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TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTION
SALE OF THE CONVERTIBLE NOTE

The Company has agreed to sell or procure the sale of the Convertible Note to New Capital, a company controlled by Mr Mak and his associates for a consideration of HK$45 million. The consideration represents the face value of the Convertible Note and was agreed after arm's length negotiations.

The Directors believe that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company so far as the Shareholders are concerned.

The net sale proceeds of the Convertible Note will be distributed to the Shareholders.

As New Capital is controlled by Mr Mak and his associates and Mr Mak is a substantial Shareholder and an executive Director, New Capital is a connected person (as defined in the Listing Rules) of the Company and the Disposal constitutes a connected transaction for the Company under the Listing Rules. The Disposal is subject to the Independent Shareholders' approval and Mr Mak and his associates will abstain from voting on the resolution approving the Agreement and the Disposal to be proposed at the EGM.

A circular containing, amongst others, details of the Agreement and the Disposal, a letter from the independent board committee, a letter of advice from the independent financial adviser and a notice of the EGM will be sent to the Shareholders as soon as practicable.

THE AGREEMENT

Date	:	2 March 2004
Parties	:	
Vendor	:	the Company
Purchaser	:	New Capital, a company controlled by Mr Mak and his associates. Mr Mak is a substantial Shareholder, the Chairman of the Board and an executive Director. Mr Mak and his associates are interested in approximately 20.44% of the issued share capital of the Company as at the date of this announcement.
Asset	:	the Convertible Note

Terms of the Convertible Note:

Issuer	:	CCT Tech
Principal amount	:	HK$45 million
Interest	:	The Convertible Note does not bear any interest.
Maturity	:	17 May 2005. If the principal amount of the Convertible Note is not converted into CCT Tech Shares or repaid, such amount shall be automatically redeemed on maturity date.
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. If the Convertible Note is transferred to connected persons (as defined under the Listing Rules) of CCT Tech other than the Company or its associates. CCT Tech shall immediately notify the Stock Exchange.
Conversion	:	The conversion price under the Convertible Note is HK$0.01 per CCT Tech Share and the noteholder shall have the right on any business day from the date of issue of the Convertible Note to five business days prior to the maturity thereof to convert the whole or part of the principal amount of the Convertible Note.
Listing	:	No listing has been sought for the Convertible Note.

Upon completion of the Agreement, the Group will remain interested in the 2008 Convertible Note.

The following convertible notes issued by CCT Tech will remain outstanding: (1) the Convertible Note; (2) the 2008 Convertible Note; (3) the 5% convertible notes due 2004 in the principal amount of HK$8 million; and (4) the 2% convertible notes due 2005 in the principal amount of HK$10 million. There are 1,082,781,000 outstanding share options which are convertible into CCT Tech Shares as at the date of this announcement.

Consideration:

The consideration in the sum of HK$45 million in cash represents the face value of the Convertible Note and was agreed after arm's length negotiations.

The Directors consider that the Agreement including the consideration has been negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved. The Directors believe that the terms of the Agreement are fair and reasonable and consider that the Disposal is in interests of the Company so far as the Shareholders are concerned.

The net proceeds after the expenses for the Disposal amount to approximately HK$44 million.

Condition:

Completion of the Disposal is conditional upon the passing of a resolution by the Independent Shareholders at the EGM approving the terms of and the transactions contemplated under the Agreement and the implementation thereof, in compliance with the Listing Rules.

If the condition as set out above is not fulfilled on or before 30 June 2004 (or such other date as may be agreed between the parties), the Agreement shall lapse and the parties shall be released from all obligations thereunder (save in respect of any antecedent breaches).

Completion date:

On the second business day after fulfilment of the condition of the Agreement, which is expected to take place on or before 30 June 2004 (or such other date as may be agreed between the parties).

REASON FOR THE DISPOSAL

The Convertible Note was issued to Emporium by CCT Tech on 4 November 2002. The Directors consider that the Disposal is a good opportunity for the Company to divest of the Convertible Note rather than the 2008 Convertible Note, since the Convertible Note does not carry any interest income.

The audited consolidated net loss before and after taxation of CCT Technology Holdings Limited for the financial year ended 30 September 2001 were both HK$44,953,000 and the audited consolidated net profit before and after taxation and minority interests of CCT Tech for the 15 months period ended 31 December 2002 were approximately HK$99,693,000 and HK$98,158,000 respectively. The audited consolidated net asset value of CCT Tech as at 31 December 2002 was HK$46,401,000.

