
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Comba Telecom Systems Holdings Limited, you should at once hand this circular to the purchaser or other transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
RENEWAL OF THE SCHEME MANDATE
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

The notice convening the annual general meeting of Comba Telecom Systems Holdings Limited to be held at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong on 25 May 2005 at 10:00 a.m. is set out on pages 16 to 20 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy enclosed with the 2004 Annual Report in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

29 April 2005

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Adoption Date”	the date on which the Share Option Scheme becomes unconditional;
“AGM”	the annual general meeting of the Company to be held at 1503-1510 Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong on 25 May 2005 at 10:00 a.m., notice of which is set out on pages 16 to 20 of this circular or any adjournment thereof;
“2004 Annual Report”	the annual report of the Company for the year ended 31 December 2004 despatched together with this circular;
“Articles”	the existing articles of association of the Company;
“Board”	the board of Directors;
“Code”	Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules;
“Company”	Comba Telecom Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“Controlling Shareholder”	any person who has the power, directly or indirectly, to secure: (i) by means of the holding of shares entitling him to exercise or control the exercise of 30% (or such lower amount as may from time to time be specified in the Takeovers Code (approved by the Securities and Futures Commission as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company, or (ii) by means of controlling the composition of a majority of the Board, or (iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation, that the affairs of the Company are conducted in accordance with the wishes of such person;

DEFINITIONS

“Directors”

the directors of the Company;

“Eligible Person”

means:

- (i) (a) any director (whether executive or non-executive, including any independent non-executive director) or employee (whether full time or part time) of, or
- (b) any individual for the time being seconded to work for,

any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a “**Category A Eligible Person**”); or

- (ii) any holder of any securities issued by any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a “**Category B Eligible Person**”); or

- (iii) (a) any business or joint venture partner, contractor, agent or representative of,

- (b) any person or entity that provides research, development or technological support or any advisory, consultancy, professional services incident to the business of the Company and/or its subsidiaries to,

- (c) any investor, vendor, supplier, developer or licensor of,

- (d) any customer, licensee (including any sub-licensee), wholesaler, retailer, trader or distributor of goods or services of,

any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a “**Category C Eligible Person**”);

and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants;

DEFINITIONS

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	26 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Scheme Mandate”	the limit imposed under Rule 4(A) of the rules of the Share Option Scheme on the maximum number of Shares issuable upon the exercise of all options which may be granted under the Share Option Scheme and any other share option scheme of the Company, being 10% of the Shares in issue as at 14 May 2004;
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the day immediately preceding the tenth anniversary thereof;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Option Scheme”	the share option scheme of the Company approved by written resolutions of all shareholders of the Company passed on 20 June 2003;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	share(s) of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers as amended from time to time; and
“%”	per cent.

LETTER FROM THE BOARD

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

Executive Directors:

Mr. Fok Tung Ling
(Chairman and Managing Director)
Mr. Zhang Yue Jun
(Deputy Managing Director)
Mr. Chan Kai Leung, Clement
Mr. Wu Jiang Cheng
Mr. Yan Ji Ci
Mr. Zheng Guo Bao
Mr. Yeung Pui Sang, Simon

Independent non-executive Directors:

Mr. Lau Siu Ki, Kevin
Mr. Liu Cai
Mr. Yao Yan

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

*Head office and principal place
of business in Hong Kong:*

1503-1510, Delta House
3 On Yiu Street
Shatin
New Territories
Hong Kong

29 April 2005

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
RENEWAL OF SCHEME MANDATE
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed granting of the general mandates to allot and issue Shares and to repurchase Shares, the Directors proposed to be re-elected, the proposed renewal of the Scheme Mandate and the proposed amendments to the Articles to enable you to make a decision on whether to vote for or against the resolutions in connection with such matters to be proposed at the AGM.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

Pursuant to the ordinary resolution of the Company passed on 14 May 2004, a general mandate was given to the Directors to exercise powers of the Company to repurchase Shares up to 10% of the issued share capital of the Company as at 14 May 2004. Such mandate will expire at the conclusion of the forthcoming AGM.

An ordinary resolution (“Repurchase Resolution”) will be proposed at the AGM to grant a general mandate to the Directors to exercise the powers of the Company to repurchase, at any time until the next annual general meeting of the Company following the passing of the Repurchase Resolution or such earlier date as stated therein, Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing of the Repurchase Resolution (“Repurchase Mandate”).

