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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)

DISCLOSEABLE TRANSACTION IN RELATION TO 4G PROJECT IN LAO P.D.R.

INVESTMENT IN 4G LTE NETWORK IN LAO P.D.R.

The Board is pleased to announce that it has approved the 4G Project which relates to the investment plan by the Company's 51%-owned subsidiary, ETL to build up its own 4G LTE network in Lao P.D.R.

It is planned that the aggregated capital expenditure of the 4G Project will not exceed US\$110 million. During the implementation of the 4G Project, ETL will enter into definitive procurement agreements with various equipment suppliers and services providers from time to time. As at the date of this announcement, ETL has not entered into any legally binding definitive agreements in relation to the 4G Project.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the 4G Project exceed 5% but are less than 25%, transactions under the 4G Project in aggregate shall constitute discloseable transactions and are subject to the reporting and announcement requirements, but are exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE 4G PROJECT

The Board is pleased to announce that it has approved the 4G Project which relates to the investment plan by the Company's 51%-owned subsidiary, ETL to build up its own 4G LTE network in Lao P.D.R.

It is contemplated that implementation of the 4G Project will involve various tasks including:

- coverage and capacity target analysis
- radio network planning
- site selection and survey
- network planning and simulation
- propagation of model calibration
- finalising radio design
- acquisition of equipment (including hardware, software and technical support services)
- installation of network equipment
- network testing
- launch of services

During the setup of the 4G LTE network, definitive procurement agreements with various equipment suppliers and services providers will be entered into by the Group from time to time based on arm's length negotiations and on normal commercial terms. Such definitive procurement agreements would include, without limitation, purchase of equipment, technical support and consulting services, leasing of sites and equipment, network design, etc. It is expected that the eventual equipment suppliers and service providers and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. According to the current investment plan, the aggregated capital expenditure of the 4G Project to be incurred by ETL will not exceed US\$110 million.

INFORMATION OF THE COMPANY

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in research, development, manufacture and sale of wireless telecommunications network system equipment and the provision of related engineering services.

INFORMATION ABOUT ETL

ETL was established in 2000 and was the sole state-owned telecom operator in Lao P.D.R. It is the third largest telecom operator in Lao P.D.R. ETL holds a full licence of telecom operations and operates a nationwide mobile network. It also has important competitive edges in transmission network infrastructure, which would lay a solid foundation for the development of 4G LTE network. As announced on 17 October 2016, the Group acquired further interest in ETL and following the completion of which ETL has changed to a foreign invested limited liability company and become a 51%-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE 4G PROJECT

With distinctive geographical advantages over other ASEAN countries, Lao P.D.R. is one of the key regions in implementing the PRC's mutual market access strategy and its economic cooperation in the Greater Mekong Region to align with ASEAN countries. It is also one of the major countries and strategic fulcrums along the regions covered by the "Belt and Road" initiative proposed by the PRC. The unique geographical location has provided Lao P.D.R. with geo-economic advantages. On one hand, located at the heart of Indochina and Lancang-Mekong Cooperation area, Lao P.D.R. is connected to Cambodia, Thailand, Myanmar, Vietnam and the PRC, and hence a key boundary crossing point connecting the PRC and other Southeast Asia countries, through which cross-border trading and investment between the PRC and other Southeast Asia countries can be realised via road access to Lao P.D.R. In particular, upon the completion of construction of the China-Laos Railway, the traffic condition within Lao P.D.R. will be improved significantly, hence enhancing the status of Lao P.D.R. in terms of regional economic cooperation. On the other hand, as a neighboring country of the PRC, Lao P.D.R. also provided convenient port access for Chinese enterprises to carry out investments in Lao P.D.R.

Lao P.D.R. initiated the national strategy of "transforming from a land-locked state to a land-linked state" and implemented an open door policy to encourage foreign investment. In order to provide a favourable investment environment for foreign investors and promote investment in different sectors, the Lao Government has introduced a series of supporting policies. In recent years, Lao P.D.R. has experienced continuous and rapid economic growth and was able to maintain steady economic growth against the backdrop of global economic growth deceleration. It is the fastest growing country in Southeast Asia which maintained a minimum gross domestic product growth of around 7%. With the establishment of China-ASEAN Free Trade Area and the vigorous promotion of the "Belt and Road" initiative, the economic and trading relationship between the PRC and Lao P.D.R. has witnessed gradual improvement.

ETL is sponsored to promote the development of telecommunication network and telecommunication services, value added services and other services in Lao P.D.R.

ETL holds a full licence of telecom operations and is the third largest telecom operator in Lao P.D.R. ETL has established an optical fiber network coverage throughout Lao P.D.R. The wide spectrum of customers of ETL, which spans from government departments to leading industrial and commercial enterprises in Lao P.D.R., will provide ready users for ETL's 4G LTE network. The Group will be able to provide ETL with comprehensive network solutions to 4G mobile networks during the setup of the 4G LTE network.

Based on the above the Directors (including the independent non-executive Directors) believe that the 4G Project is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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GENERAL

The exact terms of investment contemplated under the 4G Project are subject to the terms of the definitive procurement agreements to be entered into from time to time during implementation. The Board wishes to emphasize that as at the date of this announcement, ETL has not entered into any legally binding agreements in relation to the 4G Project. The Company will monitor the progress of the 4G Project and comply with Chapter 14 and other applicable provisions in the Listing Rules and make further announcement as and when appropriate.

DEFINITIONS

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

“ASEAN”	The Association of Southeast Asian Nations
“Board”	the board of Directors
“Company”	Comba Telecom Systems Holdings Limited (京信通信系統控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“ETL”	ETL Company Limited, formerly a state-owned company incorporated under the laws of Lao P.D.R. and now having converted into a foreign invested limited liability company which is owned as to 51% by the Group and 49% by the Lao Government
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lao Government”	the Government of the Lao P.D.R.
“Lao P.D.R.”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“4G LTE network”	long-term evolution network with the fourth generation of broadband cellular network technology
“4G Project”	the investment plan of ETL to build up its own 4G LTE network in Lao P.D.R.
“%”	per cent.

By order of the Board
Comba Telecom Systems Holdings Limited
Fok Tung Ling
Chairman

Hong Kong, 12 December 2017

As at the date of this announcement, the Board comprises the following executive Directors: Mr. FOK Tung Ling, Mr. ZHANG Yue Jun, Mr. ZHENG Guo Bao, Mr. YEUNG Pui Sang, Simon and Mr. ZHANG Yuan Jian; and the following independent non-executive Directors: Mr. LAU Siu Ki, Kevin, Dr. LIN Jin Tong and Mr. QIAN Ting Shuo.