

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;**
- (2) PROPOSED RE-ELECTION OF DIRECTORS;**
- (3) REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT;**
- (4) PROPOSAL FOR BONUS ISSUE OF SHARES; AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong on Tuesday, 2 June 2009 at 2:30 p.m. is set out on pages 39 to 43 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.comba-telecom.com.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Company's principal place of business in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held on Tuesday, 2 June 2009 at 2:30 p.m. to consider and, if thought fit, approve, among other things, the proposed grant of the Issue Mandate and the Repurchase Mandate, the proposed re-election of Directors and the Refreshment of Scheme Mandate Limit and the proposal for the Bonus Issue
“Article(s)” or “Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares on the basis of one Bonus Share for every 10 existing Shares held on the Record Date by the Qualifying Shareholders
“Bonus Shares”	the new Shares to be issued under the Bonus Issue
“Company”	Comba Telecom Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Eligible Participant(s)”	any full-time or part-time employees of the Company or its subsidiaries (including any executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries) and any adviser or consultant, distributors, suppliers, agents, customers, partners, joint venture partners, promoter, service providers to the Group who, in the sole discretion of the Board, have contributed or may contribute to the Group, are eligible for Options under the Share Option Scheme
“Excepted Shareholders”	those Overseas Shareholders, the Board, after making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant body or stock exchange in that place not to extend the Bonus Issue to them
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of shareholders’ approval for the grant of the Issue Mandate

DEFINITIONS

“Latest Practicable Date”	22 April 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the options granted under the Share Option Scheme which are to subscribe for Shares in accordance with the Share Option Scheme
“Overseas Shareholders”	holders of Shares whose addresses as shown on the register of members on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Qualifying Shareholders”	holders of Shares whose names are shown on the register of members on the Record Date (and not being Excepted Shareholders), who are entitled to participate in the Bonus Issue
“Record Date”	2 June 2009, being the record date for determination of entitlements to the Bonus Issue
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of shareholders’ approval for the grant of the Repurchase Mandate
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 20 June 2003
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

2009

Last day of dealings in the Shares on a cum-entitlement basis	26 May
First day of dealing in the Shares on an ex-entitlement basis	27 May
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	4:30 pm on 29 May
Latest time to return form of proxy for the AGM (<i>Note</i>)	2:30 pm on 31 May
Closure of register of members of the Company	1 June to 2 June
Date and time of AGM	2:30 p.m. on 2 June
Record date for determination of entitlements to the Bonus Issue of Shares	2 June
Register of members re-opens	3 June
Certificates for the Bonus Shares expected to be despatched	On or about 15 June
Dealing in Bonus Shares commence	17 June

Note: Each of 30 May 2009 and 31 May 2009 is a Saturday and a Sunday respectively. Therefore, shareholders are encouraged to return forms of proxy for the AGM before 6:00 p.m. 29 May 2009.



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 President*)

Mr. ZHANG Yue Jun

Mr. TONG Chak Wai, Wilson

Mr. WU Jiang Cheng

Mr. YAN Ji Ci

Mr. ZHENG Guo Bao

Mr. YEUNG Pui Sang, Simon

Independent non-executive Directors:

Mr. YAO Yan

Mr. LAU Siu Ki, Kevin

Mr. LIU Cai

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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

611 East Wing

No. 8 Science Park West Avenue

Hong Kong Science Park

Tai Po, Hong Kong

29 April 2009

To the Shareholders and, for information only, the holders of the Options

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT;
(4) PROPOSAL FOR BONUS ISSUE OF SHARES; AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, among other things, (i) the granting of the Issue Mandate and the Repurchase Mandate to the Directors; (ii) the re-election of Directors; (iii) the Refreshment of the Scheme Mandate Limit and (iv) the proposal for the Bonus Issue.

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the proposed grant of the Issue Mandate and the Repurchase Mandate, the proposed re-election of Directors, the Refreshment of the Scheme Mandate Limit, the proposal for the Bonus Issue and the notice of the AGM.

LETTER FROM THE BOARD

ISSUE MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the Issue Mandate and the Repurchase Mandate.

Issue Mandate

At the AGM, an ordinary resolution will be proposed such that the Directors be given an unconditional general mandate (i.e. the Issue Mandate) to allot, issue and deal with unissued Shares or underlying shares of the Company (other than by way of rights or pursuant to a share option scheme for employees or Directors of the Company and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles of Association) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the issued Shares as at the date of granting the Issue Mandate.

