

Chairman's Statement

To

implement all-round growth strategies in product development, customer services and market coverage so as to provide better services to our customers.





Business Review

2004 was an fruitful but challenging year for Comba. The Group experienced another year of growth, with revenue and net profit amounting to HK\$1,092,761,000 and HK\$255,105,000 respectively, representing an increase of 35.5% and 20.8% over 2003 respectively. We continued to implement all-round growth strategies in product development, customer services and market coverage. To provide better services to our customers, we endeavour to develop new products catering to the market needs. We successfully developed over 200 products

including some 3G products during 2004. In fact, we installed a multi-band, multi-protocol in-building distribution system in the Shenzhen Metro. It was the first successful project in the PRC which is capable of handling both 2G and 3G signals. This demonstrates our technology leadership in the wireless coverage market in the PRC.

China Mobile Group and China Unicom Group remained our largest customers during 2004. Through our technical services and nationwide support team, we played an important role in helping customers to enhance the quality of their



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mobile networks. During 2004, we also expanded into the market for PHS coverage. This will serve as a good foundation upon which we can build strong business relations with fixed line operators, the possible candidates for 3G licences in the PRC.

Export markets witnessed another year of strong growth, with revenue more than doubling in 2004. In order to expand our overseas market and enhance the brand name of the Group, we actively participated in international exhibitions during 2004, including CommunicAsia held in June in Singapore and the 3G World Congress

held in November in Hong Kong. The Group has already established overseas sales offices in Hong Kong, Singapore, Sweden and Thailand to concentrate on the development in the Asia Pacific and EMEA markets. We are confident that the growth momentum of export sales will continue in 2005.

In preparation for the anticipated growth in our business during the next few years, we have commenced the construction of our new headquarters in the PRC. By early 2006, we expect to relocate our R&D functions to the new headquarters resulting in more space in the existing facilities being used for production.





We are very excited about the business opportunities brought forth for Comba by the granting of 3G licences in the PRC. The Group has been well-prepared for the 3G product development, production and services. Leveraging our leading position in the 2G market, we expect to benefit significantly from the launch of 3G services in the PRC.

Our sales and marketing efforts in the past years will keep our export business growing. Diversification into the OEM vendor market has broadened our customer base and created a new revenue stream for the Group.

Last but not least, I would like to take this opportunity to thank our customers who have given us the opportunity to be of service to them. Additionally I would like to thank our shareholders, business partners and employees for their support and contributions in the past year. We will continue to bring value to our customers, present a good working environment for our employees, perform social responsibilities and endeavour to continuously deliver growth to maximize shareholders' value.

Fok Tung Ling

Chairman and Managing Director

Hong Kong, 15 April 2005

Industry outlook

The mobile market in the PRC has been growing rapidly, with the number of subscribers exceeding 330 million by the end of 2004. Mobile subscribers are demanding improved services from the operators. This has resulted in greater capital expenditure on wireless coverage and network optimization by operators to enhance the quality of their mobile networks. This is one of the main reasons for the Group's continual growth in the wireless market. We are confident that the need for wireless coverage solutions will remain strong during 2005 and beyond.

