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 or registered institution in securities, 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 and the accompanying form of proxy to the purchaser(s), the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

DEEMED VERY SUBSTANTIAL DISPOSAL

DILUTION OF SHAREHOLDINGS IN THE LAND COMPANY AND ASSIGNMENT OF SHAREHOLDER'S LOAN

AND

CHANGE OF COMPANY NAME

A letter from the Board is set out on pages 5 to 24 of this circular.

A notice convening the SGM to be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Monday, 8 July 2013 at 10:45 a.m. is set out on pages 103 to 105 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying 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, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM. Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct.com.hk/eng/investor/announcements.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

14 June 2013

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

"Agreement"	the conditional agreement dated 19 April 2013 entered into amongst CCT Tech, the Company and the Land Company in respect of the Restructuring Transactions;
"Announcement"	the joint announcement dated 24 April 2013 made by the Company and CCT Tech in connection with the Agreement and the Restructuring Transactions;
"Assignment"	the assignment of the Shareholder's Loan by the Company to CCT Tech or its designated nominee(s) at face value of the loan, under the terms and conditions of this Agreement;
"associate(s)"	has the same meaning as ascribed to it under the Listing Rules;
"Board"	the board of the Directors;
"Business Day(s)"	A day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are open for business;
"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 Board"	the board of the CCT Tech Directors;
"CCT Tech Director(s)"	the director(s) (including the independent non-executive directors) of CCT Tech, from time to time;
"CCT Tech Group"	CCT Tech and its subsidiaries from time to time and as such will include the Land Group after Completion;
"CCT Tech SGM"	the special general meeting of the CCT Tech Shareholders to be convened to consider and, if thought fit, inter alia, approve and ratify the Agreement and to approve the Restructuring Transactions (including the issue of the Promissory Note by CCT Tech to satisfy the Consideration) and the proposed change of the name of CCT Tech (details of which have been set out in the Announcement);
"CCT Tech Share(s)"	the share(s) of HK$0.01 each in the capital of CCT Tech;
"CCT Tech Shareholder(s)"	the holder(s) of the issued CCT Tech Share(s);
"CCT Telecom Remaining Group"	the Group excluding the CCT Tech Group and as such will exclude the Land Group after Completion;

"Change of Company Name"	the proposed change of company name of the Company, as defined and set out in the section headed "Proposed Change of Company Name of the Company" in the "Letter from the Board" of this circular;
"China" or "PRC"	the People's Republic of China;
"Company" or "CCT Telecom"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
"Completion"	Completion of the Restructuring Transactions pursuant to the Agreement;
"Completion Date"	on or before the second Business Day following the date of fulfillment or waiver of the conditions precedent (other than paragraphs (a) and (b) in the sub-section headed "Conditions precedent of the Agreement" under the section headed "The Agreement and the Restructuring Transactions" in the "Letter from the Board" of this circular, which will be fulfilled or waived immediately prior to Completion) to the Agreement or such later date as the parties to the Agreement may agree in writing;
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules;
"Consideration"	has the meaning given to it under the sub-section headed "The Subscription Price and the Consideration for the Restructuring Transactions" under the section headed "The Agreement and the Restructuring Transactions" in the "Letter from the Board" of this circular;
"Director(s)"	the director(s) (including the independent non-executive directors) of the Company, from time to time;
"Grant Sherman"	Grant Sherman Appraisal Limited, an independent professional valuer;
"Group"	the Company and its subsidiaries from time to time and include the CCT Tech Group;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent CCT Tech Shareholder(s)"	CCT Tech Shareholder(s) other than the Company and its associates;

"Land Company"	CCT Land (China) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practical Date and before Completion;
"Land Group"	the Land Company and its subsidiaries, from time to time;
"Land Share(s)"	ordinary share(s) of US$1.00 each in the capital of the Land Company;
"Latest Practicable Date"	7 June 2013, 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;
"Long Stop Date"	15 September 2013, or such other date as the parties to the Agreement may agree in writing;
"Mainland China"	the mainland of China;
"Promissory Note"	the promissory note to be issued by CCT Tech in favour of the Company or its designated nominee(s) pursuant to the Agreement to satisfy the Consideration, which sets out the terms for the deferred payment of the Consideration;
"Properties"	the property projects owned by the Land Group, the particulars of which are set out in the section headed "Information on the Land Group" in the "Letter from the Board" of this circular;
"Property Development Business"	the existing business of the Land Group as defined and described in more details in the section headed "Information on the Land Group" in the "Letter from the Board" of this circular;
"Restructured Group"	the Group upon Completion and at that time the Company's shareholding interest in members of the Land Group will be diluted by approximately 49.51%;
"Restructuring Transactions"	the Subscription, the Assignment, the issue of the Promissory Note by CCT Tech to satisfy the Consideration and any other transactions contemplated under the Agreement, all pursuant to the terms and conditions of the Agreement;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

