THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 CCT Telecom Holdings Limited, 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.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE AND CONNECTED TRANSACTION

Financial Adviser to the Company

HANTEC CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

GET NICE CAPITAL LIMITED

A letter from Get Nice Capital Limited containing its advice to the Independent Board Committee is set out on pages 18 to 27 of this circular.

A notice convening the Extraordinary General Meeting to be held at 32/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 27 June 2003 at 10:00 a.m. is set out on pages 41 to 42 of this circular. A form of proxy is also enclosed. Whether or not you intend to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible but in any event, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you so wish.

11 June 2003

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

"Acquisition"	the proposed acquisition of the Sale Shares and the Shareholder's Loan by CCT Tech as contemplated under the Agreement
"Agreement"	the conditional agreement dated 15 May 2003 entered into between CCT Telecom as vendor and CCT Tech as purchaser in respect of the Acquisition
"associate(s)"	has the meaning as given to it in the Listing Rules
"Best Lending Rate"	the prime or best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited for Hong Kong dollars loans, as varied from time to time
"Board"	the board of CCT Telecom Director(s)
"Business Day(s)"	a day (excluding Saturday) on which banks in Hong Kong are generally open for business for more than four hours
"BVI"	the British Virgin Islands
"CCT Tech"	CCT Tech International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
"CCT Tech Director(s)"	the director(s) (including independent non-executive director(s)) of CCT Tech
"CCT Tech Group"	CCT Tech and its subsidiaries
"CCT Tech Share(s)"	the ordinary share(s) of HK$0.01 each in the capital of CCT Tech
"CCT Tech Shareholder(s)"	the holder(s) of the CCT Tech Share(s)
"CCT Telecom" or "Company"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
"CCT Telecom Director(s)"	the director(s) (including independent non-executive director(s)) of CCT Telecom
"CCT Telecom Group" or "Group"	CCT Telecom and its subsidiaries

"CCT Telecom Share(s)" or "Share(s)"	the ordinary share(s) of HK$0.10 each in the capital of CCT Telecom
"CCT Telecom Shareholder(s)"	the holder(s) of the Share(s)
"connected person(s)"	has the meaning as given to it in the Listing Rules
"Consideration"	HK$768 million for the Acquisition under the Agreement
"Convertible Note"	the HK$768 million Best Lending Rate plus 2% convertible note due in 2008 issued for the satisfaction of the Consideration
"Director(s)"	the director(s) of CCT Telecom and CCT Tech
"ESH"	Empire Success Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of CCT Telecom
"ESH Group"	ESH and its subsidiaries
"Extraordinary General Meeting"	the extraordinary general meeting of the CCT Telecom Shareholders to be convened to consider and, if thought fit, inter alia, approve the Agreement or any adjournment thereof (as the case may be)
"Get Nice"	Get Nice Capital Limited, a deemed licensed corporation to carry on a business in type 6 registered activity (advising on corporate finance) under the SFO
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of CCT Telecom, comprising Mr. Tam King Ching, Kenny and Mr. Lau Ho Man, Edward, appointed to advise the CCT Telecom Shareholders in relation to the Agreement
"Independent CCT Tech Shareholders"	the CCT Tech Shareholders other than CCT Telecom and its associates
"Latest Practicable Date"	6 June 2003, 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
"Mainland, PRC"	the mainland of the PRC, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
"ODM"	original design manufacturing
"OEM"	original equipment manufacturing
"PRC"	the People's Republic of China
"Sale Shares"	16,501 shares of US$1.00 each in ESH, representing the entire issued share capital of ESH
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder's Loan"	the interest-free loan due from the ESH Group to a subsidiary of CCT Telecom as at the date of completion of the Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning as given to it in the Listing Rules
"%"	per cent.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt

Independent non-executive Directors:
Samuel Olenick
Tam King Ching, Kenny
Lau Ho Man, Edward

Registered office:
The office of The Harbour Trust Co. Ltd.
P. O. Box 1787 GT
One Capital Place
Grand Cayman
Cayman Islands
British West Indies

Head office and principal place of business:
32/F., China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

11 June 2003

To the CCT Telecom Shareholders and, for information only, the holders of options of the Company

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

As announced by the Board on 20 May 2003, CCT Telecom and CCT Tech entered into a conditional agreement on 15 May 2003 pursuant to which (i) CCT Telecom has agreed to procure the sale of the Sale Shares to CCT Tech; and (ii) CCT Telecom has agreed to procure the assignment of the Shareholder's Loan to CCT Tech. The Consideration under the Agreement is HK$768 million and will be satisfied by the issue of the Convertible Note.

The Acquisition constitutes a discloseable and connected transaction for CCT Telecom for the purpose of the Listing Rules.

The purpose of this circular is to give you further information on the Agreement and to provide you with a notice of the Extraordinary General Meeting at which resolution will be proposed for the purpose of approving the Agreement. The circular also contains the recommendation of the Independent Board Committee, which has been formed to advise the CCT Telecom Shareholders, and the advice of Get Nice which has been appointed to advise the Independent Board Committee in relation to the Agreement.

THE ACQUISITION

The Agreement

Date:	15 May 2003
Vendor:	CCT Telecom
Purchaser:	CCT Tech
Assets to be acquired:	(i) CCT Telecom to procure the sale of the Sale Shares to CCT Tech; and (ii) CCT Telecom to procure the assignment of the Shareholder's Loan to CCT Tech, being approximately HK$707 million as at 31 December 2002.

Consideration

The Consideration of HK$768 million is determined after arm's length negotiations between the parties to the Acquisition and taking into account, amongst others, the independent valuation on the ESH Group of HK$770 million as at 30 April 2003 which valuation was carried out by an independent professional valuer, Grant Sherman Appraisal Limited. The Consideration of HK$768 million represents a discount of approximately 0.3% to the valuation of HK$770 million. The Directors consider the Consideration to be fair and reasonable to both CCT Telecom and CCT Tech.

The Consideration will be satisfied by the issue of the Convertible Note. A summary of the major terms of the Convertible Note is set out below:

Issuer:	CCT Tech
Conversion price:	HK$0.014 per CCT Tech Share, subject to adjustments in accordance with the terms and conditions thereof
Interest:	Best Lending Rate plus 2%, payable quarterly in arrears
Aggregate principal amount:	HK$768 million
Conversion right:	Subject to the exercise of the right of redemption by CCT Tech, the Convertible Note may be converted in whole or in part (in an amount not less than HK$700,000 at any one time) (in the event that at any time the outstanding principal amount of the Convertible Note is less than HK$700,000, the whole (but not part only) of the principal amount of the Convertible Note may be converted), at any time from the date of issue of the Convertible Note to 5 Business Days prior to the maturity thereof.

Maturity:	CCT Tech shall, unless the Convertible Note has previously been converted in full, repay the outstanding principal amount of the Convertible Note, together with accrued interest from the last interest payment date up to and including the date of repayment, on the fifth anniversary of the date of issue of the Convertible Note. CCT Tech shall have the right, at any time by written notice to the holder(s) of the Convertible Note, to redeem the whole or part of the outstanding principal amount of the Convertible Note together with the interest accrued.
Transferability:	The Convertible Note may be assigned to any third party subject to compliance with the terms and conditions of the Convertible Note and further subject to the conditions, approvals, requirements and any other provisions of or under all applicable laws and regulations and the Listing Rules. If the Convertible Note is transferred to the connected person(s) of CCT Tech or its associate(s) (other than CCT Telecom or its wholly-owned subsidiaries), CCT Tech shall immediately notify the Stock Exchange and all such transfers will be made subject to full compliance with the Listing Rules.
Listing:	No application will be made for the listing of the Convertible Note on the Stock Exchange or any other recognised stock exchange. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the CCT Tech Shares to be issued upon exercise of the conversion rights attaching to the Convertible Note. Such CCT Tech Shares, when issued, will rank pari passu in all respects with all CCT Tech Shares in issue.

