profit (2024: loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,040,886,000 (2024: 2,764,180,000) outstanding during the year.

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

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

	2025 HK$'000	2024 HK$'000
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/loss per share calculations	35,020	(564,191)

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculations	3,040,886,000	2,764,180,000
Effect of dilution – weighted average number of ordinary shares options	–	–
	3,040,886,000	2,764,180,000

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 2025							
At 31 December 2024 and 1 January 2025:							
Cost or valuation	624,673	99,230	1,915,121	195,287	24,317	8,226	2,866,854
Accumulated depreciation	(299,468)	(12,848)	(1,441,308)	(160,697)	(21,359)	–	(1,935,680)
Net carrying amount	325,205	86,382	473,813	34,590	2,958	8,226	931,174
At 1 January 2025, net of accumulated depreciation	325,205	86,382	473,813	34,590	2,958	8,226	931,174
Additions	14,014	33	40,758	9,826	790	–	65,421
Disposals	(257)	–	(8,213)	(200)	(136)	–	(8,806)
Depreciation provided during the year	(26,907)	(4,611)	(114,342)	(11,495)	(1,792)	–	(159,147)
Exchange realignment	(15,996)	3,818	18,427	3,263	(299)	370	9,583
At 31 December 2025, net of accumulated depreciation	296,059	85,622	410,443	35,984	1,521	8,596	838,225

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 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)	(4,609)	(97,744)	(12,840)	(1,602)	–	(154,753)
Hyperinflation adjustments	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

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 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 and 1 January 2025	97,972	49,083	17,774	164,829
Additions	–	111,904	16,365	128,269
Depreciation charge	(2,648)	(44,248)	(6,676)	(53,572)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(5,532)	–	(5,532)
Exchange realignment	4,184	1,683	302	6,169
As at 31 December 2025	99,508	112,890	27,765	240,163

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:

	2025 HK$'000	2024 HK$'000
Carrying amount at 1 January	69,170	82,363
New leases	127,276	47,578
Accretion of interest recognised during the year	7,587	4,257
Payments	(57,200)	(58,314)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(5,532)	(1,131)
Exchange realignment	2,036	(5,583)
Carrying amount at 31 December	143,337	69,170
Analysed into:		
Current portion	38,159	29,797
Non-current portion	105,178	39,373

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

	2025 HK$'000	2024 HK$'000
Interest on lease liabilities	7,587	4,257
Depreciation charge of right-of-use assets	53,572	61,050
Expense relating to short-term leases or of low-value assets	123	33
Total amount recognised in profit or loss	61,282	65,340

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

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 recognised by the Group during the year was HK$9,967,000 (2024: HK$11,439,000), details of which are included in note 5 to the financial statements.

As at 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	8,292	8,788
After 1 year but within 2 years	3,492	6,775
After 2 years but within 3 years	1,367	2,413
After 3 years but within 4 years	640	874
After 4 years but within 5 years	–	729
	13,791	19,579

14. GOODWILL

	HK$'000
At 31 December 2024:	
Cost and net carrying amount	68,193
Cost at 1 January 2025, net of accumulated impairment	68,193
Exchange realignment	674
Net carrying amount at 31 December 2025	68,867
At 31 December 2025:	
Cost	253,077
Accumulated impairment	(20,168)
Hyperinflation adjustments	(30,954)
Exchange realignment	(133,088)
Net carrying amount	68,867

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% (2024: 15% to 20%), and cash flows beyond the 5-year period were extrapolated using a growth rate of 2.0% to 3.0% (2024: 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$'000	Products warranty HK$'000	Losses available for offsetting against future taxable profits HK$'000	Deferred government grants HK$'000	Lease liability HK$'000	Total HK$'000
At 1 January 2024	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
Deferred tax (charged)/credited to profit or loss during the year	(1,251)	2,173	(7,835)	(141)	13,460	6,406
Exchange realignment	45	395	–	122	–	562
At 31 December 2025	499	10,017	19,341	2,738	26,055	58,650

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 HK$'000	Total HK$'000
At 1 January 2024	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
Deferred tax charged/(credited) to the statement of profit or loss during the year	(527)	(8,245)	4,745	1,904	(337)	1,641	13,407	12,588
Deferred tax charged/(credited) to other comprehensive income during the year	–	–	1,365	–	–		–	1,365
Exchange realignment	–	691	–	325	37	862	–	1,915
At 31 December 2025	15,754	36,075	35,897	9,425	697	40,586	25,421	163,855

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:

	2025 **HK$'000**	2024 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	33,420	40,086
Net deferred tax liabilities recognised in the consolidated statement of financial position	138,625	136,390

15. DEFERRED TAX (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 Chinese mainland. 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 Chinese mainland 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 Chinese mainland in respect of earnings generated from 1 January 2008.

