
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 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, 23 May 2011 at 3:00 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 share registrar and transfer office, 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.

18 April 2011

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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, 23 May 2011 at 3:00 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 1 Bonus Share for every 10 existing Shares held on the Record Date by the Shareholders
“Bonus Shares”	the new Shares 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, 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 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

DEFINITIONS

“Final Dividend”	the proposed final dividend of HK8 cents per Share in respect of the year ended 31 December 2010 to Shareholders whose names appear on the register of members of the Company on the Record Date
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	Tuesday, 12 April 2011, 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 entitled 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 in jurisdictions 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 of the Company on the Record Date (and not being Excepted Shareholders), who are entitled to participate in the Bonus Issue
“Record Date”	Monday, 23 May 2011, being the record date for determination of entitlements to the Final Dividend, the Special Dividend 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

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 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
“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)
“Special Dividend”	the proposed special dividend of HK4 cents per Share in respect of the year ended 31 December 2010 to Shareholders whose names appear on the register of members of the Company on the Record Date
“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

2011

Last day of dealings in the Shares with cum-entitlements to the Final Dividend, the Special Dividend and the Bonus Issue	Tuesday, 17 May
First day of dealings in the Shares with ex-entitlements to the Final Dividend, the Special Dividend and the Bonus Issue	Wednesday, 18 May
Latest time for lodging transfers of the Shares for entitlements to the Final Dividend, the Special Dividend and the Bonus Issue	4:30 p.m. on Thursday, 19 May
Closure of register of members of the Company	From Friday, 20 May to Monday, 23 May
Latest time to return form of proxy for the AGM (<i>Note</i>)	3:00 p.m. on Saturday, 21 May
Date and time of AGM	3:00 p.m. on Monday, 23 May
Record date for determination of entitlements to the Final Dividend, the Special Dividend and the Bonus Issue	Monday, 23 May
Register of members of the Company re-opens	Tuesday, 24 May
Dividend warrants and certificates for the Bonus Shares expected to be despatched.	Tuesday, 31 May
Dealing in Bonus Shares commence	Thursday, 2 June

Note: 21 May 2011 is a Saturday. Therefore, Shareholders are encouraged to return forms of proxy for the AGM before 6:00 p.m. on Friday, 20 May 2011.

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)

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

18 April 2011

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 (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 authorizing 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 1,332,548,071 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 266,509,614 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 133,254,807 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. Zhang Yue Jun, Mr. Wu Jiang Cheng, Mr. Yan Ji Ci and Mr. Yeung Pui Sang, Simon shall retire from office by rotation at the AGM. Being eligible, each of Mr. Zhang Yue Jun, Mr. Wu Jiang Cheng, Mr. Yan Ji Ci and Mr. Yeung Pui Sang, Simon will offer himself for re-election as Director.

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Zhang Yue Jun, Mr. Wu Jiang Cheng, Mr. Yan Ji Ci and Mr. Yeung Pui Sang, Simon 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 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 authorized 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 authorized 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 authorized to grant options to subscribe for up to a maximum number of 85,577,300 Shares.

The Scheme Mandate Limit was further refreshed on 24 May 2010 for a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorized to grant options to subscribe for up to a maximum number of 107,628,126 Shares.

LETTER FROM THE BOARD

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 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 any other incentive or share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

Up to the Latest Practicable Date, the Company has granted, in aggregate, Options under the Share Option Scheme which entitled holders thereof to subscribe for 211,200,758 Shares, of which, 101,792,996 Options were exercised, 31,458,574 Options were cancelled, 16,235,051 Options 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. The Directors consider that the refreshment of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme and is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, there were 1,332,548,071 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 133,254,807 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 133,254,807 Shares together with all outstanding options as at the Latest Practicable Date carrying the right to subscribe 61,714,137 Shares is 194,968,944 Shares, representing approximately 14.6% 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 incentive or 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 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 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 the exercise of the options that may be granted under the refreshed Scheme Mandate Limit.

