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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) CONTINUING CONNECTED TRANSACTIONS RELATING TO THE WTAP TRANSACTIONS AND THE WTAP-COMPONENTS TRANSACTIONS; AND (2) CONNECTED TRANSACTION RELATING TO A LOAN TO NON WHOLLY-OWNED SUBSIDIARY

CONTINUING CONNECTED TRANSACTIONS RELATING TO THE WTAP TRANSACTIONS AND THE WTAP-COMPONENTS TRANSACTIONS

Reference is made to the Company's announcements dated 21 June 2007 & 1 August 2008 and the Company's circulars dated 13 July 2007 & 22 August 2008 regarding the Company's continuing connected transactions relating to the ODU Transactions and Diplexer Transactions. On 9 September 2008, the Company obtained the Independent Shareholders' approval for the ODU Transactions and the relevant annual caps thereof, as well as the Diplexer Transactions and the relevant annual caps thereof, for the three financial years ending 31 December 2010.

As the Existing ODU Agreement (as amended by the subsequent Extension Agreement) and the Existing Diplexer Agreement relating to the continuing connected transactions provided thereunder will expire on 31 December 2010, and in view of the future prospects and the future demand of communication equipment in the PRC and other countries, the Group will continue to be engaged in the business of manufacture and sales of microwave transmission products. Therefore, on 25 August 2010, Comba Systems BVI entered into (i) the WTAP Agreement with WaveLab Holdings for the Group's procurement of wireless transmission and access products and the relevant maintenance services relating to the products sold to the Group, and (ii) the WTAP-Components Agreement with WaveLab Holdings for the supply of necessary components used in the manufacture of wireless transmission and access products, each of which is for a term of three years commencing from 1 January 2011 and ending on 31 December 2013. Owing to the technology development and product advancement in connection with microwave transmission, the kinds of products to be procured by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) under the WTAP Agreement will be expanded when compared with the Existing ODU Agreement, and the kinds of components to be supplied to WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) will be expanded when compared with the Existing Diplexer Agreement.

Since (i) the WTAP Transactions and the WTAP-Components Transactions are conducted between the Group (excluding WaveLab Holdings and its subsidiaries) on one hand and WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) on the other hand and (ii) the nature of these two transactions involve supply and procurement of WTAP related items, all these transactions should be aggregated under Rules 14A.25 and 14A.26 of the Listing Rules. As the Percentage Ratios and amounts of the aggregate proposed annual caps of the WTAP Transactions and the WTAP-Components Transactions exceed 5% and HK\$10,000,000 respectively, both the WTAP Transactions and the WTAP-Components Transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

CONNECTED TRANSACTION RELATING TO A LOAN TO WAVELAB HOLDINGS

On 25 August 2010, the Lender (a wholly-owned subsidiary of the Company) and WaveLab Holdings (a non wholly-owned subsidiary of the Company) entered into the Loan Agreement pursuant to which the Lender has agreed to lend the Loan of principal amount up to US\$8,500,000 (equivalent to approximately HK\$66,300,000) to WaveLab Holdings. The purpose of the Loan shall be used for refinancing all outstanding indebtedness under the Existing Loan Agreements. Unless otherwise agreed by the Lender, the Loan shall be used for the working capital purpose of WaveLab Holdings and its subsidiaries. As WaveLab Holdings is a connected person of the Company and the Percentage Ratios does not exceed 5%, the Loan constitutes a connected transaction of the Company which is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the requirements of obtaining Independent Shareholders' approval.

General

The Company will seek the approval by the Independent Shareholders by way of a poll in the EGM of (i) the WTAP Agreement and its respective proposed annual caps for each of the three financial years ending 31 December 2013 and (ii) the WTAP-Components Agreement and its respective proposed annual caps for each of the three financial years ending 31 December 2013. Mr. Zheng and his associates are required to abstain from voting in the EGM in respect of resolutions proposed for approval of the above continuing connected transactions.

A circular containing, among other things, further information about the WTAP Agreement, the WTAP-Components Agreement, the letter from the independent financial adviser to the independent board committee and the Independent Shareholders, the letter from the independent board committee to the Independent Shareholders, together with the notice of the EGM will be despatched to the Shareholders by no later than 15 September 2010 in accordance with the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS RELATING TO THE WTAP TRANSACTIONS AND THE WTAP-COMPONENTS TRANSACTIONS

Background

Reference is made to the Company's announcements dated 21 June 2007 & 1 August 2008 and the Company's circulars dated 13 July 2007 & 22 August 2008 regarding the Company's continuing connected transactions relating to the ODU Transactions and Diplexer Transactions. On 9 September 2008, the Company obtained the Independent Shareholders' approval for the ODU Transactions and the relevant annual caps thereof, as well as the Diplexer Transactions and the relevant annual caps thereof, for the three financial years ending 31 December 2010.