As at 31 December 2025, the Group recognised the relevant deferred tax liabilities of HK$9,425,000 (2024: HK$7,196,000) 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$1,571,051,000 (2024: HK$1,706,922,000) 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 Chinese mainland 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 2025					
Cost at 1 January 2025, net of accumulated amortisation	248,443	36,690	10,114	259,052	554,299
Additions	–	4,900	2,455	90,733	98,088
Amortisation provided during the year	(14,939)	(12,068)	–	(98,813)	(125,820)
Exchange realignment	4,306	3,015	–	11,595	18,916
At 31 December 2025, net of accumulated amortisation	237,810	32,537	12,569	262,567	545,483

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 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 adjustments	92,918	–	–	–	92,918
Exchange realignment	(12,830)	(2,784)	–	(8,248)	(23,862)
At 31 December 2024, net of accumulated amortisation	248,443	36,690	10,114	259,052	554,299

17. INVESTMENT IN A JOINT VENTURE

	2025 HK$'000	2024 HK$'000
Share of net assets	3,594	1,218
Goodwill on acquisition	1,533	1,533
	5,127	2,751

The Group's joint venture is an unlisted corporate entity whose quoted market price is unavailable and immaterial to the Group.

The following table illustrates the financial information of the Group's joint venture that are not individually material to the Group:

	2025 HK$'000	2024 HK$'000
Share of the joint venture's profit and total comprehensive income for the year	2,416	1,793
Carrying amount of the Group's investment in the joint venture	5,127	2,751

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

	2025 HK$'000	2024 HK$'000
Equity investments designated at fair value through other comprehensive income:		
Unlisted equity investments, at fair value	111,959	101,725
Equity investments designated at fair value through profit or loss:		
Unlisted equity investments, at fair value	97,431	75,228
Financial assets at fair value through profit or loss:		
Foreign exchange forwards	1,524	–
Foreign exchange options	6,210	–
Structured bank deposits	22,253	–
	29,987	–

These foreign exchange forwards and foreign exchange options are not designated for hedge purposes and are measured at fair value through profit or loss.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 HK$'000	2024 HK$'000
Prepayments	131,205	96,003
Deposits	78,243	102,972
Other receivables	116,510	132,135
	325,958	331,110
Impairment allowance	(32,461)	(45,122)
	293,497	285,988

Deposits and other receivables under current assets mainly represent rental deposits and deposits with suppliers. As at 31 December 2025, 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 2025 was 0.10% to 10.00% and 100% for stage 1 and stage 3 respectively (2024: 0.10% to 10.00% and 100% for stage 1 and stage 3).

20. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	185,475	193,132
Project materials	32,297	23,726
Work in progress	92,822	55,738
Finished goods	363,975	414,377
Inventories on site	140,483	247,901
	815,052	934,874

21. TRADE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	2,763,897	3,263,246
Impairment	(692,152)	(712,445)
	2,071,745	2,550,801

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.

21. TRADE RECEIVABLES (continued)

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:

	2025 HK$'000	2024 HK$'000
Within 3 months	1,051,927	959,025
4 to 6 months	300,513	418,467
7 to 12 months	287,042	504,292
More than 1 year	1,124,415	1,381,462
	2,763,897	3,263,246
Provision for impairment	(692,152)	(712,445)
	2,071,745	2,550,801

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

	2025 HK$'000	2024 HK$'000
At beginning of year	712,445	755,186
Impairment losses	30,015	87,596
Amount written off as uncollectible	(77,538)	(108,274)
Exchange realignment	27,230	(22,063)
At end of year	692,152	712,445

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.

