**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 securities in CCT Telecom Holdings Limited, you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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CCT TELECOM HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 138)

# DISCLOSEABLE TRANSACTION

# SALE OF SHARES OF CCT TECH INTERNATIONAL LIMITED WITH A PUT OPTION

15 August 2005

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

| | |
|---|---|
| "associate" | has the same meaning ascribed to it under the Listing Rules |
| "Board" | the board of Directors |
| "Business Day" | any day on which banks in Hong Kong are generally open for business (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) |
| "Cash Offer with Securities Exchange Alternative" | the voluntary conditional cash offer (with securities exchange alternative) of HK$1,840 in cash or the convertible bonds due 2010 with a face value of HK$1,840, for every 80,000 CCT Tech Shares or every CCT Tech 2005 CN with a face value of HK$800 as jointly announced by the Company and CCT Tech on 31 January 2005 |
| "CCT Tech" | CCT Tech International Limited, an exempted company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange |
| "CCT Tech 2005 CN" | the convertible notes issued by CCT Tech to New Capital on 26 April 2004 in the amount of HK$45,000,000, interest free, with an initial conversion price of HK$0.01 (subject to adjustments) per CCT Tech Share, originally due on 17 May 2005, which was transferred by New Capital to Jade Assets on 25 April 2005 by accepting the Cash Offer with Securities Exchange Alternative and the due date of the convertible notes was subsequently extended from 17 May 2005 to 31 December 2007 |
| "CCT Tech Group" | CCT Tech and its subsidiaries |
| "CCT Tech Option(s)" | the share options for 1,082,781,000 CCT Tech Shares granted by CCT Tech to eligible participants conferring on the grantees thereof the right to subscribe for the CCT Tech Shares at an exercise price of HK$0.014 per CCT Tech Share pursuant to the share option scheme of CCT Tech adopted on 17 September 2002 and were fully cancelled on 25 April 2005 as all the grantees accepted the Option Offer |
| "CCT Tech Share(s)" | the ordinary share(s) of HK$0.01 each in the share capital of CCT Tech |
| "CCT Telecom Group" | the Company and its subsidiaries |
| "CCT Telecom Share(s)" or "Share(s)" | the ordinary share(s) of HK$0.10 each in the share capital of the Company |
| "Closing Announcement" | the joint announcement of the Company and CCT Tech in respect of the Offers dated 6 May 2005 |

| | |
|---|---|
| "Company" | CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange |
| "Director(s)" | the director(s) of the Company |
| "Exercise Period" | the period as set out under the sub-heading of "Principal terms of the Put Option" in the section of "Put Option" in the "Letter from the Board" of this circular |
| "Exercise Price" | HK$0.023 per CCT Tech Share, subject to adjustments in the event of share consolidation or share sub-division |
| "HK$" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Jade Assets" | Jade Assets Company Limited, an indirect wholly-owned subsidiary of the Company |
| "Latest Practicable Date" | 10 August 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| "Listing Rules" | The Rules Governing the Listing of Securities on the Stock Exchange |
| "New Capital" | New Capital Industrial Limited, a company wholly owned by Mr. Mak Shiu Tong, Clement, the Chairman and an executive director of both the Company and CCT Tech, and his family members |
| "Offers" | the Cash Offer with Securities Exchange Alternative and the Option Offer |
| "Option Offer" | the voluntary conditional cash offer to cancel the CCT Tech Options by the Company as jointly announced by the Company and CCT Tech on 31 January 2005 |
| "Party A" | Value Partners Limited, a company incorporated in the British Virgin Islands with limited liability |
| "Put Option" | a put option granted by the Company to Party A in accordance with the terms of the Sale and Purchase Agreement, the principal terms of which have been set out under the section of "Put Option" in the "Letter from the Board" of this circular |
| "Put Share(s)" | the Sale Shares and any shares deriving or arising therefrom as a result or in consequence of any consolidation or sub-division of such Sale Shares that will have taken place after the date of completion of the Sale and Purchase Agreement and before the expiry of the Exercise Period |