"SGM"	the special general meeting of the Shareholders to be convened to consider and, if thought fit, inter alia, approve and ratify the Agreement, and to approve the Subscription and the Assignment and the proposed Change of Company Name;
"Share(s)	the share(s) of HK$0.10 each in the capital of the Company;
"Shareholder(s)"	the holder(s) of the issued Shares;
"Shareholder's Loan"	the outstanding interest-free loan due from the Land Company to the Company as at Completion, which amounted to HK$664,001,821 as at 31 March 2013 and as at the date of the Agreement;
"Site DN1"	the piece of vacant land owned by the relevant member of the Land Group, the particulars of which have been set out in the section headed "Information on the Land Group" in the "Letter from the Board" of this circular;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription"	the subscription of the Subscription Shares by CCT Tech or its designated nominee(s) and the allotment and issue of the Subscription Shares at par value of US$1.00 each by the Land Company, under the terms and conditions of the Agreement;
"Subscription Price"	has the meaning given to it under the sub-section headed "The Subscription Price and the Consideration for the Restructuring Transactions" under the section headed "The Agreement and the Restructuring Transactions" in the "Letter from the Board" of this circular;
"Subscription Shares"	the 19,999 new Land Shares to be subscribed by CCT Tech or its designated nominee(s) and to be allotted and issued by the Land Company, under the terms and conditions of the Agreement;
"subsidiaries"	has the meaning ascribed to it under the Companies Ordinance;
"substantial shareholder(s)"	has the same meaning as ascribed to it under the Listing Rules;
"Telecom Product Business"	as defined in the section headed "Further Information on CCT Tech and the Company" in the "Letter from the Board" of this circular;
"US$"	United States dollar, the lawful currency of the United States of America; and
"%"	per cent.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

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

Independent non-executive Directors:
Tam King Ching, Kenny
Chow Siu Ngor
Chen Li

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower,
77–79 Gloucester Road,
Hong Kong

14 June 2013

To the Shareholders

Dear Sir or Madam,

(1) DEEMED VERY SUBSTANTIAL DISPOSAL

DILUTION OF SHAREHOLDINGS IN THE LAND COMPANY AND ASSIGNMENT OF SHAREHOLDER'S LOAN

AND

(2) CHANGE OF COMPANY NAME

INTRODUCTION

On 24 April 2013, by means of the Announcement, the Board and the CCT Tech Board jointly announced that the Agreement was entered into amongst the Company, CCT Tech and the Land Company, under which the Company will procure the Land Company to allot and issue the Subscription Shares at the Subscription Price and will assign the Shareholder's Loan at its face value to CCT Tech or its designated nominee(s). The aggregate compensation and consideration for the Company agreeing to the Subscription and the consequential dilution of its shareholding interest in the Land Company and the Assignment will be HK$900,000,000.

The Subscription will effectively dilute the Company's shareholding interest in the Land Company by approximately 49.51% after Completion and as such the Subscription will constitute a deemed disposal for the Company. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules exceeds 75%, the Subscription and the Assignment therefore constitute a deemed very substantial disposal for the Company under the Listing Rules. As such, the entering into of the Agreement by the Company and the Land Company, and all the transactions contemplated under the Agreement are therefore subject to approval by the Shareholders by way of poll at the SGM.

The Board also proposes to change the name of the Company to "CCT Fortis Holdings Limited 中建富通集團有限公司" in order to refresh the corporation image of the Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement, the Subscription and the Assignment; (ii) financial information of the Land Group, which is set out in Appendix II; (iii) the valuation report of the Properties, which is set out in Appendix IV; (iv) further information in relation to the Change of Company Name; and (v) the notice of SGM.

THE AGREEMENT AND THE RESTRUCTURING TRANSACTIONS

The Agreement was entered into amongst CCT Tech, the Company and the Land Company, and the key terms of which are as follows;

Date: 19 April 2013

Parties:

(i)	CCT Tech	:	CCT Tech International Limited
(ii)	CCT Telecom	:	CCT Telecom Holdings Limited
(iii)	Land Company	:	CCT Land (China) Holdings Limited

