

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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 SCHEME MANDATE LIMIT;
(4) PROPOSAL FOR BONUS ISSUE OF SHARES;
(5) CHANGE IN BOARD LOT SIZE;
AND
(6) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the "AGM") 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 Wednesday, 3 June 2015 at 11:00 a.m. is set out on pages 25 to 30 of this circular. A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.comba-telecom.com.

Whether or not you are able to attend the AGM, 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 Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 and in such event, the proxy shall be deemed to be revoked.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

28 April 2015

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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 Wednesday, 3 June 2015 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the proposed grant of the Issue Mandate (including the extended Issue Mandate to deal with Shares repurchased under the Repurchase Mandate) and the Repurchase Mandate, the proposed re-election of Directors, the Refreshment of Scheme Mandate Limit and the proposal for the Bonus Issue
“Article(s)”	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 (1) Bonus Share for every ten (10) existing Shares held on the Record Date by the Qualifying Shareholders
“Bonus Share(s)”	the new Share(s) to be allotted, issued and credited as fully paid-up Shares under the Bonus Issue
“Company”	Comba Telecom Systems Holdings Limited (京信通信系統控股有限公司), a company incorporated under the laws of the Cayman Islands 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
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot, issue, or deal with new Shares not exceeding 20% of the number of issued Shares of the Company as at the date of Shareholders’ approval for the grant of the Issue Mandate

DEFINITIONS

“Latest Practicable Date”	Tuesday, 21 April 2015, 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 Schemes adopted by the Company which entitle the holders thereof to subscribe for Shares in accordance with the terms of the Share Option Schemes
“Overseas Shareholders”	holders of the issued Shares whose addresses as shown in the register of members of the Company on the Record Date are in jurisdictions outside Hong Kong (if any)
“Prohibited Shareholders”	those Overseas Shareholders, whose the Board, after making enquiries pursuant to rule 13.36(2) 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 regulatory body or stock exchange in that place not to extend the Bonus Issue to them (if any)
“Qualifying Shareholders”	holders of the issued Shares whose names are shown on the register of members of the Company on the Record Date (and not being Prohibited Shareholders), who are entitled to participate in the Bonus Issue
“Record Date”	Wednesday, 10 June 2015, being the record date for determination of entitlements to the Bonus Issue
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the number of issued Shares of the Company as at the date of Shareholders’ approval for the grant of the Repurchase Mandate

DEFINITIONS

“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 Schemes 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 Award Scheme”	the share award scheme adopted by the Company on 25 March 2011
“2003 Share Option Scheme”	the share option scheme adopted by the Company on 20 June 2003
“2013 Share Option Scheme”	the share option scheme adopted by the Company on 3 June 2013
“Share Option Scheme(s)”	2003 Share Option Scheme and/or 2013 Share Option Scheme, as the case may be
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	has the meaning ascribed to this term under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable of the Bonus Issue and change in board lot size:

2015

Latest time to return form of proxy for the AGM	11:00 a.m. on Monday, 1 June
Date and time of the AGM	11:00 a.m. on Wednesday, 3 June
Publish the poll results announcement	Wednesday, 3 June
Last day of dealings in the Shares on a cum-entitlement basis	Thursday, 4 June
First day of dealing in the Shares on an ex-entitlement basis	Friday, 5 June
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue . . .	4:30 p.m. on Monday, 8 June
Closure of register of members of the Company for determination of entitlements under the Bonus Issue	Tuesday, 9 June to Wednesday, 10 June (both days inclusive)
Record date for determination of entitlements under the Bonus Issue	Wednesday, 10 June
Register of members of the Company re-opens	Thursday, 11 June
Despatch date of share certificates for Bonus Shares	Thursday, 18 June
Last day for trading of the Shares with old board lot size in the original counter	Thursday, 18 June
Dealings in Bonus Shares commence	Friday, 19 June
Effective date of the change in board lot size from 500 Shares to 1,000 Shares	9:00 a.m. on Friday, 19 June
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares	9:00 a.m. on Friday, 19 June
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Shares	4:00 p.m. on Friday, 17 July

EXPECTED TIMETABLE

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated expected timetable for the Bonus Issue and change in board lot size will be announced as appropriate.