An explanatory statement, as required under the Listing Rules to provide the requisite information in connection with the Repurchase Mandate, is set out in Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

Ordinary resolutions will be proposed at the AGM to grant a general mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution (“Issue Mandate”) and to extend the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate.

RENEWAL OF THE SCHEME MANDATE

Pursuant to the ordinary resolution of the Company passed on 14 May 2004, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company shall not exceed 83,000,000 Shares, representing 10% of the total number of issued Shares as at 14 May 2004. Apart from the Share Option Scheme, the Company had no other share option scheme as at the Latest Practicable Date. The Company may refresh the Scheme Mandate by ordinary resolution of the Shareholders at general meeting provided that:

- (i) the Scheme Mandate so refreshed shall not exceed 10% of the total number of issued Shares as at the date of the Shareholders’ approval of the refreshed Scheme Mandate; and
- (ii) options previously granted under any schemes (including options exercised, outstanding, cancelled, or lapsed in accordance with the terms of the Share Option Scheme) or any other share option schemes of the Company shall not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate.

LETTER FROM THE BOARD

Notwithstanding the foregoing, the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the Shares in issue from time to time (the “Scheme Overall Limit”).

As at the Latest Practicable Date, there were 832,748,000 Shares in issue. As at the Latest Practicable Date, options in respect of 72,950,000 Shares (representing approximately 8.8% of the Shares in issue as at the Latest Practicable Date) were granted under the Share Option Scheme, of which options in respect of 2,705,000 Shares had lapsed, options in respect of 2,748,000 Shares had been exercised and options in respect of 67,497,000 Shares remained unexercised and outstanding.

All the grantees of the options fell within the class of Category A Eligible Persons under the Share Option Scheme and all these options were granted in accordance with the rules of the Share Option Scheme and the relevant requirements of the Listing Rules. The following table shows the options being granted to Category A Eligible Persons as at the Latest Practicable Date:

Category A Eligible Persons	No. of Category A Eligible Persons	No. of Shares in respect of which options had been granted	No. of Shares in respect of which options had been exercised	No. of Shares in respect of which options had lapsed	No. of Shares in respect of which options remained outstanding
Executive Directors	4	8,000,000	—	—	8,000,000
Employees	393	64,950,000	2,748,000	2,705,000	59,497,000

The options were granted to these Directors and employees as incentives or rewards for their contribution to the Group. None of the grantees has been granted with options which exceed the limit of 1% of the issued share capital of the Company as at the respective dates of grant. The executive Directors are connected persons (as defined in the Listing Rules) of the Company.

Since the purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Company, the Board proposes to refresh the Scheme Mandate. The Directors consider that the refreshment of the Scheme Mandate is in the interests of the Company and its Shareholders as it enables the Company to have more flexibility in providing incentives to those Eligible Persons by way of the granting of the options.

Based on 832,748,000 Shares in issue as at the Latest Practicable Date and assuming no further issue or repurchase of Shares prior to the AGM, upon refreshment of the Scheme Mandate by Shareholders at the AGM, the Company may grant options entitling holders thereof to subscribe for up to a maximum of 83,274,800 Shares, representing 10% of the

LETTER FROM THE BOARD

issued share capital of the Company as at the date of the AGM. No options may be granted if this will result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company exceed the Scheme Overall Limit. On the basis of 832,748,000 Shares in issue as at the Latest Practicable Date, the Scheme Overall Limit represents 249,824,400 Shares. Accordingly, the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed the Scheme Overall Limit as at the Latest Practicable Date.

The refreshment of the Scheme Mandate is conditional on:

- (i) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate by the Shareholders at the AGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of passing the resolution of refreshment of the Scheme Mandate at the AGM) which may fall to be issued pursuant to the exercise of the options under the Share Option Scheme and any other share option scheme(s) of the Company.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, any Shares, representing 10% of the Shares in issue at the AGM, which may fall to be issued upon the exercise of any options that may be granted under the refreshed Scheme Mandate.

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors are Mr. Fok Tung Ling, Mr. Zhang Yue Jun, Mr. Chan Kai Leung, Clement, Mr. Wu Jiang Cheng, Mr. Yan Ji Ci, Mr. Zheng Guo Bao and Mr. Yeung Pui Sang, Simon and the independent non-executive Directors are Mr. Lau Siu Ki, Kevin, Mr. Liu Cai and Mr. Yao Yan.

