

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, registered institution in securities, 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, registered institution in securities 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)

**PROPOSAL FOR BONUS ISSUE OF SHARES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary 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 Wednesday, 8 October 2014 at 11:00 a.m. is set out on pages 9 to 11 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular. Such form of proxy is also published on the website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the website of the Company at www.comba-telecom.com.

Whether or not you are able to attend the extraordinary 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, 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 extraordinary 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 extraordinary general meeting or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

18 September 2014

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DEFINITIONS

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

“Article(s)” or “Articles of Association”	the articles of association of the Company
“associate(s)”	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 (1) Bonus Share for every ten (10) existing Shares held on the Record Date by the Qualifying Shareholders
“Bonus Share(s)”	the new Share(s) to be allotted, issued and credited as fully paid-up Shares under the Bonus Issue
“Company”	Comba Telecom Systems Holdings Limited, a company incorporated under the laws of 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
“EGM”	the extraordinary general meeting of the Company to be convened and held on Wednesday, 8 October 2014 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the Bonus Issue
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	Thursday, 11 September 2014, 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

DEFINITIONS

“Options”	the options granted under the share option schemes adopted by the Company which entitle the holders thereof to subscribe for Shares in accordance with the terms of the share option schemes
“Overseas Shareholders”	holders of the issued Shares whose addresses as shown in the register of members of the Company on the Record Date are in jurisdictions outside Hong Kong (if any)
“Prohibited Shareholders”	those Overseas Shareholders, whose the Board, after making enquiries pursuant to Rule 13.36(2) 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 regulatory body or stock exchange in that place not to extend the Bonus Issue to them (if any)
“Qualifying Shareholders”	holders of the issued Shares whose names are shown on the register of members of the Company on the Record Date (and not being Prohibited Shareholders), who are entitled to participate in the Bonus Issue
“Record Date”	Wednesday, 15 October 2014, being the record date for determination of entitlements to the Bonus Issue
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable of the Bonus Issue:

2014

Latest time to return form of proxy for the EGM	11:00 a.m. on Monday, 6 October
Latest time for lodging transfers of the Shares for registration in order to attend and vote at the EGM	4:30 p.m. on Monday, 6 October
Closure of register of members of the Company for determination of eligibility of Shareholders to attend and vote at the EGM	Tuesday, 7 October to Wednesday, 8 October (both days inclusive)
Date and time of the EGM	11:00 a.m. on Wednesday, 8 October
Publish the poll results announcement	Wednesday, 8 October
Last day of dealings in the Shares on a cum-entitlement basis	Thursday, 9 October
First day of dealing in the Shares on an ex-entitlement basis	Friday, 10 October
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	4:30 p.m. on Monday, 13 October
Closure of register of members of the Company for determination of entitlements under the Bonus Issue	Tuesday, 14 October to Wednesday, 15 October (both days inclusive)
Record date for determination of entitlements under the Bonus Issue	Wednesday, 15 October
Register of members of the Company re-opens	Thursday, 16 October
Despatch date of share certificates for Bonus Shares	Thursday, 23 October
Dealings in Bonus Shares commence	Friday, 24 October

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated expected timetable for the Bonus Issue will be announced as appropriate.



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*)
Mr. ZHANG Yue Jun (*Vice Chairman & President*)
Dr. TONG Chak Wai, Wilson
Mr. ZHENG Guo Bao
Mr. YEUNG Pui Sang, Simon
Mr. ZHANG Yuan Jian

Registered office:

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

Independent non-executive Directors:

Mr. LIU Cai
Mr. LAU Siu Ki, Kevin
Dr. LIN Jin Tong
Mr. QIAN Ting Shuo

*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 September 2014

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

Dear Sir or Madam,

**PROPOSAL FOR BONUS ISSUE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the interim results announcement for the six months ended 30 June 2014 of the Company dated 21 August 2014 pursuant to which the Board announces the proposed issue of Bonus Shares on the basis of one (1) Bonus Share for every ten (10) existing Shares.

The purpose of this circular is to provide you with information relating to the resolution to be proposed at the EGM for the approval of the terms of the Bonus Issue, and the notice of the EGM.

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 principal terms of the Bonus Issue are set out below.

LETTER FROM THE BOARD

PROPOSAL FOR BONUS ISSUE

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 (1) Bonus Share for every ten (10) existing Shares held on the Record Date by the Qualifying 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 1,526,196,229 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, approximately 152,619,622 Bonus Shares will be issued under the Bonus Issue (representing approximately 10% of the issued share capital as at the Latest Practicable Date and the Record Date), and HK\$15,261,962.2 standing to the credit of the share premium account of the Company will be capitalized for paying up in full at par approximately 152,619,622 Bonus Shares.

Record Date and closure of register of members

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

The register of members of the Company will be closed from Tuesday, 14 October to Wednesday, 15 October 2014 in order to determine the entitlements of the Shareholders under the Bonus Issue. In order to qualify for the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Registrar no later than 4:30 p.m. on Monday, 13 October 2014.

Reasons for Bonus Issue

As a result of the improving interim results of the Group and in recognition of the continual support of the Shareholders, the Board decided to propose the Bonus Issue. The Directors believe that the Bonus Issue will allow the Shareholders to participate in the business growth of the Company by way of capitalisation of a portion of the share premium account and be a return to the long-term support of the Shareholders.