In addition, a separate ordinary resolution will further be proposed for extending the Issue Mandate authorising the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details on the Repurchase Mandate are further elaborated below.

As at the Latest Practicable Date, the Company has an aggregate of 848,441,500 Shares in issue. Subject to the passing of the resolutions for the approval of the Issue Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Directors would be allowed under the Issue Mandate to allot, issue and deal with a maximum of 169,688,300 Shares.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Stock Exchange of an aggregate amount of up to 10% of the issued share capital of the Company as at the date of granting of the Repurchase Mandate.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 84,844,150 Shares.

The Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Issue Mandate (including the extended Issue Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

According to Article 86(3), any Director appointed to fill in a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

According to Articles 87(1) and 87(2), 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. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

In accordance with Article 86(3), Mr. Tong Chak Wai, Wilson shall retire from office by rotation at the AGM; and in accordance with Articles 87(1) and 87(2), Mr. Zhang Yue Jun, Mr. Yan Ji Ci and Mr. Zheng Guo Bao shall retire from office by rotation at the AGM. Being eligible, each of Mr. Zhang Yue Jun, Mr. Tong Chak Wai Wilson, Mr. Yan Ji Ci and Mr. Zheng Guo Bao will offer himself for re-election as executive Director.

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Zhang Yue Jun, Mr. Tong Chak Wai Wilson, Mr. Yan Ji Ci and Mr. Zheng Guo Bao as executive Directors.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

REFRESHMENT OF SCHEME MANDATE LIMIT

The Company adopted the existing Share Option Scheme by written resolutions of all shareholders of the Company passed on 20 June 2003.

Pursuant to the Listing Rules and the terms of the Share Option Scheme, the maximum number of Shares (as defined under the Share Option Scheme) which are subject to Options granted to subscribe for the Shares under the Share Option Scheme that may be granted immediately after the listing of Shares on the main board of the Stock Exchange must not exceed 80,000,000 Shares, representing 10% of the Shares in issue on the date dealings in the Shares first commenced on the main board of the Stock Exchange.

The Scheme Mandate Limit was refreshed on 14 May 2004 for a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorised to grant options to subscribe for up to a maximum number of 83,000,000 Shares.

The Scheme Mandate Limit was further refreshed on 25 May 2005 for a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorised to grant options to subscribe for up to a maximum number of 83,301,800 Shares.

The Company may refresh the Scheme Mandate Limit at any time subject to prior shareholders' approval provided that:

- (i) the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the refreshed Scheme Mandate Limit; and
- (ii) options previously granted under the Shares Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

LETTER FROM THE BOARD

Notwithstanding the foregoing, the number of Shares to be issued upon the exercise of all the options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30% of the Shares in issue from time to time.

As at the Latest Practicable Date, the Company has granted Options under the Share Option Scheme to subscribe for 155,336,000 Shares, of which 26,457,500 Options were exercised, 12,457,000 Options were cancelled, 15,184,500 were lapsed, and 101,237,000 Options remain outstanding and not yet exercised. The Directors consider that the Company should refresh the Scheme Mandate Limit so that the Company has greater flexibility to provide incentives to, and recognize the contributions of the Eligible Participants under the terms of the Share Option Scheme.

As at the Latest Practicable Date, there were 848,441,500 Shares in issue. Assuming no further issue or repurchase of Shares prior to the AGM, upon refreshment of the Scheme Mandate Limit by the Shareholders at the AGM, the Company may grant options entitling holders thereof to subscribe for up to a maximum number of 84,844,150 Shares, representing 10% of the issued share capital of the Company as at the date of AGM. The total number of Shares which may be issued upon exercise of the “refreshed” Scheme Mandate Limit of 84,844,150 Shares together with all outstanding options as at the Latest Practicable Date carrying the right to subscribe 101,237,000 Shares is 186,081,150 Shares, representing approximately 21.9% of the total number of Shares in issue as at the date of AGM. No options may be granted if this will result in the number of Shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company exceeds 30% of the Shares in issue from time to time.

The Refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution to approve the Refreshment of the Scheme Mandate Limit 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 Scheme Mandate Limit at the AGM) which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme and any other share option schemes of the Company.

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

PROPOSAL FOR BONUS ISSUE OF SHARES

Reference is made to the annual results announcement dated 27 March 2009, in which the Board announced that it had resolved to propose a Bonus Issue to the Shareholders in recognition of the continual support of the Shareholders.