Mr. Yeung Pui Sang, Simon was appointed as an executive Director by the board of Directors with effect from 7 April 2005. Pursuant to the Article 86(3) of the Articles, Mr. Yeung Pui Sang, Simon shall hold office until the AGM and shall be eligible for re-election by the Shareholders at the AGM. Pursuant to Article 87(1) of the Articles, Mr. Zhang Yue Jun and Mr. Chan Kai Leung, Clement shall retire from office by rotation at the AGM and shall be eligible for re-election by the Shareholders at the AGM. Being eligible, each of Mr. Zhang Yue Jun, Mr. Chan Kai Leung, Clement and Mr. Yeung Pui Sang, Simon (together, the "Retiring Directors") will offer himself for re-election by the Shareholders at the AGM. Details of the Retiring Directors are set out in Appendix II to this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Listing Rules have recently been amended by replacing the Code of Best Practice in Appendix 14 to the Listing Rules with the Code. In order to bring the Articles in line with certain code provisions set out in the Code, a special resolution to amend certain articles of the Articles will be proposed at the AGM.

LETTER FROM THE BOARD

The following is a summary of the relevant amendments proposed:

- (i) Article 66 will be amended to allow a poll to be demanded by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at that general meeting.
- (ii) Article 86(3) will be amended to require all Directors appointed by the Board to fill a casual vacancy to be subject to election by shareholders at the first general meeting after their appointment rather than at the next annual general meeting.
- (iii) Article 87(1) provides that one-third of the Directors who have been longest in office shall retire from office by rotation at each annual general meeting. That article will be amended so that if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third (instead of not more than one-third) shall retire. Further, amendments will be made such that the chairman of the Board and/or the managing Director of the Company will now also be subject to retirement by rotation and be taken into account in determining the number of Directors to retire in each year. In addition, Article 87(2) will be amended to the effect that any Director who wishes to retire and not to offer himself for re-election shall not be taken into account in determining which particular Director or the number of Directors who are to retire by rotation.

ANNUAL GENERAL MEETING

A notice dated 29 April 2005 convening the AGM, which contains, among others, ordinary resolutions to approve the Repurchase Mandate and Issue Mandate, the renewal of Scheme Mandate and a special resolution to approve the proposed amendments to the Articles, is set out in Appendix III to this circular.

Pursuant to Article 66 of the Articles, a resolution put to the vote of a general meeting of the Company (including the AGM) shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by the chairman of such meeting or by:

- (i) at least three Shareholders of the Company present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (ii) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iii) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring such right.

LETTER FROM THE BOARD

In addition, pursuant to Rule 13.39(3) of the Listing Rules, if the chairman of the AGM and/or the Directors individually or collectively hold proxies in respect of shares holding 5% or more of the total voting rights at the AGM, and if on a show of hands the AGM votes in the opposite manner to that instructed in those proxies, the chairman of the AGM and/or the Directors and the chairman holding proxies as aforesaid collectively shall demand a poll. Notwithstanding the aforesaid, if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands (because the votes represented by those proxies exceed 50% or 75%, as the case may be, of the total issued share entitled to vote on the resolution in question), then the Directors and/or the chairman of the AGM shall not be required to demand a poll.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

RESPONSIBILITY STATEMENT

This circular includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate and the Issue Mandate, the re-election of Retiring Directors, the renewal of the Scheme Mandate and the proposed amendments to the Articles are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

By Order of the Board
Fok Tung Ling
Chairman and Managing Director

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

This Appendix I serves as an explanatory statement, as required by Rule 10.06(1)(b) of the Listing Rules, to provide the requisite information to you to enable you to make an informed decision as to whether to vote for or against the Repurchase Resolution.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 832,748,000 Shares. Subject to the passing of the Repurchase Resolution at the AGM and on the basis that no further Shares are issued or repurchased prior to the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 83,274,800 Shares.

REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

FUNDING OF REPURCHASE

Any repurchase would be made out of funds which are legally available for such purpose in accordance with the Company's memorandum and articles of association, the Listing Rules and the applicable laws of the Cayman Islands. The Companies Law (2004 Revision) of the Cayman Islands provides that Shares may only be purchased out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose or in the manner provided for therein out of capital.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the 2004 Annual Report for the year ended 31 December 2004) in the event that repurchases of Shares under the Repurchase Mandate were to be carried out in full during the period of the Repurchase Mandate.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company, which in the opinion of the Directors are from time to time appropriate for the Company.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the calendar months since 1 April 2004 were as follows:

Month	Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2004	5.100	4.400
May 2004	5.050	3.500
June 2004	4.675	3.850
July 2004	4.575	4.000
August 2004	4.300	4.150
September 2004	4.225	3.350
October 2004	3.850	3.100
November 2004	3.650	3.000
December 2004	3.650	3.125
January 2005	3.500	3.100
February 2005	3.725	3.175
March 2005	4.350	3.400
April 2005 (up to the Latest Practicable Date)	4.225	3.300

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have any present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchase of its own Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

TAKEOVERS CODE

If as a result of repurchase(s) of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase of his or their interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Fok Tung Ling (through Prime Choice Investments Limited, Total Master Investments Limited and himself) and Mr Zhang Yue Jun (through Wise Logic Investments Limited) were interested in a total of 438,664,000 and 117,000,000 Shares, representing approximately 52.68% and 14.05% of the total issued share capital of the Company, respectively. The exercise in full of the Repurchase Mandate by the Company, assuming that the issued share capital of the Company remains 832,748,000 Shares and based on the shareholding of Mr. Fok and Mr. Zhang above, the shareholding of Mr. Fok and Mr. Zhang in the Company will increase to approximately 58.53% and 15.61%, respectively. Accordingly, the Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

SHARE REPURCHASE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

The following sets out the details of the Directors who will retire and, being eligible, offer themselves for re-election at the AGM pursuant to the Articles:

Biographical Information of the Retiring Directors

Mr. Zhang Yue Jun (張躍軍), aged 46, is the deputy managing Director. Mr. Zhang is responsible for the overall research and development of new technology and products, production control as well as the overall quality control of the products. He graduated from the South China University of Technology in 1982 and obtained a bachelor's degree in wireless engineering. From 1982 to 1989, Mr. Zhang worked as a microwave telecommunications engineer in Nanjing and from 1989 to 1997 he was the deputy chief engineer of a joint venture company in Shenzhen, mainly responsible for wireless telecommunications projects. Mr. Zhang has over 22 years of experience in wireless communications and he co-founded the Group in 1997. Mr. Zhang is the sole director of Wise Logic Investments Limited, which is a substantial shareholder of the Company.

Mr. Zhang has no relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. Save as disclosed herein, Mr. Zhang does not currently hold any directorship in any other listed public companies nor did he hold any such directorship during the last three years preceding the Latest Practicable Date.

Mr. Chan Kai Leung, Clement (陳繼良), aged 41, is an executive Director as well as the financial controller, qualified accountant and company secretary of the Company. Mr. Chan is primarily responsible for the overall financial management, accounting and company secretarial matters of the Group. He is a member of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Chan obtained a master's degree in business administration from the University of Sheffield in the United Kingdom. He has over 15 years of experience in auditing, investment banking and accounting and he joined the Group in 2001.

Mr. Chan has no relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. Save as disclosed herein, Mr. Chan does not currently hold any directorship in any other listed public companies nor did he hold any such directorship during the last three years preceding the Latest Practicable Date.

Mr. Yeung Pui Sang, Simon (楊沛榮), aged 32, is currently an executive Director and the Chief Operating & Strategy Officer of Comba Telecom Systems International Limited, a wholly owned subsidiary of the Company. Prior to joining the Group, Mr. Yeung was the vice president of strategy & business development and a founding employee of LGC Wireless, Inc. ("LGC") based in the Silicon Valley, USA. Mr. Yeung also held multiple

positions at LGC including the general manager of a business unit, director of technical marketing, general manager of sales, and principal engineer. Mr. Yeung holds a master of science degree in engineering from University of California at Berkeley and a bachelor of science degree in electrical engineering from Purdue University. Mr. Yeung has about 10 years of experience in the wireless industry. He joined the Group in 2004.

Mr. Yeung has no relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. Save as disclosed herein, Mr. Yeung does not currently hold any directorship in any other listed public companies nor did he hold any such directorship during the last three years preceding the Latest Practicable Date.

Directors' Service Contracts

Each of the Retiring Directors (except for Mr. Yeung Pui Sang, Simon) has entered into a service agreement with the Company for an initial term of three years commencing on 1 July 2003 and continuing thereafter until terminated by either party giving to the other six months' written notice. Mr. Yeung Pui Sang, Simon has entered into a service contract with the Company for an initial term of eighteen months commencing on 7 April 2005 and continuing thereafter until terminated by either party giving to the other six months' written notice.