As the Existing ODU Agreement (as amended by the subsequent Extension Agreement) and the Existing Diplexer Agreement relating to the continuing connected transactions provided thereunder will expire on 31 December 2010, and in view of the future prospects and the future demand of communication equipment in the PRC and other countries, the Group will continue to be engaged in the business of manufacture and sales of microwave transmission products. Therefore, on 25 August 2010, Comba Systems BVI entered into (i) the WTAP Agreement with WaveLab Holdings for the Group's procurement of wireless transmission and access products and the relevant maintenance services relating to the products sold to the Group, and (ii) the WTAP-Components Agreement with WaveLab Holdings for the supply of necessary components used in the manufacture of wireless transmission and access products, each of which is for a term of three years commencing from 1 January 2011 and ending on 31 December 2013. Owing to the technology development and product advancement in connection with microwave transmission, the kinds of products to be procured by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) under the WTAP Agreement will be expanded when compared with the Existing ODU Agreement, and the kinds of components to be supplied to WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) will be expanded when compared with the Existing Diplexer Agreement.

WTAP Agreement

Date:	25 August 2010
Seller:	WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou)
Purchaser:	Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries)
Products:	Wireless transmission and access products (including but not limited to ODU Products and such other products) used in connection with microwave transmission, exact type of products and quantities are to be agreed by the parties in writing from time to time

- Maintenance services:** The seller will be responsible for the maintenance of the products sold free of charge for a period of 1 year from the date of the sales transactions. However, after such 1-year period, the purchaser will be required to pay the seller the actual costs incurred for maintenance services provided by the seller for the products involved
- Price:** To be agreed between the seller and the purchaser in writing from time to time in accordance with the WTAP Agreement
- Payment Term:** within 90 days after delivery of the WTAP by means of bank remittance, cheques, bank drafts or other payment method to be agreed by the seller and the purchaser from time to time
- Term:** from 1 January 2011 to 31 December 2013, subject to the early termination provisions in the WTAP Agreement
- Exclusivity:** The purchaser has the sole and exclusive right to sell the products procured from the seller in the Territory during the term of the WTAP Agreement
- Condition:** The WTAP Agreement is conditional upon the obtaining of the approval of the Independent Shareholders and the transactions contemplated thereunder on or before 31 December 2010 or such other later date as agreed by the parties

The price of the WTAP to be sold under the WTAP Agreement will be agreed between the purchaser and the seller based on prevailing market prices and will, depending on market conditions, change from time to time over the term of that agreement. It is expected that the price of WTAP to be offered by the seller will be comparable to that being offered by the seller to Independent Third Parties.

It is the intention of the purchaser that in the event the price of the WTAP offered by Independent Third Parties is more competitive than those offered by the seller, the purchaser intends to either (i) negotiate with the seller to revise the terms of the sales; or (ii) purchase the products from those Independent Third Parties.

WTAP-Components Agreement

- Date:** 25 August 2010
- Seller:** Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries)
- Purchaser:** WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou)

Products:	Components (including but not limited to Diplexer Products and such other components) used in the manufacture of wireless transmission and access products (including but not limited to ODU Products and such other products) in connection with microwave transmission, exact type of products and quantities are to be agreed by the parties in writing from time to time
Price:	To be agreed between the seller and the purchaser in writing from time to time in accordance with the WTAP-Components Agreement
Payment Term:	within 90 days after delivery of the WTAP-Components by means of bank remittance, cheques, bank drafts or other payment method to be agreed by the seller and the purchaser from time to time
Term:	from 1 January 2011 to 31 December 2013, subject to the early termination provisions in the WTAP-Components Agreement
Condition:	The WTAP-Components Agreement is conditional upon the obtaining of the approval of the Independent Shareholders and the transactions contemplated thereunder on or before 31 December 2010 or such other later date as agreed by the parties

The price of the WTAP-Components to be sold under the WTAP-Components Agreement will be agreed between the seller and the purchaser based on prevailing market prices and will, depending on market conditions, change from time to time over the term of that agreement. It is expected that the price of WTAP-Components to be offered by the seller will be comparable to that being offered by the seller to Independent Third Parties.

