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CCT TELECOM HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

CCT TECH INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

ONGOING CONNECTED TRANSACTIONS

Financial adviser to
CCT Telecom Holdings Limited and CCT Tech International Limited

Hantec Capital Limited

Summary

CCT Tech is approximately 41.52% owned by CCT Telecom and is a non wholly-owned subsidiary of CCT Telecom. CCT Telecom is therefore a connected person of CCT Tech under the Listing Rules. After completion of the Acquisition, ESH will become a direct wholly-owned subsidiary of CCT Tech. Transactions between the CCT Telecom Group and the ESH Group after completion of the Acquisition will therefore constitute ongoing connected transactions of CCT Telecom and CCT Tech under the Listing Rules (the "Ongoing Connected Transactions").

The Ongoing Connected Transactions will be subject to certain disclosure and/or shareholders' approval requirements under the Listing Rules. CCT Telecom will apply to the Stock Exchange for the waiver from strict compliance with the disclosure requirements with respect to the Ongoing Connected Transactions under the Listing Rules. CCT Tech will apply to the Stock Exchange for the waiver from strict compliance with the disclosure and shareholders' approval requirements with respect to the Ongoing Connected Transactions under the Listing Rules.

CCT Telecom Directors have noted the increase in the trading volume in the shares of CCT Telecom on 22 May 2003. The CCT Telecom Directors confirm that save as the Acquisition and the Ongoing Connected Transactions, the board of directors of CCT Telecom is not aware of any other reasons for such increase and there are no negotiations or agreements relating to the intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board of directors of CCT Telecom aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is of and may be of a price sensitive nature.

Reference is made to the joint announcement of CCT Telecom and CCT Tech dated 20 May 2003 (the "Joint Announcement") regarding, amongst other things, the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Joint Announcement.

CCT Tech is approximately 41.52% owned by CCT Telecom and is a non wholly-owned subsidiary of CCT Telecom. CCT Telecom is therefore a connected person of CCT Tech under the Listing Rules. After completion of the Acquisition, ESH will become a direct wholly-owned subsidiary of CCT Tech. Transactions between the CCT Telecom Group and the ESH Group after completion of the Acquisition will therefore constitute the ongoing connected transactions of CCT Telecom and CCT Tech under the Listing Rules. A summary of the Ongoing Connected Transactions is set out below.

DETAILS OF THE ONGOING CONNECTED TRANSACTIONS

(a) **Manufacturing agreement for plastic products including tooling (the "Manufacturing Agreement")**

Contractor:	Neptune Holding Limited ("Neptune"), an indirect wholly-owned subsidiary of CCT Telecom
Customer:	CCT Telecom (HK) Limited, an indirect wholly-owned subsidiary of ESH
Subject:	to manufacture certain plastic casings and components and tooling for specific models of telecom products
Date of agreement:	15 May 2003
Price:	on a case-by-case basis, depending on model capped by the amount of direct material costs plus a mark-up of no more than 300%. The sales price for the sale of plastic casings and components for specific models of telecom products by Neptune are comparable to other independent customers of Neptune. The sales price paid by CCT Telecom (HK) Limited to Neptune for the year ended 31 December 2002 of approximately HK$213,460,000 represented approximately 1,569% of the audited net tangible assets as at 31 December 2002 of CCT Tech.

For each of the two years ended 31 December 2001 and 2002, sale to the ESH Group by Neptune represented approximately 82% and 88% respectively of the total turnover of Neptune.

