
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 adviser.

If you have sold or transferred all your shares in Comba Telecom Systems Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Comba
COMBA TELECOM SYSTEMS HOLDINGS LIMITED
京 信 通 信 系 統 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2342)

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

A notice convening the annual general meeting of the Company to be held at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong on Monday, 24 May 2010 at 3:30 p.m. is set out on pages 20 to 24 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.comba-telecom.com.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Company’s Hong Kong branch 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 annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held on Monday, 24 May 2010 at 3:30 p.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)” or “Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares on the basis of one Bonus Share for every 10 existing Shares held on the Record Date by the Qualifying Shareholders
“Bonus Shares”	the new Shares to be issued under the Bonus Issue
“Company”	Comba Telecom Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Eligible Participant(s)”	any full-time or part-time employees of the Company or its subsidiaries (including any executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries) and any adviser or consultant, distributors, suppliers, agents, customers, partners, joint venture partners, promoter, service providers to the Group who, in the sole discretion of the Board, have contributed or may contribute to the Group, are eligible for Options under the Share Option Scheme
“Excepted Shareholders”	those Overseas Shareholders whom the Board, after making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant body or stock exchange in that place not to extend the Bonus Issue to them
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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 issued share capital of the Company as at the date of shareholders’ approval for the grant of the Issue Mandate
“Latest Practicable Date”	Wednesday, 14 April 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the options granted under the Share Option Scheme which are to subscribe for Shares in accordance with the Share Option Scheme
“Overseas Shareholders”	holders of Shares whose addresses as shown on the register of members on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Qualifying Shareholders”	holders of Shares whose names are shown on the register of members on the Record Date (and not being Excepted Shareholders), who are entitled to participate in the Bonus Issue
“Record Date”	Monday, 24 May 2010, being the record date for determination of entitlements to the final and special dividends and the Bonus Issue
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of shareholders’ approval for the grant of the Repurchase Mandate
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 20 June 2003

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

2010

Last day of dealings in the Shares with cum-entitlements to the final and special dividends and the Bonus Issue	Monday, 17 May
First day of dealings in the Shares with ex-entitlements to the final and special dividends and the Bonus Issue	Tuesday, 18 May
Latest time for lodging transfers of the Shares for entitlements to the final and special dividends and the Bonus Issue	4:30 pm on Wednesday, 19 May
Closure of register of members of the Company	From Thursday, 20 May to Monday, 24 May
Latest time to return form of proxy for the AGM (<i>Note</i>)	3:30 pm on Saturday, 22 May
Date and time of AGM	3:30 p.m. on Monday, 24 May
Record date for determination of entitlements to the final and special dividends and the Bonus Issue	Monday, 24 May
Register of members re-opens	Tuesday, 25 May
Dividend cheques and certificates for the Bonus Shares expected to be despatched.	Tuesday, 1 June
Dealing in Bonus Shares commence	Thursday, 3 June

Note: Each of 21 May 2010 and 22 May 2010 is a public holiday and a Saturday respectively. Therefore, shareholders are encouraged to return forms of proxy for the AGM before 6:00 p.m. on Thursday, 20 May 2010.

Comba
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京 信 通 信 系 統 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2342)

Executive Directors:

Mr. FOK Tung Ling (*Chairman and President*)
Mr. ZHANG Yue Jun
Mr. TONG Chak Wai, Wilson
Mr. WU Jiang Cheng
Mr. YAN Ji Ci
Mr. ZHENG Guo Bao
Mr. YEUNG Pui Sang, Simon

Independent non-executive Directors:

Mr. YAO Yan
Mr. LAU Siu Ki, Kevin
Mr. LIU Cai

Registered office:

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

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

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

21 April 2010

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

Dear Sir or Madam,

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

INTRODUCTION

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

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

LETTER FROM THE BOARD

ISSUE MANDATE AND REPURCHASE MANDATE

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

Issue Mandate

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

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

As at the Latest Practicable Date, the Company has an aggregate of 1,072,324,835 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 214,464,967 Shares.

Repurchase Mandate

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

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 107,232,483 Shares.