Proposed Annual Caps

Historical amounts of ODU and Diplexer Transactions for each of the two years 2008 and 2009 and the six-month period ended 30 June 2010

Set out below are the historical amounts of ODU and Diplexer Transactions for each of the two years 2008 and 2009 and the six-month period ended 30 June 2010

	Year ended 31 December 2008 (HK\$)	Year ended 31 December 2009 (HK\$)	Six months ended 30 June 2010 (HK\$)
ODU Transactions.....	97,894,000	363,028,000	106,640,000
Diplexer Transactions.....	3,688,000	6,038,000	492,000

Proposed annual caps in respect of the WTAP and WTAP-Components Transactions for each of the three years 2011, 2012 and 2013

The Company proposes to set the annual caps for the continuing connected transactions, subject to the Independent Shareholders' approval, for each of the three years ending 31 December 2013 as set out below:

Financial year ending 31 December	2011 (HK\$)	2012 (HK\$)	2013 (HK\$)
WTAP Transactions.	367,000,000	454,000,000	534,000,000
WTAP-Components Transactions.	9,000,000	15,000,000	24,000,000

The above annual caps of the WTAP and WTAP-Components Transactions are determined based on (i) historical transaction amounts for 2008, 2009 and the six months ended 30 June 2010; (ii) expected market price of the WTAP and WTAP-Components; (iii) management's experience and knowledge of the market of microwave transmission products and its potential future growth; and (iv) estimated demand for the Group's microwave transmission products based on the indication given by a major customer of the relevant products and given the continued increase in the market demand for broadband services and applications and related devices in the PRC and other countries.

Reasons for entering into and benefits of the continuing connected transactions

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

WaveLab Holdings and its subsidiaries are principally engaged in the research, development, manufacture and sale of digital microwave system equipment for microwave transmission in telecommunications systems and the provision of related software technology services. WaveLab Guangzhou is principally engaged in the manufacture and sale of digital microwave system equipment.

The business transactions with WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) have been taking place since the year 2004 and are essential for the continued operation and overall growth of the business of the Group. By entering into the WTAP Agreement, the Group continues to tap into the wireless technology market, which is one of the factors to the success of the Group in the telecommunications industry.

By entering into the WTAP-Components Agreement, the Group can secure the sale of the Group's components (including but not limited to diplexers and such other components) used in the manufacture of wireless transmission and access products (including but not limited to ODU Products and such other products) in connection with microwave transmission. In addition, through the WTAP Agreement, the Group can acquire the WTAP manufactured from reliable supply of quality components for re-sale to other ultimate customers, which could generate revenue and profits to the Group in a more cost-effective manner as the Group is not involved in the actual manufacture process of the WTAP.

The continuing connected transactions will continue to be conducted in the ordinary and usual course of business of the Group, and on normal commercial terms determined on an arm's length basis. Given (i) the long-established business practice of outsourcing the manufacture process of the WTAP to WaveLab Holdings and its subsidiaries (including WaveLab Guangzhou) (which can produce satisfactory results to the Group as evidenced from past financial records), and (ii) the expertise of WaveLab Holdings and its subsidiaries (including WaveLab Guangzhou) in manufacture of the WTAP, the Group will continue to engage in the continuing connected transactions and the Board considers the WTAP Agreement and the WTAP-Components Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent board committee (comprising all the independent non-executive Directors as members) will issue an advice letter setting out their view on the above matters for inclusion in the circular of the Company at a later stage after taking into account the advice from the independent financial adviser.

Implication under the Listing Rules

WaveLab Holdings is owned as to 55% by the Company, 32% by Mr. Zheng (who is an executive Director of the Company), and the remaining 13% by various directors and employees at the level of the Company's subsidiaries (including WaveLab Holdings and its subsidiaries). As Mr. Zheng is a substantial shareholder of WaveLab Holdings, WaveLab Holdings is a connected person of the Company and the WTAP Transactions and the WTAP-Components Transactions constitute continuing connected transactions of the Company under the Listing Rules.

Since (i) the WTAP Transactions and the WTAP-Components Transactions are conducted between the Group (excluding WaveLab Holdings and its subsidiaries) on one hand and WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) on the other hand and (ii) the nature of these transactions involve supply and procurement of WTAP related items, all these transactions should be aggregated under Rules 14A.25 and 14A.26 of the Listing Rules. As the Percentage Ratios and amounts of the aggregate proposed annual caps of the WTAP Transactions and the WTAP-Components Transactions exceed 5% and HK\$10,000,000 respectively, both the WTAP Transactions and WTAP-Components Transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

LOAN TO WAVELAB HOLDINGS

Background

Reference is made to the Company's announcements dated 18 July 2007, 25 June 2008 and 1 August 2008. The Lender agreed to advance Existing Loans maximum principal amount of US\$8,500,000 (equivalent to approximately HK\$66,300,000) in aggregate to WaveLab Holdings pursuant to the Existing Loan Agreements dated 18 July 2007, 25 June 2008 and 1 August 2008. As at the date hereof, the outstanding indebtedness under the Existing Loan Agreements amounts to approximately US\$6,000,000 (equivalent to approximately HK\$46,800,000).