| | |
|---|---|
| "Sale and Purchase Agreement" | the agreement dated 22 July 2005 entered into between the Company, Jade Assets and Party A for the sale of the Sale Shares |
| "Sale Price" | HK$0.02 per CCT Tech Share |
| "Sale Shares" | 1,500,000,000 CCT Tech Shares sold by Jade Assets to Party A pursuant to the Sale and Purchase Agreement |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "Shareholder(s)" | the holder(s) of the CCT Telecom Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "substantial shareholder" | has the same meaning ascribed to it under the Listing Rules |
| "%" | per cent. |

# CCT TELECOM HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 138)

*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 offices 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 in Hong Kong:*
32/F., China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

15 August 2005

*To the Shareholders*

Dear Sir or Madam,

## DISCLOSEABLE TRANSACTION

## SALE OF SHARES OF CCT TECH INTERNATIONAL LIMITED WITH A PUT OPTION

### INTRODUCTION

The Company announced on 22 July 2005 that the Company entered into the Sale and Purchase Agreement with Jade Assets and Party A on 22 July 2005, pursuant to which the Company has agreed to sell 1,500,000,000 CCT Tech Shares owned by Jade Assets to the funds under management by Party A at a price of HK$0.02 per CCT Tech Share.

The sale of the Sale Shares constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information regarding the sale of the Sale Shares.

## THE SALE AND PURCHASE AGREEMENT

### A. Sale of the CCT Tech Shares

*Parties to the Sale and Purchase Agreement*

(1) the Company

(2) Jade Assets

(3) Party A. The boards of directors of the Company and CCT Tech confirm that to the best of their knowledge, information and belief, having made all reasonable enquiry, Party A and the funds under management by Party A are third parties independent of and not connected with Jade Assets, the Company, CCT Tech, the directors, chief executive or substantial shareholders of each of Jade Assets, the Company and CCT Tech and/or their respective subsidiaries or any of their respective associates.

*Principal terms of the Sale and Purchase Agreement*

Sale Shares: 1,500,000,000 CCT Tech Shares, which represented approximately 9.41% of the issued share capital of CCT Tech as at the Latest Practicable Date.

Sale Price: HK$0.02 per CCT Tech Share, which:

(i) represents a discount of approximately 4.76% to the closing price of HK$0.021 per CCT Tech Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(ii) is the same as the closing price of HK$0.020 per CCT Tech Share as quoted on the Stock Exchange as at 21 July 2005, being the last trading day of the CCT Tech Shares on the Stock Exchange prior to the date of the Sale and Purchase Agreement;

(iii) is the same as the 10-day average closing price of HK$0.020 per CCT Tech Share for the last 10 consecutive trading days up to and including 21 July 2005 as quoted on the Stock Exchange; and

(iv) represents a discount of approximately 4.76% to the 30-day average closing price of HK$0.021 per CCT Tech Share for the last 30 consecutive trading days up to and including 21 July 2005 as quoted on the Stock Exchange.

The Sale Price was determined after arm's length negotiations between Jade Assets, the Company and Party A.

Consideration: The aggregate consideration for the Sale Shares is HK$30,000,000 and was paid in cash.

Completion: The Sale and Purchase Agreement was completed on 22 July 2005 and the Sale Shares were transferred to Party A on the main board market of the Stock Exchange on 22 July 2005.

Ranking: The Sale Shares rank *pari passu* in all respects with other issued CCT Tech Shares as at the date of the Sale and Purchase Agreement.

Lock-up: A six month lock-up period beginning from the date of completion of the Sale and Purchase Agreement (the "**Lock-up Period**") has been imposed on Party A in respect of the Sale Shares pursuant to the Sale and Purchase Agreement under which Party A will not sell, dispose of, transfer, or enter into any agreement to sell, dispose of or transfer, or otherwise create any options, rights, interests or encumbrances in respect of the Sale Shares to parties other than Jade Assets, the Company and any persons nominated by any of them, unless prior written consent is obtained from the Company.