21. TRADE RECEIVABLES (continued)

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

As at 31 December 2025	Current	Past due Less than 1 year	Past due 1-2 years	Past due Over 2 years	Total
Expected credit loss rate	1.27%	8.24%	21.29%	89.69%	
Gross carrying amount (HK$'000)	1,663,127	242,793	173,162	684,815	2,763,897
Expected credit losses (HK$'000)	21,060	19,995	36,869	614,228	692,152

As at 31 December 2024	Current	Past due Less than 1 year	Past due 1-2 years	Past due Over 2 years	Total
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

22. NOTES RECEIVABLE

	2025 HK$'000	2024 HK$'000
Notes receivable	76,519	148,522
Impairment	(3,800)	(4,791)
	72,719	143,731

At 31 December 2025, notes receivable with an aggregate carrying amount of HK$707,000 (2024: HK$12,777,000) 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

	2025 HK$'000	2024 HK$'000
Cash and bank balances	1,413,634	1,339,399
Restricted bank deposits	53,621	62,664
Time deposits	526,715	183,866
	1,993,970	1,585,929
Less:		
Restricted bank deposits for bills payable	(7,958)	(6,492)
Restricted bank deposits for performance bonds	(45,663)	(56,172)
Time deposits with original maturity of over three months:		
– non-current	–	–
– current	(252,335)	(106,855)
Cash and cash equivalents	1,688,014	1,416,410

	2025 HK$'000	2024 HK$'000
Cash and cash equivalents and time deposits Denominated in		
– RMB	1,151,673	964,128
– USD	528,063	342,697
– HKD	28,416	16,874
– INR	85,972	118,340
– Others	199,846	143,890
	1,993,970	1,585,929

The RMB is not freely convertible into other currencies, however, under Chinese mainland'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 authorised 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:

	2025 HK$'000	2024 HK$'000
Within 3 months	1,197,348	1,331,680
4 to 6 months	453,410	460,730
7 to 12 months	85,019	326,813
More than 1 year	615,051	595,114
	2,350,828	2,714,337

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

25. OTHER PAYABLES AND ACCRUALS

	2025 HK$'000	2024 HK$'000
Contract liabilities	94,616	132,206
Accruals	138,574	260,888
Lease liabilities	38,159	29,797
Dividend payable	355	336
Other payables	200,215	243,361
	471,919	666,588

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

26. INTEREST-BEARING BANK BORROWINGS

	2025		2024	
	Maturity	HK$'000	Maturity	HK$'000
Current				
Bank loans – guaranteed	2026	155,203	2025	417,602
Non-current				
Bank loans – guaranteed	2027-2030	572,628	2026-2027	423,568
		727,831		841,170
Analysed into:				
Bank loans repayable				
Within 1 year or on demand		155,203		417,602
In the 2nd year		362,560		230,568
In the 3rd to 5th years, inclusive		210,068		193,000
		727,831		841,170

As at 31 December 2025, loans denominated in RMB amounted to HK$727,831,000 (2024: HK$841,170,000).

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 2025 bear interest at rates ranging from 2.3% to 3.1%. (2024: ranging from 2.6% to 3.4%) per annum.

27. PROVISION FOR PRODUCT WARRANTIES

	2025 HK$'000	2024 HK$'000
At 1 January	56,978	59,050
Additional provision	10,000	11,274
Amounts utilised during the year	(23,922)	(11,451)
Exchange realignment	2,236	(1,895)
At 31 December	45,292	56,978

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

	2025 HK$'000	2024 HK$'000
Redeemable preferred shares in a subsidiary	–	173,479

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.

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:

	2025 HK$'000	2024 HK$'000
At the beginning of the year	173,479	246,117
Repurchase	(160,510)	(128,895)
Transfer of preferred shares to other payables	–	(62,968)
Fair value (gains)/losses	(13,217)	129,538
Exchange realignment	248	(10,313)
At 31 December	–	173,479

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 a qualified public offering 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	2025 HK$'000	2024 HK$'000
Authorised:		
5,000,000,000 (2024: 5,000,000,000) ordinary shares of HK$0.10 each	500,000	500,000
Issued and fully paid or credited as fully paid:		
3,133,497,722 (2024: 2,762,625,168) ordinary shares of HK$0.10 each	313,350	276,263

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 2024		2,765,752,668	276,576	(22,818)	1,469,365	1,723,123
Share option scheme						
– exercise of share options	(a)	12,500	1	–	16	17
Cancellation of repurchased shares	(b)	(3,140,000)	(314)	–	(1,450)	(1,764)
As at 31 December 2024 and 1 January 2025		2,762,625,168	276,263	(22,818)	1,467,931	1,721,376
Issue of shares, net of expenses	(c)	341,448,054	34,145	–	337,540	371,685
Share option scheme						
– exercise of share options	(d)	29,424,500	2,942	–	79,452	82,394
As at 31 December 2025		3,133,497,722	313,350	(22,818)	1,884,923	2,175,455

As at 31 December 2025, the total number of issued ordinary shares of the Company was 3,133,497,722 (2024: 2,762,625,168) shares which included 16,637,136 (2024: 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)).

