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Comba
COMBA TELECOM SYSTEMS HOLDINGS LIMITED
京 信 通 信 系 統 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 2342)

CONNECTED TRANSACTION
LOAN TO A NON-WHOLLY OWNED SUBSIDIARY

On 25 June 2008, the Lender (a wholly-owned subsidiary of the Company) and the Borrower (a non-wholly owned subsidiary of the Company) entered into the Loan Agreement pursuant to which the Lender has agreed to lend the Loan of principal amount up to US\$3,000,000 (equivalent to approximately HK\$23,400,000) to the Borrower.

The Loan Agreement constitutes a connected transaction of the Company under Rule 14A.66(2) of the Listing Rules which is subject to the reporting and announcement requirements but is exempted from Independent Shareholders' approval.

LOAN AGREEMENT

Cascade Technology Limited (“**Lender**”), a wholly owned subsidiary of the Company, has entered into the following loan agreement (the “**Loan Agreement**”) with WaveLab Holdings Limited (“**Borrower**”):

- Date :** 25 June 2008
- Borrower :** WaveLab Holdings Limited (a 60%-owned subsidiary of the Company)
- Lender :** Cascade Technology Limited (a 100%-owned subsidiary of the Company)
- Loan Amount :** The Borrower may draw the Loan up to US\$3,000,000 (equivalent to approximately HK\$23,400,000) during the availability period. Any portion of the Loan undrawn at the end of the availability period will be automatically cancelled.

- Interest :** LIBOR (as defined in the Loan Agreement) (for interest period of 6-month or 12-month at the selection of the Borrower or other interest period as agreed between the Lender and the Borrower) plus 1.0% per annum.
- Available Period :** 25 June 2008 to 31 December 2008
- Repayment :** Lender may, at any time upon giving notice in writing, demand immediate repayment of all or part of the outstanding Loan and payment of any other amount (including interest) accrued thereon. Amounts repaid by the Borrower may not be re-borrowed under the Loan Agreement.
- Purpose :** Unless otherwise agreed by the Lender, the Loan shall be used for the working capital purpose of the Borrower and its subsidiaries.

REASONS FOR AND BENEFITS OF ENTERING INTO LOAN AGREEMENT

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in research, development, manufacture and sale of wireless telecommunications network enhancement system equipment and the provision of related engineering services.

The Borrower and its subsidiaries are principally engaged in the research, development, manufacture and sale of digital microwave system equipment for microwave transmission in telecommunications systems.

As mentioned in the 2007 annual report of the Company, it is expected significant growth in the Group's wireless transmission business in the coming years. The Borrower and its subsidiaries need funding to finance their working capital so as to capture the growth in this business. The Company is the controlling shareholder of the Borrower and the Loan is intended to be used as working capital of the Borrower and its subsidiaries. On this basis, the Directors (including the independent non-executive Directors) consider that the provision of the Loan is in the interest of the Company and the Shareholders as a whole. In addition, the Directors are also of the view that the Loan Agreement are on normal commercial terms and fair and reasonable.

CONNECTED TRANSACTION

The Lender is a wholly owned subsidiary of the Company and the Borrower is a 60%-wholly owned subsidiary of the Company. Mr. Zheng Guo Bao, an executive Director and a connected person of the Company, is a shareholder of the Borrower, holding 32% of the issued share capital of the Borrower. As such, the Borrower (being an associate of Mr. Zheng Guo Bao) is a connected person of the Company under the Listing Rules and the Loan Agreement constitutes a connected transaction of the Company under the Listing Rules. To the knowledge of the Company making all reasonable enquiries, the remaining 8% of the issued share capital of the Company is held by as

to 6% by a director of the Borrower and 2% by third parties independent of the Company and its connected persons.

The Loan was not provided by the Lender in the ordinary and usual course of its business. Reference is made to the Company's announcement dated 18 July 2007 which is released under Listing Rule 14A.66(2). The Lender has advanced a loan (“**Existing Loan**”) in the principal amount of US\$2,500,000 (equivalent to approximately HK\$19,500,000) to the Borrower pursuant to a loan agreement dated 18 July 2007. As each of the Percentage Ratios (other than profits ratio) in respect of the aggregate of the amounts of the Loan and the Existing Loan (totaling US\$5,500,000 or approximately HK\$42,900,000) is less than 2.5%, the Loan constitutes a connected transaction of the Company under Rule 14A.66(2) of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from Independent Shareholders' approval. There was no other previous transaction, other than the Existing Loan, between the Company, the Lender and the Borrower (including Mr. Zheng Guo Bao) which may require aggregation under Rule 14A.25 of the Listing Rules.

Details of the Loan Agreement will be disclosed in the next published annual report and accounts of the Company in compliance with Rule 14A.45 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower”	WaveLab Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and an indirect subsidiary of the Company, in which the Company has an indirect 60% shareholding
“Company”	Comba Telecom Systems Holdings Limited (京信通信系統控股有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Existing Loan”	the loan of principal amount of US\$2,500,000 (equivalent to approximately HK\$19,500,000) drawn by the Borrower under a loan agreement between the Borrower and the Lender dated 18 July 2007
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders other than Mr. Zheng Guo Bao and his associates
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Cascade Technology Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in principal amount of up to US\$3,000,000 (equivalent to approximately HK\$23,400,000) which the Lender has agreed to make available for the Borrower under the Loan Agreement
“Loan Agreement”	The agreement dated 25 June 2008 between the Borrower and the Lender in relation to the Loan
“Percentage Ratios”	The percentage ratios (other than profits ratio) under Rule 14.07 of the Listing Rules
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

Unless otherwise stated, the conversion of US dollars into Hong Kong dollars are based on the exchange rate of US\$1 = HK\$7.80 for illustration purpose only

By Order of the Board
Fok Tung Ling
Chairman and President

Hong Kong, 25 June 2008

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