Upon full conversion of the Convertible Note, a total of 54,857,142,857 CCT Tech Shares will be issued at an initial conversion price of HK$0.014 per CCT Tech Share, subject to adjustments, which represent approximately 506.14% of the entire existing issued share capital of CCT Tech and approximately 83.50% of the entire issued share capital of CCT Tech as enlarged by the CCT Tech Shares to be issued upon full conversion of the Convertible Note. The conversion price of HK$0.014 per CCT Tech Share represents (i) a discount of approximately 22.22% to the price of HK$0.018 per CCT Tech Share as the latest price quoted on the Stock Exchange on 12 May 2003, being the last trading day before entering into the Agreement; (ii) a premium of approximately 0.72% to the average closing price of approximately HK$0.0139 per CCT Tech Share as quoted on the Stock Exchange for the last 20 trading days up to and including 12 May 2003; and (iii) a discount of approximately 39.13% to the closing price of HK$0.023 per CCT Tech Share as at the Latest Practicable Date as quoted on the Stock Exchange.

Conditions

Completion is conditional on:

(a) CCT Telecom having complied fully with the obligations and having performed all of the covenants and agreements required to be performed by it under the Agreement;

(b) the warranties given by CCT Telecom under the Agreement remaining true and accurate and not misleading;

(c) the warranties given by CCT Tech under the Agreement remaining true and accurate and not misleading;

(d) all requisite resolutions being passed by the Independent CCT Tech Shareholders at the Special General Meeting approving the terms of and the transactions contemplated in the Agreement and the implementation thereof, in compliance with the Listing Rules;

(e) all requisite resolutions being passed by the CCT Telecom Shareholders at the Extraordinary General Meeting approving the terms of and the transactions contemplated in the Agreement and the implementation thereof, in compliance with the Listing Rules;

(f) the Stock Exchange having granted the listing of, and permission to deal in, the CCT Tech Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Note;

(g) the granting of the requisite approval/consent(s) by the Bermuda Monetary Authority for the issue of the CCT Tech Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Note; and

(h) all necessary consents being granted by third parties (including governmental or official authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the Sale Shares and the assignment of the Shareholder's Loan having been proposed, enacted or taken by any governmental or official authority.

CCT Tech may waive the conditions set out in paragraphs (a) and (b) above at any time by notice in writing to CCT Telecom. CCT Telecom may waive the condition in paragraph (c) above at any time by notice in writing to CCT Tech.

In the event that any of the conditions shall not have been fulfilled or waived prior to 15 July 2003 or such later date as agreed by the parties to the Agreement in writing, the Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

Completion

Completion of the Acquisition is expected to take place on or before the third Business Day after all of the conditions have been fulfilled or waived (which shall be fulfilled by no later than 15 July 2003 or such later date as agreed by the parties to the Agreement in writing).

FURTHER INFORMATION ABOUT THE ESH GROUP

ESH is an investment holding company and the ESH Group is principally engaged in the design, manufacture and sale on an ODM and OEM basis of home-use telecommunication products including cordless phones. The major products produced by the ESH Group include 2.4 GHz and 900 MHz cordless phones, 5.8 GHz digital (SST) multi-handset cordless phones, DECT cordless phones and family radio systems. The ESH Group has a leading edge on research and development of cordless phones and has strong sourcing and procurement power in its market as well as advanced production facilities in Guangdong Province, the PRC. It is one of the largest global cordless phone manufacturers and is the major supplier of home-use telecom products for a range of famous brands including GE, Alcatel and others. As at 30 April 2003, the ESH Group had approximately 13,000 employees.

The audited pro forma combined turnover of the ESH Group for the two years ended 31 December 2001 and 2002 were approximately HK$2,210 million and HK$2,643 million respectively, representing a growth rate of approximately 19.6% over the two years. The audited pro forma combined profit before tax of the ESH Group for the two years ended 31 December 2001 and 2002 were approximately HK$78 million and HK$121 million respectively. The audited pro forma combined profit after tax of the ESH Group for the two years ended 31 December 2001 and 2002 were approximately HK$74 million and HK$117 million respectively. As at 31 December 2002, the audited pro forma combined net assets of the ESH Group before deduction of the Shareholder's Loan were approximately HK$709 million. With a consideration of HK$768 million and the audited pro forma combined profit after tax of HK$117 million for the year ended 31 December 2002, the ESH Group is being transferred at a price earnings ratio of approximately 6.6 times.

The ESH Group owns land and buildings in the Mainland, PRC which were used to accomplish the manufacturing function of the ESH Group, rather than capitalise on their value as investment properties usually do. As shown on the pro forma combined balance sheets of the ESH Group as set out on pages 97 to 105 of the circular of CCT Tech dated 11 June 2003, the audited net book value of leasehold land and buildings of the ESH Group were approximately HK$515 million as at 31 December 2002, which only represented approximately 32% of the audited total assets of the ESH Group on the even date of approximately HK$1,612 million.

CHANGES TO THE SHAREHOLDING OF CCT TECH AS A RESULT OF FULL CONVERSION OF ALL OUTSTANDING CONVERTIBLE NOTES OF CCT TECH, INCLUDING THE CONVERTIBLE NOTE

The below table shows the shareholding movements of CCT Tech as a result of full conversion of all outstanding convertible notes of CCT Tech, including the Convertible Note:

	Number of CCT Tech Shares held and approximate percentage of total shareholding					
	As at the Latest Practicable Date		**After completion of the Acquisition and full conversion of the Convertible Note**		**After completion of the Acquisition and full conversion of all outstanding convertible notes of CCT Tech** *(Note)* **including the Convertible Note**	
	CCT Tech Shares	*%*	*CCT Tech Shares*	*%*	*CCT Tech Shares*	*%*
Substantial shareholders						
CCT Telecom	4,500,000,000	41.52	59,357,142,857	90.35	63,857,142,857	85.95
Dongguan Defa Investment Limited	2,000,000,000	18.45	N/A	N/A	N/A	N/A
Standard Chartered Bank	1,295,711,852	11.95	N/A	N/A	N/A	N/A
Sub-total	7,795,711,852	71.92	59,357,142,857	90.35	63,857,142,857	85.95
Public						
Existing public CCT Tech Shareholders	3,042,691,710	28.08	3,042,691,710	4.63	3,042,691,710	4.10
Convertible notes holders which are independent third parties of CCT Tech	—	—	—	—	4,100,000,000	5.52
Dongguan Defa Investment Limited	N/A	N/A	2,000,000,000	3.04	2,000,000,000	2.69
Standard Chartered Bank	N/A	N/A	1,295,711,852	1.98	1,295,711,852	1.74
Sub-total	3,042,691,710	28.08	6,338,403,562	9.65	10,438,403,562	14.05
Total	10,838,403,562	100.00	65,695,546,419	100.00	74,295,546,419	100.00

Note: Other than the Convertible Note, CCT Tech had three series of convertible notes outstanding as at the Latest Practicable Date. The three series of convertible notes were (i) the HK$45 million zero coupon convertible notes due in 2005 issued by CCT Tech to a wholly-owned subsidiary of CCT Telecom on 4 November 2002; (ii) the HK$20 million 5% convertible notes due in 2004 issued by CCT Tech to an independent third party on 4 November 2002; and (iii) the HK$21 million 2% convertible notes due in 2005 issued by CCT Tech to independent third parties on 14 May 2003.

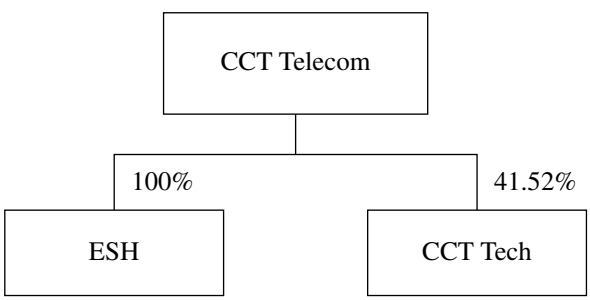
Upon full conversion of the Convertible Note and all the outstanding convertible notes of CCT Tech including the Convertible Note, the shareholding of Standard Chartered Bank in CCT Tech will decrease to approximately 1.98% and 1.74% respectively, and the shareholding of Dongguan Defa Investment Limited in CCT Tech will decrease to approximately 3.04% and 2.69% respectively. As each of Standard Chartered Bank and Dongguan Defa Investment Limited will no longer be a substantial shareholder of CCT Tech after full conversion of the Convertible Note and all the outstanding convertible notes of CCT Tech including the Convertible Note, and as none of them is connected with or dependent of the directors, chief executive or substantial shareholders of CCT Tech or any of its subsidiaries or their respective associates, both Standard Chartered Bank and Dongguan Defa Investment Limited will become public shareholders of CCT Tech after full conversion of the Convertible Note and all the outstanding convertible notes of CCT Tech including the Convertible Note.