Each of Mr. Zhang Yue Jun, Mr. Chan Kai Leung, Clement and Mr. Yeung Pui Sang, Simon is entitled to a basic salary which will be reviewed at the discretion of the Board after he has completed 12 months of service and a discretionary bonus payable at the absolute discretion of the Board, in each financial year. The current annual basic salaries (excluding discretionary bonuses) of each of Mr. Zhang Yue Jun, Mr. Chan Kai Leung, Clement and Mr. Yeung Pui Sang, Simon amount to approximately HK\$1,560,000, HK\$1,365,000 and HK\$1,404,000, respectively.

In deciding the remuneration of the Directors, consideration has been given by the Board to the level of responsibility, experience and abilities required of the Directors, individual performance, the Company's operating results and the remuneration offered for similar positions in comparable companies.

Interest in Shares

As at the Latest Practicable Date, the interests of the Retiring Directors in the Shares (within the meaning of Part XV of the SFO), were as follows:

Name of Director	Capacity/ Nature of interest	Notes	No. of Shares interested in	Approximate percentage of the Company's issued share capital
Mr. Zhang Yue Jun	Interest of a controlled corporation	(a)	117,000,000(L)	14.05
Mr. Chan Kai Leung, Clement	Beneficial Owner	(b)	666,000(L)	0.08
Mr. Yeung Pui Sang, Simon	Beneficial Owner	(c)	500,000(L)	0.06

Notes:

- (a) These Shares are beneficially owned by Wise Logic Investments Limited ("Wise Logic"). By virtue of his 100% shareholding in Wise Logic, Mr. Zhang Yue Jun is deemed or taken to be interested in the 117,000,000 Shares owned by Wise Logic.
- (b) 666,000 Shares are beneficially owned by Mr. Chan Kai Leung, Clement. Pursuant to the Share Option Scheme, Mr. Chan Kai Leung, Clement was granted an option to subscribe for a total of 2,000,000 Shares by the Company on 15 July 2003.
- (c) 500,000 Shares are beneficially owned by Mr. Yeung Pui Sang, Simon. Pursuant to the Share Option Scheme, Mr. Yeung was granted an option to subscribe for a total of 2,000,000 Shares by the Company on 7 October 2004.
- (d) the letter "L" denotes a long position in Shares.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Retiring Directors had any interest or short positions in the Shares, underlying Shares or debentures of the Company which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO), or which was required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

Save as disclosed above, the Board is not aware of any other matters relating to the proposed re-election of the Retiring Directors that need to be brought to the attention of the Shareholders.

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Comba Telecom Systems Holdings Limited (the “Company”) will be held at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong on 25 May 2005 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and the auditors for the financial year ended 31 December 2004.
2. To declare a final dividend for the year ended 31 December 2004.
3. To re-elect the retiring directors and authorise the board of directors of the Company (the “Board”) to fix the remuneration of the directors.
4. To re-appoint auditors and to authorise the Board to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments the following resolutions as **Ordinary Resolutions**:

(A) “THAT

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time), be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as defined below), or (b) the exercise of options under any share option scheme or similar arrangement adopted by the Company for the grant or issue to the employees and directors of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company, or (c) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company; or (d) an

issue of shares of the Company as scrip dividend or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

(B) “THAT

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase or otherwise acquire shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) be is hereby generally and unconditionally approved;

- (ii) the aggregate nominal amount of shares of the Company which are authorised to be purchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.”

(C) “THAT

conditional upon the passing of the resolutions set out in paragraphs 5 (A) and 5(B) of the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to the resolution set out in paragraph 5(A) of the notice convening this meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of shares of the Company purchased or otherwise acquired by the Company pursuant to the authority granted to the directors of the Company under the resolution set out in paragraph 5(B) above of the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

(D) “THAT

the existing scheme limit under the share option scheme of the Company adopted by a resolution of the shareholders of the Company dated 20 June 2003 (the “Existing Share Option Scheme”) be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued pursuant to the grant or exercise of the options under the Existing Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Existing Share Option Scheme)

shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution (“Refreshed Limit”) and that the directors of the Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time), to grant options under the Existing Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

6. To consider and, if thought fit, pass with or without amendments the following resolution as a **Special Resolution**:

“**THAT** the articles of association of the Company be amended as follows:

- (i) by inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange” after the word “unless” in the third sentence of Article 66;
- (ii) by deleting the word “right.” in the last sentence of paragraph (d) of Article 66 and replacing therefor the words “right; or”;
- (iii) by inserting the following as a new paragraph (e) to Article 66:

“(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”;

- (iv) by deleting the last sentence of Article 68 and replacing therefor the following new sentence:

“the Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange;

- (v) by deleting the word “annual” before the words “general meeting of the Company” in the last sentence of Article 86(3); and

- (vi) by deleting existing Articles 87(1) and 87(2) in their entirety and replacing therefor the following new Articles 87(1) and 87(2):

“87 (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) who have been longest in office shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years.