The Bonus Issue is proposed to be made to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The terms of the Bonus Issue are set out below.

Basis of Bonus Issue

Subject to the conditions as set out under the heading “Conditions of Bonus Issue” below, the Bonus Issue is proposed to be made on the basis of one Bonus Share for every 10 existing Shares held on the Record Date by the Qualifying Shareholders. The Bonus Shares will be issued and credited as fully paid at

LETTER FROM THE BOARD

par, by capitalization of such amount standing to the credit of the share premium account of the Company. On the basis of 848,441,500 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, 84,844,150 Bonus Shares will be issued under the Bonus Issue (representing 10% of the issued share capital as at the Latest Practicable Date and the Record Date), and HK\$8,484,415 standing to the credit of the share premium account of the Company will be capitalized for paying up in full at par 84,844,150 Bonus Shares.

Record Date and closure of register of members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Excepted Shareholders are further elaborated below under the heading “Excepted Shareholders”.

The register of members of the Company will be closed from 1 June 2009 to 2 June 2009, both days inclusive, in order to determine the entitlement of the Shareholders under the Bonus Issue and the entitlement of the final dividend. In order to qualify for the Bonus Issue and the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 pm on 29 May 2009.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until the Record Date. The Company will make an announcement when the number of Bonus Shares is determined.

Reasons for the proposed Bonus Issue

In recognition of the continual support of the Shareholders, the Board decided to propose the Bonus Issue. In addition to that, the Directors believe that the Bonus Issue will enhance the liquidity of the Shares in the market and thereby enlarging the Company’s shareholder and capital base.

Excepted Shareholders

For those Overseas Shareholders, enquiry will be made by the Board pursuant Rule 13.36(2)(a) of the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to the Excepted Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

The Company will publish an announcement to inform the Shareholders of the results of the enquiry regarding the exclusion of the Overseas Shareholders as soon as practicable.

Status of Bonus Shares

The Bonus Shares, upon issued, will rank *pari passu* with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

LETTER FROM THE BOARD

Fraction of Bonus Shares

The total number of Bonus Shares to be issued to any Shareholders will be rounded down to a whole number, if there are any fractional entitlements of the Bonus Shares such fractional entitlements arising from the Bonus Issue will not be issued to the Shareholders, but will be cancelled by the Company.

Conditions of Bonus Issue

The Bonus Issue is conditional upon:

- (i) the approval of the Bonus Issue by the Shareholders at the AGM of the Company to be held; and
- (ii) the Listing Committee of the Stock Exchange granting the listings of, and permission to deal in, the Bonus Shares.

Application will be made to the Listing Committee of the Stock Exchange in respect of such listings of, and permission to deal in, the Bonus Shares. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares. The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Adjustments of Options

As at the Latest Practicable Date, there are 101,237,000 Options outstanding. The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of outstanding Options. Other than the Options, the Company has not has any warrants, options, or other securities exchangeable or convertible into Shares as at the date of this circular. The Company will make further announcement upon the aforesaid adjustments to the Options, if adjustment is required and has been made.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or about 15 June 2009 after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on 17 June 2009.

AGM

A notice convening the AGM to be held at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong on Tuesday, 2 June 2009 at 2:30 p.m. is set out on pages 39 to 43 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the proposed grant of the Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate, the proposed re-election of Directors, the Refreshment of the Scheme Mandate Limit and the proposal for Bonus Issue.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.comba-telecom.com. Whether or not you are able to attend the AGM, you are requested to complete

LETTER FROM THE BOARD

the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's principal place of business in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of 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.

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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, 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 the proposed grant of the Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate, the proposed re-election of Directors, the Refreshment of the Scheme Mandate Limit, and the proposal for Bonus Issue are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the public at the principal place of business in Hong Kong at 611 East Wing No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong from 9 a.m. to 6 p.m. on any weekdays other than public holidays, Saturdays and Sundays from the date of this circular up to and including the date of AGM:

- (a) the memorandum and articles of association of the Company; and
- (b) the annual reports of the Group for the two financial year ended 31 December 2008;
- (c) statutes or regulations which are relevant to the "Summary of the Constitution of the Company and Cayman Islands Company Laws" as set out in Appendix III to this circular.

GENERAL

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder is require to abstain from voting on the resolutions to be proposed at the AGM.

Your attention is drawn to the information set out in appendices to this circular.