Cascade Technology Limited, a wholly-owned subsidiary of the Company, entered into the following Loan Agreement with WaveLab Holdings:

- Date:** 25 August 2010
- Borrower:** WaveLab Holdings Limited (a 55%-owned subsidiary of the Company)
- Lender:** Cascade Technology Limited (a 100%-owned subsidiary of the Company)
- Loan Amount:** WaveLab Holdings may draw the Loan up to US\$8,500,000 (equivalent to approximately HK\$66,300,000) during the availability period. Any portion of the Loan undrawn at the end of the availability period will be automatically cancelled.
- Interest:** Interest shall only commence to accrue on the amounts drawn by WaveLab Holdings from the date of actual advance. Interest rate is LIBOR (London Interbank Offered Rate) (for interest period of 3-month or 6-month or 12-month period at the selection of WaveLab Holdings or other interest period as agreed between WaveLab Holdings and the Lender) plus 1.8% per annum.
- Available Period:** From 1 January 2011 to 31 December 2013.
- Repayment:** Lender may, at any time upon giving notice in writing, demand immediate repayment of all or part of the outstanding Loan and payment of any other amount (including interest) accrued thereon. Amounts repaid by WaveLab Holdings may not be re-borrowed under the Loan Agreement.
- Purpose:** Refinancing all outstanding indebtedness under the Existing Loan Agreements. Unless otherwise agreed by the Lender, the Loan shall be used for the working capital purpose of WaveLab Holdings and its subsidiaries.

Reasons for and benefits of entering into Loan Agreement

The Board is optimistic to the growth in the business of digital microwave systems in the coming years. WaveLab Holdings and its subsidiaries need funding to finance their operations so as to capture the growth in this business. As (i) the Company is the controlling shareholder of WaveLab Holdings, (ii) the Group is also one of the major customers of the WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) in the WTAP business and (iii) the Group will also be one of the suppliers of the WTAP-Components to WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou), the Company will derive significant business interest in the growth of the business of WaveLab Holdings and/or its subsidiaries. On this basis, the Directors (including the independent non-executive Directors) consider that the provision of the Loan is in the interest of the Company and the Shareholders as a whole and also of the view that the Loan Agreement are on normal commercial terms and fair and reasonable.

Implication under the Listing Rules

As WaveLab Holdings is a connected person of the Company and the Percentage Ratios does not exceed 5%, the Loan constitutes a connected transaction of the Company which is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the requirements of obtaining Independent Shareholders' approval.

GENERAL

The Company will seek the approval by the Independent Shareholders by way of a poll in the EGM of (i) the WTAP Agreement and its respective proposed annual caps for each of the three financial years ending 31 December 2013 and (ii) the WTAP-Components Agreement and its respective proposed annual caps for each of the three financial years ending 31 December 2013. Mr. Zheng and his associates are required to abstain from voting in the EGM in respect of resolutions proposed for approval of the above continuing connected transactions.