- (2) As between two or more who have been in office for the same length of time, the Director or Directors to retire shall in default of agreement between them be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Any Director who wishes to retire and not to offer himself for re-election and any Director appointed pursuant to Article 86(2) or Article 86(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.””

By Order of the Board
Chan Kai Leung, Clement
Company Secretary

Hong Kong, 29 April 2005

Notes:

- (a) The register of members of the Company will be closed from Monday, 23 May 2005 to Wednesday, 25 May 2005 (both days inclusive), during which period no transfer of shares in the Company can be registered.
- (b) All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 20 May 2005.
- (c) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (d) To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's principal place of business in Hong Kong at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting.
- (e) A circular containing, among other things, the biographical information regarding the directors proposed to be re-elected at the annual general meeting and further details regarding the resolutions set out in paragraphs 5 and 6 of this notice of the annual general meeting of the Company will be sent to the shareholders of the Company together with the 2004 annual report of the Company.

Comba

COMBATELECOM 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

FORM OF PROXY FOR ANNUAL GENERAL MEETING-25 MAY 2005

I/We ^(Note 1) _____

of _____

being the registered holder(s) of ^(Note 2) _____ shares of HK\$0.10 each in the capital of Comba Telecom Systems Holdings Limited (the "Company"), HEREBY APPOINT ^(Note 3) _____

of _____
or failing him, the Chairman of the meeting as my/our proxy to attend the Annual General Meeting of the Company to be held at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong on 25 May 2005 at 10:00 a.m. and at any adjournment thereof, to vote for me/us as hereunder indicated, or if no such indication is given, as my/our proxy thinks fit.

RESOLUTIONS	FOR (Note 4)	AGAINST (Note 4)
1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2004.		
2. To declare a final dividend for the year ended 31 December 2004.		
3(I). To re-elect Mr. Zhang Yue Jun as director and authorise the board of directors to fix his remuneration.		
3(II). To re-elect Mr. Chan Kai Leung, Clement as director and authorise the board of directors to fix his remuneration.		
3(iii). To re-elect Mr. Yeung Pui Sang, Simon as director and authorise the board of directors to fix his remuneration.		
4. To re-appoint Ernst & Young as Auditors of the Company and authorise the board of directors to fix their remuneration.		
5(A). Ordinary resolution no. 5(A) set out in the notice of the Annual General Meeting (to give a general mandate to the directors to issue shares in the Company).		
5(B). Ordinary resolution no. 5(B) set out in the notice of the Annual General Meeting (to give a general mandate to the directors to repurchase shares in the Company).		
5(C). Ordinary resolution no. 5(C) set out in the notice of the Annual General Meeting (to extend the general mandate to the directors to issue shares in the Company).		
5(D). Ordinary resolution no. 5(D) set out in the notice of the Annual General Meeting (to refresh the scheme mandate of the existing share option scheme of the Company).		
6. Special resolution no. 6 set out in the notice of the Annual General Meeting (to amend the Articles of Association of the Company).		

Dated this _____ day of _____ 2005 Signature ^(Note 5) _____

Notes:

1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
2. Please insert the number of shares of HK\$0.10 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
3. Please insert the name and address of the proxy desired. If no name is inserted, the Chairman of the meeting will act as your proxy. A proxy need not be a member of the Company but must attend the meeting in person to represent you.
4. IMPORTANT: If you wish to vote for any resolution, tick in the appropriate box marked "For". If you wish to vote against any resolution, tick in the appropriate box marked "Against". Failure to tick a box will entitle your proxy to cast your vote in respect of such resolution at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to above.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
6. In the case of joint holders of any share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, the holder whose name stands first in the register of members of the Company shall alone be entitled to vote in respect of that share.
7. To be valid, this form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's principal place of business in Hong Kong at 1503-1510, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. Any alteration made to this form of proxy must be initialled by the person who signs it.