Upon full conversion of all the outstanding convertible notes of CCT Tech including the Convertible Note, the shareholding of CCT Telecom in CCT Tech will increase to approximately 85.95%. The CCT Tech Directors have undertaken to the Stock Exchange that they will use their best endeavours and take appropriate steps to ensure that the public float of not less than 25% of the enlarged issued share capital of CCT Tech will be maintained in order to meet the requirements under Rule 8.08 of the Listing Rules as soon as possible.

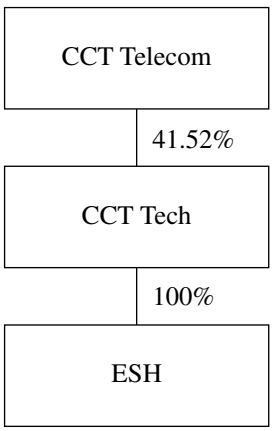
GROUP CHARTS BEFORE AND AFTER THE ACQUISITION

The group charts before and after the Acquisition are as follows:

Before the Acquisition



After the Acquisition



REASONS FOR THE ACQUISITION

CCT Telecom and CCT Tech have constantly been reviewing their business strategies to enhance their shareholder value. The CCT Tech Group is principally engaged in the manufacture and development of telecom products including certain electric components. The CCT Telecom Group's principal activities can broadly be categorised into the following business areas: (i) the manufacture and sale of telecom products including cordless phones; (ii) the manufacture and sale of electric components; (iii) the manufacture and sale of plastic, baby and health care products; and (iv) multimedia operation including the publication of magazines. The electric component operation is mainly carried out by the subsidiaries of CCT Tech.

Since the negotiation between CCT Telecom and CCT Tech on 7 May 2003, the Directors believe that it is in the interests of CCT Telecom and CCT Tech to attach a clearer corporate identity each for CCT Telecom and CCT Tech, with a view to enabling a better appreciation of the value of their businesses. To capture further economies of scale by means of centralising the existing resources and rationalising the businesses of the respective groups, the Directors consider that it is in the interests of both CCT Telecom and CCT Tech for CCT Tech to focus on the operation in cordless phone telecom products complemented by its existing electric component operation.

For the year ended 31 December 2002, the ESH Group contributed approximately HK$2,643 million of the audited pro forma combined turnover and approximately HK$117 million of the audited pro forma combined profit after tax to CCT Telecom. The CCT Tech Directors believe that the Acquisition will expand the assets, broaden the sources of revenue, and strengthen the profitability, of the CCT Tech Group. The CCT Telecom Directors believe that CCT Telecom will in turn benefit from the appreciation in value of CCT Tech after the Acquisition by holding the Convertible Note. After the Acquisition, CCT Telecom will continue to consolidate the turnover and results of the CCT Tech Group, including the turnover and results of the cordless phone operation carried out by CCT Tech.

By concentrating on the ODM and OEM manufacturing of home-use telecom products in CCT Tech after completion of the Acquisition, CCT Telecom will be able to realign its resources and focus on and expand its operations including plastic, baby and health care products and in multimedia, which the CCT Telecom Directors believe have promising market potential. Taking into account all the above considerations, the Directors believe that the Acquisition is in the interests of both CCT Telecom and CCT Tech.

Other than the Convertible Note to be issued for the satisfaction of the Consideration, CCT Tech had three series of convertible notes outstanding as at the Latest Practicable Date. The three series of convertible notes were (i) the HK$45 million zero coupon convertible notes due in 2005 issued by CCT Tech to a wholly-owned subsidiary of CCT Telecom on 4 November 2002; (ii) the HK$20 million 5% convertible notes due in 2004 issued by CCT Tech to an independent third party on 4 November 2002; and (iii) the HK$21 million 2% convertible notes due in 2005 issued by CCT Tech to independent third parties on 14 May 2003.

UNAUDITED OPERATING RESULTS AND ASSETS AND LIABILITIES OF THE CCT TELECOM GROUP (EXCLUDING THE CCT TECH GROUP AND THE ESH GROUP)

The following tables summarise the unaudited pro forma combined operating results and assets and liabilities of the CCT Telecom Group (excluding the ESH Group and the CCT Tech Group) for the year ended 31 December 2002, prepared based on the audited consolidated results of the CCT Telecom Group:

Unaudited pro forma combined operating results

	For the year ended 31 December 2002		
	The CCT Telecom Group *(HK$' million)* *(Audited)*	**Elimination of the ESH Group and the CCT Tech Group** *(HK$' million)* *(Unaudited)*	**The CCT Telecom Group, excluding the ESH Group and the CCT Tech Group** *(HK$' million)* *(Unaudited)*
Turnover	3,130	(2,675)	455
Operating profit generated from			
— the ESH Group and the CCT Tech Group	125	(125)	—
— plastic, baby and health care product operations	48	—	48
Operating profit before net losses of investments and other head office items	173	(125)	48

Unaudited pro forma combined assets and liabilities

	As at 31 December 2002		
	The CCT Telecom Group *(HK$' million)* *(Audited)*	**Elimination of the ESH Group and the CCT Tech Group** *(HK$' million)* *(Unaudited)*	**The CCT Telecom Group, excluding the ESH Group and the CCT Tech Group** *(HK$' million)* *(Unaudited)*
Total non-current assets	1,986	(738)	1,248
Total current assets	1,647	(904)	743
Total current liabilities	(991)	817	(174)
Long term liabilities and minority interests	(214)	70	(144)
Total net assets	2,428	(755)	1,673

	As at 31 December 2002 The CCT Telecom Group, excluding the ESH Group and the CCT Tech Group *(HK$' million)* *(Unaudited)*
Fixed assets	718
Interests in associates	496
Other non-current assets	34
Total non-current assets	1,248
Short term investments	15
Trade and other receivables	209
Inventories	14
Cash and bank balances	505
Total current assets	743
Trade and other payables	(147)
Bank and other borrowings	(19)
Tax payable	(8)
Total current liabilities	(174)
Long term portion of borrowings and minority interests	(144)
Long term liabilities and minority interests	(144)
Total net assets	1,673

The CCT Telecom Directors estimate that there will not be substantial gain or loss to the CCT Telecom Group from the disposal of the ESH Group.

After the Acquisition, the CCT Telecom Group's (excluding the CCT Tech Group and the ESH Group) principal activities will include (i) the manufacture and sale of plastic, baby and health care products; and (ii) multimedia operation including the publication of magazines. The CCT Tech Group and the ESH Group will be principally engaged in the business of manufacture and sale of home-use telecom products including cordless phones and electric components. The employees of the CCT Telecom Group (excluding those of the CCT Tech Group and the ESH Group) were approximately 2,300 as at 30 April 2003.

GENERAL

Since (i) CCT Tech is approximately 41.52% owned by CCT Telecom and is a non wholly-owned subsidiary of CCT Telecom; (ii) Mr. Mak Shiu Tong, Clement, Ms. Cheng Yuk Ching, Flora and Mr. Tam Ngai Hung, Terry are common directors in CCT Telecom and CCT Tech; and (iii) the Acquisition is a transaction of CCT Tech with CCT Telecom, being the controlling shareholder of CCT Tech, the Acquisition constitutes a discloseable and connected transaction for CCT Telecom for the purpose of the Listing Rules. The Agreement is therefore subject to the approval by the CCT Telecom Shareholders. As none of the CCT Telecom Shareholders is a connected person interested in the Acquisition, none of the CCT Telecom Shareholders shall abstain from voting at the Extraordinary General Meeting.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting is set out on pages 41 to 42 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the Agreement to be proposed at the Extraordinary General Meeting.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you intend to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible but in any event, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you so wish.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains its recommendation to the CCT Telecom Shareholders as to voting at the Extraordinary General Meeting in relation to the Agreement.

Your attention is also drawn to (a) the letter from Get Nice which contains its advice to the Independent Board Committee in relation to the Agreement and the principal factors and reasons considered by Get Nice in arriving at its advice; and (b) the additional information set out in the appendices to this circular.