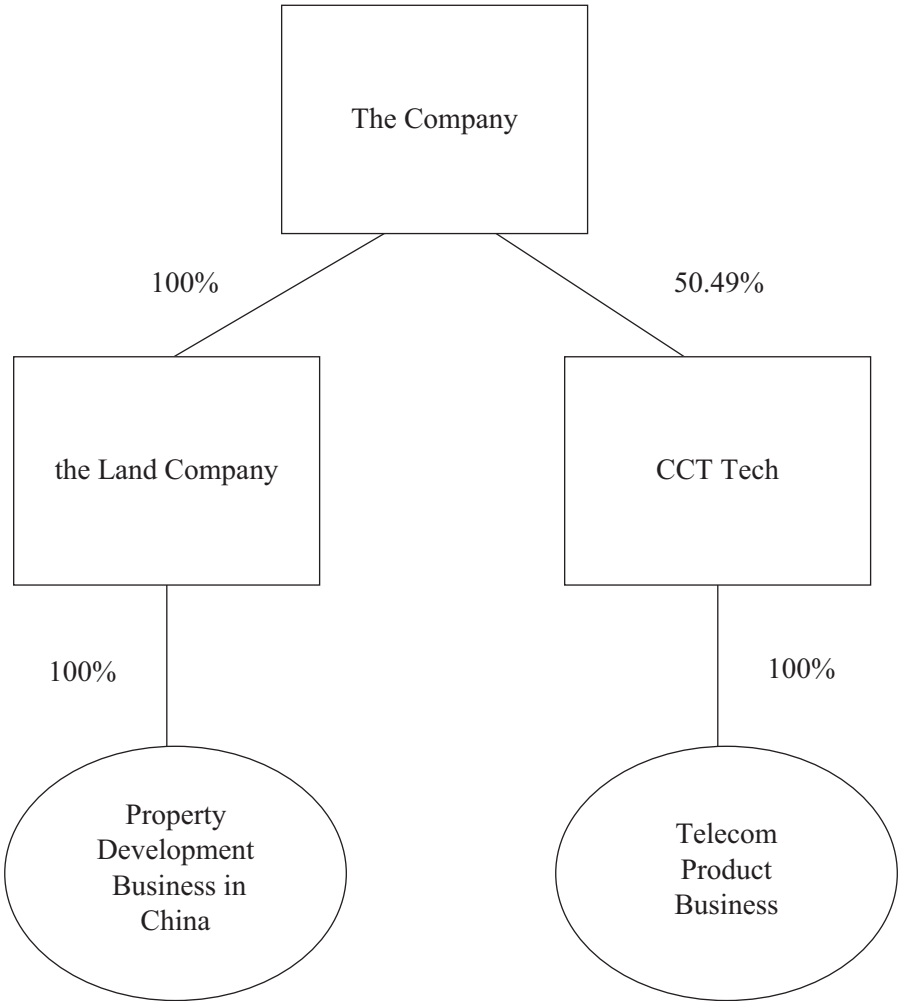
Subject matter of the Agreement

CCT Tech or its designated nominee(s) will subscribe for the Subscription Shares at par value US$1.00 each and will acquire the Shareholder's Loan from the Company at face value of the loan, all pursuant to the terms and conditions of the Agreement. The Company will procure the Land Company to allot and issue the Subscription Shares at the Subscription Price and will assign the Shareholder's Loan at its face value to CCT Tech or its designated nominee(s). Immediately after Completion, CCT Tech (or its designated nominee(s)) will beneficially own approximately 99.995% of the then total issued capital of the Land Company as enlarged by the Subscription Shares. The Subscription Shares, when issued, will rank pari passu with all the existing Land Shares.

