

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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Comba

COMBA TELECOM SYSTEMS HOLDINGS LIMITED

京信通信系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2342)

PROPOSAL FOR BONUS ISSUE OF SHARES

A notice convening an 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 Friday, 9 October 2009 at 3:00 p.m. is set out on pages 8 to 9 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 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 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 principal place of business in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong 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.

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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”	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
“Bonus Shares”	the new Shares to be issued under the Bonus Issue
“Company”	Comba Telecom Systems Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for approving the Bonus Issue
“Excepted Shareholders”	those Overseas Shareholders, the Board, after making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant body or stock exchange in that place not to extend the Bonus Issue to them
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	14 September 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the options granted under the Share Option Scheme which are to subscribe for Shares in accordance with the Share Option Scheme
“Overseas Shareholders”	holders of Shares whose addresses as shown on the register of members on the Record Date are outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Qualifying Shareholders”	holders of Shares whose names are shown on the register of members on the Record Date (and not being Excepted Shareholders), who are entitled to participate in the Bonus Issue
“Record Date”	9 October 2009, being the record date for determination of entitlements to the Bonus Issue
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 20 June 2003
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

2009

Last day of dealings in the Shares on a cum-entitlement basis	5 October
First day of dealing in the Shares on an ex-entitlement basis	6 October
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	4:30 pm on 7 October
Latest time to return form of proxy for the EGM.	3:00 pm on 7 October
Closure of register of members of the Company for determination of entitlements under the Bonus Issue	8 October to 9 October
Date and time of EGM	3:00 p.m. on 9 October
Record date for determination of entitlements under the Bonus Issue	9 October
Register of members re-opens	12 October
Certificates for the Bonus Shares expected to be despatched	On or about 19 October
Dealing in Bonus Shares commence.	21 October



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 September 2009

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

Dear Sir or Madam,

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

PROPOSAL FOR BONUS ISSUE OF SHARES

Reference is made to the interim results announcement for the six months ended 30 June 2009 of the Company dated 2 September 2009, in which the Board announced that it had resolved to propose a Bonus Issue to the Shareholders as a result of the satisfactory interim results of the Group. The Bonus Issue is proposed to be made to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The terms of the Bonus Issue are set out below.

Basis of Bonus Issue

Subject to the conditions as set out under the heading “Conditions of Bonus Issue” below, the Bonus Issue is proposed to be made on the basis of 1 Bonus Share for every 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 959,822,450 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, 95,982,245 Bonus Shares will be issued under

LETTER FROM THE BOARD

the Bonus Issue (representing approximately 10% of the issued share capital as at the Latest Practicable Date and the Record Date), and HK\$9,598,225 standing to the credit of the share premium account of the Company will be capitalized for paying up in full at par 95,982,245 Bonus Shares.

Record Date and closure of register of members

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

The register of members of the Company will be closed from 8 October 2009 to 9 October 2009 in order to determine the entitlement of the Shareholders under the Bonus Issue and the entitlement of the interim dividend. In order to qualify for the Bonus Issue and the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 pm on 7 October 2009. 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

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

Excepted Shareholders

For those Overseas Shareholders, enquiry will be made by the Board pursuant Rule 13.36(2)(a) of the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to the Excepted Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risks, 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 member of the Company. As such, no specific enquiry in respect of the above will be made by the Board, unless otherwise announced by the Company later.

Status of Bonus Shares

The Bonus Shares, upon issued, will rank *pari passu* with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Fraction of Bonus Shares

The total number of Bonus Shares to be issued to any Shareholders will be rounded down to a whole number, if there are any fractional entitlements of the Bonus Shares. Such fractional entitlements arising from the Bonus Issue (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; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

Application will be made to the Listing Committee of the Stock Exchange in respect of such 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. The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Adjustments of Options

As at the Latest Practicable Date, there are 63,380,050 Options outstanding. The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of outstanding Options. Other than the Options, the Company does not have any outstanding 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 or about 19 October 2009 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 21 October 2009.

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 Friday, 9 October 2009 at 3:00 p.m. is set out on pages 8 to 9 of this circular. An ordinary resolution will be proposed at the EGM to approve the proposal for Bonus Issue.

A form of proxy for use at the EGM 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 EGM, you are requested to complete

LETTER FROM THE BOARD

the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's principal place of business in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong 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. All the resolutions 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 includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider the proposal for Bonus Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM. 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 resolution to be proposed at the EGM.

DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum and articles of association of the Company; and
- (b) the annual reports of the Group for the two financial years ended 31 December 2008.

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

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 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 Friday, 9 October 2009 at 3:00 p.m., to approve the following ordinary resolution:

1. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares (as defined in paragraph (a) of this resolution):
 - (a) upon the recommendation of the Directors, an amount of HK\$9,598,225 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 95,982,245 new Shares of HK\$0.10 each in the capital of the Company (“**Bonus Shares**”), 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 branch register of members of the Company in Hong Kong (the “**Register of Members**”) as at the close of business on 9 October 2009 (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 places outside Hong Kong and in respect of whom the Directors consider the exclusion from the Bonus Issue (as defined below) to be necessary or expedient in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the memorandum and articles of association of the Company, on the basis of 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 article of association of the Company, 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 interim dividend for the six months 30 June 2009, if any;
 - (c) the Directors be and hereby authorized to arrange for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case the Directors be and are hereby authorized to retain such amount for the benefit of the Company; and

NOTICE OF EGM

- (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 directors of
Comba Telecom Systems Holdings Limited
Fok Tung Ling
Chairman and President

Hong Kong, 18 September 2009

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 offices of the Company's principal place of business in Hong Kong at 611 East Wing, No. 8 Science Park West Avenue, Hong Kong Science Park, Tai Po, Hong Kong not less than 48 hours before the time for holding 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 so wish.
3. The register of members of the Company will be closed from 8 October 2009 to 9 October 2009 (both days inclusive), on which period no transfer of shares will be effected. In order to qualify for the interim dividend and the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on 7 October 2009. The bonus shares will be issued and allotted to the shareholders on or about 19 October 2009, subject to shareholders' approval at the Company's forthcoming extraordinary general meeting.