The Directors propose that the cap amount of the purchase of the plastic products including tooling from Neptune for each of the three financial years ending 31 December 2005 will not exceed 11.0%, 12.5% and 14.0% of the consolidated cost of sales of the CCT Tech Group (including the ESH Group) respectively. For each of the two years ended 31 December 2002, the purchase of the plastic products including tooling from Neptune represented

approximately 7.6% and 8.9% of the unaudited pro forma combined cost of sales of the CCT Tech Group (including the ESH Group). The basis of the cap amount is determined with reference to (1) the historical figures of the sale to the ESH Group from Neptune comparing with the total purchase of the ESH Group; and (2) the anticipated business growth of the CCT Tech Group in the next three years. The expected increase in percentage of the Neptune's sales to the ESH Group to the consolidated cost of sales of the CCT Tech Group was mainly attributable to that (i) the ESH Group expects to use more advanced materials to manufacture certain new telecom products; and (ii) the ESH Group expects to source increasing amount of plastic products from Neptune, in view of the competitive quality of Neptune products compared with those of other plastic providers.

(b) **Tenancy agreement for factory premises in Huiyang, the PRC (the "Huiyang Tenancy Agreement")**

Premises:	a factory complex located at Sanhe Development Zone, Huiyang City, Guangdong Province, the PRC
Lessor:	CCT Enterprise Limited, an indirect wholly-owned subsidiary of ESH
Lessee:	Shine Best Developments Limited, an indirect wholly-owned subsidiary of CCT Telecom
Date of agreement:	15 May 2003
Gross floor area:	67,328 square meters
Rent:	HK$500,000 per month, with annual adjustment up to 20% with reference to market rental. Rents paid by the lessee to the lessor for the year ended 31 December 2002 of approximately HK$6,000,000 represented approximately 0.25% and 44% respectively of the audited net tangible assets of CCT Telecom and CCT Tech as at 31 December 2002. The agreement will expire on 31 December 2005.
Usage:	Factory premises for production

(c) **Tenancy agreement for factory premises in Dongguan, the PRC (the "Dongguan Tenancy Agreement")**

Premises:	a factory complex located at Zhukan Industrial District, Gaobu Town, Dongguan City, Guangdong Province, the PRC
Lessor:	CCT Properties (Dongguan) Limited, an indirect wholly-owned subsidiary of CCT Telecom
Lessee:	CCT Investment Limited, an indirect wholly-owned subsidiary of ESH

Date of agreement: 15 May 2003

Gross floor area: 22,800 square meters

Rent: HK$150,000 per month starting from 1 January 2003, with annual adjustment up to 20% with reference to market rental. The agreement will expire on 31 December 2005.

Usage: Factory premises for production

(d) **Tenancy agreements for office premises in Hong Kong (the "Hong Kong Tenancy Agreement")**

(i) Premises: Units 6-10, 17th Floor, CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong

Lessor: Goldbay Investments Limited, an indirect wholly-owned subsidiary of CCT Telecom

Lessee: CCT Telecom (HK) Limited, an indirect wholly-owned subsidiary of ESH

Date of agreement: 21 November 2001

Gross floor area: 7,626 square feet

Rent: HK$64,821 per month until the expiry of this tenancy agreement on 5 October 2003. Rents paid by the lessee to the lessor for the year ended 31 December 2002 of approximately HK$780,000 represented approximately 0.03% and 6% respectively of the audited net tangible assets of CCT Telecom and CCT Tech as at 31 December 2002.

Management fee: such amount that may be imposed on the premises from time to time

Deposits: HK$221,019, being three months' rental and three months' management fee as at the date of this agreement

Usage: Office premises

(ii) Premises: All units, 18th Floor, CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong

Lessor: Goldbay Investments Limited, an indirect wholly-owned subsidiary of CCT Telecom

Lessee: CCT Telecom (HK) Limited, an indirect wholly-owned subsidiary of ESH

Date of agreement: 23 October 2002

Gross floor area: 14,427 square feet

Rent: HK$122,629.50 per month until the expiry of this tenancy agreement on 6 October 2003. Rents paid by the lessee to the lessor for the year ended 31 December 2002 of approximately HK$1,500,000 represented approximately 0.06% and 11% respectively of the audited net tangible assets of CCT Telecom and CCT Tech as at 31 December 2002.