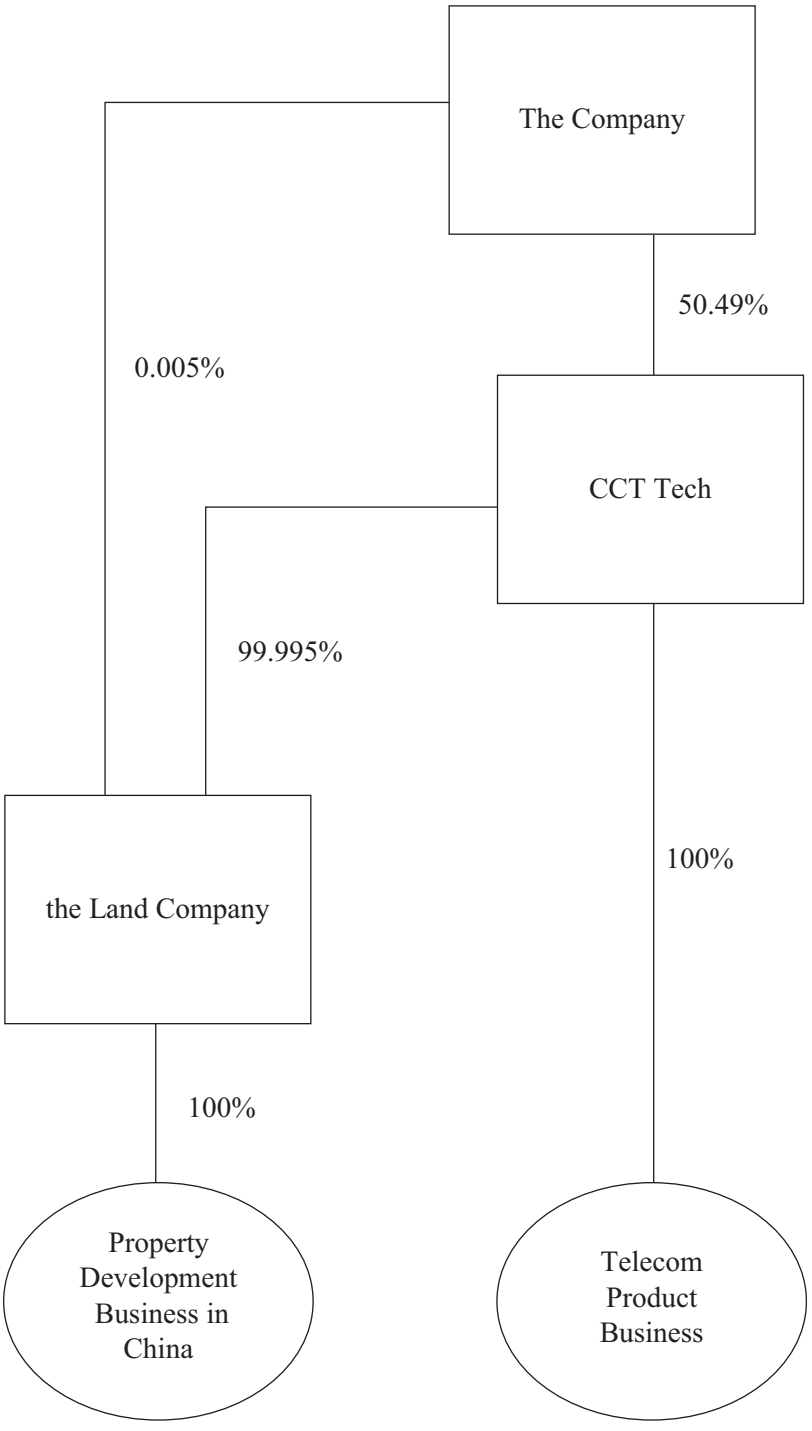
The Company held indirectly 100% shareholding in the Land Company as at the date of the Announcement and the Latest Practicable Date. The Company is also the ultimate controlling shareholder of CCT Tech and holds indirectly 33,026,391,124 CCT Tech Shares, representing approximately 50.49% of the entire issued capital of CCT Tech as at the Latest Practical Date. The Company is therefore a substantial shareholder and hence a connected person of CCT Tech. After Completion, all members of the Land Group will become subsidiaries of CCT Tech. As the Company will retain 50.49% interest in CCT Tech which will hold almost the entire issued capital of the Land Company after Completion, the Restructuring Transactions will effectively dilute the Company's shareholding interest in members of the Land Group by approximately 49.51%.

The following diagrams illustrate a simplified corporate and shareholding structure of the Company, CCT Tech and the Land Company immediately before and after completion of the Agreement:

As at the Latest Practicable Date and immediately before completion of the Agreement



Immediately after completion of the Agreement



The Subscription Price and the Consideration for the Restructuring Transactions

The Subscription Price

The total subscription price of US$19,999 (equivalent to approximately HK$155,992) (the "**Subscription Price**"), for subscription of the Subscription Shares, which represents the par value of the Subscription Shares, will be payable in cash either in US$ or in HK$ equivalent, by CCT Tech or its designated nominee(s) into a bank account of the Land Company on or before the Completion Date. The Subscription Price will be used for working capital of the Land Group.

The Consideration

The aggregate compensation and consideration for: (a) the Company agreeing to the Subscription and the consequential dilution of its shareholding interest in the Land Company as a result of the Subscription; and (b) the Assignment will be HK$900,000,000 (the "**Consideration**"), which will be satisfied by way of the Promissory Note to be issued by CCT Tech in favour of the Company or its designated nominee(s). The terms and conditions of the Promissory Note will be further elaborated in the sub-section headed "The Promissory Note" below.

The Shareholder's Loan will be assigned to CCT Tech or its designated assignee(s) at its book value at Completion.

The Consideration was determined based on a net total of:

(a) the value of the Properties (including the Site DN1) of HK$1,052,700,000 as at 31 March 2013 as appraised by Grant Sherman;

(b) the unaudited consolidated other net liabilities of the Land Group of HK$78,751,055 as at 31 March 2013 (representing the unaudited consolidated book value of the other net liabilities (excluding the Shareholder's Loan) after deduction of the unaudited consolidated book value of other assets (excluding the book value of the Properties) of the Land Group as at 31 March 2013); and

(c) a discount of approximately 7.59% to the net amount of (a) and (b) above.

The Company and CCT Tech have taken into account the following factors in arriving at the Consideration:

(i) current property market environment in China;

(ii) current financial position and historical financial performance of the Land Group;

(iii) the valuation of the Properties as at 31 March 2013 as appraised by Grant Sherman;

(iv) potential income generation and the prospects of the Land Group in the future;

(v) the settlement of the Consideration by means of the Promissory Note which will not involve any immediate cash outlay for CCT Tech; and

(vi) a discount of approximately 7.59% to the net amount calculated above.