RECOMMENDATION

Having regard to the information described above, the CCT Telecom Directors consider that the terms of the Agreement are fair and reasonable and are in the interests of CCT Telecom and the CCT Telecom Shareholders as a whole. Accordingly, the CCT Telecom Directors recommend the CCT Telecom Shareholders to vote in favour of the resolution to approve the Agreement as set out in the notice of the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
CCT TELECOM HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

The Independent Board Committee:
Tam King Ching, Kenny
Lau Ho Man, Edward

Registered office:
The office of The Harbour Trust Co. Ltd.
P. O. Box 1787 GT
One Capital Place
Grand Cayman
Cayman Islands
British West Indies

Head office and principal place of business:
32/F., China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

11 June 2003

To the CCT Telecom Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular dated 11 June 2003 issued by the Company (the "Circular"), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Agreement and to advise the CCT Telecom Shareholders as to the fairness and reasonableness of the Agreement and to recommend how the CCT Telecom Shareholders should vote at the Extraordinary General Meeting. Get Nice has been appointed to advise the Independent Board Committee in relation to the Agreement.

We wish to draw your attention to the "Letter from the Board", as set out on pages 4 to 15 of the Circular, and the letter from Get Nice to the Independent Board Committee which contains its advice to us in respect of the Agreement, as set out on pages 18 to 27 of the Circular.

Having taken into account of the advice of Get Nice, we consider that the terms of the Agreement to be fair and reasonable so far as the CCT Telecom Shareholders are concerned and the Agreement is in the interests of the Company and the CCT Telecom Shareholders as a whole. Accordingly, we recommend the CCT Telecom Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Agreement.

Yours faithfully,
The Independent Board Committee
CCT TELECOM HOLDINGS LIMITED
Tam King Ching, Kenny **Lau Ho Man, Edward**
Independent non-executive Directors

The following is the text of the letter of advice to the Independent Board Committee from Get Nice which has been prepared for the purpose of inclusion in the circular.

Get Nice Capital Limited

Get Nice Capital Limited
22/F, Euro Trade Centre,
13-14 Connaught Road Central,
Hong Kong

11 June 2003

To the Independent Board Committee of
CCT Telecom Holdings Limited

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to our appointment to advise the Independent Board Committee in respect of the Acquisition contemplated under the Agreement, details of which are set out in the Letter from the Board (the "Letter") contained in the circular of the Company dated 11 June 2003 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

CCT Telecom and CCT Tech entered into the Agreement on 15 May 2003 pursuant to which (i) CCT Telecom has agreed to procure the sale of the Sale Shares to CCT Tech; and (ii) CCT Telecom has agreed to procure the assignment of the Shareholder's Loan to CCT Tech. The Consideration under the Agreement is HK$768 million and will be satisfied by the issue of the Convertible Note. Since (i) CCT Tech is approximately 41.52% owned by CCT Telecom and is a non wholly-owned subsidiary of CCT Telecom; (ii) Mr. Mak Shiu Tong, Clement, Ms. Cheng Yuk Ching, Flora and Mr. Tam Ngai Hung, Terry are common directors in CCT Telecom and CCT Tech; and (iii) the Acquisition is a transaction of CCT Tech with CCT Telecom, being the controlling shareholder of CCT Tech, the Acquisition constitutes a discloseable and connected transaction for CCT Telecom for the purposes of the Listing Rules. The Agreement is therefore subject to the approval by the CCT Telecom Shareholders at the Extraordinary General Meeting.

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and facts including, but not limited to, the Agreement and representations provided to us by the CCT Telecom Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the CCT Telecom Directors or management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, for which the CCT Telecom Directors are solely responsible, the CCT Telecom Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the CCT Telecom Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In arriving at our advice to the Independent Board Committee in respect of the terms of the Agreement, we have taken the following principal factors and reasons into consideration:

I. Background and Reasons of the Agreement

The CCT Tech Group is principally engaged in the manufacture and development of telecom products including certain electric components. The CCT Telecom Group's principal activities can broadly be categorised into the following business areas: (i) the manufacture and sale of telecom products including cordless phones; (ii) the manufacture and sale of electric components; (iii) the manufacture and sale of plastic, baby and health care products; and (iv) multimedia operation including the publication of magazines. The electric component operation is mainly carried out by the subsidiaries of CCT Tech.

ESH, an indirect wholly-owned subsidiary of CCT Telecom, is an investment holding company. The ESH Group is principally engaged in the design, manufacture and sale on an ODM and OEM basis of home-use telecommunication products including cordless phones. In the opinions of the CCT Telecom Directors, the ESH Group has a leading edge on research and development of cordless phones and has strong sourcing and procurement power in its market as well as advanced production facilities in Guangdong Province, the PRC. It is one of the largest global cordless phone manufacturers and is the major supplier for a range of famous brands including GE, Alcatel and others. For the year ended 31 December 2002, the ESH Group contributed (i) approximately HK$2,643 million of the audited pro forma combined turnover to CCT Telecom, representing approximately 84.44% of the audited consolidated turnover of CCT Telecom; and (ii) approximately HK$122 million of the audited pro forma combined operating profit to CCT Telecom, representing approximately 70.5% of the audited consolidated operating profit of CCT Telecom before net losses of investments and other head office items.

CCT Telecom and CCT Tech have constantly been reviewing their business strategies to enhance their shareholder value. Since the negotiation between CCT Telecom and CCT Tech on 7 May 2003, the CCT Telecom Directors believe that it is in the interests of CCT Telecom and CCT Tech to attach a clearer corporate identity each for CCT Telecom and CCT Tech, with a view to enabling a better appreciation of the value of their businesses. To capture further economies

of scale by means of centralising the existing resources and rationalising the businesses of the respective groups, the CCT Telecom Directors consider that it is in the interests of both CCT Telecom and CCT Tech for CCT Tech to focus on the operation in cordless phone telecom products complemented by its existing electric component operation.

The CCT Tech Directors believe that the Acquisition will expand the assets, broaden the sources of revenue, and strengthen the profitability, of the CCT Tech Group. The CCT Telecom Directors believe that CCT Telecom will in turn benefit from the appreciation in value of CCT Tech after the Acquisition by holding the Convertible Note.

After the Acquisition, the CCT Telecom Group's (excluding the CCT Tech Group and the ESH Group) principal activities will include (i) the manufacture and sale of plastic, baby and health care products; and (ii) multimedia operation including the publication of magazines. The CCT Tech Group and the ESH Group will be principally engaged in the manufacture and sale of home-use telecom products including cordless phones and electric components. CCT Telecom will continue to consolidate the turnover and results of the CCT Tech Group, including the turnover and results of the cordless phone operation carried out by CCT Tech.

By concentrating on the ODM and OEM manufacturing of home-use telecom products in CCT Tech after completion of the Acquisition, CCT Telecom will be able to realign its resources and focus on and expand its operations including plastic, baby and health care products and in multimedia, which the CCT Telecom Directors believe have promising market potential. Taking into account all the above considerations, the CCT Telecom Directors believe that the Acquisition is in the interests of both CCT Telecom and CCT Tech.

If the synergy effect arising from the economies of scale following the Acquisition could be materialised in accordance with the expectation of the CCT Telecom Directors, the financial benefit derived from the Agreement by CCT Tech will be ultimately transferred to the CCT Tech Shareholders, among which CCT Telecom is one of them. In such case, we concur with the view of the CCT Telecom Directors that the Acquisition is in the interests of CCT Telecom and the CCT Telecom Shareholders as a whole.

II. **Terms of the Agreement**

1. *Consideration*

The Consideration of HK$768 million is determined after arm's length negotiations between the parties to the Acquisition and taking into account, amongst others, the independent valuation on the ESH Group as at 30 April 2003 which valuation was carried out by an independent professional valuer. The CCT Telecom Directors consider the Consideration to be fair and reasonable to both CCT Telecom and CCT Tech.

In an attempt to evaluate the fairness of the Consideration, we have adopted the following approaches:

(a) Independent professional valuation

An independent valuation on the ESH Group as at 30 April 2003 was carried out by an independent professional valuer, Grant Sherman Appraisal Limited (the "Valuer"). Details of this valuation can be referred to the valuation report (the "Valuation Report"), which is set out in Appendix I to the Circular.

