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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)

PLACING OF EXISTING SHARES

The Company has been informed by Mr. Fok, the Chairman and controlling shareholder of the Company, and Mr. Zhang, a substantial shareholder and a director of the Company, that the Placing Agreement has been concluded pursuant to which the Placing Agent will place, subject to conditions, an aggregate of 30,000,000 Shares to independent investors at the Placing Price of HK\$ 4.80 per Placing Share. The Placing Shares represent approximately 3.61% of the existing issued share capital of the Company. Upon completion of the Placing, Mr. Fok's interests in the Company will be reduced from 480,000,000 Shares to 453,000,000 Shares or approximately 57.83% to 54.58% of the existing issued share capital of the Company and Mr. Zhang's interests in the Company will be reduced from 120,000,000 Shares to 117,000,000 Shares or approximately 14.46% to 14.10% of the existing issued share capital of the Company.

The Company has been informed by Mr. Fok, the Chairman and controlling shareholder of the Company, and Mr. Zhang, a substantial shareholder and a director of the Company, that a placing agreement dated 23 February 2004 (the "**Placing Agreement**") has been concluded on the terms summarised below.

Parties:

The parties to the Placing Agreement are:

- (1) Mr. Fok Tung Ling ("**Mr. Fok**");
- (2) Mr. Zhang Yue Jun ("**Mr. Zhang**");
- (3) Total Master Investments Limited, a company incorporated under the laws of the British Virgin Islands ("**Total Master**") and wholly owned by Mr. Fok;
- (4) Wise Logic Investments Limited, a company incorporated under the laws of the British Virgin Islands ("**Wise Logic**") and wholly owned by Mr. Zhang; and
- (5) The Hongkong and Shanghai Banking Corporation Limited (the "**Placing Agent**"), an independent third party not being a connected person of the Company as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Mr. Fok is the Chairman and controlling shareholder of the Company and holds, through Prime Choice Investments Limited (“**Prime Choice**”) and Total Master, 480,000,000 shares of HK\$0.10 each in the capital of the Company (the “**Shares**”), representing approximately 57.83% of the existing issued share capital of the Company.

Mr. Zhang is a substantial shareholder and a director of the Company and holds, through Wise Logic, 120,000,000 Shares, representing approximately 14.46% of the existing issued share capital of the Company.

Placees:

The placees of the placing (the “**Placing**”) will be a certain number of professional independent investors. Each of the investors and its ultimate beneficial owner is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates and is not a connected person of the Company as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It is expected that none of the placees will become a substantial shareholder of the Company as a result of the Placing.

Number of Placing Shares:

30,000,000 Shares (the “**Placing Shares**”), representing approximately 3.61% of the existing issued share capital of the Company.

Placing Price:

HK\$4.80 per Placing Share (the “**Placing Price**”), representing a discount of approximately 8.57% to the closing price of HK\$5.25 per Share as quoted on The Stock Exchange of Hong Kong Limited on 23 February 2004. The Placing Price also represents a discount of approximately 3.57% to the average closing price of HK\$4.9775 per Share over the last 10 consecutive trading days up to and including 23 February 2004.

Termination events:

The Placing Agent has the right to terminate the Placing Agreement in certain circumstances such as breach of representations, warranties and undertakings given by Total Master, Wise Logic, Mr. Fok and Mr. Zhang or the occurrence of an event of force majeure.

Shareholding structure

The effects on the shareholding structure of the Company immediately after completion of the Placing are as follows:

	Existing		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Fok	480,000,000	57.83	453,000,000	54.58
Mr. Zhang	120,000,000	14.46	117,000,000	14.10
Placees	0	0	30,000,000	3.61
Public	230,000,000	27.71	230,000,000	27.71
Total	<u>830,000,000</u>	<u>100.00</u>	<u>830,000,000</u>	<u>100.00</u>

Completion of the Placing:

26 February 2004.

Upon completion of the Placing, Mr. Fok's interests in the Company, which are held through Prime Choice and Total Master, will be reduced from 480,000,000 Shares to 453,000,000 Shares or approximately 57.83% to 54.58% of the existing issued share capital of the Company and Mr. Zhang's interests in the Company, which are held through Wise Logic, will be reduced from 120,000,000 Shares to 117,000,000 Shares or approximately 14.46% to 14.10% of the existing issued share capital of the Company.

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

Hong Kong, 23 February 2004

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