On the above basis of the above factors, the Directors consider the Subscription Price and the Consideration to be fair and reasonable to the Company, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Promissory Note

The terms and conditions of the Promissory Note are as follows:

Maturity date:	the date falling on the third anniversary of date of the Promissory Note and if such date is not a Business Day, the immediate next Business Day
Term:	three (3) years from the date of issue of the Promissory Note
Interest:	zero interest
Repayment:	the outstanding principal amount to be repayable on the maturity date of the Promissory Note
Prepayment:	CCT Tech has a right to prepay any principal amount of the Promissory Note equal to or exceeding HK$1,000,000 by giving the Company five Business Days' prior written notice

As CCT Tech can derive funds from the Land Group to repay the Promissory Note, the Board takes the view that the 3-year term of the Promissory Note is reasonable in order to allow time for the Land Group to develop all its property projects and sell the Properties. The Board considers that the Promissory Note should be interest free in order save interest cost of CCT Tech, which will remain a subsidiary of the Company after Completion. It is because charging of interest on the Promissory Note will not give rise to any accounting gain to the Company as any inter-company interest will be eliminated on consolidation. Although interest-bearing Promissory Note will give rise to cash flow to the Company in terms of interest receipt, this will have a negative impact on the cash flow and financial position of the CCT Tech Group which will continue to be an important part of the Restructured Group after Completion. The principal amount of the Promissory Note of HK$900,000,000 represents a premium of HK$174,000,000 over the audited net book value of the consolidated net assets of the Land Group (before deduction of the Shareholder's Loan) as at 31 December 2012 in the amount of HK$726,000,000. Such premium over the net book value will therefore give rise to additional cash flow to the Company when the Promissory Note is repaid. As such, no interest should be charged on the Promissory Note in addition to the above premium over the net book value. Furthermore, the Company's investment in the Land Group was made by way of the Shareholder's Loan, the unaudited face value of which amounted to HK$664,001,821 as at the date of the Agreement. As the Shareholder's Loan is interest free, the Promissory Note, a major part of which represents the consideration for transfer of the Shareholder's Loan, should also be interest free in order to provide continuing support to the Land Group after Completion of the Restructuring Transactions. If interest is chargeable on the Promissory Note, this will

increase interest payment of the CCT Tech Group as enlarged by the Land Group after Completion by approximately HK$27 million per annum during the 3-year term of the Promissory Note, assuming interest rate of 3% per annum, which is the interest rate on a 3-year HK$ term loan quoted by a banker of CCT Tech. As such, independent shareholders of CCT Tech may regard that interest chargeable on the Promissory Note will be favourable to the Company as controlling shareholder of CCT Tech but will not be favourable to the independent shareholders of CCT Tech. In order to balance the terms of the Restructuring Transactions and to encourage the independent shareholders to approve the Restructuring Transactions at the CCT Tech SGM, the Board therefore decided that the Promissory Note should be interest-free. Taking into account: (i) CCT Tech will continue to be a subsidiary of the Company, and the financial performance and position of the CCT Tech Group as enlarged by the Land Group will continue to be consolidated into the accounts of the Company after completion of the Restructuring Transactions and as such the Company will benefit from any improvement of the results and financial position of the enlarged CCT Tech Group after Completion; (ii) the Promissory Note is, in essence, a deferral of payment of the Consideration for three years with the counterparty being a listed subsidiary of the Company, whose credit risk is low because it is controlled by the Company; (iii) the HK$ deposit rate is currently extremely low and hence any potential opportunity loss of interest income is not significant; and (iv) the terms of the Restructuring Transactions, including the interest-free Promissory Note and the Consideration, were negotiated on an arm's length basis to facilitate the completion of the Restructuring Transactions which will give rise to mutual benefits to both the Company and CCT Tech as elaborated in detail in the Announcement and this circular, the Directors are of the view that the term of not charging interest rate on the Promissory Note should not be evaluated on an isolated basis and the overall terms of the Restructuring Transaction should be considered together. As such, taking into account all the factors together, the Board considers that the terms of the Promissory Note are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Company intends to use any future repayment of the Promissory Note for other investment and working capital purposes.