Yours faithfully
For and on behalf of the Board of
Comba Telecom Systems Holdings Limited
Fok Tung Ling
Chairman and President

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

The Listing Rules prohibit the Company from knowingly purchasing its securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling to the Company his/her/its securities of the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 848,441,500 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 84,844,150 fully paid Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and its shareholders as a whole.

4. FUNDING OF REPURCHASES

Repurchases would be funded entirely from the Company’s cash flow or working capital facilities, which will be funds legally available for such purpose under the laws of the Cayman Islands, and the memorandum and articles of association of the Company.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2008, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months immediately prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
April	2.000	1.730
May	2.960	1.930
June	2.840	2.040
July	2.260	1.900
August	2.220	1.840
September	1.970	1.250
October	1.400	0.475
November	0.940	0.640
December	1.610	0.850
2009		
January	2.060	1.560
February	2.500	1.850
March	2.750	1.770
April (up to the Latest Practicable Date)	3.380	2.750

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

<u>Name</u>	<u>Notes</u>	<u>Number of Shares</u>	<u>Percentage holding</u>
Prime Choice Investments Limited		368,706,000	43.46%
Mr. Fok Tung Ling	1	380,220,000	44.81%
Madam Chen Jing Na	2	380,220,000	44.81%
Wise Logic Investments Limited		99,986,000	11.78%
Mr. Zhang Yue Jun	3	99,986,000	11.78%
Madam Cai Hui Ni	4	99,986,000	11.78%

Notes:

1. 368,706,000 Shares and 798,000 Shares are beneficially owned by Prime Choice Investments Limited (“Prime Choice”) and Total Master Investments Limited (“Total Master”), respectively. By virtue of his 100% shareholding in each of Prime Choice and Total Master, Mr. Fok Tung Ling, an executive Director, is deemed or taken to be interested in the total of 369,504,000 Shares owned by Prime Choice and Total Master.
2. Madam Chen Jing Na is the spouse of Mr. Fok Tung Ling and is deemed to be interested in the 380,220,000 Shares in which Mr. Fok is deemed or taken to be interested for the purposes of the SFO.
3. 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 99,986,000 shares owned by Wise Logic.
4. Madam Cai Hui Ni is the spouse of Mr. Zhang Yue Jun and is deemed to be interested in the 99,986,000 Shares in which Mr. Zhang is deemed or taken to be interested for the purposes of the SFO.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

<u>Name</u>	<u>Percentage holding</u>
Prime Choice Investments Limited	48.29%
Mr. Fok Tung Ling	49.79%
Madam Chen Jing Na	49.79%
Wise Logic Investments Limited	13.09%
Mr. Zhang Yue Jun	13.09%
Madam Cai Hui Ni	13.09%

On the basis of the current shareholdings of above Shareholders, an exercise of the Repurchase Mandate in full may result in Prime Choice Investments Limited and its parties acting in concert (including but not limited to Mr. Fok Tung Ling and Madam Chen Jing Na) becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of the above Shareholders, or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

Details of share repurchases made by the Company during the previous six months immediately prior to the date of the Latest Practicable Date are as follows:

Date of repurchase	Number of Shares repurchased	Price per share	
		Highest HK\$	Lowest HK\$
15 October 2008	4,586,000	1.03	0.95
16 October 2008	3,430,000	1.10	0.99
	Total:	8,016,000	

Details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) Mr. Zhang Yue Jun (“Mr. Zhang”)

Mr. Zhang, aged 50, an executive Director, vice chairman & executive vice president, R&D. Mr. Zhang is responsible for the overall research and development of new technology and products, and the overall quality control of products. He graduated from South China Institute of Technology (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, mainly responsible for wireless telecommunications projects. Mr. Zhang has over 26 years of experience in wireless communications and he cofounded the Group in 1997.

Mr. Zhang also acts as directors of several subsidiaries of the Company. He is the sole director of Wise Logic Investments Limited, which is a substantial shareholder of the Company.

Save as disclosed herein, Mr. Zhang has not held any directorship in any other listed company in the last three years and does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Zhang personally holds 99,986,000 Shares in the Company, representing approximately 11.78% of the issued share capital of the Company. Save as disclosed above, Mr. Zhang does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Zhang has entered into a service contract with the Company for an initial term of three years which commenced on 1 July 2003, and will continue thereafter until terminated by either party giving not less than six month’s written notice. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Zhang’s remuneration has been fixed at HK\$153,000 per month with discretionary bonus, which are determined by the Board with reference to his duties, performance and responsibilities within the Company, the Company’s remuneration policy and the prevailing market conditions.