Management fee: such amount that may be imposed on the premises from time to time

Deposits: HK$415,281.21

Usage: Office premises

(iii) Premises: Units 1701, 1702, 1703 and 1705, 17th Floor, CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong

Lessor: Goldbay Investments Limited, an indirect wholly-owned subsidiary of CCT Telecom

Lessee: CCT Telecom R&D Limited, an indirect wholly-owned subsidiary of ESH

Date of agreement: 20 January 2003

Gross floor area: 6,801 square feet

Rent: HK$61,209 per month starting from 1 January 2003 until the expiry of this tenancy agreement on 31 December 2003.

Management fee: HK$7,894 per month

Deposits: HK$207,309, being three months' rental and three months' management fees as at the date of this agreement

Usage: Office premises

(e) **Agreement for management information system services (the "MIS Agreement")**

Services provider: CCT Telecom (HK) Limited, an indirect wholly-owned subsidiary of ESH

Services receiver: The CCT Telecom Group

Subject: to provide general management information system support, network and software consultation and hardware maintenance services

Date of agreement:	15 May 2003
Service fee:	HK200,000 per month, with adjustment up to 50%. Service fees paid by the services receiver to the services provider for the year ended 31 December 2002 of approximately HK$720,000 represented approximately 0.03% and 5% respectively of the audited net tangible assets of CCT Telecom and CCT Tech as at 31 December 2002.

The transaction contemplated under the Manufacturing Agreement is hereafter referred to as the "First Transaction", and the transactions contemplated under the Huiyang Tenancy Agreement, the Dongguan Tenancy Agreement, the Hong Kong Tenancy Agreement and the MIS Agreement are collectively referred to as the "Second Transactions".

REASONS FOR THE ONGOING CONNECTED TRANSACTIONS AND THE WAIVER

CCT Tech is approximately 41.52% owned by CCT Telecom and is a non wholly-owned subsidiary of CCT Telecom. CCT Telecom is therefore a connected person of CCT Tech under the Listing Rules. After completion of the Acquisition, ESH will become a direct wholly-owned subsidiary of CCT Tech. Transactions between the CCT Telecom Group and the ESH Group after completion of the Acquisition will therefore constitute the ongoing connected transactions of CCT Telecom and CCT Tech under the Listing Rules.

The First Transaction has an annual amount of more than the higher of 3% of the net tangible asset value of CCT Tech or HK$10,000,000 and therefore, it requires the approval of the Independent CCT Tech Shareholders at the Special General Meeting in addition to the disclosure requirements under the Listing Rules. Each of the Second Transactions has an annual amount of not more than the higher of 3% of the net tangible asset value of CCT Tech or HK$10,000,000 and therefore, details of such transactions are required to be disclosed by way of a press notice and in the annual report of CCT Tech pursuant to Rule 14.25(1) of the Listing Rules.

Since the First Transaction was entered into on normal commercial terms in the ordinary course of businesses of CCT Telecom and CCT Tech, and since no connected person(s) of CCT Telecom is (are together) a substantial shareholder in CCT Tech, the First Transaction is not subject to any disclosure or shareholders' approval requirements as connected transactions of CCT Telecom under Rule 14.24(4) of the Listing Rules. Each of the Second Transactions has an annual amount of not more than the higher of 3% of the net tangible asset value of CCT Telecom or HK$10,000,000 and therefore, details of such transactions are required to be disclosed by way of a press notice and in the annual report of CCT Telecom pursuant to Rule 14.25(1) of the Listing Rules.

The CCT Telecom Directors and the CCT Tech Directors consider the First Transaction was entered into in the usual and ordinary course of businesses of the CCT Telecom Group and the CCT Tech Group. They also consider the terms of both the First Transaction and the Second Transactions have been negotiated and will be conducted on an arm's length basis and on normal commercial terms, between the CCT Telecom Group and the CCT Tech Group.