Conditions precedent of the Agreement

Completion is conditional upon the fulfillment or waiver of the following conditions precedent:

(a) the warranties given by CCT Tech under the Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

(b) the warranties given by the Company under the Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of this Agreement and Completion;

(c) the approval by the Independent CCT Tech Shareholders at the CCT Tech SGM of the entering into of this Agreement by CCT Tech, the Subscription, the Assignment, the issue of the Promissory Note by CCT Tech to satisfy the Consideration and any other transactions contemplated under this Agreement having been obtained, all in accordance and compliance with the Listing Rules;

(d) the approval by the Shareholders at the SGM of the entering into of this Agreement by the Company and the Land Company, the Subscription and the Assignment and any other transactions contemplated under this Agreement having been obtained, all in accordance and compliance with the Listing Rules;

(e) other than the approval referred to in paragraph (c) above, all necessary consents from third parties (including governmental or official authorities) in connection with the transactions contemplated under this Agreement having been obtained by the CCT Tech, and no statute, regulation or decision which would prohibit, restrict or materially delay the Subscription, the Assignment, and the issue of the Promissory Note having been proposed, enacted or taken by any governmental or official authority; and

(f) other than the approval referred to in paragraph (d) above, all necessary consents from third parties (including governmental or official authorities) in connection with the transactions contemplated under this Agreement having been obtained by the Company, and no statute, regulation or decision which would prohibit, restrict or materially delay the Subscription and the Assignment, having been proposed, enacted or taken by any governmental or official authority.

CCT Tech will have the right to waive the conditions precedent set out in paragraphs (b) and (f) above at any time by notice in writing to the Company. The Company will have the right to waive the condition precedent in paragraphs (a) and (e) above at any time by notice in writing to CCT Tech. In exercising the right of waiver, the Board will act in the interest of the Company and the Shareholders as a whole and will only waive such conditions precedent on minor issues or on issues that will not affect the substance of the Restructuring Transactions. As at the date of this circular, the Company has any present intention to waive any conditions precedent to which the Company is entitled to waive.

In the event that any of the conditions precedent will not have been fulfilled or waived on or before the Long Stop Date or the Completion Date (as the case may be), the Agreement will cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

Completion

Completion of the Restructuring Transactions will take place at no later than 5:00 p.m. on the Completion Date at the office of the Company (or such other place and/or time as the parties may agree in writing) when all of the conditions precedent have been fulfilled or waived. Completion of the Subscription and the Assignment will take place simultaneously.

As CCT Tech is a subsidiary of the Company, upon Completion, all the members of the Land Group will remain to be subsidiaries of the Company.

Upon Completion, CCT Tech will own 99.995% shareholding interest in the Land Company and all the members of the Land Group will become subsidiaries of CCT Tech.

Except as disclosed in the 2012 annual report of the Company therein (such as the discontinuation of the GE licence business, the scale-down of the securities business and the acquisition of the retail properties at Gramercy, Caine Road, Mid-Level, Hong Kong, which was completed in March 2013) and save for: (a) the Agreement and the Restructuring Transactions; and (b) the negotiation of disposals which started on 16 May 2013, and which led to the entering of the two agreements dated 30 May 2013 by certain indirect subsidiaries of the Company with an independent third party in relation to the disposal of certain vacant factory buildings of the Group and the electrical and mechanical equipment installed therein (details of the transactions contemplated under the agreements having been disclosed in the Company's announcement dated 30 May 2013), neither the Company nor the Board:

(i) has any agreement, arrangement, understanding, intention, negotiation, (concluded or otherwise) about any disposal/termination/scaling-down of the existing businesses of the CCT Telecom Remaining Group; and

(ii) (a) has entered or may enter into any agreement, arrangement, understanding or negotiation about any acquisitions of assets (concluded or otherwise); and (b) has any asset injections agreed or under negotiation.

INFORMATION ON THE LAND GROUP

The Land Company is the holding company of the members of the Land Group and the Land Group is principally engaged in the development of residential and commercial property projects in the Mainland China (the "**Property Development Business**"). All of the properties owned by the Land Group as at 31 March 2013 (the "**Properties**") are located in Anshan, Liaoning Province, China, which comprises the following property projects:

(A) Completed Properties:

Name of project	Location	Approximate site area of the project (square meters)	Unsold properties approximate saleable gross floor area (square meters)
Landmark City Phase I and II	No. 253 Jiudao Street, Tiexi District, Anshan City, Liaoning Province, the PRC	33,000	22,700
Evian Villa Phase I	No. 37 Qianye Street, Gaoxin District, Anshan City, Liaoning Province, the PRC (Site DN3)	41,000	50,800

(B) Properties Under Development:

Name of project	Location	Approximate site area of the project (square meters)	Approximate planned saleable gross floor area (square meters)
Landmark City Phase III	No. 253 Jiudao Street, Tiexi District, Anshan City, Liaoning Province, the PRC	36,000	108,400
Evian Villa Phase II	No. 37 Qianye Street, Gaoxin District, Anshan City, Liaoning Province, the PRC (Site DN3)	34,000	64,800

(C) Vacant Land Not Yet Developed:

Name of project	Location	Approximate site area (square meters)	Approximate proposed saleable gross floor area (square meters)
Evian Garden	A piece of land located at north of Yueling Road, Gaoxin District, Anshan City, Liaoning Province, the PRC ("**Site DN1**")	83,000	280,900

Notes:

(1) The above projects represent residential properties, shops and car parks developed and to be developed in China.

(2) The State-owned Land Use Rights Certificates for all the Properties have been obtained except for the Site DN1.