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

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

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

According to Articles 87(1) and 87(2), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) who have been longest in office shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

In accordance with Article 87(1) and 87(2), Mr. Fok Tung Ling, Mr. Yao Yan, Mr. Lau Siu Ki, Kevin and Mr. Liu Cai shall retire from office by rotation at the AGM. Being eligible, each of Mr. Fok Tung Ling, Mr. Yao Yan, Mr. Lau Siu Ki, Kevin and Mr. Liu Cai will offer himself for re-election as Director.

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Fok Tung Ling, Mr. Yao Yan, Mr. Lau Siu Ki, Kevin and Mr. Liu Cai as Directors.

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

REFRESHMENT OF SCHEME MANDATE LIMIT

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

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

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

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

The Scheme Mandate Limit was further refreshed on 2 June 2009 for a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorised to grant options to subscribe for up to a maximum number of 85,577,300 shares.

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

- (i) the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the refreshed Scheme Mandate Limit; and

LETTER FROM THE BOARD

- (ii) options previously granted under the Shares Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

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

Up to the Latest Practicable Date, the Company has granted Options under the Share Option Scheme which entitled holders thereof to subscribe for 168,854,780 Shares, of which, 68,479,275 Options were exercised, 31,453,020 Options were cancelled, 16,092,600 were lapsed. The Directors consider that the Company should refresh the Scheme Mandate Limit so that the Company has greater flexibility to provide incentives to, and recognize the contributions of the Eligible Participants under the terms of the Share Option Scheme.

As at the Latest Practicable Date, there were 1,072,324,835 Shares in issue. Assuming no further issue or repurchase of Shares prior to the AGM, upon refreshment of the Scheme Mandate Limit by the Shareholders at the AGM, the Company may grant options entitling holders thereof to subscribe for up to a maximum number of 107,232,483 Shares, representing 10% of the issued share capital of the Company as at the date of AGM. The total number of Shares which may be issued upon exercise of the “refreshed” Scheme Mandate Limit of 107,232,483 Shares together with all outstanding options as at the Latest Practicable Date carrying the right to subscribe 52,829,885 Shares is 160,062,368 Shares, representing approximately 14.9% of the total number of Shares in issue as at the date of AGM. No options may be granted if this will result in the number of Shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company exceeds 30% of the Shares in issue from time to time.

The Refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution to approve the Refreshment of the Scheme Mandate Limit at the AGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of passing the resolution of refreshment of Scheme Mandate Limit at the AGM) which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme and any other share option schemes of the Company.

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

PROPOSAL FOR BONUS ISSUE OF SHARES

Reference is made to the annual results announcement dated 31 March 2010, in which the Board announced that it had resolved to propose a Bonus Issue to the Shareholders in recognition of the continual support of the Shareholders.

LETTER FROM THE BOARD

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

Basis of Bonus Issue

Subject to the conditions as set out under the heading “Conditions of Bonus Issue” below, the Bonus Issue is proposed to be made on the basis of one Bonus Share for every 10 existing Shares held on the Record Date by the Shareholders. The Bonus Shares will be issued and credited as fully paid at par, by capitalization of such amount standing to the credit of the share premium account of the Company. On the basis of 1,072,324,835 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, 107,232,483 Bonus Shares will be issued under the Bonus Issue (representing 10% of the issued share capital as at the Latest Practicable Date and the Record Date), and HK\$10,723,248 standing to the credit of the share premium account of the Company will be capitalized for paying up in full at par 107,232,483 Bonus Shares.

Record Date and closure of register of members

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

The register of members of the Company will be closed from Thursday, 20 May 2010 to Monday, 24 May 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, special dividend, and the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 pm on Wednesday, 19 May 2010.

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

Reasons for the proposed Bonus Issue

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

Excepted Shareholders

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

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are no Overseas Shareholders in the register of member of the Company. As such, no specific enquiry in respect of the above will be made by the Board, unless otherwise announced by the Company later.

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.

Fraction of Bonus Shares

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

Conditions of Bonus Issue

The Bonus Issue is conditional upon:

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

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

Adjustments of Options

As at the Latest Practicable Date, there are 52,829,885 Options outstanding. The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of outstanding Options. Other than the Options, the Company 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 adjustment is required and has been made.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on Tuesday, 1 June 2010 after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on Thursday, 3 June 2010.