Restriction: During the Lock-up Period, Party A and its associates shall not directly or indirectly, without the prior written consent of the Company, acquire or become interested in any CCT Tech Shares, other than the Sale Shares.

**B. Put Option**

*Grant of the Put Option*

Pursuant to the Sale and Purchase Agreement, the Company has granted the Put Option to Party A in accordance with the terms of the Sale and Purchase Agreement. Upon exercise of the Put Option by Party A, Party A will be entitled to sell all or part of the Put Shares at the Exercise Price and the Company is obliged to purchase or procure other person or persons to purchase the number of the Put Shares in respect of which the Put Option is exercised at such Exercise Price. Principal terms of the Put Option are described below.

*Principal terms of the Put Option*

Exercise Price: HK$0.023 per CCT Tech Share, subject to adjustments in the event of share consolidation or share sub-division.

Exercise Period:

(1) The period commencing on the date immediately after the expiry of the Lock-up Period and ending on the 14th Business Day immediately after the expiry of the Lock-up Period.

(2) During the 20-Business Day period immediately after the occurrence of any of the following events (the "**Events**") during the Lock-up Period:

(a) CCT Tech having convened a general meeting to effect a voluntary winding-up; or

(b) the listing of the CCT Tech Shares and/or the CCT Telecom Shares ceases; or

(c) the suspension in the trading of the CCT Tech Shares and/or the CCT Telecom Shares on the Stock Exchange for 10 consecutive business days (as defined in the Listing Rules).

| | |
|---|---|
| Put Shares: | The Sale Shares and any shares deriving or arising therefrom as a result or in consequence of any consolidation or sub-division of such Sale Shares that will have taken place after the date of completion of the Sale and Purchase Agreement and before the expiry of the Exercise Period. |
| Lapse of the Put Option: | The Put Option will lapse if it is not exercised within the Exercise Period. |
| Transferability: | The Put Option is not transferable. |
| Listing: | No application will be made for the listing of the Put Option on the Stock Exchange or any other stock exchanges. |

**REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT**

As stated in the Closing Announcement, upon completion of the transfers of legal titles to Jade Assets on 12 May 2005 in respect of 7,907,179,696 CCT Tech Shares accepted under the Offers, Jade Assets, the Company and parties acting in concert with them were interested in an aggregate of 13,407,179,696 CCT Tech Shares, representing approximately 84.12% of the issued share capital of CCT Tech and only approximately 15.88% interest in CCT Tech was held by the public. As such, the Company and Jade Assets entered into the Sale and Purchase Agreement with Party A on 22 July 2005 to reduce the shareholdings of Jade Assets, the Company and parties acting in concert with them in CCT Tech in order to comply with the minimum 25% public float requirement under Rule 8.08 of the Listing Rules. Upon completion of the Sale and Purchase Agreement, the public float in CCT Tech Shares has been restored.

Given the relatively low liquidity in the trading of the CCT Tech Shares, the Put Option is therefore granted to Party A to enhance Party A's interest in acquiring the Sale Shares. The Directors are aware that there will be a cost of approximately HK$4.5 million (being the difference between the Sale Price and the Exercise Price in respect of the Sale Shares) for the Company upon exercise of the Put Option by Party A. Since the public float of CCT Tech has fallen below 25% as a result of the Offers, the Directors have been actively seeking and negotiating with potential placing agents and investors with a view to placing or selling such number of the CCT Tech Shares in order to restore the public float of CCT Tech. However, due to the recent low liquidity of the CCT Tech Shares, it has been difficult for the Directors to find any potential placing agents or investors who are willing to take up a significant lot of the CCT Tech Shares in the absence of the Put Option. The Directors consider that the Company has sufficient internal financial resources to cover the cost of HK$4.5 million if Party A exercises the Put Option.