The land premium and the land grant fee of the Site DN1 was settled in full by the relevant member of the Land Group in 2009. The State-owned Land Use Rights Certificate has not yet been obtained for the Site DN1 because the local government has not yet completed clearance of the site. Furthermore, as the Land Group had other projects available for development in the past few years, it is not necessary for the Land Group to obtain the State-owned Land Use Rights Certificate for Site DN1 as the issue of such certificate will involve payment of stamp duty. According to the legal opinion issued by a qualified PRC law firm in Anshan:

(a) the relevant member of the Land Group has irrevocable and valid beneficial ownership of the Site DN1 even though it has not yet obtained the State-owned Land Use Rights Certificate in respect of such site; and

(b) the State-owned Land Use Rights Certificate can be obtained any time by the relevant member of the Land Group as there is no legal impediments in obtaining such certificate.

As such, the Board confirms that there is no risk that State-owned Land Use Rights Certificate cannot be obtained for Site DN1 and the management of the Land Group plans to obtain such certificate when development of the Site DN1 starts. Although Grant Sherman will not assign commercial value to the Site DN1, Grant Sherman has included in the valuation report (set out in Appendix IV) by way of note that the market value of the Site DN1 is HK$301,800,000 assuming that the relevant State-owned Land Use Rights Certificate will be obtained. The Board is of the view that it is fair and reasonable for the Consideration to be determined with reference to the preliminary value of the Properties (including the Site DN1) for the following reasons:

(a) full amount of the land premium and the land grant fee in respect of Site DN1 has been paid by the relevant member of the Land Group, which has fulfilled its payment obligations for acquisition of the land;

(b) the relevant member of the Land Group has valid and undisputable beneficial ownership of the Site DN1 and the obtaining of the relevant State-owned Land Use Rights Certificate is considered to be administrative formality and such certificate can be obtained any time without any legal impediments;

(c) the project to be developed on the Site DN1 represent the largest project amongst all the projects included in the Properties in terms of the site area and the proposed saleable gross floor area and this project has a very good development potential and prospects;

(d) the project may deliver significant income and profit when it is developed in the coming years.

The Properties, excluding the Site DN1, were valued at HK$750,900,000 by the Grant Sherman as at 31 March 2013. The market value of the Site DN1 as at 31 March 2013 assuming the relevant State-owned Land Use Rights Certificate has been obtained was valued by Grant Sherman to be HK$301,800,000. The total market value of the Properties (including the Site DN1) as at 31 March 2013 was HK$1,052,700,000 as set out in the valuation report of the Properties in Appendix IV to this circular.

Based on the accountants' reports of the Land Group set out in Appendix II to this circular, the audited consolidated turnover of the Land Group for the two years ended 31 December 2011 and 2012 was approximately HK$259 million and HK$139 million respectively. The audited consolidated profit before tax of the Land Group for the two years ended 31 December 2011 and 2012 was approximately HK$45 million and HK$14 million respectively. The audited consolidated profit after tax of the Land Group for the two years ended 31 December 2011 and 2012 was approximately HK$28 million and HK$8 million respectively. As at 31 December 2012, the audited net book value of the consolidated net assets of the Land Group before deduction of the Shareholder's Loan were HK$726 million and the audited net book value of the consolidated net assets of the Land Group after deduction of the Shareholder's Loan were HK$63 million. The Land Group was established by the Company. As such, the original historical purchase cost of the Land Group to the Company represents its investment in the Land Group by way of the Shareholder's Loan, the unaudited face value of which amounted to HK$664,001,821 as at the date of the Agreement.

The Property Development Business has been profitable in the last three years. As disclosed in the Chairman's letter of the Company's 2012 annual report, the Board is optimistic about the long-term prospect of the Property Development Business, despite the current tightening policies adopted by the Chinese government on the housing market. The Board takes the view that the Land Group has an advantage over some of those property developers in China, which are over-leveraged as the Land Group is lowly geared. The sound financial position of the Land Group enables the management to plan sale of its housing projects more effectively to respond to market changes. The management of the Land Group will continue to enhance its brand recognition in the Anshan City by offering house buyers with flats of quality, articulate design, suitable size mix and pleasant living environment. As at the end of 2012, the Anshan projects were composed of completed properties, properties under development and vacant land which have completed and planned saleable gross floor area of approximately 500,000 square meters in total. As such, the Land Group's housing and land reserves are sufficient to support growth of the Property Development Business in the next few years. The Land Group also intends to grasp opportunities to replenish its land bank in the future. The Board is confident in the long-term outlook of the housing market in the China due to urbanization and rising incomes of Chinese people. The Board is confident in the prospects of the property projects of the Land Group and expects that they will deliver significant income in the coming years.

INFORMATION ON THE COMPANY AND CCT TECH

The Company is the holding company of the Group which is principally engaged in (i) the Telecom Product Business through the CCT Tech Group; (ii) the manufacture of plastic components; (iii) the securities business; (iv) the Property Development Business through the Land Group; and (v) property investment and holdings.

