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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)

VOLUNTARY ANNOUNCEMENT

FORMATION OF JOINT VENTURE FOR INDOOR LOCATION-BASED SERVICE SYSTEM BUSINESS DEVELOPMENT

This is a voluntary announcement made by Comba Telecom Systems Holdings Limited (the “**Company**”, together with its subsidiaries referred to as the “**Group**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 22 June 2015, Comba Telecom Data Limited (“**CT Data**”), a wholly-owned subsidiary of the Company, entered into a Joint Venture Agreement (“**JV Agreement**”) with two independent third parties (“**JV Parties**”), namely 廣州市在哪兒信息技術有限公司 (Guangzhou Zainar Info Tech Limited*, “**Guangzhou Zainar**”) and Mapout Info Tech (HK) Limited (“**Mapout HK**”), pursuant to which CT Data, Guangzhou Zainar and Mapout HK agreed to form a joint venture (“**JV**”) in Beijing to be principally engaged in nationwide indoor location-based service system (“**LBS**”) business, including indoor mobile internet positioning system and indoor location-based big data and map system.

The long-term goal of the JV is to become one of the global leading LBS solutions providers. In the near future, the JV targets to promote its LBS solutions to cover a number of large-scale shopping arcades in major PRC cities, through which positioning information, E-marketing, E-commerce, data analysis services, etc. can be provided to the end users on their mobile devices. It is intended that the JV partner(s) will be involved in (a) the development of LBS technologies and solutions, and (b) the operation, execution and management of the LBS solution projects leveraging on their

* The English transliteration of the Chinese name in the announcement, where indicated, is included for information only, and should not be regarded as the official English name of such Chinese name.

respective technical expertise and resources in the LBS and/or related aspects. The Group believes that it can utilize its industry, market and financing resources and nationwide network to secure business opportunities for the JV.

Principal Terms of the JV Agreement

Pursuant to the JV Agreement, the JV will be established with registered capital of RMB100 million, which will be contributed by Guangzhou Zainar, CT Data and Mapout HK as to RMB69 million, up to RMB22 million and up to RMB15 million respectively. The JV will be owned as to 69% by Guangzhou Zainar, 20% by CT Data and 11% by Mapout HK respectively. Guangzhou Zainar will make the capital contribution by way of injection of intangible assets including patents and/or patented technologies, relating to the LBS business, to the JV, while CT Data and Mapout HK will make the respective capital contributions by way of cash. The Board is satisfied that the terms and conditions of the JV Agreement had been arrived upon arm's length negotiations with the JV Parties, are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the best interests of the Group and its shareholders as a whole.

Reasons for entering into the JV Agreement

In the era of big data with rapid advancement of mobile technologies, our everyday lives are being connected via the mobile internet which, in turn, promote the emergence of Internet-of-Things with an aim of connecting virtually everything via mobile connectivity. The Board believes that Internet-of-Things can extend the reach of mobile around the world and deliver innovative new services that will positively impact our everyday lives across various sectors such as health, education, commerce, automotive, smart cities and others, and enable a range of new services and experiences for customers.

LBS is one of the applications of Internet-of-Things and can be widely adopted in various places such as shopping arcades, hospitals, museums, commercial buildings, stadiums, exhibition halls, hotels, school campus, etc. With LBS, for example, promotional messages by retail outlets can be popped up instantly on the shoppers' mobile devices when they are in the shopping malls; visitors could be guided along the way in museums, exhibition halls or hotels with access to the information about artworks, facilities, seminars or others, readily available on their mobile devices with just a single click on their mobile applications. In short, the Board is of the view that through Internet-of-Things, our living becomes more intelligent and convenient.

The Board considers that entering into the JV agreement is in alignment with the strategy to diversify the Group's business into new areas of innovation and to explore new business opportunities, which would benefit the Group in the following aspects:

1) Acceleration of Internet-of-Things Business Development

The Board considers that the JV can help to accelerate the development of Internet-of-Things business which, in turn, would help to explore the various associated new business growth drivers by capitalizing on the technological advantages of the JV Parties in LBS and the nationwide service network, expertise in wireless solutions and relevant industry resources of the Group.

In addition, Internet-of-Things is one of the major highlights under the “Internet Plus” strategy pursued by the PRC government which is believed to play a pivotal role in the evolving digital economy. Thus, the Board expects that more investments from the PRC government or private sector will be directed towards the mobile internet sector in the coming years and will drive the demand for LBS solutions.

2) Generation of potential cross-selling synergy

Pursuant to the terms stipulated in the JV Agreement, CT Data has preferential rights to participate in the projects in respect to data and other relevant businesses undertaken by the JV based on the terms to be agreed on arm’s length basis and subject to the compliance of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and other applicable laws and regulations. Hence, the Board believes that the establishment of the JV may serve as a new platform to market the Group’s wireless solutions and services, which would create cross-selling synergy.

Implication of the Listing Rules

As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated total commitment to be provided by the Group under the JV Agreement are less than 5%, the JV Agreement and the transactions contemplated thereunder are exempt from the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules, and this announcement is made by the Company on a voluntary basis.

By order of the Board
Comba Telecom Systems Holdings Limited
Tong Chak Wai, Wilson
Executive Director

Hong Kong, 22 June 2015

As at the date of this announcement, the Board comprises the following executive Directors: Mr. FOK Tung Ling, Mr. ZHANG Yue Jun, Dr. TONG Chak Wai, Wilson, Mr. ZHENG Guo Bao, Mr. YEUNG Pui Sang, Simon and Mr. ZHANG Yuan Jian; and the following independent non-executive Directors: Mr. LIU Cai, Mr. LAU Siu Ki, Kevin, Dr. LIN Jin Tong and Mr. QIAN Ting Shuo.