LETTER FROM THE BOARD

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 Monday, 24 May 2010 at 3:30 p.m. is set out on pages 20 to 24 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the proposed grant of the Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate, the proposed re-election of Directors, the Refreshment of the Scheme Mandate Limit and the proposal for Bonus Issue.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.comba-telecom.com. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch 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 and an announcement will be made by the Company after the AGM on the results of the AGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider the proposed grant of the Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate, the proposed re-election of Directors, the Refreshment of the Scheme Mandate Limit, and the proposal for Bonus Issue are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

Application has been made by the Company for waiver from strict compliance with Rules 19.10(2) and 19.10(3) of the Listing Rules regarding the requirements on including in this circular summaries of: (a) the provisions of the constitutive documents of the Company in so far as they may affect shareholders' rights and protections and directors' powers; and (b) the relevant regulatory provisions of the jurisdiction in which the Company is incorporated. Such waiver was granted by the Stock Exchange on 8 April 2010.

LETTER FROM THE BOARD

DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum and articles of association of the Company; and
- (b) the annual reports of the Group for the two financial year ended 31 December 2009; and
- (c) a summary of the relevant regulatory laws and regulations of the Cayman Islands.

GENERAL

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

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

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

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

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

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

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,072,324,835 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 107,232,483 fully paid Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution.

3. REASONS FOR THE REPURCHASE

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

4. FUNDING OF REPURCHASES

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

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2009, 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>
2009		
April	2.934	2.273
May	3.718	2.620
June	3.982	3.227
July	5.445	3.718
August	5.055	4.191
September	8.400	4.509
October	9.060	6.700
November	8.900	7.490
December	9.970	8.140
2010		
January	9.600	7.840
February	8.730	7.010
March	9.950	8.420
April (up to the Latest Practicable Date)	11.220	9.890

Note : The highest and lowest prices per share during the period from 1 April 2009 up to 5 October 2009 were adjusted to take into account the effect of the bonus issues approved by the Company's Shareholders on 2 June 2009 and 9 October 2009.

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

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

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

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

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

<u>Name</u>	<u>Notes</u>	<u>Number of Shares</u>	<u>Percentage holding</u>
Prime Choice Investments Limited		413,134,262	38.53%
Mr. Fok Tung Ling	1	427,066,202	39.83%
Madam Chen Jing Na	2	427,066,202	39.83%
Wise Logic Investments Limited		120,983,060	11.28%
Mr. Zhang Yue Jun	3	120,983,060	11.28%
Madam Cai Hui Ni	4	120,983,060	11.28%

Notes:

1. 413,134,262 Shares and 965,580 Shares are beneficially owned by Prime Choice Investments Limited (“Prime Choice”) and Total Master Investments Limited (“Total Master”), respectively. By virtue of his 100% shareholding in each of Prime Choice and Total Master, Mr. Fok Tung Ling, an executive Director, is deemed or taken to be interested in the total of 414,099,842 Shares owned by Prime Choice and Total Master.
2. Madam Chen Jing Na is the spouse of Mr. Fok Tung Ling and is deemed to be interested in the 427,066,202 Shares in which Mr. Fok is deemed or taken to be interested for the purposes of the SFO.
3. These shares are beneficially owned by Wise Logic Investments Limited (“Wise Logic”). By virtue of his 100% shareholding in Wise Logic, Mr. Zhang Yue Jun is deemed or taken to be interested in the 120,983,060 shares owned by Wise Logic.
4. Madam Cai Hui Ni is the spouse of Mr. Zhang Yue Jun and is deemed to be interested in the 120,983,060 Shares in which Mr. Zhang is deemed or taken to be interested for the purposes of the SFO.