(2) Mr. Tong Chak Wai Wilson (“Mr. Tong”)

Mr. Tong, aged 37, an executive Director who holds a Master of Business Administration degree from University of San Francisco, a Master degree in Economics from Murray State University, and a Bachelor degree in Accounting from University of Southern California. Mr. Tong is a Certified Practising Accountant of CPA Australia, a member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate of The Institute of Chartered Secretaries and Administrators, and an associate of the Hong Kong Institute of Company Secretaries. Mr. Tong has over 14 years of experience in finance and legal work in the listed and multinational companies. He joined the group in 2008.

Mr. Tong is group financial controller, the authorized representative and company secretary of the Company. He also holds various positions in the subsidiaries of the Company, including acting as the company secretaries, chief financial officer, directors and supervisor in several subsidiaries of the Company. Save as disclosed herein, Mr. Tong had not previously held any position with the Company or any of its subsidiaries and had not held any directorship in any other listed company in the last three years.

Mr. Tong has entered into a service contract with the Company for an initial term of three years which commenced on 1 December 2008, and will continue thereafter until terminated by either party giving not less than six month's written notice. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Tong's remuneration has been fixed at HK\$104,000 per month with discretionary bonus, which are determined by the Board with reference to his duties, performance and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions.

Save for the relationship arising from Mr. Tong's position as executive Director and his various positions held in the Group as disclosed, Mr. Tong does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save for the Option granted under the Share Option Scheme to Mr. Tong entitling him to subscribe for 3,000,000 Shares, Mr. Tong does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company. Prior to joining the Company, Mr. Tong has been appointed as a director of Heissner UK Limited ("**Heissner**"), a company registered in England and Wales and principally engaged in sales and distribution of outdoor leisure products. Heissner was a subsidiary of the former employer of Mr. Tong. Heissner had voluntarily initiated the appointment of administrators with a view to achieve a better result for Heissner's creditors as a whole. As a result, Heissner had entered into administration and the joint administrators had been appointed on 2 November 2007 to manage the affairs, business and property of Heissner. As at 31 December 2007, Heissner had net liabilities of £1,297,224, out of which £1,149,182 was owed to its group companies. As at the Latest Practicable Date, Heissner is still under administration.

(3) Mr. Yan Ji Ci ("**Mr. Yan**")

Mr. Yan, aged 54, an executive Director and senior vice president, production operations. Mr. Yan is responsible for the operations of the supply chain of the Group and the production and procurement management of the Group's production facilities in Guangzhou, the PRC. He graduated from South China Normal University, majoring in political science. Mr. Yan has over 33 years of experience in operations and human resources management. He joined the Group in 1997.

Mr. Yan also holds various positions in the subsidiaries of the Company, including acting as the legal representatives and directors in several subsidiaries of the Company. Save as disclosed herein, Mr. Yan has not held any directorship in any other listed company in the last three years and does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Yan personally holds 1,700,000 Shares in the Company, representing approximately 0.20% of the issued share capital of the Company and granted Options under the Share Option Scheme entitling him to subscribe for 4,300,000 Shares. Save as disclosed above, Mr. Yan does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Yan has entered into a service contract with the Company for an initial term of three years which commenced on 1 July 2003, and will continue thereafter until terminated by either party giving not less than six month's written notice. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Yan's remuneration has been fixed at HK\$103,000 per month with discretionary bonus, which are determined by the Board with reference to his duties, performance and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions.

(4) Mr. Zheng Guo Bao ("Mr. Zheng")

Mr. Zheng, aged 43, an executive Director and the chief executive officer of WaveLab Holdings Limited, an indirect subsidiary of the Company. Mr. Zheng is primarily responsible for the strategic development of the digital microwave systems products. He graduated from the University of Science and Technology of China and obtained bachelor's and master's degrees in electrical engineering. From 2000 to 2002, Mr. Zheng served as chief engineer in Filtronic Sigtek, Inc., Maryland USA. Before joining the Group, he worked as an engineering manager in wireless communication division of L3 Communications (former EER Systems, Inc.), Virginia USA. He is the member of the Institute of Electrical and Electronics Engineers (IEEE). Mr. Zheng has over 22 years of experience in RF/micro wave/millimeter-wave technology and wireless communications and specialized in the field of research and development. He joined the Group in 2003.