29. SHARE CAPITAL (continued)

Notes:

(a) 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.

(b) 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.

(c) During the year ended 31 December 2025, the Company completed the issuance of a total of 341,448,054 ordinary shares of the Company of a nominal value of HK$0.10 each at a subscription price of HK$1.09 per share of the Company (the "Subscriptions"). The net proceeds from the Subscriptions were approximately HK$371,685,000 (after deducting the related costs and expenses) which would result in the additional share capital of approximately HK$34,145,000 and share premium of approximately HK$337,540,000.

(d) During the year ended 31 December 2025, the subscription rights attaching to 29,287,000 share options and 137,500 share options were exercised at the exercise prices of HK$2.03 per share and HK$1.116 per share respectively, resulting in the issue of 29,424,500 shares of HK$0.10 each for a total cash consideration (before expenses) of approximately HK$59,606,000.

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, licencees (including sub-licencees), 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, pursuant to the 2013 Share Option Scheme and the 2011 Share Award Scheme. 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.

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	Number of share options							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
	Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2025				
Executive directors											
Mr. Fok Tung Ling	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhang Yue Jun	-	-	-	-	-	-	-	-	-	-	-
Ms. Huo Xinru	2,000,000	-	-	-	-	-	2,000,000	13 Apr 21	13 Apr 22–12 Apr 26	2.03	-
Mr. Chang Fei Fu	2,000,000	-	(2,000,000)	-	-	-	-	13 Apr 21	13 Apr 22-12 Apr 26	2.03	3.118
Ms. Ye Ka (appointed with effect from 20 August 2025)	400,000	-	(102,000)	-	-	-	298,000	13 Apr 21	13 Apr 22-12 Apr 26	2.03	2.993
Non-executive director											
Mr. Yi Lei (appointed with effect from 1 April 2025)	-	-	-	-	-	-	-	-	-	-	-

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	Number of share options									Weighted average closing price of the shares immediately before the dates on which the share options were exercised HK$ per share
	Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2025	Date of grant of share options*	Exercise period of share options	Exercise price of share options HK$ per share	
Independent non-executive directors											
Ms. Ng Yi Kum	-	-	-	-	-	-	-	-	-	-	-
Mr. Chong Chee Keong, Chris	-	-	-	-	-	-	-	-	-	-	-
Dr. Tan Khee Giap (appointed with effect from 16 October 2025)	-	-	-	-	-	-	-	-	-	-	-
Ms. Wong Lok Lam (resigned with effect from 16 October 2025)	-	-	-	-	-	-	-	-	-	-	-
Other employees in aggregate	43,410,000	-	(27,185,000)	-	(8,990,000)	-	7,235,000	13 Apr 21	13 Apr 22-12 Apr 26	2.03	2.878
	47,810,000	-	(29,287,000)	-	(8,990,000)	-	9,533,000				

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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

(A) SHARE OPTION SCHEMES (continued)

The expense recognised in the consolidated statement of profit or loss for employee services received during the year under the 2013 Share Option Scheme is approximately nil (2024: HK$2,872,000).

At the end of the reporting period, the Company had 9,533,000 share options outstanding under the 2013 Share Option Scheme and all of them were vested. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 9,533,000 additional ordinary shares of the Company and additional share capital of approximately HK$953,000 and share premium of HK$18,399,000 (before issue expenses). No options under the 2013 Share Option Scheme have been granted during the year.

As at the date of approval of these financial statements, the Company had 8,935,000 share options outstanding under the 2013 Share Option Scheme, representing approximately 0.29% 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.