The CCT Telecom Directors (including independent non-executive directors of CCT Telecom) are of the view that as far as CCT Telecom Shareholders are concerned, the First Transaction and the Second Transactions and the terms thereof are fair and reasonable and in the best interests of the CCT Telecom Group and the CCT Telecom Shareholders as a whole. The CCT Tech Directors are of the view that as far as Independent CCT Tech Shareholders are concerned, the First Transaction and the Second Transactions and the terms thereof are fair and reasonable and in the best interests of the CCT Tech Group and the Independent CCT Tech Shareholders as a whole.

The CCT Telecom Directors and the CCT Tech Directors consider that it would be too costly and impractical to make regular disclosure of, and/or, where it is required under the Listing Rules, obtain the approval from the Independent CCT Tech Shareholders for the Ongoing Connected Transactions. Therefore, CCT Tech will apply to the Stock Exchange for a waiver from strict compliance with (a) the disclosure and shareholders' approval requirements under Rule 14.26 of the Listing Rules for the First Transaction and (b) the disclosure requirements under Rule 14.25(1) of the Listing Rules for each of the Second Transactions, each for a period of three financial years ending 31 December 2005. CCT Telecom will apply to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 14.25(1) of the Listing Rules for each of the Second Transactions for a period of three financial years ending 31 December 2005 on the following conditions:

(a) The First Transaction and the Second Transactions shall have the following cap amounts:

    (i) Cap amount for the First Transaction: the amount of the purchase of the plastic products including tooling from Neptune for each of the three financial years ending 31 December 2005 will not exceed 11.0%, 12.5% and 14.0% of the consolidated cost of sales of the CCT Tech Group (including the ESH Group) respectively;

    (ii) Cap amount for each of the Second Transactions:

        For CCT Telecom: the consideration receivable from/payable to the CCT Telecom Group will not be more than the higher of HK$10,000,000 or 3% of the net tangible asset value of CCT Telecom.

        For CCT Tech: the consideration receivable from/payable to the CCT Tech Group will not be more than the higher of HK$10,000,000 or 3% of the net tangible asset value of CCT Tech.

(b) The First Transaction and the Second Transactions shall be in compliance with the followings:

    (i) the First Transaction shall be entered into in the usual and ordinary course of businesses of the CCT Telecom Group and the CCT Tech Group;

(ii) both the First Transaction and the Second Transactions shall be conducted either (A) on normal commercial terms; or (B) if there is no available comparison, on terms that are fair and reasonable so far as the CCT Telecom Shareholders and CCT Tech Shareholders (as the case may be), taken as a whole in each case, are concerned; and

(iii) both the First Transaction and the Second Transactions shall be entered into either (A) in accordance with the terms of the agreements governing such transactions; or (B) if there are no such agreements, on terms that are no less favourable than terms available to or from independent third parties.

(c) Brief details of the First Transaction will be disclosed in CCT Tech's next and each successive annual report, and the Second Transactions will be disclosed in both CCT Telecom's and CCT Tech's next and each successive annual report, each accompanied with a statement of the opinion of the independent non-executive directors of CCT Telecom and CCT Tech (as the case may be) in such manners as referred to in paragraph (d) below.

(d) The independent non-executive directors of CCT Tech shall review annually the First Transaction and the Second Transactions, and the independent non-executive directors of CCT Telecom shall review annually the Second Transactions, and in each case they shall confirm in CCT Tech's and CCT Telecom's annual report respectively for the year in question that such First Transaction and the Second Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above.