LETTER FROM THE BOARD

PROPOSAL FOR BONUS ISSUE OF SHARES

Reference is made to the annual results announcement dated 25 March 2011, in which the Board announced that it had resolved to recommend the payment of a Final Dividend of HK8 cents per Share and a Special Dividend of HK4 cents per Share and propose a Bonus Issue to the Shareholders in recognition of the continual support of 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 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 1 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 1,332,548,071 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, 133,254,807 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\$13,325,481 standing to the credit of the share premium account of the Company will be capitalized for paying up 133,254,807 Bonus Shares in full at par.

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 Friday, 20 May 2011 to Monday, 23 May 2011, both days inclusive, during which period no transfer of Shares will be effected. The Record Date for determination of entitlements under the Final Dividend, the Special Dividend and the Bonus Issue will be on Monday, 23 May 2011. Shareholders whose names appear on the register of members of the Company on Monday, 23 May 2011 will be entitled to receive the Final Dividend, the Special Dividend and the Bonus Shares (subject to Shareholders’ approval at the AGM). In order to qualify for the Final Dividend, the Special Dividend and 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 no later than 4:30 p.m. on Thursday, 19 May 2011. Dividend warrants will be despatched on Tuesday, 31 May 2011 and the Bonus Shares will be issued and allotted to the Shareholders on Tuesday, 31 May 2011, both subject to Shareholders’ approval at the AGM.

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.

LETTER FROM THE BOARD

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 therefor will be posted to them, at their own risk, unless the amount to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

As at the Latest Practicable Date, there are no Overseas Shareholders in the register of members 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 other than the right to participate in the Bonus Issue and the right to receive the Final Dividend and the Special Dividend for the year ended 31 December 2010.

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; and
- (ii) the Stock Exchange granting the listings of, and permission to deal in, the Bonus Shares.

Application will be made to the Stock Exchange in respect of such listings of, and permission to deal in, the Bonus Shares. Apart from making listing application to 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.

LETTER FROM THE BOARD

Adjustments of Options

As at the Latest Practicable Date, there are 61,714,137 Options outstanding. The Bonus Issue may lead to adjustment to the exercise price and 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, 31 May 2011 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, 2 June 2011.

Proposed Issue of New Shares under the Share Award Scheme

Reference is also made to the announcement of the Company (the “Award Announcement”) dated 12 April 2011 in relation to the award of 26,000,000 new Shares under the share award scheme adopted on 25 March 2011 to certain selected persons. The issue and allotment of such new Shares shall be subject to condition(s) as disclosed in the Award Announcement. Please refer to the Award Announcement for further details.

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, 23 May 2011 at 3:00 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 share registrar and transfer office, 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.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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 or this circular 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 best 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.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong from the date of this circular up to and including the date of AGM:

- (a) the memorandum of association of the Company and Articles of Association; and
- (b) the annual reports of the Group for the two financial years ended 31 December 2010; 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.

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 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 1,332,548,071 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 133,254,807 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 of association of the Company and Articles of Association.

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 2010, 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>
2010		
April	10.513	8.174
May	10.091	7.409
June	8.909	7.636
July	8.245	6.718
August	7.636	6.909
September	9.120	7.264
October	9.700	8.310
November	9.050	8.160
December	9.050	8.300
2011		
January	9.640	8.050
February	8.970	7.830
March	9.520	8.080
April (up to the Latest Practicable Date)	9.580	9.130

Note: The highest and lowest prices per Share during the period from 1 April 2010 up to 22 September 2010 were adjusted to take into account the effect of the two Bonus Issues approved by the Shareholders on 24 May 2010 and 29 September 2010.

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		471,892,456	35.41%
Mr. Fok Tung Ling	1	488,750,102	36.68%
Madam Chen Jing Na	2	488,750,102	36.68%
Wise Logic Investments Limited		139,389,502	10.46%
Mr. Zhang Yue Jun	3	139,389,502	10.46%
Madam Cai Hui Ni	4	139,389,502	10.46%

Notes:

- 471,892,456 Shares and 1,168,351 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, is deemed or taken to be interested in the total of 473,060,807 Shares owned by Prime Choice and Total Master.
- Madam Chen Jing Na is the spouse of Mr. Fok Tung Ling and is deemed to be interested in the 488,750,102 Shares in which Mr. Fok is deemed or taken to be interested for the purposes of the SFO.
- 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 139,389,502 Shares owned by Wise Logic.
- Madam Cai Hui Ni is the spouse of Mr. Zhang Yue Jun and is deemed to be interested in the 139,389,502 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	39.35%
Mr. Fok Tung Ling	40.75%
Madam Chen Jing Na	40.75%
Wise Logic Investments Limited	11.62%
Mr. Zhang Yue Jun	11.62%
Madam Cai Hui Ni	11.62%

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. Zhang Yue Jun (“Mr. Zhang”)

Mr. Zhang, aged 52, vice chairman and executive vice president, R&D. Mr. Zhang is responsible for the overall research and development of new technology and products, and the overall quality control of products. He graduated from South China Institute of Technology (currently known as South China University of Technology (華南理工大學)) in 1982 and obtained a bachelor’s degree in wireless engineering. From 1982 to 1990, Mr. Zhang worked as a microwave telecommunications engineer in Nanjing and from 1990 to 1997 he was the deputy chief engineer of a joint venture company in Shenzhen and was mainly responsible for wireless telecommunications projects. Mr. Zhang has over 28 years of experience in wireless communications and he co-founded the Group in 1997. Mr. Zhang is the sole director of Wise Logic Investments Limited, which is a substantial Shareholder of the Company.

Mr. Zhang also acts as directors of several subsidiaries of the Company. Save as disclosed herein, Mr. Zhang 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. Zhang personally holds 139,389,502 Shares in the Company, representing approximately 10.46% of the issued share capital of the Company. Save as disclosed above, Mr. Zhang 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. Zhang 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 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. Zhang’s remuneration has been fixed at HK\$171,000 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. Wu Jiang Cheng (“Mr. Wu”)

Mr. Wu, aged 51, executive Director and senior vice president, PRC marketing and sales. He is responsible for the formulation and implementation of the Group’s overall sales and marketing strategies in the PRC and is also involved in the supervision of the implementation of such strategies. He graduated from the Southwest Jiaotong University (西南交通大學) in 1982 and obtained a bachelor’s degree in electrical engineering and an EMBA degree from School of Economics and Management of Tsinghua University (清華大學經濟管理學院) in 2006. Mr. Wu has been a lecturer of engineering department for over 10 years and in the last two years of which he taught at Guangzhou University. Mr. Wu also has over 18 years of experience in communications and marketing and he joined the Group in 1997.

Mr. Wu also holds various positions in the subsidiaries of the Company, including acting as the legal representatives and directors in several subsidiaries of the Company. Save as disclosed herein, Mr. Wu 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. Wu personally holds 6,178,502 Shares in the Company, representing approximately 0.46% of the issued share capital of the Company and granted Options under the Share Option Scheme entitling him to subscribe for 4,337,850 Shares. Subject to fulfillment of conditions of the award, Mr. Wu is also awarded with 600,000 Shares as disclosed in the Award Announcement. Save as disclosed above, Mr. Wu 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. Wu 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 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. Wu's remuneration has been fixed at HK\$136,000 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. Yan Ji Ci ("Mr. Yan")

Mr. Yan, aged 56, executive Director and senior vice president, production operations. Mr. Yan is responsible for the operations of the supply chain and the procurement management of the Group as well as the production management of the Group's production facilities in Guangzhou, the PRC. Mr. Yan graduated from South China Normal University (華南師範大學), majoring in political science. Mr. Yan has over 35 years of experience in operations and human resources management. He joined the Group in 1997.

Mr. Yan also holds various positions in the subsidiaries of the Company, including acting as the legal representative in a subsidiary and directors in several subsidiaries of the Company. Save as disclosed herein, Mr. Yan 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. Yan personally holds 5,212,196 Shares in the Company, representing approximately 0.39% of the issued share capital of the Company and granted Options under the Share Option Scheme entitling him to subscribe for 4,129,130 Shares. Subject to fulfillment of conditions of the award, Mr. Yan is also awarded with 520,000 Shares as disclosed in the Award Announcement. Save as disclosed above, Mr. Yan 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. Yan 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 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. Yan's remuneration has been fixed at HK\$115,000 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.