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	Number of share options							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
	Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2025				
Directors	–	–	–	–	–	–	–	–	–	–	–
Other employees in aggregate	287,500	–	(137,500)	–	(100,000)	–	50,000	15 Sep 23	15 Sep 24–14 Sep 28	1.116	2.797
	287,500	–	(137,500)	–	(100,000)	–	50,000				

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The expense recognised in the consolidated statement of profit or loss for employee services received during the year under the 2023 Share Option Scheme is approximately HK$17,000 (2024: HK$53,000).

At the end of the reporting period, the Company had 50,000 share options outstanding under the 2023 Share Option Scheme and all of them were unvested. The exercise in full of all outstanding share options (regardless of status of vesting) would, under the present capital structure of the Company, result in the issue of 50,000 additional ordinary shares of the Company and additional share capital of HK$5,000 and share premium of HK$50,800 (before issue expenses). No options under the 2023 Share Option Scheme have been granted during the year.

As at the date of approval of these financial statements, the Company had 50,000 share options outstanding under the 2023 Share Option Scheme, representing approximately 0.002% 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 recognise 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 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 in aggregate 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.

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 in aggregate 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. Please refer to the table below for details on the specific vesting period with respect to the awards granted under the 2023 Share Award Scheme.

Movements in the number of the Company's awards under the 2023 Share Award Scheme during the year are as follows:

Name or category of participant	Number of awards						Date of grant of awards	Vesting period of awards	Purchase price of awards HK$ per share	Weighted average closing price of the shares immediately before the dates on which the awards were vested HK$ per share
	Unvested as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Cancelled during the year	Unvested as at 31 December 2025				
Executive directors										
Mr. Fok Tung Ling	–	–	–	–	–	–	–	–	–	–
Mr. Zhang Yue Jun	–	–	–	–	–	–	–	–	–	–
Ms. Huo Xinru	–	486,000	–	–	–	486,000	21 May 25	21 May 25-20 May 26	1.3715	–
Mr. Chang Fei Fu	–	336,000	–	–	–	336,000	21 May 25	21 May 25-20 May 26	1.3715	–
Ms. Ye Ka (appointed with effect from 20 August 2025)	–	–	–	–	–	–	–	–	–	–
Non-executive director										
Mr. Yi Lei (appointed with effect from 1 April 2025)	–	–	–	–	–	–	–	–	–	–

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

(B) SHARE AWARD SCHEME (continued)

Name or category of participant	Number of awards						Date of grant of awards	Vesting period of awards	Purchase price of awards HK$ per share	Weighted average closing price of the shares immediately before the dates on which the awards were vested HK$ per share
	Unvested as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Cancelled during the year	Unvested as at 31 December 2025				
Independent non-executive directors										
Ms. Ng Yi Kum	–	–	–	–	–	–	–	–	–	–
Mr. Chong Chee Keong, Chris	–	–	–	–	–	–	–	–	–	–
Dr. Tan Khee Giap (appointed with effect from 16 October 2025)	–	–	–	–	–	–	–	–	–	–
Ms. Wong Lok Lam (resigned with effect from 16 October 2025)	–	–	–	–	–	–	–	–	–	–
Other employees in aggregate	– –	1,999,000 1,560,000	– –	– –	– –	1,999,000 1,560,000	21 May 25 15 Oct 25	21 May 25 – 20 May 26 Note	1.3715 1.3715	– –
	–	3,559,000	–	–	–	3,559,000				
	–	4,381,000	–	–	–	4,381,000				

Note: In respect of 1,560,000 awards, (a) the vesting period for 940,000 awards is from 15 October 2025 to 14 October 2026, and (b) 620,000 awards will vest in two tranches: (i) first tranche, being 50% of the awards, the vesting period is from 15 October 2025 to 14 October 2026; and (ii) second tranche, being 50% of the awards, the vesting period is from 15 October 2025 to 14 October 2027.

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

(B) SHARE AWARD SCHEME (continued)

A total of 2,821,000 awards were granted, of which 822,000 awards to directors of the Company and 1,999,000 awards to employees of the Group on 21 May 2025 with a purchase price of HK$1.3715 under the 2023 Share Award Scheme. The closing price of the Company's shares immediately before the date on which the awards were granted was HK$1.48. There is no performance target attached to the awards granted.

The fair value of the awards was based on the market value of the Company's shares at the grant date i.e. HK$1.57 per share.

A total of 1,560,000 awards were granted to employees of the Group on 15 October 2025 with a purchase price of HK$1.3715 under the 2023 Share Award Scheme. The closing price of the Company's shares immediately before the date on which the awards were granted was HK$2.88. There is no performance target attached to the awards granted.