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*)
Mr. ZHANG Yue Jun (*Vice Chairman & President*)
Dr. TONG Chak Wai, Wilson
Mr. ZHENG Guo Bao
Mr. YEUNG Pui Sang, Simon
Mr. ZHANG Yuan Jian

Registered office:

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

Independent non-executive Directors:

Mr. LIU Cai
Mr. LAU Siu Ki, Kevin
Dr. LIN Jin Tong
Mr. QIAN Ting Shuo

*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

28 April 2015

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 SCHEME MANDATE LIMIT;
(4) PROPOSAL FOR BONUS ISSUE OF SHARES;
(5) CHANGE IN BOARD LOT SIZE;
AND
(6) 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 (including the extended 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.

LETTER FROM THE BOARD

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 (including the extended 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.

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 (including the extended 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 (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors 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) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate of up to 20% of the number of issued Shares of the Company as at the date of granting of the Issue Mandate.

In addition, a separate ordinary resolution will further be proposed for extending the Issue Mandate authorizing the Directors to allot, issue and deal with Shares to the extent of the number 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 1,680,235,087 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 336,047,017 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 of up to 10% of the number of issued Shares 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 168,023,508 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

LETTER FROM THE BOARD

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, the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands or any other 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.

RE-ELECTION OF DIRECTORS

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 Articles 87(1) and 87(2), Dr. Tong Chak Wai, Wilson, Mr. Zheng Guo Bao, Mr. Liu Cai and Mr. Lau Siu Ki, Kevin shall retire from office by rotation at the AGM. Being eligible, each of Dr. Tong Chak Wai, Wilson and Mr. Zheng Guo Bao will offer himself for re-election as executive Director and each of Mr. Liu Cai and Mr. Lau Siu Ki, Kevin will offer himself for re-election as independent non-executive Director.

At the AGM, ordinary resolutions will be proposed to re-elect each of Dr. Tong Chak Wai, Wilson and Mr. Zheng Guo Bao as executive Director and each of Mr. Liu Cai and Mr. Lau Siu Ki, Kevin as independent non-executive Director.

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

Pursuant to the Listing Rules and the terms of 2013 Share Option Scheme, 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 Share Option Schemes and any other share option schemes (including those outstanding, cancelled, lapsed in

LETTER FROM THE BOARD

accordance with the schemes or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

Notwithstanding the foregoing, (i) unless with separate approval by the Shareholders, the total number of Shares which may be further issued under the Share Award Scheme together with the Shares which may be issued upon exercise of all Options to be granted under any other incentive and share option schemes of the Company (including 2013 Share Option Scheme) as so refreshed shall not exceed 10% of the Shares in issue as at the date of the AGM (the "10% Limit for 2013 Share Option Scheme and the Share Award Scheme") and (ii) the Company will not issue any Shares under the Share Award Scheme and/or grant any Options under 2013 Share Option Scheme which would result in the total number of the Shares under the Share Award Scheme together with Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under 2013 Share Option Schemes and any other incentive or share option schemes of the Company representing in aggregate over 30% of the Shares in issue from time to time (the "30% Aggregate Limit for 2013 Share Option Scheme and the Share Award Scheme").

As at the date of the adoption of 2013 Share Option Scheme, there were 1,526,196,229 Shares in issue. Pursuant to the terms of 2013 Share Option Scheme and in compliance with the Listing Rules, the Company may grant Options entitling holders thereof to subscribe for up to a maximum number of 152,619,622 Shares, representing 10% of the Shares in issue as at the date of its adoption. On 11 April 2014, Options entitling holders thereof to subscribe for a total of 40,000,000 Shares (equivalent to 44,000,000 Shares after adjustment as a result of the bonus issue of Shares on 23 October 2014 (the "Bonus Issue 2014")) were granted by the Company under 2013 Share Option Scheme, of which 41,524,750 Options remain outstanding as at the Latest Practicable Date.

No Options granted under 2013 Share Option Scheme remained outstanding as at the Latest Practicable Date.