Prohibited Shareholders

The issue of Bonus Shares to Overseas Shareholders under the Bonus Issue may be affected by the laws of their relevant jurisdictions.

All Shareholders residing outside Hong Kong should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive the Bonus Shares.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there was no Overseas Shareholder as shown in the register of members of the Company. Should there be any Overseas Shareholders whose addresses as shown in the register of members of the Company on the Record Date are in jurisdictions outside Hong Kong, enquiry will be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. Based on the results of 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 Prohibited Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Prohibited Shareholders, if any, to be sold in the market as soon as practicable after dealings in the Bonus Shares commence. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Prohibited 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, in which case it will be retained for the benefits of the Company.

The Bonus Shares are to be issued by the Company with the preference and intention that the Shareholders do not on-sell the Bonus Shares but remain medium to long-term holders of such Bonus Shares. It is the responsibility of the Shareholders (including Overseas Shareholders) to observe the local legal requirements applicable to the Shareholders for taking up and on-sale (if applicable) of the Bonus Shares under the Bonus Issue.

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 (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 EGM of the Company to be held;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirement (if any) under the applicable laws of the Cayman Islands and the Articles of Association to effect the Bonus Issue.

LETTER FROM THE BOARD

Application will be made to the Listing Committee of the Stock Exchange in respect of such listing of, and permission to deal in, the Bonus Shares. The Bonus Shares to be issued pursuant to the Bonus Issue are subject to the grant of the listing approval by the Stock Exchange for the listing 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. No securities of the Company are listed or dealt in on any other stock exchanges. No new class of securities is to be listed pursuant to the Bonus Issue and that all necessary arrangements will be made to enable the Bonus Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Adjustments of Options

As at the Latest Practicable Date, there are 72,390,000 Options outstanding. The Bonus Issue may lead to adjustments to the exercise price and the number of Shares which may fall to be issued upon exercise of the outstanding Options. Other than the outstanding 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 any adjustment is required and to be made.

Certificates for Bonus Shares

Certificates for the Bonus Shares will be posted as soon as practicable after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto by ordinary mail to their respective addresses shown on the register of members of the Company on the Record Date.

EGM

A notice convening the EGM to be held at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong on Wednesday, 8 October 2014 at 11:00 a.m. is set out on pages 9 to 11 of this circular. An ordinary resolution will be proposed at the EGM to approve the Bonus Issue and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the EGM, 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, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

The resolution proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider the proposal for Bonus Issue is 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 resolution to be proposed at the EGM.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Bonus Issue and no Shareholder is required to abstain from voting on any resolution to be proposed at the EGM.

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



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary 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 Wednesday, 8 October 2014 at 11:00 a.m., for the following purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the new ordinary shares of HK\$0.10 each in the capital of the Company (the “**Shares**”) to be issued pursuant to this resolution:

- (a) upon the recommendation of the directors of the Company (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 (“**Bonus Shares**”) on the basis of one (1) Bonus Share for every ten (10) existing Shares in issue 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 Wednesday, 15 October 2014 (or such other record date as the Directors may approve) (the “**Record Date**”), other than those members (the “**Prohibited 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 Rules Governing the Listing of Securities on the Stock Exchange and the memorandum and articles of association of the Company (if any), on the basis of one (1) Bonus Share for every ten (10) existing Shares then held by them respectively (the “**Bonus Issue**”), and the Directors be authorized to settle, as they consider appropriate, any difficulty in regard to any distribution of the Bonus Shares;

NOTICE OF EGM

- (b) the Bonus Shares to be issued pursuant to this resolution shall, subject to the memorandum and articles of association of the Company, rank pari passu in all respects with the existing issued Shares as at the date of passing this resolution;
- (c) the Directors be and are hereby authorized to arrange for the Bonus Shares which would otherwise have been issued to the Prohibited Shareholders, if any, to be sold in the market as soon as practicable after dealings in the Bonus Shares commence, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Prohibited 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, in which case the Directors be and are hereby authorized to retain such amount for the benefits 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.”

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

Hong Kong, 18 September 2014

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 extraordinary 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 extraordinary 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 Company's Hong Kong branch share 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 of the extraordinary 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 extraordinary general meeting or any adjournment thereof, should he/she/it so wish.

NOTICE OF EGM

3. For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the extraordinary general meeting, the details of the closure of register of members and the record date are set out below:

For determining eligibility to attend and vote at the extraordinary general meeting:

Latest time to lodge transfer documents for registration 4:30 p.m. on Monday,
6 October 2014

Closure of register of members, no transfer of Shares will be registered Tuesday, 7 October 2014 to
Wednesday, 8 October 2014
(both days inclusive)

Record date Wednesday, 8 October 2014

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 the aforementioned latest time.

4. For the purpose of determining shareholders' entitlements to the Bonus Issue, the Register of Members will be closed from Tuesday, 14 October 2014 to Wednesday, 15 October 2014, both days inclusive, during which period no transfer of Shares will be registered. The Record Date for determination of entitlements under the Bonus Issue will be on Wednesday, 15 October 2014. Shareholders whose names appear on the Register of Members on Wednesday, 15 October 2014 will be entitled to receive the Bonus Shares. In order to qualify for 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 October 2014. The Bonus Shares will be allotted and issued to the shareholders of the Company on Thursday, 23 October 2014.