We have discussed with the Valuer the basis of valuation and assumptions, the valuation methodology applied by them in respect of this valuation, details of which can be found in the sections headed "Basis of valuation and assumptions" and "Valuation methodology" in the Valuation Report respectively. The assumptions are as follows:

- there will be no major changes in the existing political, legal, fiscal and economic conditions in China and other countries in which the ESH Group carries on its business or to which it exports or from which it imports or sources supplies;

- there will be no major changes in the current taxation law in China in which the ESH Group operates, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

- exchange rates and interest rates will not differ materially from those presently prevailing;

- the availability of finance will not be a constraint on the forecast growth of the ESH Group's operations in accordance to the financial projection provided by the management of the ESH Group;

- the ESH Group will be able to secure funds to repay its debts when they fall due;

- the intellectual property of products manufactured by the ESH Group will not be infringed upon in a manner which would materially affect the economic benefits attributable to the business;

- the ESH Group can keep abreast of the latest technological development of its industry such that the competitiveness and profitability of the business can be sustained;

- the ESH Group will be able to replace or upgrade its operational, administrative and technical facilities in order to expand and enhance its sales;

- the ESH Group will retain and have competent management, key personnel, and technical staffs to support its ongoing operations; and

- industry trends and market conditions for related industries will not deviate significantly from economic forecasts.

We concur with the Valuer that the basis and assumptions, and the valuation methodology used are in line with the market practice. We have no reason to doubt the basis and assumptions, and the valuation methodology applied by the Valuer in preparing the valuation. However, we wish to draw the CCT Telecom Shareholders' attention that the valuation is based on the above assumptions that may or may not be materialised. If these assumptions could not be materialised, there might be adverse impact on the business and financial position of the ESH Group. In the opinion of the CCT Telecom Directors, there is no present indication that these assumptions will not be materialised.

According to the Valuation Report, the valuation of the ESH Group as at 30 April 2003 was HK$770 million. The Consideration of HK$768 million represents a discount of approximately 0.3% to such valuation. As such discount is not material, we consider that it is fair and reasonable so far as the interests of CCT Telecom and the CCT Telecom Shareholders are concerned.

(b) Price to earnings approach

The audited pro forma combined profit before tax of the ESH Group for the two years ended 31 December 2001 and 2002 were approximately HK$78 million and HK$121 million respectively. The audited pro forma combined profit after tax of the ESH Group for the two years ended 31 December 2001 and 2002 were approximately HK$74 million and HK$117 million respectively. With a consideration of HK$768 million and an audited pro forma combined profit after tax of HK$117 million for the year ended 31 December 2002, the ESH Group is being transferred at a price earnings ratio ("P/E") of approximately 6.6 times.

To evaluate the fairness of the P/E, we have chosen the companies that are listed on the Stock Exchange as the base for comparison, we have performed an analysis of those listed companies on the Stock Exchange and identified 6 companies which have similar business to that of the ESH Group for comparison. Out of these 6 listed companies, 5 companies (the "Target") have positive earnings while the remaining one

has incurred a loss (hence no P/E is applicable) in their latest audited financial year. The information on the Targets is summarised as follows:

Stock Code	Name of Company	Approximate P/E based on the closing price on 15 May 2003 (being the date of the Agreement)
1159	Karce International Holdings Company Limited	9.13
1063	Suncorp Technologies Limited	3.15
328	Alco Holdings Limited	6.94
303	Vtech Holdings Limited	11.64
167	IDT International Limited	14.49

The historical P/E of the Targets, based on their respective closing prices on the Stock Exchange as at 15 May 2003 (being the date of the Agreement) and their respective latest audited earnings, ranges from 3.15 to 14.49 times. The P/E of approximately 6.6 times for the Acquisition is within this range and therefore is acceptable. Accordingly, we are of the opinion that the Consideration is fair and reasonable.

(c) Net assets approach

As at 31 December 2002, the audited pro forma combined net assets value of the ESH Group before deduction of the Shareholder's Loan, which is part of the Acquisition, were approximately HK$709 million. The Consideration of HK$768 million represents a premium of approximately 8.32% on the audited pro forma combined net assets value of the ESH Group as at 31 December 2002. Under such circumstances where there is a premium of the Consideration to the pro forma combined net assets value, we are of the view that the Consideration is fair and reasonable so far as the interests of CCT Telecom and the CCT Telecom Shareholders are concerned.

2. *Major terms of the Convertible Note*

The Consideration will be satisfied by the issue of the Convertible Note. The major terms of the Convertible Note can be referred to the section headed "Consideration" in the Letter. An analysis on these major terms is as follows:

(a) Conversion price

The conversion price of HK$0.014 per CCT Tech Share (subject to adjustments in accordance with the terms and conditions thereof) represents (i) a discount of

approximately 22.22% to the price of HK$0.018 per CCT Tech Share as the latest price quoted on the Stock Exchange on 12 May 2003, being the last trading day before the entering into the Agreement; and (ii) a premium of approximately 0.72% to the average closing price of approximately HK$0.0139 per CCT Tech Share as quoted on the Stock Exchange for the last 20 trading days up to and including 12 May 2003; and (iii) a discount of approximately 39.13% to the closing price of HK$0.023 per CCT Tech Share as at the Latest Practicable Date as quoted on the Stock Exchange.

As there is a substantial discount of the conversion price to the market price of CCT Tech Share as the latest price quoted on the Stock Exchange on 12 May 2003 and the CCT Telecom Directors expect for an appreciation in value of CCT Tech after the Acquisition, it is envisaged that the conversion price can be regarded, on balance, as acceptable for CCT Telecom as the holder of the Convertible Note.

(b) Interest

The interest on the Convertible Note is at Best Lending Rate plus 2%, payable quarterly in arrears. The prevailing Best Lending Rate is 5% and hence the prevailing interest rate on the Convertible Note is 7%.

Assuming the Best Lending Rate remains unchanged at 5% and there will be no exercise of conversion right under the HK$768 million Convertible Note, the annual interest income to CCT Telecom (also the annual interest expenses for CCT Tech) will be for the amount of HK$53.76 million. Taking out the sharing of approximately 41.52% in the interest expenses of CCT Tech by CCT Telecom, the net annual interest income on the Convertible Note received by CCT Telecom will be for the amount of approximately HK$31.44 million. Such recurring interest income will improve the earnings of the CCT Telecom Group and therefore is acceptable.

(c) Conversion right and Maturity

Subject to the exercise of the right of redemption by CCT Tech, the Convertible Note may be converted in whole or in part at any time from the date of issue of the Convertible Note to 5 Business Days prior to the maturity thereof. CCT Tech shall, unless the Convertible Note have previously been converted, repay the outstanding principal amount of the Convertible Note, together with accrued interest from the last interest payment date up to and including the date of repayment, on the fifth anniversary of the date of issue of the Convertible Note.

As CCT Telecom can exercise this conversion right at any time within 5 years in accordance with its own situation such as liquidity requirement and the future performance of the CCT Tech Group, we consider that adequate flexibility has been provided to CCT Telecom under the Convertible Note.

III. **Effect on Shareholding**

Upon full conversion of the Convertible Note, a total of 54,857,142,857 CCT Tech Shares will be issued at an initial conversion price of HK$0.014 per CCT Tech Share, subject to adjustments, which represent approximately 506.14% of the entire existing issued share capital of CCT Tech and approximately 83.50% of the entire issued share capital of CCT Tech as enlarged by the CCT Tech Shares to be issued upon full conversion of the Convertible Note. Under such circumstances, there is an upside potential for CCT Telecom as it can consolidate most of the future profitable results of the CCT Tech Group including the cordless phone operation acquired after completion of the Agreement.

The Stock Exchange has indicated that if less than 25% of the issued share capital of CCT Tech is held in the hands of public, it will consider exercising its discretion to suspend trading in the CCT Tech Shares. In this connection, it should be noted that upon the conversion of the Convertible Note, there may be insufficient public float for the CCT Tech Shares and therefore trading in the CCT Tech Shares may be suspended until a sufficient level of public float is attained.

IV. **Financial Effect on the Agreement**

1. *Net assets*

CCT Tech is approximately 41.52% owned by CCT Telecom and is a non-wholly owned subsidiary of CCT Telecom, and as such, assets and results of the CCT Tech Group are consolidated by CCT Telecom into that of the CCT Telecom Group.