As at the Latest Practicable Date, there were 1,680,235,087 Shares in issue. Assuming no further issue or repurchase of Shares between the Latest Practicable Date and the date of the AGM, the number of the Shares in issue as at the date of the AGM will be 1,680,235,087 and therefore 168,023,508 Shares may fall to be allotted and issued under 2013 Share Option Scheme, representing 10% of the Shares in issue as at the date of the AGM. The total number of Shares which may be issued upon exercise of the Scheme Mandate Limit so refreshed of 168,023,508 Shares together with all outstanding Options as at the Latest Practicable Date carrying the right to subscribe for 41,524,750 Shares is 209,548,258 Shares, representing approximately 12.47% of the Shares in issue as at the date of the AGM. No options may be granted under 2013 Share Option Scheme if this will result in exceeding the 10% Limit for 2013 Share Option Scheme and the Share Award Scheme and/or the 30% Aggregate Limit for 2013 Share Option Scheme and the Share Award Scheme under the Listing Rules.

Since the date of the adoption of 2013 Share Option Scheme, the total number of the Shares in issue has been increased due to, among other, the Bonus Issue 2014 and the allotment and issue of Shares upon the exercise of the Options granted under the 2013 Share Option Scheme. Total number of the Shares in issue has been increased since then

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and was 1,680,235,087 Shares as at the Latest Practicable Date. A refreshment of the Scheme Mandate Limit would increase the total number of Options that the Directors may grant under 2013 Share Option Scheme. The Directors consider that the Company should refresh the Scheme Mandate Limit so that the Company has greater flexibility to provide incentive to, and recognize the contributions of the eligible participants under the terms of 2013 Share Option Scheme. The Directors consider that the refreshment of the Scheme Mandate Limit is in line with the purpose of 2013 Share Option Scheme and is in the best interests of the Company and the Shareholders as a whole.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution to approve the refreshment of Scheme Mandate Limit at the AGM; and
- (ii) 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 of the resolution of the refreshment of Scheme Mandate Limit at the AGM) which may fall to be issued upon exercise of the Options to be granted under the refreshed Scheme Mandate Limit.

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 exercise of the Options that may be granted under the refreshed Scheme Mandate Limit.

PROPOSAL FOR BONUS ISSUE

Reference is made to the annual results announcement of the Company dated 25 March 2015, in which the Board announced that it had resolved to recommend the payment of a final dividend of HK1.3 cents per Share and propose a Bonus Issue to the Shareholders.

The Bonus Issue is proposed to be made to the Shareholders whose names appear on the register of members of the Company on the Record Date. The principal 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 (1) Bonus Share for every ten (10) existing Shares held on the Record Date by the Qualifying Shareholders. The Bonus Shares will be issued and credited as fully paid at par, by capitalization of an amount standing to the credit of the share premium account of the Company that is equivalent to the aggregate nominal value of the Bonus Shares to be issued by the Company. On the basis of 1,680,235,087 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, approximately 168,023,508 Bonus Shares will be issued under the Bonus Issue (representing approximately 10% of the issued share capital as at the Latest Practicable Date and the Record Date), and HK\$16,802,350.80 standing to the credit of the share

LETTER FROM THE BOARD

premium account of the Company will be capitalized for paying up in full at par approximately 168,023,508 Bonus Shares.

Record Date and closure of register of members

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

The register of members of the Company will be closed from Tuesday, 9 June 2015 to Wednesday, 10 June 2015 in order to determine the entitlements of the Shareholders under the Bonus Issue. In order to qualify for the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Registrar no later than 4:30 p.m. on Monday, 8 June 2015.

Reasons for Bonus Issue

Based on the closing price of HK\$2.84 per Share as quoted on the Latest Practicable Date, the ex-entitlement price per Share after the Bonus Issue would be approximately HK\$2.58 per Share and the theoretical value per board lot of 1,000 Shares after completion of the change in board lot size would be approximately HK\$2,580.

As a result of the improving annual results of the Group, the Board decided to propose the Bonus Issue. The Directors believe that the Bonus Issue will allow the Shareholders to participate in the business growth of the Company by way of capitalisation of a portion of the share premium account. While there may be odd lots resulting from the Bonus Issue on one hand, the Bonus Issue will provide the Company with a wider capital base and therefore enhance the liquidity of the Shares on the other hand. The Bonus Issue will capitalize a portion of the share premium account of the Company and with such capitalisation, the share capital of the Company will increase and therefore with a wider capital base. With the additional Bonus Shares created as a result from the Bonus Issue, the Shareholders may trade those additional Bonus Shares in the market or through odd lot matching arrangement and thus enhance the liquidity of the Shares. With the fact that there will not be cash outflow on the part of the Group as a result of the Bonus Issue and the improving performance of the Group, the Company believes that the Bonus Issue is in the interests of the Company and the Shareholders as a whole.