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

<u>Name</u>	<u>Percentage holding</u>
Prime Choice Investments Limited	42.81%
Mr. Fok Tung Ling	44.25%
Madam Chen Jing Na	44.25%
Wise Logic Investments Limited	12.54%
Mr. Zhang Yue Jun	12.54%
Madam Cai Hui Ni	12.54%

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

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

7. SHARES REPURCHASE MADE BY THE COMPANY

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) Mr. Fok Tung Ling (“Mr. Fok”)

Mr. Fok, aged 53, chairman of the Board and president. Mr. Fok is primarily responsible for the Group’s overall strategic management and business development. From 1982 to 1987, Mr. Fok worked as a technical engineer in the Microwave Telecommunications Main Station of the Guangdong Bureau of Post and Telecommunications (廣東省郵電局微波通信總站). In 1986, he graduated from the Beijing Institute of Post and Telecommunications (currently known as the Beijing University of Post and Telecommunications (北京郵電大學)), majoring in microwave communications. Prior to 1991, Mr. Fok worked as a marketing executive in China Electronics Import-Export Corporation, South China Branch (中國電子進出口總公司華南分公司) which was engaged in the import and export of electronic products. From 1991 to 1997, Mr. Fok was engaged in the trading of telecommunications and electronic equipment and components before co-founding the Group in 1997. Mr. Fok has over 28 years of experience in wireless communications.

Mr. Fok also acts as directors of several subsidiaries of the Company. He is the sole director of Prime Choice Investments Limited, which is a substantial shareholder of the Company.

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

As at the Latest Practicable Date, Mr. Fok personally holds 427,066,202 Shares in the Company, representing approximately 39.83% of the issued share capital of the Company. Save as disclosed above, Mr. Fok does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Fok has entered into a service contract with the Company for an initial term of three years which commenced on 1 July 2003, and will continue thereafter until terminated by either party giving not less than six month’s written notice. He will be subject to retirement by rotation and re-election at the general meetings of the Company. Mr. Fok’s remuneration has been fixed at HK\$195,000 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. Yao Yan (“Mr. Yao”)

Mr. Yao, aged 72, independent non-executive Director. He is also a member of the remuneration committee and the audit committee of the Company. Mr. Yao is currently the deputy director of Academy Committee of State Key Lab and a professor in the Department of Electronics Engineering of Tsinghua University. He was the director of the State Key Lab in 1998. Mr. Yao joined the Group in 2003.

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

As at the Latest Practicable Date, Mr. Yao does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Yao has entered into a service contract 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. Yao's remuneration has been fixed at HK\$150,000 per year, 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. Lau Siu Ki, Kevin ("Mr. Lau")

Mr. Lau, aged 51, independent non-executive Director. He is also the chairman of the remuneration committee and the audit committee of the Company. He has over 25 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. Lau had worked in an international accounting firm for over 15 years. Mr. Lau is a fellow member of both the Association of Chartered Certified Accountants ("ACCA") as well as the Hong Kong Institute of Certified Public Accountants. He is now a member of the Council of ACCA. He has also served as a member of the Committee of the Hong Kong branch of ACCA since 1995 and was the Chairman of ACCA Hong Kong for the year 2000/2001. Mr. Lau is also an independent non-executive Director of Binhai Investment Company Limited, a company listed on the Growth Enterprise Market of The Stock Exchange and eight other companies listed on the main board of The Stock Exchange namely Carry Wealth Holdings Limited, Greenfield Chemical Holdings Limited, TCL Communication Technology Holdings Limited, COL Capital Limited, Foxconn International Holdings Limited, Proview International Holdings Limited, Samson Holding Ltd. and Embry Holdings Limited. Mr. Lau had been an independent non-executive director of Forefront International Holdings Limited until his resignation on 18 April 2007. Mr. Lau joined the Group in 2003.

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

As at the Latest Practicable Date, Mr. Lau does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Lau has entered into a service contract 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. Lau's remuneration has been fixed at HK\$150,000 per year, 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. Liu Cai ("Mr. Liu")

Mr. Liu, aged 70, independent non-executive Director. He is also a member of the remuneration committee and the audit committee of the Company. He is the vice chairman of the China Institute of Communications and chairman of the Consultative Committee for Telecom Law Drafting of the Ministry of Information Industry. From 1988 to 2001, Professor Liu 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, he 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 1998, Professor Liu was engaged in research and development works at the China Academy of Post and Telecommunications after graduating from the Beijing Institute of Post and Telecommunications (currently known as the Beijing University of Post and Telecommunications). Mr. Liu has also been an independent non-executive director of China United Network Communications Limited since November 2009, with its A shares listed on the Shanghai Stock Exchange. Mr. Liu joined the Group in 2003.