As at 31 December 2002, the audited consolidated net assets value of the CCT Telecom Group and the audited pro forma combined net assets value of the ESH Group after deduction of the Shareholder's Loan were approximately HK$2,428 million and HK$11 million respectively. After the Acquisition, assets value and results of the enlarged CCT Tech Group, including the ESH Group, will continue to be consolidated by CCT Telecom. As the net assets to be acquired by CCT Tech will be exactly offset by the Convertible Note which will be a liability to CCT Tech, there will be no change in the net assets value of the CCT Tech Group after the Acquisition. Hence, the Acquisition involving the disposal of the ESH Group by the CCT Telecom Group will not have any material impact on the net assets of the CCT Telecom Group.

2. *Earnings*

The CCT Telecom Directors estimate that there will not be substantial gain or loss to the CCT Telecom Group from the disposal of the ESH Group. The earnings of CCT Telecom upon completion of the Agreement will be affected by (i) the earnings of the ESH Group and (ii) the interest income on the Convertible Note. However, these two factors in turn will be dependent on whether the conversion right of the Convertible Note will be exercised. If the conversion right of the Convertible Note is exercised, whether in whole or in part, the interest income receivable from the Convertible Note will be decreased, while on the other

hand, the earnings of the CCT Tech Group will be increased correspondingly due to the reduction of the interest expense upon exercise of the conversion right of the Convertible Note. After the Acquisition, CCT Telecom will continue to consolidate the results and assets of the CCT Tech Group, including the ESH Group, and is able to exercise control over the board of CCT Tech. CCT Telecom may also exercise its conversion right of the Convertible Note and increase its shareholding in CCT Tech to a total of 90.35% at its own discretion. Therefore, in the opinion of the CCT Telecom Directors, the Acquisition improves corporate management and operational efficiency and improves the value of CCT Tech and therefore is a benefit to CCT Telecom, as its controlling shareholder. It is the view of the CCT Telecom Directors' that the downside risk of holding beneficial interest in ESH through consolidation of CCT Tech's accounts, of which minority interest of CCT Tech would share the operating results and net assets value of CCT Tech including the ESH Group after the Acquisition, is not significant. We concur with the CCT Telecom Directors' view on the basis that the benefit arising from the synergy effect after the Acquisition will out-weight such downside effect.

The CCT Telecom Directors believe that the Acquisition will expand the assets, broaden the sources of revenue, and strengthen the profitability, of the CCT Tech Group. The CCT Telecom Directors believe that CCT Telecom will in turn benefit from the appreciation in value of CCT Tech after the Acquisition by holding the Convertible Note. The Acquisition will also result in concentration of management and other resources in the home-use telecom product operations and complement by the electric component operations. This in turn will result in more effective management and administration control, thus improve the efficiency of the CCT Tech Group, as enlarged by the ESH Group, as a whole. CCT Telecom will be able to focus on its remaining plastic, baby and health care product business, nonetheless, will be able to continue to enjoy the growth of the ESH Group through the consolidation of the results of the enlarged CCT Tech Group. The Acquisition will allow each of CCT Telecom and CCT Tech to establish a clear business identity and corporate image. Both CCT Telecom and CCT Tech will reflect their respective true values after the Acquisition. In view of the aforesaid reasons, the CCT Telecom Directors believe that the Agreement will improve the value and the long-term profitability of CCT Telecom. Therefore, we consider that the Agreement is in the interests of CCT Telecom and the CCT Telecom Shareholders as a whole.

3. *Liquidity and Gearing Ratio*

Since both CCT Tech and ESH will remain the subsidiaries of CCT Telecom after the Acquisition, the liquidity position of the CCT Telecom Group will remain unchanged after completion of the Agreement. The current ratio as at 31 December 2002 (being the latest audited year-end date) was 166% and there will be no material changes in the current ratio both before and after the Acquisition.

As the gain on disposal of the ESH Group by CCT Telecom will be eliminated on consolidation, the Acquisition will not have any material impact on the equity of the CCT Telecom Group. The gearing ratio (expressed as the total borrowings to the total capital employed) as at 31 December 2002 (being the latest audited year-end date) was 14% and there will be no material changes in the gearing ratio both before and after the Acquisition.

RECOMMENDATION

Taking into account the factors and reasons as mentioned above, we are of the opinion that terms of the Agreement are in the interests of the Company and the CCT Telecom Shareholders and are fair and reasonable so far as the CCT Telecom Shareholders as a whole are concerned. Accordingly, we advise the Independent Board Committee to recommend the CCT Telecom Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting in respect of the Agreement.

Yours faithfully,
For and on behalf of
Get Nice Capital Limited
Louis Yiu **Gary Hung**
Directors



GRANT SHERMAN APPRAISAL LIMITED

11 June 2003

The Board of Directors
CCT Telecom Holdings Limited
32/F., China Merchants Tower
Shun Tak Centre
168-200 Connaught Road
Central, Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of a 100% equity interest in the business enterprise of Empire Success Holdings Limited and its subsidiaries (collectively referred to as "the ESH Group"), an indirect wholly owned subsidiary of CCT Telecom Holdings Limited ("CCT Telecom"), a company listed on the Hong Kong Stock Exchange. The ESH Group is one of the leading ODM and OEM corded and cordless phone manufacturers around the world, which currently holds a significant share of the global market, primarily in the United States ("US").

This letter identifies the business appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value.

Business enterprise value is defined for this appraisal as the total invested capital, excluding debts but including shareholders' loans, and is equivalent to shareholders' equity plus shareholders' loans. The fair market value of the equity interest in the business enterprise of the ESH Group is derived through the application of the income approach technique known as the discounted cash flow method.

The purpose of this appraisal is to express an independent opinion of the fair market value of the equity interest in the business enterprise of the ESH Group as of 30 April 2003. It is our understanding that this appraisal will be used for group restructuring purposes.

INTRODUCTION

The cordless phone business of the ESH Group (referred to as "the Cordless Phone Business") has an operating history since 1986. Aimed at both household and office users, the Cordless Phone Business's products include corded phones, cordless phones and answering machines. The product range covers 2.4 GHz cordless phone, 900 MHz cordless phones, 5.8 GHz digital (SST) multi-handset cordless phones, DECT cordless phones, CT0 cordless and corded phones, and family radio systems.

The Cordless Phone Business mainly exports its products to the US and Europe. Over the years, the Cordless Phone Business has enjoyed sturdy and amicable relationships with its reputable customers, such as GE and Alcatel.

The main production plant of the Cordless Phone Business is located at CCT Technology Park, San He Economic Development Zone, Huiyang City, Guangdong, China. The plant has a maximum capacity of 25 million units per year. A secondary production plant is located at ESL Technology Park, Zhukan Industrial District, Gaobu Town, Dongguan, Guangdong, China. The secondary plant has a maximum capacity of 10 million units per year.

The ESH Group will continue to develop new products to sustain its global market leader position in the design and manufacturing of cordless phones. According to the management of the ESH Group ("the Management"), one of the main goals is to further strengthen its position in the digital cordless sector and allocate more resources to those markets, particularly the US and Europe. The Cordless Phone Business has entered the mainland China market in late 2002 by introducing analogue cordless phones equipped with different radio frequency, and will continue to explore this potential market in a cautious yet practical manner.

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business enterprise of the ESH Group on the basis of fair market value. Fair market value is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

Our investigation included discussions with the Management in relation to the history, operations and prospects of the business and a review of the business information ("the Business Information") and the financial projection ("the Projection") provided to us by the Management, as well as a review of other relevant documents. We have assumed that the data, information, opinions and representation provided to us by the Management in the course of the valuation are true and accurate. Before arriving at our opinion of value, we have considered the following principal factors:

- the nature of the Cordless Phone Business from inception;
- the financial condition of the ESH Group and its book value;
- the specific economic and competitive elements affecting the Cordless Phone Business, its industry and its markets;
- the natures and prospects of the global cordless phone markets;
- past and projected operating results;

- present worth of future monetary benefits based upon appropriate rates of return as indicated by alternative investment opportunities of comparable magnitude, character and risk;

- extent, condition, utility and capacity of the plant, property and equipment utilized by the business; and

- the business risks of the ESH Group.