The Company has considered other alternatives to enhance the liquidity of the Shares. It is noted that the Company has declared its final dividends for the year ended 31 December 2014 as a reward to its Shareholders. While the Company has considered share subdivision as an alternative method to enhance the liquidity of the Shares, it is noted that even a simple share subdivision will still double the number of existing Shares in issue and such share subdivision will reduce the nominal value per Share. Furthermore, the Company would have to arrange free exchange of share certificates for the subdivided shares and additional costs will be incurred by the Company. As it is not the intention of the Company to reduce the nominal value per Share and also having taken into consideration of additional costs to be incurred for share subdivision, the Company considers that the Bonus Issue is an appropriate method to achieve the purpose of enhancement of liquidity.

LETTER FROM THE BOARD

The Company has considered the corresponding advantages and disadvantages of the Bonus Issue. While the Bonus Issue may create odd lots and will not increase the proportionate interests of each of the Shareholders, the Bonus Issue will also capitalize a portion of the share premium and will enhance the liquidity of the Shares. Shareholders are advised to consult their professional advisers if they are in doubt about the corresponding advantages and disadvantages of the Bonus Issue.

Prohibited Shareholders

The issue of Bonus Shares to Overseas Shareholders under the Bonus Issue may be affected by the laws of their relevant jurisdictions.

All Shareholders residing outside Hong Kong should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive the Bonus Shares.

As at the Latest Practicable Date, there was no Overseas Shareholder as shown in the register of members of the Company. Should there be any Overseas Shareholders whose addresses as shown in the register of members of the Company on the Record Date are in jurisdictions outside Hong Kong, enquiry will be made by the Board pursuant to rule 13.36(2)(a) of the Listing Rules. Based on the results of 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 Prohibited Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Prohibited Shareholders, if any, to be sold in the market as soon as practicable after dealings in the Bonus Shares commence. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Prohibited Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount to be distributed to any such persons is less than HK\$100, in which case it will be retained for the benefits of the Company.

The Bonus Shares are to be issued by the Company with the preference and intention that the Shareholders do not on-sell the Bonus Shares but remain medium to long-term holders of such Bonus Shares. It is the responsibility of the Shareholders (including Overseas Shareholders) to observe the local legal requirements applicable to the Shareholders for taking up and on-sale (if applicable) of the Bonus Shares under the Bonus Issue.

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 (if any) 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;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirement (if any) under the applicable laws of the Cayman Islands and the Articles to effect the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange in respect of such listing of, and permission to deal in, the Bonus Shares. The Bonus Shares to be issued pursuant to the Bonus Issue are subject to the grant of the listing approval by the Stock Exchange for the listing 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. No securities of the Company are listed or dealt in on any other stock exchanges. No new class of securities is to be listed pursuant to the Bonus Issue and that all necessary arrangements will be made to enable the Bonus Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Adjustments of Options

As at the Latest Practicable Date, there are 41,524,750 Options outstanding. The Bonus Issue may lead to adjustments to the exercise price and the number of Shares which may fall to be issued upon exercise of the outstanding Options. Other than the outstanding Options, the Company does not have any warrants, options, or other securities exchangeable or convertible into Shares as at the Latest Practicable Date. The Company will make further announcement upon the aforesaid adjustments to the Options, if any adjustment is required to be made.

Certificates for Bonus Shares

Certificates for the Bonus Shares will be posted as soon as practicable after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto by ordinary mail to their respective addresses shown on the register of members of the Company on the Record Date.

LETTER FROM THE BOARD

CHANGE IN BOARD LOT SIZE

In order to save transaction and registration costs incurred by the Shareholders and potential investors of the Company, as disclosed in the announcement dated 25 March 2015, the Board resolved to change the board lot size for trading of the Shares from 500 Shares to 1,000 Shares with effect from 9:00 a.m. on Friday, 19 June 2015. Upon the change in board lot size becoming effective, the Shares will be traded in board lots of 1,000 Shares and the estimated market value per board lot of the Shares will be HK\$2,840 (based on the closing price of HK\$2.84 per Share as quoted on the Stock Exchange on the Latest Practicable Date).