## EFFECT OF COMPLETION OF THE SALE AND PURCHASE AGREEMENT ON THE SHAREHOLDING STRUCTURE OF CCT TECH

The following table summarises the effect of completion of the Sale and Purchase Agreement on the shareholding structure of CCT Tech:

| | Immediately before completion of the Sale and Purchase Agreement | | Immediately after completion of the Sale and Purchase Agreement | | Immediately after completion of the Sale and Purchase Agreement, assuming full conversion of the convertible note due 2007 and the convertible note due 2008 of CCT Tech | |
|---|---|---|---|---|---|---|
| | Number of CCT Tech Shares | % | Number of CCT Tech Shares | % | Number of CCT Tech Shares | % |
| Jade Assets | 9,707,179,696 | 60.91 | 8,207,179,696 | 51.50 | 12,707,179,696 | 19.74 |
| CCT Assets Management Limited | 1,350,000,000 | 8.47 | 1,350,000,000 | 8.47 | 1,350,000,000 | 2.10 |
| Expert Success International Limited | 1,350,000,000 | 8.47 | 1,350,000,000 | 8.47 | 1,350,000,000 | 2.10 |
| Noble Team Investments Limited | 1,000,000,000 | 6.27 | 1,000,000,000 | 6.27 | 44,928,571,428 | 69.80 |
| Subtotal owned by Jade Assets, the Company and parties acting in concert with them | 13,407,179,696 | 84.12 | 11,907,179,696 | 74.71 | 60,335,751,124 | 93.74 |
| **Public Shareholders** | | | | | | |
| Party A | 0 | 0.00 | 1,500,000,000 | 9.41 | 1,500,000,000 | 2.33 |
| Other public Shareholders | 2,531,242,866 | 15.88 | 2,531,242,866 | 15.88 | 2,531,242,866 | 3.93 |
| Total public Shareholders | 2,531,242,866 | 15.88 | 4,031,242,866 | 25.29 | 4,031,242,866 | 6.26 |
| **Total** | 15,938,422,562 | 100.00 | 15,938,422,562 | 100.00 | 64,366,993,990 | 100.00 |

## DISPOSAL OF INTEREST IN CCT TECH

The Sale Shares represented approximately 9.41% of the issued share capital of CCT Tech as at the Latest Practicable Date. The audited consolidated net profits before taxation of CCT Tech for the two financial years ended 31 December 2004 were approximately HK$82 million and HK$141 million respectively. The audited consolidated net profits after taxation of CCT Tech for the two financial years ended 31 December 2004 were approximately HK$73 million and HK$125 million respectively. The audited consolidated net assets of CCT Tech as at 31 December 2003 and 31 December 2004 amounted to approximately HK$142 million and HK$299 million respectively.

The gross and net proceeds from the sale of the Sale Shares received by the Company amounted to approximately HK$30 million and HK$29.5 million respectively. The proceeds will be applied as general working capital of the CCT Telecom Group. The consideration for the Put Option, if exercised by Party A, will be financed by internal resources of the CCT Telecom Group.

CCT Tech continues to be a principal subsidiary of the Company after completion of the sale of the Sale Shares.

## GENERAL

The CCT Telecom Group is principally engaged in (i) the manufacture, sale, design and development of telecom products and electronic products through the CCT Tech Group; (ii) the manufacture of power supply components; and (iii) the manufacture and sale of plastic components and baby and health care products.

Party A is a company incorporated under the laws of the British Virgin Islands with limited liability whose principal business is fund management.

The sale of the Sale Shares constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## ADDITIONAL INFORMATION

The Directors estimate that, with reference to the cost of the Sale Shares, the loss arising from the disposal of the Sale Shares amounted to approximately HK$11 million. The loss represented approximately 7% of the audited net profits before tax of the CCT Telecom Group for the financial year ended 31 December 2004. The Directors take the view that the loss arising from the disposal of the Sale Shares will not have any significant impact on the CCT Telecom Group's profit and loss account.