Due to the changing environment in which the ESH Group is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprise. The major assumptions adopted in this appraisal are:

- there will be no major changes in the existing political, legal, fiscal and economic conditions in China and other countries in which the ESH Group carries on its business or to which it exports or from which it imports or sources supplies;

- there will be no major changes in the current taxation law in China in which the ESH Group operates, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

- exchange rates and interest rates will not differ materially from those presently prevailing;

- the availability of finance will not be a constraint on the forecast growth of the ESH Group's operations in accordance to the Projection;

- the ESH Group will be able to secure funds to repay its debts when they fall due;

- the intellectual property of products manufactured by the ESH Group will not be infringed upon in a manner which would materially affect the economic benefits attributable to the business;

- the ESH Group can keep abreast of the latest technological development of its industry such that the competitiveness and profitability of the business can be sustained;

- the ESH Group will be able to replace or upgrade its operational, administrative and technical facilities in order to expand and enhance its sales;

- the ESH Group will retain and have competent management, key personnel, and technical staffs to support its ongoing operations; and

- industry trends and market conditions for related industries will not deviate significantly from economic forecasts.

We were furnished, for the purpose of this appraisal, with audited and unaudited financial data as well as other records, documents and projections. We have reviewed and examined the financial information and have no reason to doubt the truth and accuracy of the information contained therein. We have also consulted public sources of financial and business information to supplement the information provided by the Management. In arriving at our opinion of value, we have relied to a considerable extent on the above-mentioned information and discussions held with the Management and other representatives from CCT Telecom.

VALUATION METHODOLOGY

The fair market value of the business enterprise of the ESH Group is developed through the application of the income approach technique known as the discounted cash flow ("DCF") method. The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the business enterprise than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent business enterprise with similar risk.

One methodology in the income approach to value is the discounted cash flow method, which focuses on the expected cash flow of a business. In applying this method, the cash flow available for distribution is calculated for a finite period of years. Cash flow available for distribution is defined, for purposes of this analysis, as the amount of cash that could be distributed as a dividend without impairing the future profitability or operations of the subject company. The cash flow available for distribution and the terminal value (the value of the subject company at the end of the estimation period) are then discounted to present value to arrive at an indication of fair market value.

The discounted cash flow method explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits, such as cost savings, periodic income, or sale proceeds. In the appraisal of a business enterprise, indications of value are developed by discounting future debt-free net cash flow available to the providers of the invested capital to their present worth at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment. A debt-free approach avoids the possible distortive effects of debt and debt service, thereby reflecting the true earning power of the enterprise. Debts are then subtracted from the estimated value of invested capital to determine an equity value.

The discounted cash flow method utilizes a net debt-free cash flow stream, defined as cash flow free of long-term charges and net of requirements for future working capital and capital expenditures. Initially, anticipated depreciation and amortization expenses are added to the projected debt-free net income to arrive at the debt-free gross cash flows. Changes in debt-free working capital and anticipated capital expenditures are then subtracted from the gross cash flows to arrive at the debt-free net cash flows (DFNCF).

A discount rate is the expected rate of return (or yield) that an investor would have to give up by investing in the subject investment instead of available alternative investments that are comparable in terms of risk and other investment characteristics. The discount rate for the ESH Group is based on a weighted average cost of capital ("WACC") developed through the application of the Capital Asset Pricing Model ("CAPM"). In determining an appropriate discount rate utilizing the WACC

analysis, a study is made of the yields of long-term corporate and government bonds, and other alternative investment instruments, as well as the typical capital structure of the companies in the industry. A discussion of the derivation of the equity cost of capital and the weighted average cost of capital is discussed in the following:

WACC Computation

$WACC = K_e * (Eq/IC) + K_d * (D/IC)$

Where:

K_e = Cost of equity
Eq = Amount of equity
IC = Invested capital (equity plus all interest-bearing debt)
K_d = After-tax cost of debt
D = Amount of debt

The cost of equity, K_e, of the ESH Group is developed through the application of CAPM, which is the most commonly adopted method of estimating the required rate of return for equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk ("*Beta*") times equity market premium in general. The following is the CAPM formula for derivation of K_e:

CAPM — Cost of Equity

$K_e = R_{rf} + MRP \times \beta$

Where:

K_e = Cost of equity
R_{rf} = Risk-free rate
MRP = Market risk premium, which is the return the market portfolio is expected to generate in excess of the risk-free rate
β = The "beta coefficient" that measures the relative risk of the asset being valued as compared to the risk of the market portfolio. It is computed by regressing returns on a comparable security on returns for the market index. It is a measure of the systematic risk of the asset.

For our analysis, we conclude that a discount rate of 17.2% is deemed to be reasonable and justifiable for valuing the ESH Group.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of 30 April 2003, the fair market value of the 100% equity interest in the business enterprise of the ESH Group, is reasonably stated by the amount of HONG KONG DOLLARS SEVEN HUNDRED AND SEVENTY MILLION (HKD770,000,000) ONLY.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in the ESH Group, Cordless Phone Business, CCT Telecom, or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Keith C.C. Yan, ASA
Managing Director

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) and he has been conducting business valuation in the Greater China region for various purposes since 1988.

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 CCT Telecom Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the directors and the chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) **Interests and short positions in the Shares, underlying Shares and debentures of the Company**

(i) *Long position in the Shares*

Name of director	Number of Shares beneficially held and nature of interest			Approximate percentage of total shareholding *(%)*
	Personal	**Family**	**Corporate**	
Mak Shiu Tong, Clement *(Note 1)*	856,000	1,407,500	83,998,441	20.44
Cheng Yuk Ching, Flora	9,876,713	—	—	2.34
William Donald Putt	171,500	—	—	0.04
Samuel Olenick *(Note 2)*	—	—	125,000	0.03

Notes:

(1) The family interest of Mr. Mak Shiu Tong, Clement in 1,407,500 Shares was held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong, Clement in 83,998,441 Shares was held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of Part XV of the SFO.

(2) Mr. Samuel Olenick was deemed to be interested in 125,000 Shares under the provisions of Part XV of the SFO.

(ii) *Long position in the underlying Shares of equity derivatives of the Company*

Name of director	Date of grant of share options	Exercise period of share options	Exercise price per Share	Number of share options outstanding	Number of total underlying Shares	Approximate percentage of total shareholding
			HK$			*(%)*
Mak Shiu Tong, Clement	13/8/2001	16/8/2001-15/8/2003	2.936	5,000,000	5,420,000	1.28
	17/3/2003	17/3/2003-16/3/2008	0.750	420,000		
Cheng Yuk Ching, Flora	13/8/2001	16/8/2001-15/8/2003	2.936	1,250,000	5,450,000	1.29
	17/3/2003	17/3/2003-16/3/2008	0.750	4,200,000		
Tam Ngai Hung, Terry	11/6/2001	13/6/2001-12/6/2003	3.732	750,000	6,200,000	1.47
	13/8/2001	16/8/2001-15/8/2003	2.936	1,250,000		
	17/3/2003	17/3/2003-16/3/2008	0.750	4,200,000		
William Donald Putt	17/3/2003	17/3/2003-16/3/2008	0.750	420,000	420,000	0.10
Samuel Olenick	17/3/2003	17/3/2003-16/3/2008	0.750	420,000	420,000	0.10
Tam King Ching, Kenny	17/3/2003	17/3/2003-16/3/2008	0.750	420,000	420,000	0.10
Lau Ho Man, Edward	17/3/2003	17/3/2003-16/3/2008	0.750	420,000	420,000	0.10

(b) **Interests and short positions in the shares, underlying shares and debentures of associated corporations**

(i) *Long position in the shares of an associated corporation — Haier-CCT Holdings Limited ("Haier-CCT")*

Name of director	Number of shares in Haier-CCT beneficially held and nature of interest			Approximate percentage of total shareholding
	Personal	Family	Corporate	*(%)*
Mak Shiu Tong, Clement *(Note 1)*	20,574,412	1,150,391	85,494,864	1.076
Cheng Yuk Ching, Flora	19,312,498	—	—	0.194
Tam Ngai Hung, Terry	10,000,000	—	—	0.100
William Donald Putt	179,112	—	—	0.002
Samuel Olenick *(Note 2)*	—	—	130,548	0.001

Notes:

(1) The family interest of Mr. Mak Shiu Tong, Clement in 1,150,391 shares in Haier-CCT was held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong, Clement in 85,494,864 shares in Haier-CCT was held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of Part XV of the SFO.