The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and the Shareholders as a whole.

All existing share certificates in board lot of 500 Shares will continue to be evidence of legal title to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing shareholdings will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 500 Shares to new share certificates in board lot size of 1,000 Shares is necessary.

With effect from 9:00 a.m. on Friday, 19 June 2015, any new share certificates will be issued in board lot of 1,000 Shares each (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new share certificates will have the same format and colour as the existing certificates of the Shares.

For the avoidance of doubt, the Bonus Issue and the change in board lot size are not inter-conditional upon each other. The Company will continue to proceed with the change in board lot size in the event that the Bonus Issue not be approved by the Shareholders.

ODD LOT ARRANGEMENT

In order to alleviate the difficulties arising from the existence of odd lots of the Shares as a result of the Bonus Issue and the change in board lot size of the Shares, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 19 June 2015 to 4:00 p.m. on Friday, 17 July 2015, both days inclusive. Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their brokers to contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m. within such period).

LETTER FROM THE BOARD

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

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 Wednesday, 3 June 2015 at 11:00 a.m. is set out on pages 25 to 30 of this circular. Ordinary resolutions will be proposed by the Company 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 on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.comba-telecom.com. Whether or not you are able to attend the AGM, 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 Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 save that the chairman of the AGM may in good faith, allow resolutions which relate purely to a procedural or administrative matter to be voted on by a show of hands in which case every Shareholder present in person (or being a corporation, is present by a duly authorized representative) or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. An announcement will be made by the Company after the AGM on the results of the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

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 best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

To the best of the Directors' knowledge, information and belief, there are no Shareholders have material interests in the proposed grant of the Issue Mandate (including the extended Issue Mandate) and Repurchase Mandate, the proposed re-election of Directors, the Refreshment of Scheme Mandate Limit and the proposal for Bonus Issue and accordingly, no Shareholders are required to abstain from voting on the resolutions to be proposed at the AGM.

GENERAL

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation. 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

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 core connected person, that is, a Director, chief executive or Substantial Shareholder of the Company or any of its subsidiaries or a close associate of any of them and a core connected person is prohibited from knowingly selling to the Company his/her/its securities of the Company.

No core 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 1,680,235,087 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 168,023,508 fully paid Shares, representing 10% of the number of issued Shares 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 of association of the Company and the Articles.

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 2014, 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>
2014		
April	2.100	1.791
May	2.055	1.700
June	2.282	1.900
July	2.409	2.091
August	3.236	2.227
September	3.545	3.000
October	3.630	3.045
November	3.830	3.030
December	3.060	2.450
2015		
January	2.960	1.820
February	2.270	1.820
March	2.630	2.210
April (up to the Latest Practicable Date)	3.180	2.250

Note: The highest and lowest prices per Share during the period from 1 April 2014 up to 9 October 2014 were adjusted to take into account the effect of the Bonus Issue 2014.

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 close 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 of voting rights for the purpose of rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate the 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:

Name	<i>Notes</i>	Number of Shares	Percentage holding
Prime Choice Investments Limited		532,815,471	31.71%
Mr. Fok Tung Ling	1	553,213,220	32.92%
Madam Chen Jing Na	2	553,213,220	32.92%
Wise Logic Investments Limited		169,541,297	10.09%
Mr. Zhang Yue Jun	3	169,541,297	10.09%
Madam Cai Hui Ni	4	169,541,297	10.09%

Notes:

- 532,815,471 Shares and 1,413,704 Shares are beneficially owned by Prime Choice Investments Limited and Total Master Investments Limited, respectively. By virtue of 100% shareholding in each of Prime Choice Investments Limited and Total Master Investments Limited, Mr. Fok Tung Ling is deemed or taken to be interested in the total of 534,229,175 Shares owned by Prime Choice Investments Limited and Total Master Investments Limited.
- Madam Chen Jing Na is the spouse of Mr. Fok Tung Ling and is deemed to be interested in the 553,213,220 Shares in which Mr. Fok Tung Ling is deemed or taken to be interested for the purpose of the SFO.
- 169,541,297 Shares are beneficially owned by Wise Logic Investments Limited. By virtue of 100% shareholding in Wise Logic Investments Limited, Mr. Zhang Yue Jun is deemed or taken to be interested in the 169,541,297 Shares owned by Wise Logic Investments Limited.
- Madam Cai Hui Ni is the spouse of Mr. Zhang Yue Jun and is deemed to be interested in the 169,541,297 Shares in which Mr. Zhang Yue Jun is deemed or taken to be interested for the purpose 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:

Name	Percentage holding
Prime Choice Investments Limited	35.23%
Mr. Fok Tung Ling	36.58%
Madam Chen Jing Na	36.58%
Wise Logic Investments Limited	11.21%
Mr. Zhang Yue Jun	11.21%
Madam Cai Hui Ni	11.21%

On the basis of the current shareholdings of the 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

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

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) Dr. Tong Chak Wai, Wilson

Dr. Tong Chak Wai, Wilson, aged 43, is executive Director and group chief financial officer. He is also the authorized representative and company secretary of the Company. He also holds various positions in the subsidiaries of the Company, including acting as director, supervisor, company secretary and financial controller in certain subsidiaries of the Company. Dr. Tong is mainly responsible for the overall daily financial management of the Group, as well as listed company related affairs such as investors and public relations, and company secretarial duties. Dr. Tong holds a doctor of business administration degree from The Hong Kong Polytechnic University, a master of business administration degree from University of San Francisco, a master's degree in economics from Murray State University, and a bachelor's degree in accounting from University of Southern California. He is a Fellow 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 Chartered Secretaries. Dr. Tong has over 20 years of experience in finance and legal work in the listed and multinational companies. He joined the Group in 2008.

Save as disclosed above, Dr. Tong did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas 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, Dr. Tong personally holds 9,390,166 Shares, representing approximately 0.55% of the total issued voting shares of the Company. The Company granted options under the share option scheme adopted by the Company on 3 June 2013, entitling him to subscribe for 1,980,000 Shares (after adjustment as a result of the Bonus Issue 2014). Save as disclosed above, he does not have, and is not deemed to have, any other interests or short positions in any Shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Dr. 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 by giving not less than six months' written notice. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Dr. Tong's remuneration has been fixed at approximately HK\$167,000 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. Zheng Guo Bao

Mr. Zheng Guo Bao, aged 49, is executive Director and the chief executive officer of WaveLab Holdings Limited, an indirect non wholly-owned subsidiary of the Company.

He also holds various positions in the subsidiaries of the Company, including acting as legal representative and director in certain subsidiaries 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 (中國科學技術大學) 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 Filtronic Sigtek Inc., he worked as an engineering manager in wireless communications division of L3 Communications (former EER Systems, Inc.), Virginia USA. Mr. Zheng is a member of the Institute of Electrical and Electronics Engineers. He has over 28 years of experience in RF/microwave/millimeter-wave technology and wireless communications and specialized in the field of research and development. Mr. Zheng joined the Group in 2003.

Save as disclosed above, Mr. Zheng did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas 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 holds 3,736,893 Shares, representing approximately 0.22% of the total issued voting shares of the Company. Save as disclosed above, he does not have, and is not deemed to have, any other 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 eighteen months which commenced on 30 March 2008, and will continue thereafter until terminated by either party by giving not less than six months' 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 approximately 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.

(3) Mr. Liu Cai

Mr. Liu Cai, aged 75, is independent non-executive Director. He is also the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company. Mr. Liu is the chairman of the Consultative Committee for Telecom Law Drafting of the Ministry of Information Industry. From 1988 to 2001, he worked with the former Ministry of Post and Telecommunications and the Ministry of Information Industry of the PRC (the "Ministries"). As the director-general of the Policy and Regulation Department of the Ministries, Mr. Liu was directly involved and responsible for policy formulation, reform planning, laws and regulations drafting for the telecommunications industry of the PRC. Before joining the Ministries in 1988, he was engaged in research and development works at the China Academy of Post and Telecommunications after graduating from Beijing Institute of Posts and

Telecommunications (currently known as Beijing University of Posts and Telecommunications (北京郵電大學)). Mr. Liu has also been an independent director of China United Network Communications Limited since November 2009, with its A shares listed on the Shanghai Stock Exchange. He joined the Group in 2003.