(e) The auditors of CCT Tech shall review annually the First Transaction and the Second Transactions, and the auditors of CCT Telecom shall review annually the Second Transactions, and in each case they shall confirm in a letter to the CCT Tech Directors and the CCT Telecom Directors respectively (a copy of which letter shall be provided to the Stock Exchange) in respect of each relevant financial year, during which the First Transaction and the Second Transactions were conducted, stating that:

(i) the First Transaction (if applicable) and the Second Transactions have been approved by the CCT Telecom Directors and the CCT Tech Directors;

(ii) the First Transaction (if applicable) and the Second Transactions have been entered into in accordance with the terms of the agreements relating to the transactions in question or where there is no such agreement, on terms being no less favourable than those available to/from independent third parties;

(iii) the value of the First Transaction (if applicable) and the Second Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and

(iv) the First Transaction (if applicable) and the Second Transactions have been entered into in accordance with the pricing policies of the CCT Telecom Group and the CCT Tech Group (as the case may be) as stated in the relevant agreement,

and where for whatever reasons, if the auditors of CCT Telecom or CCT Tech decline to accept the engagement or are unable to provide the auditors' letter, the CCT Telecom Directors and the CCT Tech Directors (as the case may be) shall contact the Listing Division of the Stock Exchange immediately.

(f) So long as their respective shares are listed on the Stock Exchange, CCT Tech and CCT Telecom shall respectively provide to the Stock Exchange an undertaking that CCT Tech will provide auditors of CCT Telecom and auditors of CCT Tech with full access to its relevant records of the First Transaction and the Second Transactions, and CCT Telecom will provide auditors of CCT Telecom and auditors of CCT Tech with full access to the relevant records of the Second Transactions, for the purpose of auditors review as referred to in (e) above.

(g) (i) CCT Tech will comply with the applicable provisions of the Listing Rules governing connected transactions or will apply for waiver from strict compliance with the relevant requirements in the event that the total amount of any of the First Transaction and the Second Transactions exceeds their respective caps, or that there is any material amendment to the terms of the First Transaction or the Second Transactions; and

(ii) CCT Telecom will comply with the applicable provisions of the Listing Rules governing connected transactions or will apply for waiver from strict compliance with the relevant requirements in the event that the total amount of any of the Second Transactions exceeds their respective caps, or that there is any material amendment to the terms of the Second Transactions.

INCREASE IN THE TRADING VOLUME IN THE SHARES OF CCT TELECOM

The statement below is made at the request of the Stock Exchange.

CCT Telecom Directors have noted the increase in the trading volume in the shares of CCT Telecom on 22 May 2003. The CCT Telecom Directors confirm that save as the Acquisition and the Ongoing Connected Transactions, the board of directors of CCT Telecom is not aware of any other reasons for such increase and there are no negotiations or agreements relating to the intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board of directors of CCT Telecom aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is of and may be of a price sensitive nature.

The above statement relating to the increase in trading volume of the shares of CCT Telecom is made by the order of the board of directors of CCT Telecom and the CCT Telecom Directors individually and jointly accept responsibility for the accuracy of such statement.

GENERAL

Since CCT Tech is an approximately 41.52% subsidiary of CCT Telecom, transactions between the ESH Group and the CCT Telecom Group constitute connected transactions of CCT Telecom under the Listing Rules. Since CCT Telecom is the controlling shareholder of CCT Tech, transactions between the ESH Group and the CCT Telecom Group constitute connected transactions of CCT Tech under the Listing Rules. The Special General Meeting will be convened for the purpose of obtaining the approval from the Independent CCT Tech Shareholders with respect to the First Transaction. CCT Telecom and its associates (namely, CCT Technology Investment Limited, Jade Assets Company Limited, CCT Assets Management Limited and Expert Success International Limited) will abstain from voting at the Special General Meeting with respect to the resolution(s) to consider the First Transaction. A circular containing, amongst others, further details of the Ongoing Connected Transactions, the recommendation of the independent board committee of CCT Tech with respect to the First Transaction, a letter of advice from the independent financial adviser to such independent board committee and a notice of the Special General Meeting will be despatched to the CCT Tech Shareholders as soon as practicable.

By Order of the Board of
CCT TELECOM HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

By Order of the Board of
CCT TECH INTERNATIONAL LIMITED
Tam Ngai Hung, Terry
Director

Hong Kong, 22 May 2003

Please also refer to the published version of this announcement in The Standard.