The fair value of the awards was based on the market value of the Company's shares at the grant date i.e. HK$3 per share.

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 or granting of existing 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 or granting of existing shares that may be granted under the 2011 Share Award Scheme as at 1 January 2025 and 31 December 2025 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 or granting of existing shares that may be granted under the 2023 Share Award Scheme as at 1 January 2025 and 31 December 2025 were 280,234,466 and 275,853,466 respectively.

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

(B) SHARE AWARD SCHEME (continued)

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 8,935,000 shares, representing approximately 0.29% 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 276,003,466 shares, representing approximately 8.81% 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 2025 divided by the weighted average number of shares in issue (excluding treasury shares) for the year ended 31 December 2025 is zero.

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 93 and 94 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 from 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 2025	841,170	69,170
Changes from financing cash flows	(151,221)	(57,200)
New leases	–	127,276
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(5,532)
Foreign exchange movement	37,882	2,036
Interest expense	–	7,587
At 31 December 2025	727,831	143,337

	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	(58,314)
New leases	–	47,578
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,131)
Foreign exchange movement	(12,850)	(5,583)
Interest expense	–	4,257
At 31 December 2024	841,170	69,170

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:

	2025 HK$'000	2024 HK$'000
Within operating activities	123	33
Within financing activities	57,200	58,314
	57,323	58,347

33. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2025 HK$'000	2024 HK$'000
Guarantees given to banks in respect of performance bonds*	303,364	294,320

* Part of performance bonds are secured by the pledge of certain of the Group's time deposits amounting to HK$45,663,000 (2024: HK$56,172,000).

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Contracted, but not provided for: Purchase of plant and machinery	5,138	2,792
Contracted, but not provided for: Long-term Equity investment*	17,120,840	–

* On 5 December 2025, the Group entered into a subscription agreement in relation to the formation of a Singaporean limited partnership with the subscription amount of USD2,200,000. The Group was the holder of approximately 49% of the partnership interest in the limited partnership. The limited partnership will invest in a telecom group.

35. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Notes	2025 HK$'000	2024 HK$'000
Purchases of software from a company of which a close family member of a director of the Company is a controlling shareholder	(i)	3,461	23
Purchases of technical service from a company of which a close family member of a director of the Company is a controlling shareholder	(ii)	308	2,630
		3,769	2,653

Notes:

(i) The purchases were made from Zhejiang Tianchui Technology Co., Ltd, a company of which a close family member of a director is a controlling shareholder. The directors consider that the purchases of software were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances. The balance of prepayments to the supplier as at 31 December 2025 was HK$207,000 (31 December 2024: nil). The balance owing to the supplier as at 31 December 2025 was HK$1,218,000 (2024: HK$146,000).

(ii) The purchases were made from Zhejiang Tianchui Technology Co., Ltd, a company of which a close family member of a director is a controlling shareholder. The directors consider that the purchases of technical service were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances. The balance owing to the supplier as at 31 December 2025 was nil (31 December 2024: nil)

(b) Outstanding balances with related parties:

	2025 HK$'000	2024 HK$'000
Prepayment	207	–
Account payable	1,218	146

35. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	2025 HK$'000	2024 HK$'000
Short term employee benefits	9,440	21,371
Equity-settled share option expense	–	459
Awarded share expense	861	–
Share based payment expense*	–	4,667
Pension scheme contributions	66	114
Total compensation paid to key management personnel	10,367	26,611

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.

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.

35. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group: (continued)

* Share Incentive Scheme (continued)

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 qualified public offering 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. Accordingly, no expenses were recorded in 2025 relating to such scheme.

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:

2025

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
Financial assets at fair value through profit or loss	29,987	–	–	29,987
Equity investments at fair value through other comprehensive income	–	111,959	–	111,959
Equity investments at fair value through profit or loss	97,431	–	–	97,431
Trade receivables	–	–	2,071,745	2,071,745
Notes receivable	–	–	72,719	72,719
Financial assets included in prepayments, other receivables and other assets	–	–	194,753	194,753
Restricted bank deposits	–	–	53,621	53,621
Time deposit	–	–	252,335	252,335
Cash and cash equivalents	–	–	1,688,014	1,688,014
	127,418	111,959	4,333,187	4,572,564

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	–	2,350,828	2,350,828
Financial liabilities included in other payables and accruals	–	270,522	270,522
Interest-bearing bank borrowings	–	727,831	727,831
Lease liabilities	–	105,178	105,178
	–	3,454,359	3,454,359

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)

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

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 and time deposit, 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, interest-bearing bank borrowings and lease liabilities 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 2025 were assessed to be insignificant.