(2) Mr. Samuel Olenick was deemed to be interested in 130,548 shares in Haier-CCT under the provisions of Part XV of the SFO.

(ii) *Long position in the underlying shares of equity derivatives of Haier-CCT*

Name of director	Amount of 2004 warrants* in Haier-CCT beneficially held and nature of interest			Number of total underlying shares	Approximate percentage of total shareholding
	Personal *HK$*	Family *HK$*	Corporate *HK$*		*(%)*
Mak Shiu Tong, Clement *(Note 1)*	1,069,869.32	59,820.28	4,444,651.64	10,719,887	0.1076
Cheng Yuk Ching, Flora	1,004,249.48	—	—	1,931,249	0.0194
Tam Ngai Hung, Terry	520,000.00	—	—	1,000,000	0.0100
William Donald Putt	9,313.72	—	—	17,911	0.0002
Samuel Olenick *(Note 2)*	—	—	6,788.08	13,054	0.0001

Notes:

(1) The family interest of Mr. Mak Shiu Tong, Clement in the 2004 warrants in an aggregate amount of HK$59,820.28 in Haier-CCT was held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong, Clement in the 2004 warrants in an aggregate amount of HK$4,444,651.64 in Haier-CCT was held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of Part XV of the SFO.

(2) Mr. Samuel Olenick was deemed to be interested in the 2004 warrants in an aggregate amount of HK$6,788.08 in Haier-CCT under the provisions of Part XV of the SFO.

* *The 2004 warrants in Haier-CCT entitle the holders thereof to subscribe for its shares at a subscription price of HK$0.52 per share, subject to adjustments, until 26 February 2004.*

Name of director	Share options in Haier-CCT					
	Date of grant of share options	Exercise period of share options	Exercise price per share *HK$*	Number of share options outstanding	Number of total underlying shares	Approximate percentage of total shareholding *(%)*
Mak Shiu Tong, Clement	16/8/2002	16/8/2003-15/8/2007	0.156	89,000,000	89,000,000	0.89
Cheng Yuk Ching, Flora	16/8/2002	16/8/2003-15/8/2007	0.156	89,000,000	89,000,000	0.89
Tam Ngai Hung, Terry	16/8/2002	16/8/2003-15/8/2007	0.156	89,000,000	89,000,000	0.89
William Donald Putt	16/8/2002	16/8/2003-15/8/2007	0.156	5,000,000	5,000,000	0.05

(iii) *Long position in the underlying shares of equity derivatives of an associated corporation — CCT Tech*

		Share options in CCT Tech				
Name of director	**Date of grant of share options**	**Exercise period of share options**	**Exercise price per share** *HK$*	**Number of share options outstanding**	**Number of total underlying shares**	**Approximate percentage of total shareholding** *(%)*
Mak Shiu Tong, Clement	30/4/2003	30/4/2003-29/4/2008	0.014	100,000,000	100,000,000	0.92
Cheng Yuk Ching, Flora	30/4/2003	30/4/2003-29/4/2008	0.014	100,000,000	100,000,000	0.92
Tam Ngai Hung, Terry	30/4/2003	30/4/2003-29/4/2008	0.014	100,000,000	100,000,000	0.92

Save as disclosed above, as at the Latest Practicable Date, none of the directors and the chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

None of the CCT Telecom Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2002 (being the date to which the latest published audited financial statements of the Company were made up).

No CCT Telecom Director was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Company.

No benefit had been or will be given to any CCT Telecom Director or proposed director as compensation or otherwise in connection with the Agreement.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the directors or chief executive of the Company, the following persons (other than the directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in the Shares:

Name of shareholder	**Number of Shares held**	**Approximate percentage of total shareholding** (%)
Capital Interest Limited *(Note)*	83,998,441	19.90
Yiu Yu Ying *(Note)*	1,407,500	0.34
Mak Shiu Tong, Clement	856,000	0.20
	86,261,941	20.44

Note: Under the provisions of Part XV of the SFO, Mr. Mak Shiu Tong, Clement, a director of the Company, was deemed to control or have an interest in Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests. Mr. Mak Shiu Tong, Clement was also deemed to have an interest in the Shares owned by his wife, Ms. Yiu Yu Ying. These interests in the Shares have also been disclosed under the section headed "Disclosure of Interests" above.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person (other than the directors or chief executive of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company or the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the CCT Telecom Directors to be pending or threatened against the Company or any of its subsidiaries.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the CCT Telecom Directors and proposed directors had entered into any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

EXPERTS

(a) The following is the qualification of the experts who have given their opinion or advice which are contained in this circular:

Name	Qualification	Date of opinion	Nature of opinion or advice
Get Nice	Deemed licensed corporation under the SFO	11 June 2003	Letter of advice to the Independent Board Committee
Grant Sherman Appraisal Limited	Independent professional valuer	11 June 2003	Valuation report on the ESH Group

(b) Each of Get Nice and Grant Sherman Appraisal Limited does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of Get Nice and Grant Sherman Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and references to its name in the form and context in which they appear.

(d) The letter and recommendation given by each of Get Nice and Grant Sherman Appraisal Limited are given as of the date of this circular for incorporation herein.

(e) Each of Get Nice and Grant Sherman Appraisal Limited has, or has had, no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2002 (being the date to which the latest published audited financial statements of the Company were made up).

MATERIAL ADVERSE CHANGES

Save as disclosed herein, the CCT Telecom Directors are not aware of any material adverse change in the financial and trading position of the Company since 31 December 2002, the date to which the latest published audited financial statements of the Company were made up.

MISCELLANEOUS

(a) The secretary of the Company is Ms. Low Pui Man, Jaime, who is an associate of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.

(b) The principal share registrar and transfer office of the Company is The Harbour Trust Co. Ltd., situated at The office of The Harbour Trust Co. Ltd., P. O. Box 1787 GT, One Capital Place, Grand Cayman, Cayman Islands, British West Indies.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any Business Day at the head office and principal place of business of the Company in Hong Kong at 32/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, up to and including the date of the Extraordinary General Meeting:

(a) the Agreement;

(b) the memorandum and articles of association of the Company;

(c) the letter of recommendation from the Independent Board Committee to the CCT Telecom Shareholders, the text of which is set out on pages 16 to 17 of this circular;

(d) the letter of advice received from Get Nice to the Independent Board Committee, the text of which is set out on pages 18 to 27 of this circular;

(e) the valuation report on the ESH Group prepared by Grant Sherman Appraisal Limited, the text of which is set out in Appendix I of this circular;

(f) the written consents referred to in this appendix; and

(g) the annual reports of the Company for the two years ended 31 December 2001 and 2002.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of CCT Telecom Holdings Limited (the "Company") will be held at 32/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 27 June 2003 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the sale and purchase agreement dated 15 May 2003 (the "Agreement"), a copy of which has been produced to this meeting marked "A" and initialled by the Chairman of this meeting for the purpose of identification, entered into between CCT Tech International Limited ("CCT Tech") and the Company pursuant to which the Company has agreed to procure the sale of, and CCT Tech has agreed to purchase, the entire issued share capital of, and a shareholder's loan to, Empire Success Holdings Limited, a wholly-owned subsidiary of the Company, for an aggregate consideration of HK$768,000,000 to be satisfied by the issue of the Convertible Note (as defined in the circular of the Company dated 11 June 2003) subject to and in accordance with the terms therein and the transactions contemplated therein be and they are hereby approved, ratified and confirmed; and

(b) the directors of the Company be and they are hereby authorised to take such action and execute such further documents or deeds as they may consider necessary or desirable for the purpose of implementing the Agreement."

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 11 June 2003

Head office and principal place of business:
32/F., China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. *A form of proxy for use at the meeting is enclosed herewith.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either executed under its common seal or under the hand of any officer, attorney or other person duly authorised to sign the same.*

3. *Any member entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company but must attend the meeting in person to represent him/her.*

4. *In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).*

5. *Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) convened and in such event, the form of proxy shall be deemed to be revoked.*

6. *Where there are joint holders of any share(s), any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.*