The audited net asset value of the CCT Telecom Group as at 31 December 2004 amounted to approximately HK$2,299 million. The loss on disposal of the Sale Shares, amounting to approximately HK$11 million, would reduce the net asset value of the CCT Telecom Group by the same amount. Such loss represented approximately 0.5% of the net asset value of the CCT Telecom Group as at 31 December 2004 and hence the disposal of the Sale Shares would not give rise to a material impact on the net asset value of the CCT Telecom Group.

Your attention is drawn to the general information contained in the appendix to this circular.

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

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

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 corporations (within the meaning of Part XV of the SFO) which were required 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 they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

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

(i) *Long positions in the Shares:*

| Name of Director | *Notes* | Number of Shares beneficially held and nature of interest | | | | Approximate percentage of total shareholding *(%)* |
|---|---|---|---|---|---|---|
| | | **Personal** | **Family** | **Corporate** | **Total** | |
| Mak Shiu Tong, Clement | *(a)* | 420,000 | — | 86,261,941 | 86,681,941 | 18.49 |
| Cheng Yuk Ching, Flora | *(b)* | 14,076,713 | 120,000 | — | 14,196,713 | 3.03 |
| Tam Ngai Hung, Terry | | 3,026,000 | — | — | 3,026,000 | 0.65 |
| William Donald Putt | | 591,500 | — | — | 591,500 | 0.13 |
| Samuel Olenick | *(c)* | — | — | 545,000 | 545,000 | 0.12 |

*Notes:*

*(a) The corporate interest of Mr. Mak Shiu Tong, Clement in 86,261,941 Shares was held by Capital Force International Limited and Capital Interest Limited, which are corporations controlled by Mr. Mak Shiu Tong, Clement. These interests in the Shares have also been disclosed under the section headed "Substantial Shareholders' Interests" below.*

*(b) The family interest of Ms. Cheng Yuk Ching, Flora in 120,000 Shares was held by her spouse and she was deemed to be interested in the same under the provisions of Part XV of the SFO.*

*(c) Mr. Samuel Olenick was deemed to be interested in 545,000 Shares under the provisions of Part XV of the SFO.*

(ii) *Long positions in the underlying Shares of equity derivatives of the Company — The convertible bonds due 2010:*

| Name of Director | Number of total underlying Shares | Approximate percentage of total shareholding *(%)* |
|---|---|---|
| Mak Shiu Tong, Clement *(Note)* | 83,065,810 | 17.72 |

*Note: The equity derivative represents the convertible bonds issued by the Company to New Capital on 25 April 2005, with an outstanding principal amount of HK$103,500,000, interest free, convertible into the Shares at a conversion price of HK$1.246 per Share (subject to adjustments) as at the Latest Practicable Date and due on 25 April 2010. The interest in the underlying Shares has also been disclosed under the section headed "Substantial Shareholders' Interests" below.*

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

(i) *Long positions in the shares of Haier Electronics Group Co., Ltd. ("**Haier Electronics**"):*

| Name of Director | *Notes* | Number of shares beneficially held and nature of interest | | Approximate percentage of total shareholding *(%)* |
|---|---|---|---|---|
| | | Personal | Corporate | |
| Mak Shiu Tong, Clement | *(a)* | — | 30,717,334 | 0.188 |
| Cheng Yuk Ching, Flora | | 20,812,498 | — | 0.127 |
| William Donald Putt | | 179,112 | — | 0.001 |
| Samuel Olenick | *(b)* | — | 130,548 | 0.001 |

*Notes:*

*(a) The shares were held by Capital Interest Limited, which is a corporation controlled by Mr. Mak Shiu Tong, Clement.*

*(b) Mr. Samuel Olenick was deemed to be interested in 130,548 shares under the provisions of Part XV of the SFO.*