USE OF SALE PROCEEDS

The net sale proceeds of the Disposal in the sum of approximately HK$44 million will be distributed to the Shareholders, which has been approved by the Directors at a meeting of the Board held on 2 March 2004. It is presently proposed that a special dividend in the amount of approximately HK$0.10 per share shall be distributed to the Shareholders, subject to completion of the Agreement. Further announcement will be made in respect of the record date and the dividend rate for the distribution.

CHANGES IN THE SHAREHOLDING

The shareholding of CCT Tech (a) as at the date of this announcement; (b) immediately after full conversion of the Convertible Note; and (c) immediately after full conversion of all outstanding convertible notes and share options of CCT Tech as at the date of this announcement is approximately as follows:

	Existing shareholding as at the date of this announcement	**Immediately after full conversion of the Convertible Note**	**Immediately after full conversion of all outstanding convertible notes and the share options of CCT Tech as at the date of this announcement**
the Company	approximately 34.3% being 4,500,000,000 CCT Tech Shares	approximately 25.5% being 4,500,000,000 CCT Tech Shares	approximately 78.7% being 59,357,142,857 CCT Tech Shares
Mr Mak and his associates	—	approximately 25.5% being 4,500,000,000 CCT Tech Shares	approximately 6.1% being 4,600,000,000 CCT Tech Shares
directors of CCT Tech (other than Mr Mak)	—	—	approximately 0.4% being 266,000,000 CCT Tech Shares
Dongguan Defa Investment Limited	approximately 15.2% being 2,000,000,000 CCT Tech Shares	approximately 11.4% being 2,000,000,000 CCT Tech Shares	approximately 2.7% being 2,000,000,000 CCT Tech Shares
Public	approximately 50.5% being 6,638,422,562 CCT Tech Shares	approximately 37.6% being 6,638,422,562 CCT Tech Shares	approximately 12.1% being 9,155,203,562 CCT Tech Shares
Total	100% being 13,138,422,562 CCT Tech Shares	100% being 17,638,422,562 CCT Tech Shares	100% being 75,378,346,419 CCT Tech Shares

GENERAL

The Group is principally engaged in telecom product operation, electric component operation and plastic, baby and healthcare product operation.

As New Capital is a company controlled by Mr Mak and his associates and Mr Mak is a substantial Shareholder and an executive Director, New Capital is a connected person (as defined in the Listing Rules) of the Company and the Disposal constitutes a connected transaction for the Company under the Listing Rules. The Disposal is subject to the Independent Shareholders' approval and Mr Mak and his associates will abstain from voting on the resolution approving the Agreement and the Disposal to be proposed at the EGM. The EGM is expected to be held after 31 March 2004 and the Company shall comply with the relevant provisions of the Listing Rules (as amended).

A circular containing, amongst others, details of the Agreement and the Disposal, a letter from the independent board committee, a letter of advice from the independent financial adviser and a notice of the EGM will be sent to the Shareholders as soon as practicable.

DEFINITIONS

"2008 Convertible Note"	the convertible note due 2008 in the aggregate principal amount of HK$768 million
"associate"	shall have the same meaning as defined in the Listing Rules
"Agreement"	the agreement dated 2 March 2004 entered into between New Capital as purchaser and the Company as vendor relating to the sale and purchase of the Convertible Note
"Board"	the board of Directors
"CCT Tech"	CCT Tech International Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
"CCT Tech Shares"	the ordinary shares of HK$0.01 each in the capital of CCT Tech
"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
"Convertible Note"	the zero coupon convertible note in the principal amount of HK$45,000,000 due 2005 issued to Emporium by CCT Tech on 4 November 2002
"Directors"	the directors of the Company (including the independent non-executive directors)

"Disposal"	disposal of the Convertible Note to New Capital pursuant to the Agreement
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of approving the Agreement and the Disposal or any adjournment thereof (as the case may be)
"Emporium"	Emporium International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	the Shareholders other than Mr Mak and his associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr Mak"	Mr Mak Shiu Tong, Clement, a substantial Shareholder, the Chairman of the Board and an executive Director
"New Capital"	New Capital Industrial Limited, a company incorporated in the British Virgin Islands with limited liability which is controlled by Mr Mak and his associates
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board of
CCT TELECOM HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

Hong Kong, 4 March 2004

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