An independent board committee comprising all the three independent non-executive Directors (each of the three independent non-executive Directors does not have any material interest in the relevant transactions) will be formed to advise the Independent Shareholders on the terms of the WTAP Agreement, the WTAP-Components Agreement and the relevant annual caps thereof and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, further information about the WTAP Agreement and the WTAP-Components Agreement, the letter from the independent financial adviser to the independent board committee and the Independent Shareholders, the letter from the independent board committee to the Independent Shareholders, together with the notice of the EGM will be despatched to the Shareholders by no later than 15 September 2010 in accordance with the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Comba Systems BVI”	Comba Telecom Systems Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Diplexer Products”	diplexers and such other components used in the manufacture of ODU and such other products used in connection with microwave transmission, as may be sold by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) to WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) from time to time
“Diplexer Transactions”	the sale of Diplexer Products by Comba Systems BVI or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) to WaveLab Holdings or its subsidiaries under Existing Diplexer Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for approving, amongst other things, the WTAP Agreement and the WTAP-Components Agreement, and their respective annual caps and other terms thereunder
“Existing Diplexer Agreement”	the agreement dated 1 August 2008 entered into between Comba Systems BVI and WaveLab Holdings relating to the sale of the Diplexer Products by Comba Systems BVI or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) to WaveLab Holdings or its subsidiaries
“Existing Loans”	collectively, the three existing loans in the aggregate principal amounts of US\$8,500,000 (equivalent to approximately HK\$66,300,000) agreed to be advanced by the Lender to WaveLab Holdings under the Existing Loan Agreements
“Existing Loan Agreements”	the loan agreements dated 18 July 2007, 25 June 2008 and 1 August 2008 between WaveLab Holdings and the Lender in relation to the Existing Loans
“Existing ODU Agreement”	the agreement dated 21 June 2007 between Comba Systems BVI and WaveLab Guangzhou relating to the sale of the ODU Products by WaveLab Guangzhou to Comba Systems BVI or its subsidiaries (excluding WaveLab Holdings and its subsidiaries)
“Extension Agreement”	the agreement dated 1 August 2008 between Comba Systems BVI and WaveLab Guangzhou relating to the amendment of the terms of the Existing ODU Agreement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders, other than Mr. Zheng and his associates
“Independent Third Party(ies)”	third parties independent of and not connected with the Group
“Lender”	Cascade Technology Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in principal amount of up to US\$8,500,000 (equivalent to approximately HK\$66,300,000) which the Lender has agreed to make available for WaveLab Holdings under the Loan Agreement
“Loan Agreement”	the agreement dated 25 August 2010 between WaveLab Holdings and the Lender in relation to the Loan
“Mr. Zheng”	Mr. Zheng Guo Bao, an executive Director and a Shareholder of the Company, and a substantial shareholder of WaveLab Holdings
“ODU(s)”	digital microwave outdoor unit(s)
“ODU Products”	ODU and such other products used in connection with microwave transmission, as may be bought by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) from WaveLab Guangzhou
“ODU Transactions”	the sale of ODU Products by WaveLab Guangzhou to Comba Systems BVI or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) under Existing ODU Agreement
“Percentage Ratios”	the percentage ratios (other than profits ratio) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Territory”	PRC, Hong Kong and Macau Special Administrative Region
“WaveLab Guangzhou”	波達通信設備（廣州）有限公司 (WaveLab Telecom Equipment (Guangzhou) Limited), a wholly foreign owned enterprise established under the laws of the PRC and an indirect subsidiary of WaveLab Holdings and an indirect subsidiary of the Company
“WaveLab Holdings”	WaveLab Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and an indirect subsidiary of the Company, in which the Company has an indirect 55% shareholding
“WTAP”	Wireless transmission and access products (including but not limited to ODU and such other products) used in connection with microwave transmission, as may be bought by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) from WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou)
“WTAP Agreement”	the agreement dated 25 August 2010 between Comba Systems BVI and WaveLab Holdings relating to the sale of the WTAP and the provision of maintenance services for the WTAP sold by WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou) to Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries)
“WTAP Transactions”	the sale of WTAP and the provision of maintenance services for the WTAP sold under the WTAP Agreement
“WTAP-Components”	Components (including but not limited to diplexers and such other components) used in the manufacture of wireless transmission and access products (including but not limited to ODU and such other products) in connection with microwave transmission, as may be sold by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) to WaveLab Holdings and/or its subsidiaries from time to time
“WTAP-Components Agreement”	the agreement dated 25 August 2010 between Comba Systems BVI and WaveLab Holdings relating to the sale of the WTAP-Components by Comba Systems BVI and/or its subsidiaries (excluding WaveLab Holdings and its subsidiaries) to WaveLab Holdings and/or its subsidiaries (including WaveLab Guangzhou)
“WTAP-Components Transactions”	the sale of the WTAP-Components under the WTAP-Components Agreement

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless otherwise stated, the conversion of United States dollars into Hong Kong dollars are based on the exchange rate of US\$1 = HK\$7.80 for illustration purpose only

By order of the Board
Comba Telecom Systems Holdings Limited
Tong Chak Wai, Wilson
Executive Director

Hong Kong, 25 August 2010

As at the date of this announcement, the Board comprises the following executive directors: Mr. FOK Tung Ling, Mr. ZHANG Yue Jun, Mr. TONG Chak Wai, Wilson, Mr. WU Jiang Cheng, Mr. YAN Ji Ci, Mr. ZHENG Guo Bao and Mr. YEUNG Pui Sang, Simon; and the following independent non-executive directors: Mr. YAO Yan, Mr. LAU Siu Ki, Kevin and Mr. LIU Cai.