Saved as disclosed above, Mr. Liu Cai did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas 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, saved as options entitling him to subscribe for 110,000 Shares (after adjustment as a result of the Bonus Issue 2014) granted by the Company under the share option scheme adopted by the Company on 3 June 2013, Mr. Liu Cai does not have, and is not deemed to have, any other interests or short positions in any Shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Liu Cai has entered into a letter of appointment with the Company for a term of one year. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Liu Cai's remuneration has been fixed at HK\$200,000 per annum, 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. Lau Siu Ki, Kevin ("Mr. Kevin Lau")

Mr. Lau Siu Ki, Kevin, aged 56, is independent non-executive Director. He is also the chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Company. Mr. Kevin Lau has over 30 years of experience in corporate finance, financial advisory and management, accounting and auditing. He is currently a consultant in the financial advisory field. Prior to that, Mr. Kevin Lau had worked in an international accounting firm for over 15 years. He is a fellow member of both the Association of Chartered Certified Accountants ("ACCA") as well as the Hong Kong Institute of Certified Public Accountants. Mr. Kevin Lau was a member of the world council of ACCA from 2002 to 2011 and was the Chairman of the Hong Kong Branch of ACCA for the year 2000/2001. He is also an independent non-executive director of seven other companies listed on the main board of the Stock Exchange namely TCL Communication Technology Holdings Limited, COL Capital Limited, FIH Mobile Limited, Samson Holding Ltd., Embry Holdings Limited, Binhai Investment Company Limited and UKF (Holdings) Limited. Mr. Kevin Lau has been appointed as an independent supervisor of the sixth session of the supervisory committee of Beijing Capital International Airport Company Limited, the shares of which are listed on the main board of the Stock Exchange, on 30 June 2014. He joined the Group in 2003.

Saved as disclosed above, Mr. Kevin Lau did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas 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, saved as options entitling him to subscribe for 110,000 Shares (after adjustment as a result of the Bonus Issue 2014) granted by the Company under the share option scheme adopted by the Company on 3 June 2013, Mr. Kevin Lau does not have, and is not deemed to have, any other interests or short positions in any Shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Kevin Lau has entered into a letter of appointment with the Company for a term of one year. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Kevin Lau's remuneration has been fixed at HK\$180,000 per annum, 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.

Both Mr. Liu Cai and Mr. Kevin Lau have served the Company as independent non-executive Directors for more than nine years, but they do not have any management role in the Company. The Company has received their annual written confirmations in accordance with rule 3.13 of the Listing Rules. The nomination committee of the Company has assessed and is satisfied of their independence. Hence, the Board is of the opinion that they remain independent within the definition of the Listing Rules by reference to the factors stated in the Listing Rules and their annual written confirmations. In view of Mr. Liu Cai's extensive experience in telecommunications industry and Mr. Kevin Lau's professional qualifications and extensive experience in the financial advisory field, the Board believes that they are capable to provide constructive contributions and an independent view in relation to the Company's affairs. Therefore, the Board considers that both Mr. Liu Cai and Mr. Kevin Lau should be re-elected at the AGM.

Save as disclosed herein, there is no information relating to each of Dr. Tong Chak Wai, Wilson, Mr. Zheng Guo Bao, Mr. Liu Cai and Mr. Kevin Lau that is required to be disclosed pursuant to rules 13.51(2)(h) to (w) 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.

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)

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 Wednesday, 3 June 2015 at 11:00 a.m., to transact the following ordinary businesses and for the purposes of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions of the Company:

1. to receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and the auditors of the Company for the year ended 31 December 2014;
2. to declare and approve a final dividend for the year ended 31 December 2014 of HK1.3 cents per share (the “**Share(s)**”) of the Company;
3.
 - (a) to re-elect Dr. Tong Chak Wai, Wilson as executive Director;
 - (b) to re-elect Mr. Zheng Guo Bao as executive Director;
 - (c) to re-elect Mr. Liu Cai as independent non-executive Director;
 - (d) to re-elect Mr. Lau Siu Ki, Kevin as independent non-executive Director;
and
 - (e) to authorize the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
4. to re-appoint Ernst & Young as the auditors of the Company and to authorize the Board to fix their remuneration;

and considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions of the Company:

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

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powers of the Company to allot, issue and deal with unissued Share(s) 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 authorize the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate number of Shares 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 and the new share option schemes 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 (the “**Articles**”) 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 number of issued Shares of the Company as at the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company (the “**Shareholders**”)) the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the number of issued Shares of the Company as at the date of the passing of the resolution no. 6),

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

- (d) for the purpose 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, the

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

- (iii) the passing of an ordinary resolution by the Shareholders 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 recognized regulatory body or any stock exchange outside Hong Kong).”

