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COMBA TELECOM SYSTEMS HOLDINGS LIMITED

京信通信系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2342)

ANNOUNCEMENT

IN PURSUANCE OF RULES 13.13 and 13.15 OF THE LISTING RULES

The Directors announce the details of the Receivables from two of its customers pursuant to Rules 13.13 and 13.15 of the Listing Rules. According to the latest management accounts of the Group, as at 30 June 2004, such Receivables amounted to approximately RMB177,109,000 and RMB305,867,000 (equivalent to approximately HK\$166,769,000 and HK\$288,010,000 respectively). The disclosure obligation in connection with the Receivables has arisen since 31 March 2004 and the Company's delay in making relevant public disclosure for the Receivables constitutes a breach of Rules 13.13 and 13.15 of the Listing Rules.

The following disclosure is made by Comba Telecom Systems Holdings Limited (the "Company") in compliance with the disclosure requirements under Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

According to the latest management accounts of the Group, as at 30 June 2004, the Company and its subsidiaries (the "Group") had trade receivables (the "Receivables") due from two of its customers namely, the China Mobile Group (comprising certain subsidiaries of China Mobile Communications Corporation) and the China Unicom Group (comprising certain subsidiaries of China United Telecommunications Corporation). The amounts of the Receivables were approximately RMB177,109,000 (the "CM Receivables") and RMB305,867,000 (the "CU Receivables") from the China Mobile Group and the China Unicom Group, respectively (equivalent to approximately HK\$166,769,000 and HK\$288,010,000 respectively). The CM Receivables and CU Receivables represented approximately 13% and 22% respectively of the total assets value of approximately HK\$1,317,930,000 of the Group as set out in its latest published annual report for the year ended 31 December 2003 (the "Latest Published Accounts"). As each of the CM Receivables and the CU Receivables exceeds 8% of the Group's total assets value as set out in the Latest Published Accounts, the Company is obliged to disclose such information by way of a press announcement according to Rules 13.13 and 13.15 of the Listing Rules.

The Group has well-established business relationships with the China Mobile Group and the China Unicom Group. The Group has provided comprehensive turnkey solutions to these two customers thereby optimizing the quality of their mobile networks and will continue to do so. As a technology partner of these two customers, the Group has been able to obtain more and more business from them. As a result, the Receivables increased with the increase in business

volume with these customers in the first half of 2004. The Receivables comprising purely trade receivables are interest free, unsecured and with payment terms of 3 to 6 months in general, except for those retention money receivables which are with payment terms ranging from 6 to 24 months. As at the date of this announcement, the Receivables, if not yet settled, will become due for payment from September 2004 to June 2006. The Receivables arose from the sales of wireless telecommunications coverage system equipment and the provision of related consultancy, system design, testing, and installation and maintenance services by the Group to the China Mobile Group and the China Unicom Group.

Each of the China Mobile Group and the China Unicom Group is an independent third party and not a connected person of the Company (as defined in the Listing Rules).

The CM Receivables and the CU Receivables amounted to approximately HK\$121,996,000 and HK\$231,321,000 respectively as at 31 March 2004 based on the then management accounts of the Group. The Directors were aware that the disclosure obligation pursuant to Rules 13.13 and 13.15 of the Listing Rules in connection with the Receivables arose immediately after the relevant revisions to the Listing Rules taking effect on 31 March 2004. Prior to 31 March 2004, the Company confirmed that no corresponding disclosure obligation has arisen in connection with the Receivables pursuant to the then prevailing Listing Rules. However, as the Group needed substantial time to prepare and confirm the financial information relating to the Receivables to ensure their accuracy, the Company did not make necessary public disclosure in a timely manner, which constituted a breach of Rules 13.13 and 13.15 of the Listing Rules by the Company. The Stock Exchange reserves its right to take action against the Company and its directors regarding the breach.

List of all directors of the Company as at the date of this announcement.

Executive directors:

Mr. Fok Tung Ling
Mr. Zhang Yue Jun
Mr. Chan Kai Leung, Clement
Mr. Wu Jiang Cheng
Mr. Yan Ji Ci
Mr. Zheng Guo Bao

Independent non-executive directors:

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

By Order of the Board
Chan Kai Leung, Clement
Executive Director

Hong Kong, 16 August 2004

The Directors of the Company jointly and severally accept full responsibility of the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which make any statement this announcement misleading.

“Please also refer to the published version of this announcement in The Standard”.