(ii) *Long positions in the underlying shares of equity derivatives of Haier Electronics — Share options:*

| 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 | 16/8/2002 | 16/8/2003–15/8/2007 | 0.156 | 89,000,000 | 89,000,000 | 0.54 |
| Cheng Yuk Ching, Flora | 16/8/2002 | 16/8/2003–15/8/2007 | 0.156 | 74,000,000 | 74,000,000 | 0.45 |
| Tam Ngai Hung, Terry | 16/8/2002 | 16/8/2003–15/8/2007 | 0.156 | 84,000,000 | 84,000,000 | 0.51 |
| William Donald Putt | 16/8/2002 | 16/8/2003–15/8/2007 | 0.156 | 5,000,000 | 5,000,000 | 0.03 |

(iii) *Interests and short positions in the shares, underlying shares and debentures of CCT Tech:*

None of the Directors had interests and short positions in respect of the shares, debentures, under equity derivatives or interests in the underlying shares of CCT Tech.

**(b) Particulars of Directors' other interests**

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

**(c) Save as disclosed above, as at the Latest Practicable Date:**

(i) none of the Directors and the chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required 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 they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange;

(ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2004, being the date of the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the CCT Telecom Group, or were proposed to be acquired or disposed of by or leased to any member of the CCT Telecom Group;

(iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the CCT Telecom Group which contract or arrangement was subsisting and which was significant in relation to the business of the CCT Telecom Group taken as a whole; and

(iv) none of the Directors was interested in any business that was in competition with the CCT Telecom Group.

## 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by, the Directors, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

(i) Long positions in the Shares:

| **Name of Shareholder** | **Number of Shares held** | **Approximate percentage of total shareholding** *(%)* |
|---|---|---|
| Capital Force International Limited *(Note)* | 56,850,093 | 12.13 |
| Capital Interest Limited *(Note)* | 29,411,848 | 6.27 |
| | 86,261,941 | 18.40 |

*Note: Capital Force International Limited and Capital Interest Limited are corporations controlled by Mr. Mak Shiu Tong, Clement. These interests in the Shares have also been disclosed under the section headed "Disclosure of Interests" above.*

(ii) Long positions in the underlying Shares of equity derivatives of the Company — The convertible bonds due 2010:

| **Name of holder of equity derivatives** | *Notes* | **Amount of the convertible bonds due 2010** *HK$* | **Number of total underlying Shares** | **Approximate percentage of total shareholding** *(%)* |
|---|---|---|---|---|
| New Capital | *(a)* | 103,500,000.00 | 83,065,810 | 17.72 |
| Kwong Cheong Trading Limited | *(b)* | 46,000,000.00 | 36,918,138 | 7.87 |
| Yang Shao Wu | *(c)* | 46,000,000.00 | 36,918,138 | 7.87 |

*Notes:*

*(a) The equity derivative represents the convertible bonds issued by the Company to New Capital on 25 April 2005, with an outstanding principal amount of HK$103,500,000, interest free, convertible into the Shares at a conversion price of HK$1.246 per Share (subject to adjustments) as at the Latest Practicable Date and due on 25 April 2010. This interest in the underlying Shares has also been disclosed under the section headed "Disclosure of Interests" above.*

*(b) The equity derivative represents the convertible bonds issued by the Company to Kwong Cheong Trading Limited on 25 April 2005, with an outstanding principal amount of HK$46,000,000, interest free, convertible into the Shares at a conversion price of HK$1.246 per Share (subject to adjustments) as at the Latest Practicable Date and due on 25 April 2010.*

*(c) The interest disclosed comprises 36,918,138 underlying Shares held by Kwong Cheong Trading Limited, which is a corporation wholly owned by Mr. Yang Shao Wu.*

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or the chief executive of the Company) who had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

## 4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the CCT Telecom Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the CCT Telecom Group.

## 5. MISCELLANEOUS

(a) The registered office of the Company is located at the offices of The Harbour Trust Co. Ltd., P. O. Box 1787 GT, One Capital Place, Grand Cayman, Cayman Islands, British West Indies and the head office and the principal place of business of the Company in Hong Kong is located at 32/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(b) 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.

(c) The qualified accountant of the Company is Mr. Cheung Chi Wah, Patrick, who is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

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

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