Mr. Zheng also holds various positions in the subsidiaries of the Company, including acting as the legal representatives and directors in several subsidiaries of the Company. Save as disclosed herein, Mr. Zheng has not held any directorship in any other listed company in the last three years and does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Zheng personally hold 1,450,000 Shares in the Company, representing approximately 0.17% of the issued share capital of the Company and granted Options under the Share Option Scheme entitling him to subscribe for 1,000,000 Shares. Save as disclosed above, Mr. Zheng does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Zheng has entered into a service contract with the Company for an initial term of 18 months which commenced on 30 March 2008, and will continue thereafter until terminated by either party giving not less than six month's written notice. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Zheng's remuneration has been fixed at HK\$152,000 per month with discretionary bonus, which are determined by the Board with reference to his duties, performance and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions.

Save as disclosed herein, there is no information relating to each of Mr. Zhang Yue Jun, Mr. Tong Chak Wai Wilson, Mr. Yan Ji Ci and Mr. Zheng Guo Bao that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 May, 2002 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Memorandum of Association (the “Memorandum”) and the Articles of Association (the “Articles”) comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The following is a summary of certain provisions of the Articles:

(a) Directors

- (i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights, or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the board may determine. Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, and to any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the board may deem fit.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as the board may in its absolute discretion determine but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Articles. A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as the auditor of the Company) and he or his firm may be remunerated for professional services as if he were not a Director. A Director may continue to be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a

director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or

executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights; or

- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other provisions of the Articles. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide, and either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons,

including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

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. 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. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

The members may, at any general meeting convened and held in accordance with the Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement). A vacancy on the board created by the such removal may be filled by the election or appointment by ordinary resolution the members at the meeting at which such Director is removed. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board for six (6) consecutive months, and his alternated Director, if any, shall not during such period have attended in his stead and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the members. A special resolution shall be required to alter the provisions of the Memorandum or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may from time to time by special resolution, subject to any confirmation or consent required by the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed

to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution — majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a clearing house (or its nominee), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the Designated Stock Exchange (as defined in the Articles) or (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 (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting or (iii) any member or members present in person or, in the case of a member 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 the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member 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 equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the Designated Stock Exchange (as defined in the Articles), 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.

If a clearing house (or its nominee(s)), being a corporation, is a member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person were the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Where any member is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company shall be held in each year other than the year of the Company's incorporation (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or not more than eighteen (18) months after the date of incorporation, unless a longer period would not infringe the rules of the Designated Stock Exchange (as defined in the Articles, if any) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with the Articles provided that the foregoing shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any

shares or debentures; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the Members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards and shall conform to international accounting standards as promulgated from time to time by International Accounting Standards Committee. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least twenty-one (21) clear days' notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in any other form approved by the board and which may be under hand or, if the transferor or transferee is a clearing house or its nominees(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or

any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper or any other newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles) to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares and subject to the Companies Law, the Memorandum and the Articles and where applicable, the rules of the Designated Stock Exchange (as defined in the Articles) and/or any competent regulatory authority, such power may be exercisable by the board in such manner, upon such terms and subject to such conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this

purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company

and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$10.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present at the commencement of the business.

Two (2) members entitled to vote and present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative shall form a quorum for all purposes. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

(v) Financial assistance to purchaser shares of the Company

Under the Articles, except as allowed by Cayman Islands laws and subject further to compliance with the rules and regulations of the designated stock exchange and any other relevant regulatory authority, the Company shall not give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company. As there are no financial assistance restrictions under Cayman Islands laws, technically, the Company can give financial assistance in this regard. A summary of the Cayman Islands law on financial assistance is set out in paragraph (c) of the section headed “Cayman Islands Company Law” set out below in this appendix III.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company’s operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 11 June, 2002.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or

official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of

the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands Law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Comba Telecom Systems Holdings Limited (the “Company”) will be held at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong on Tuesday, 2 June 2009 at 2:30 p.m., to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2008;
2. to declare and approve a final dividend for the year ended 31 December 2008 of HK7 cents per Share;
3.
 - (a) to re-elect Mr. Zhang Yue Jun as executive Director;
 - (b) to re-elect Mr. Tong Chak Wai Wilson as executive Director;
 - (c) to re-elect Mr. Yan Ji Ci as executive Director;
 - (d) to re-elect Mr. Zheng Guo Bao as executive Director;
 - (e) to authorise the board of Directors to fix the Directors’ remuneration;
4. to re-appoint Ernst & Young as the auditors of the Company and to authorise the board of Directors to fix their remuneration;

and, as special business, considering and, if thought fit, passing the following resolutions as ordinary resolutions:

5. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 6),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

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

(i) the conclusion of the next annual general meeting of the Company;

(ii) 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, the Companies Law (Law 3 of 1961, as consolidated and revised) (the “**Companies Law**”) or any other applicable law of the Cayman Islands to be held; and

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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6. “**THAT:**
- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
 - (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) 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, the Companies Law or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
7. “**THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 5 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”
8. “**THAT** subject to the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the Scheme Mandate Limit (as defined below) and pursuant to the share option scheme of the Company adopted on 20 June 2003 (the “**Share Option Scheme**”), approval be and is hereby generally and unconditionally granted for refreshing and renewing the Scheme Mandate Limit (as defined below) under the Share Option Scheme provided that (i) the total number of Shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme and other share option schemes of the Company shall not exceed 10 per cent. of the total number of Shares in issue as at the date of the passing of this resolution (the “**Scheme Mandate Limit**”); and (ii) the overall limit on the number of Shares which may be issued upon the exercise of all options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company must not exceed 30 per cent. of the Shares in issue from time to time and that the Directors be and are hereby authorized, at their absolute discretion, to grant options under the Share Option Scheme up to the Scheme Mandate Limit and to exercise all the powers of the Company to allot, issue and deal with the shares of the Company pursuant to the exercise of such options.”

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9. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares (as defined in paragraph (a) of this resolution):
- (a) upon the recommendation of the Directors, an amount of HK\$8,484,415 standing to the credit of the share premium account of the Company be capitalized and the Directors be and are hereby authorized to apply such amount in paying up in full at par 84,844,150 new Shares of HK\$0.10 each in the capital of the Company (“**Bonus Shares**”), and the Directors be authorized to be allot, issue and distribute, the Bonus Shares which are credited as fully paid, to the members of the Company whose names appear on the principal or branch register of members of the Company in Hong Kong (the “**Register of Members**”) as at the close of business on 2 June 2009 (the “**Record Date**”), other than those members (the “**Excepted Members**”) whose addresses as shown on the Register of Members at the close of business on the Record Date are in places outside Hong Kong and in respect of whom the Directors consider the exclusion from the Bonus Issue (as defined below) to be necessary or expedient in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the memorandum and articles of association of the Company, on the basis of one Bonus Share for every 10 existing Shares of HK\$0.10 each in the capital of the Company then held by them respectively (“**Bonus Issue**”), and the Directors be authorized to settle, as they consider appropriate, any difficulty in regard to any distribution of the Bonus Shares;
 - (b) the Bonus Shares to be issued pursuant to this resolution shall, subject to the Memorandum and article of association of the Company and, rank *pari passu* in all respects with the existing issued Shares of HK\$0.10 each in the capital of the Company, except that they will not be eligible for the Bonus Issue of Shares mentioned in this resolution and the final dividend for the year ended 31 December 2008, if any;
 - (c) the Directors be and hereby authorized to arrange for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case the Directors be and are hereby authorized to retain such amount for the benefit of the Company; and
 - (d) the Directors be and are hereby authorized to do all acts and things as may be necessary and expedient in connection with the issue of the Bonus Shares.”

Yours faithfully
For and on behalf of
the board of directors of
Comba Telecom Systems Holdings Limited
Fok Tung Ling
Chairman and President

Hong Kong, 29 April 2009

NOTICE OF AGM

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

611 East Wing
No. 8 Science Park West Avenue
Hong Kong Science Park
Tai Po,
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's principal place of business in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong not less than 48 hours before the time for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.
3. The register of members of the Company will be closed from 1 June 2009 to 2 June 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and bonus issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on 29 May 2009. The bonus shares will be issued and allotted to the shareholders on or about 15 June 2009, both subject to shareholders' approval at the Company's forthcoming annual general meeting.
4. In relation to proposed resolutions nos. 5 and 7 above, approval is being sought from the shareholders for the grant to the directors of the Company of a general mandate to authorise the allotment and issue of shares of the Company under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
5. In relation to proposed resolution no. 6 above, the directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to this circular.