As at 31 December 2024 and 2025, 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.

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 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	2.59 to 11.51 (2024: 2.51 to 16.16)	10% (2024:10%) increase/ decrease in multiple would result in increase/decrease in fair value by HK$2,282,000 (2024: HK$17,137,000)
		Discount for lack of marketability	30% (2024: 30%)	10% (2024:10%) increase/decrease in multiple would result in decrease/increase in fair value by HK$811,000 (2024: HK$7,267,000)

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 2025

	Fair value measurement using			
	Quoted prices in active markets (level 1) HK$'000	Significant observable inputs (level 2) HK$'000	Significant unobservable inputs (level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	29,987	–	29,987
Equity investments designated at fair value through other comprehensive income	–	98,313	13,646	111,959
Equity investments designated at fair value through profit or loss	–	85,706	11,725	97,431
	–	214,006	25,371	239,377

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 2024

	Fair value measurement using			
	Quoted prices in active markets (level 1) HK$'000	Significant observable inputs (level 2) HK$'000	Significant unobservable inputs (level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	–	–	–
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

As at 31 December 2025, the Group transferred its financial assets of HK$184,019,000 at fair value through profit or loss from Level 3 to Level 2 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 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.

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:

	2025 HK$'000	2024 HK$'000
At 1 January	176,953	25,523
Total losses recognised in the statement of profit or loss included in other expense	18,301	(6,301)
Total gains recognised in other comprehensive income	5,457	572
Transfer to/(from) Level 2	(184,019)	163,118
Exchange realignment	8,679	(5,959)
At 31 December	25,371	176,953

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (level 1) HK$'000	Significant observable inputs (level 2) HK$'000	Significant unobservable inputs (level 3) HK$'000	Total HK$'000
Redeemable preferred shares in a subsidiary	–	173,479	–	173,479

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
2025			
RMB	50	(3,091)	–
RMB	(50)	3,091	–
2024			
RMB	50	(5,240)	–
RMB	(50)	5,240	–

* Excluding retained profits

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 11.8% (2024: 15.0%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales, whilst approximately 97.9% (2024: 97.4%) 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$'000
2025			
If Brazil dollar weakens against US$	5	(8,979)	–
If Brazil dollar strengthens against US$	(5)	8,979	–
If RMB weakens against US$	5	41,245	–
If RMB strengthens against US$	(5)	(41,245)	–
If Hong Kong dollar weakens against AED	5	(19,609)	–
If Hong Kong dollar strengthens against AED	(5)	19,609	–
If Hong Kong dollar weakens against RMB	5	(18,394)	–
If Hong Kong dollar strengthens against RMB	(5)	18,394	–

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$'000
2024			
If Brazil dollar weakens against US$	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	–

* Excluding retained profits

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 2025. 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 2025

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Lifetime ECLs Stage 3 HK$'000	Lifetime ECLs Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	2,763,897	2,763,897
Notes receivable	–	–	–	76,519	76,519
Financial assets included in prepayments, other receivables and other assets	165,824	–	28,929	–	194,753
Restricted bank deposits	53,621	–	–	–	53,621
Time deposit	252,335	–	–	–	252,335
Cash and cash equivalents	1,688,014	–	–	–	1,688,014
	2,159,794	–	28,929	2,840,416	5,029,139

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total 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

* 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 18% (2024: 21%) and 52% (2024: 59%) 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.

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:

	2025				
	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	–	–	88,064	29,630	117,694
Interest-bearing bank borrowings	–	173,368	602,760	–	776,128
Trade and bills payables	–	2,350,828	–	–	2,350,828
Financial liabilities included in other payables and accruals	–	270,522	–	–	270,522
	–	2,794,718	690,824	29,630	3,515,172

	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

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 2024 and 2025.