(4) Mr. Yeung Pui Sang, Simon ("Mr. Yeung")

Mr. Yeung, aged 38, executive Director and senior vice president, strategy & international operations. Mr. Yeung is also the chief operating & strategy officer of Comba Telecom Systems International Limited, an indirect wholly owned subsidiary of the Company. Prior to joining the Group, Mr. Yeung was the vice president of strategy & business development and a founding employee of LGC Wireless, Inc. ("LGC") based in the Silicon Valley, USA which was successfully acquired by ADC Telecommunications, Inc. and subsequently acquired by Tyco Electronics Ltd. Mr. Yeung also held various positions at LGC including the general manager of a business unit, director of technical marketing, general manager of Asia Pacific Region and principal engineer. Mr. Yeung holds a master of science degree in engineering from University of California at Berkeley and a bachelor of science degree in electrical engineering from Purdue University, the USA. Mr. Yeung has over 15 years of experience in the telecom industry. He joined the Group in 2004.

Mr. Yeung also acts as directors of several subsidiaries of the Company. Save as disclosed herein, Mr. Yeung 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. Yeung personally holds 4,208,622 Shares in the Company, representing approximately 0.32% of the issued share capital of the Company and granted Options under the Share Option Scheme entitling him to subscribe for 4,099,480 Shares. Subject to fulfillment of conditions of the award, Mr. Yeung is also awarded with 520,000 Shares as disclosed in the Award Announcement. Save as disclosed above, Mr. Yeung 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. Yeung has entered into a service contract with the Company for an initial term of 18 months which commenced on 7 April 2005, 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. Yeung's remuneration has been fixed at HK\$161,000 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.

Save as disclosed herein, there is no information relating to each of Mr. Zhang Yue Jun, Mr. Wu Jiang Cheng, Mr. Yan Ji Ci and Mr. Yeung Pui Sang, Simon 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, 23 May 2011 at 3:00 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 2010;
2. to declare and approve a final dividend for the year ended 31 December 2010 of HK8 cents per share (the “**Share(s)**”) of the Company;
3. to declare and approve a special dividend for the year ended 31 December 2010 of HK4 cents per Share;
4.
 - (a) to re-elect Mr. Zhang Yue Jun as executive Director;
 - (b) to re-elect Mr. Wu Jiang Cheng as executive Director;
 - (c) to re-elect Mr. Yan Ji Ci as executive Director;
 - (d) to re-elect Mr. Yeung Pui Sang, Simon as executive Director;
 - (e) to authorize the board of Directors to fix the Directors’ remuneration;
5. to re-appoint Ernst & Young as the auditors of the Company and to authorize 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 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 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;
- (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 authorized 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. 7),

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 recognized 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 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 nominal amount 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 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 authorized 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 any other incentive or 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 any other incentive or 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 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, such amount 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 such number of new Shares of HK\$0.10 each in the capital of the Company (“**Bonus Shares**”) on the basis of 1 Bonus Share for every 10 existing Shares on 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 Monday, 23 May 2011 (the “**Record Date**”), other than those members (the “**Excepted Shareholders**”) whose addresses as shown on the Register of Members at the close of business on the Record Date are in 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 and articles of association of the Company, on the basis of 1 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 2010, 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 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, 18 April 2011

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 share registrar and transfer office, 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 Friday, 20 May 2011 to Monday, 23 May 2011, both days inclusive, during which period no transfer of Shares will be effected. The Record Date for determination of entitlements under the Final Dividend, the Special Dividend and the Bonus Issue will be on Monday, 23 May 2011. Shareholders whose names appear on the register of members of the Company on Monday, 23 May 2011 will be entitled to receive the Final Dividend, the Special Dividend and the Bonus Shares (subject to Shareholders' approval at the AGM). In order to qualify for the Final Dividend, the Special Dividend and 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 no later than 4:30 p.m. on Thursday, 19 May 2011. Dividend warrants will be despatched on Tuesday, 31 May 2011 and the Bonus Shares will be issued and allotted to the Shareholders on Tuesday, 31 May 2011, both subject to Shareholders' approval at the AGM.
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 authorize 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.