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

As at the Latest Practicable Date, Mr. Liu does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the SFO) of the Company.

Mr. Liu has entered into a service contract 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's remuneration has been fixed at HK\$200,000 per year, which are determined by the Board with reference to his duties, performance and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions.

Save as disclosed herein, there is no information relating to each of Mr. Fok Tung Ling, Mr. Yao Yan, Mr. Lau Siu Ki, Kevin and Mr. Liu Cai 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 Monday, 24 May 2010 at 3:30 p.m., to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2009;
2. to declare and approve a final dividend for the year ended 31 December 2009 of HK8 cents per Share;
3. to declare and approve a special dividend for the year ended 31 December 2009 of HK4 cents per Share;
4.
 - (a) to re-elect Mr. Fok Tung Ling as executive Director;
 - (b) to re-elect Mr. Yao Yan as independent non-executive Director;
 - (c) to re-elect Mr. Lau Siu Ki, Kevin as independent non-executive Director;
 - (d) to re-elect Mr. Liu Cai as independent non-executive Director;
 - (e) to authorise the board of Directors to fix the Directors’ remuneration;
5. to re-appoint Ernst & Young as the auditors of the Company and to authorise the board of Directors to fix their remuneration;

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

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

NOTICE OF AGM

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 6),

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

- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law (Law 3 of 1961, as consolidated and revised) (the “**Companies Law**”) or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

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

NOTICE OF AGM

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

NOTICE OF AGM

10. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares (as defined in paragraph (a) of this resolution):
- (a) upon the recommendation of the Directors, an amount of HK\$10,723,248 standing to the credit of the share premium account of the Company be capitalized and the Directors be and are hereby authorized to apply such amount in paying up in full at par 107,232,483 new Shares of HK\$0.10 each in the capital of the Company (“**Bonus Shares**”), and the Directors be authorized to be allot, issue and distribute, the Bonus Shares which are credited as fully paid, to the members of the Company whose names appear on the principal or branch register of members of the Company in Hong Kong (the “**Register of Members**”) as at the close of business on Monday, 24 May 2010 (the “**Record Date**”), other than those members (the “**Excepted Members**”) whose addresses as shown on the Register of Members at the close of business on the Record Date are in places outside Hong Kong and in respect of whom the Directors consider the exclusion from the Bonus Issue (as defined below) to be necessary or expedient in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the memorandum and articles of association of the Company, on the basis of one Bonus Share for every 10 existing Shares of HK\$0.10 each in the capital of the Company then held by them respectively (“**Bonus Issue**”), and the Directors be authorized to settle, as they consider appropriate, any difficulty in regard to any distribution of the Bonus Shares;
 - (b) the Bonus Shares to be issued pursuant to this resolution shall, subject to the memorandum and articles of association of the Company and, rank *pari passu* in all respects with the existing issued Shares of HK\$0.10 each in the capital of the Company, except that they will not be eligible for the Bonus Issue of Shares mentioned in this resolution and the final and special dividends for the year ended 31 December 2009, if any;
 - (c) the Directors be and hereby authorized to arrange for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case the Directors be and are hereby authorized to retain such amount for the benefit of the Company; and
 - (d) the Directors be and are hereby authorized to do all acts and things as may be necessary and expedient in connection with the issue of the Bonus Shares.”

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

Hong Kong, 21 April 2010

NOTICE OF AGM

Registered office:

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

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

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

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's Hong Kong branch 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 the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.
3. The register of members of the Company will be closed from Thursday, 20 May 2010 to Monday, 24 May 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final and special dividends and the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on Wednesday, 19 May 2010. The bonus shares will be issued and allotted to the shareholders on Tuesday, 1 June 2010, both subject to shareholders' approval at the Company's forthcoming annual general meeting.
4. In relation to proposed resolutions nos. 6 and 8 above, approval is being sought from the shareholders for the grant to the directors of the Company of a general mandate to authorise the allotment and issue of shares of the Company under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
5. In relation to proposed resolution no. 7 above, the directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to this circular.