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 gearing ratios as at the end of the reporting periods were as follows:

	2025 HK$'000	2024 HK$'000
Interest-bearing bank borrowings	727,831	841,170
Total assets	7,217,645	7,439,608
Gearing ratio	10.1%	11.3%

39. EVENTS AFTER THE REPORTING PERIOD

The Group has reviewed events occurring after the reporting period up to the date of approval of the financial statements. No material events have been identified that would require adjustment to or disclosure in the financial statements.

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:

	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	818,445	824,242
Total non-current assets	818,445	824,242
CURRENT ASSETS		
Other receivables	460	330
Due from subsidiaries	1,808,645	1,405,608
Cash and cash equivalents	11,453	6,253
Total current assets	1,820,558	1,412,191
CURRENT LIABILITIES		
Other payables and accruals	93,342	92,769
Total current liabilities	93,342	92,769
NET CURRENT ASSETS	1,727,216	1,319,422
TOTAL ASSETS LESS CURRENT LIABILITIES	2,545,661	2,143,664
NON-CURRENT LIABILITIES		
Financial guarantee contracts	5,703	11,516
Total non-current liabilities	5,703	11,516
Net assets	2,539,958	2,132,148
EQUITY		
Issued capital	313,350	276,263
Treasury shares	(22,818)	(22,818)
Reserves (note)	2,249,426	1,878,703
Total equity	2,539,958	2,132,148

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	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 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 and 1 January 2025	1,467,931	29,883	335,087	415	–	45,387	1,878,703
Total comprehensive loss for the year	–	–	–	–	–	(4,790)	(4,790)
Exchange differences related to foreign operations	–	–	–	–	(31)	–	(31)
Issue of shares	338,033	–	–	–	–	–	338,033
Share issue expenses	(493)	–	–	–	–	–	(493)
Share option scheme							
– value of services	–	17	–	–	–	–	17
– exercise of share options	79,452	(22,788)	–	–	–	–	56,664
– transfer of share option reserve upon the forfeiture or expiry of share options	–	(2,095)	–	–	–	2,095	–
Interim 2025 dividend declared	–	–	–	–	–	(18,677)	(18,677)
At 31 December 2025	1,884,923	5,017	335,087	415	(31)	24,015	2,249,426

* 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 2.4 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 authorised for issue by the Board on 24 March 2026.

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				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	4,570,827	4,528,263	5,981,974	6,364,677	5,869,666
Cost of sales	(3,257,575)	(3,357,147)	(4,319,287)	(4,491,146)	(4,446,835)
Gross profit	1,313,252	1,171,116	1,662,687	1,873,531	1,422,831
Other income and gains	127,074	129,351	174,120	236,520	193,320
Research and development expenses	(331,737)	(409,436)	(446,059)	(515,798)	(608,940)
Selling and distribution expenses	(417,301)	(554,012)	(583,638)	(565,904)	(597,546)
Administrative expenses	(322,461)	(471,540)	(491,308)	(493,411)	(601,073)
Other expenses	(221,253)	(374,726)	(207,230)	(183,504)	(428,256)
Finance costs	(40,492)	(31,264)	(54,534)	(60,198)	(43,761)
Share of profit of:					
A joint venture	2,416	1,793	626	5,818	6,968
PROFIT/(LOSS) BEFORE TAX	109,498	(538,718)	54,664	297,054	(656,457)
Income tax expense	(44,762)	(14,856)	(39,051)	(153,558)	(16,100)
PROFIT/(LOSS) FOR THE YEAR	64,736	(553,574)	15,613	143,496	(672,557)
Attributable to:					
Owners of the parent	35,020	(564,191)	6,696	190,237	(592,567)
Non-controlling interests	29,716	10,617	8,917	(46,741)	(79,990)
	64,736	(553,574)	15,613	143,496	(672,557)
TOTAL ASSETS	7,217,645	7,439,608	9,039,511	10,255,686	11,512,579
TOTAL LIABILITIES	(3,945,235)	(4,726,254)	(5,524,422)	(6,561,612)	(7,328,762)
NON-CONTROLLING INTERESTS	(71,581)	(60,975)	(154,726)	(158,402)	(409,101)
	3,200,829	2,652,379	3,360,363	3,535,672	3,774,716

Comba

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

香港新界白石角香港科學園 8W大樓611室
Unit 611, Building 8W, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong
電話 Tel : +852 2636 6861
傳真 Fax : +852 2637 0966
網址 Website : www.comba-telecom.com