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 recognized 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 Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined below) shall not exceed 10 per cent. of the number of issued Shares 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 purpose 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;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law or any other applicable law of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.”
- 7. “**THAT** the Directors be and they are hereby authorized to exercise the authority referred to in paragraph (a) of the 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 3 June 2013 (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 any other incentive or share option schemes and may be issued under the share award scheme 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 outstanding options granted and yet to be exercised under the Share Option Scheme and any other incentive or share option schemes and may be issued under the share award scheme 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 pursuant to the exercise of such options.”
- 9. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued pursuant to this resolution:
 - (a) upon the recommendation of the Directors, an amount standing to the credit of the share premium account of the Company which is equivalent to the aggregate nominal amount of the Bonus Shares (as defined below) to be issued by the Company be capitalized and the Directors be and are hereby authorized to apply such amount in paying up in full at par such number of new Shares (“**Bonus Shares**”) on the basis of one (1) Bonus Share for every ten (10) existing Shares in issue on

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the Record Date (as defined below), and the Directors be authorized to 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 Wednesday, 10 June 2015 (or such other record date as the Directors may approve) (the “**Record Date**”), other than those members (the “**Prohibited Shareholders**”) whose addresses as shown on the Register of Members at the close of business on the Record Date are in a jurisdiction 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 Listing Rules and the memorandum of association of the Company and the Articles (if any), on the basis of one (1) Bonus Share for every ten (10) existing Shares then held by them respectively (the “**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 of association of the Company and the Articles, rank pari passu in all respects with the existing issued Shares as at the date of the allotment and issue of the Bonus Shares;
- (c) the Directors be and are hereby authorized to arrange for the Bonus Shares which would otherwise have been issued to the Prohibited Shareholders, if any, to be sold in the market as soon as practicable after dealings in the Bonus Shares commence, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Prohibited Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount to be distributed to any such persons is less than HK\$100, in which case the Directors be and are hereby authorized to retain such amount for the benefits 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
Comba Telecom Systems Holdings Limited
Fok Tung Ling
Chairman

Hong Kong, 28 April 2015

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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, 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 Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding of the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a Shareholder from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.
3. For the purpose of determining Shareholders' entitlements to the final dividend, the register of members of the Company will be closed from Tuesday, 9 June 2015 to Wednesday, 10 June 2015, both days inclusive, during which period no transfer of Shares will be registered. The record date for determination of entitlements under the final dividend will be on Wednesday, 10 June 2015. Shareholders whose names appear on the register of members of the Company on Wednesday, 10 June 2015 will be entitled to receive the final dividend. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 June 2015. The dividend warrants will be despatched to the Shareholders on Thursday, 18 June 2015.
4. In relation to the proposed resolutions nos. 5 and 7 above, approval is being sought from the Shareholders for the grant to the Directors of a general mandate to authorize the allotment and issue of Shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the Share Option Scheme and the share award scheme of the Company or any scrip dividend scheme which may be approved by Shareholders.
5. In relation to the 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. 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.
6. For the purpose of determining Shareholders' entitlements to the Bonus Issue, the Register of Members will be closed from Tuesday, 9 June 2015 to Wednesday, 10 June 2015, both days inclusive, during which period no transfer of Shares will be registered. The Record Date for determination of entitlements under the Bonus Issue will be on Wednesday, 10 June 2015. Shareholders whose names appear on the Register of Members on Wednesday, 10 June 2015 will be entitled to receive the Bonus Shares. In order to qualify for the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 June 2015. The Bonus Shares will be allotted, issued and despatched to the Shareholders on Thursday, 18 June 2015.
7. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.