CCT Tech is the holding company of the CCT Tech Group which is currently engaged in the design, development, manufacture and sale of telecom, electronic and child products (the "**Telecom Product Business**").

REASONS FOR AND BENEFITS OF THE RESTRUCTURING TRANSACTIONS

The Directors are of the view that the Restructuring Transactions will result in the following benefits to the Group:

(a) The Restructuring Transactions will enable the CCT Telecom Remaining Group to focus on its remaining businesses after Completion which will enhance management effectiveness with greater focus on its core strength and competencies including dedication of resources on its businesses and development of new businesses.

(b) The Company will retain controlling interest in the Land Group after Completion through its 50.49% shareholding interest in CCT Tech. As such, the net assets and results of the Land Group will continue to be consolidated into the accounts of the Company after Completion. Therefore, the Board is of the opinion that the Restructuring Transactions will not have any significant adverse financial impact on the Company.

(c) The Restructuring Transactions will greatly enhance the assets, revenue and profitability of the CCT Tech, in which the Company will continue to hold indirectly 50.49% shareholding interest after Completion. The future possible improvement in the performance in results and share price of CCT Tech after Completion will benefit the Company and its shareholders as a whole.

(d) The Restructuring Transactions will enable the underlying value of the Property Development Business to better reflect in the accounts of the CCT Tech Group after Completion. This will enable a better appreciation of the value of the Property Development Business which will benefit the Company and its shareholders as a whole.

(e) The local experience and business relationship of the CCT Tech Group in the Guangdong Province will help the Land Group to identify growth opportunities in the Guangdong Province and this may reduce its reliance in a single city, although the Land Group has not yet identified any target land or development project in the Guangdong Province.

In light of the benefits above, the Directors (including the independent non-executive directors) believe that the terms of Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Shareholders as a whole.

Financial effects of the Restructuring Transactions

Before Completion, all members of the Land Group are wholly-owned subsidiaries of the Company and the assets and results of the Land Group have been consolidated into the accounts of the Company. Upon Completion, each member of the Land Group will become a subsidiary of CCT Tech and an indirect non wholly-owned subsidiary of the Company through CCT Tech. The assets and results of the enlarged CCT Tech Group, including the Land Group, will continue to be consolidated into the accounts of the Company. According to Hong Kong Accounting Standard 27 (Revised) *Consolidated and Separate Financial Statements*, the change in the Group's ownership interest in the Land Group does not result in a loss of control and therefore the dilution of 49.51% interest in the Land Group is accounted for as equity transactions. As such, there would not be any accounting gain or loss arising from the Restructured Group which will give rise to the dilution of the equity investment in the Land Group.

There should not be any significant financial impact on the Group as a result of the Restructured Transactions except that the non-controlling shareholders of CCT Tech will share 49.51% of the results of the Land Group after Completion.

(a) Net assets value

Based on the unaudited pro forma consolidated statement of financial position of the Restructured Group as set out in Appendix III (1) to this circular which illustrates the effect of the Restructuring Transactions on the financial position of the Restructured Group, on the basis of assumptions as stated in Appendix III, the total assets of the Restructured Group as at 31 December 2012 would have been decreased by HK$2 million, while the total liabilities of the Restructured Group would remain unchanged and the net assets value of the Restructured Group would have been decreased by HK$2 million. The decrease would be caused by the estimated expenses and professional fees relating to the Restructuring Transactions.

(b) Results and other comprehensive income

The audited consolidated net loss of the Group (including the Land Group) for the year ended 31 December 2012 amounted to approximately HK$67 million, as disclosed in the Company's 2012 annual report. Based on the unaudited pro forma consolidated income statement of the Restructured Group as set out in the Appendix III (2) to this circular which illustrates the effect of the Restructuring Transactions on the result of the Restructured Group, on the basis of the assumptions as stated in Appendix III, the unaudited consolidated net loss of the Restructured Group for the year ended 31 December 2012 would have been increased by HK$2 million to HK$69 million. The increase in net loss would be due to the estimated amount of expenses and professional fees relating to the Restructuring Transactions. The unaudited pro forma consolidated net loss attributable to owners of the parent would have increased by HK$5 million to HK$36 million in 2012 and the increase in loss would be caused by: (i) the expenses and fees relating to the Restructuring Transactions; and (ii) allocation of

the share of the net profit after tax of the Land Group attributable to the non-controlling interests in the CCT Tech Group. Consequently, the unaudited pro forma consolidated net loss attributable to the non-controlling interests in the CCT Tech would have decreased by HK$3 million to HK$33 million in 2012, due to share of expenses and professional fees relating to the Restructuring Transactions and share of net profit after tax of the Land Group attributable to non-controlling shareholders of CCT Tech. Furthermore, the non-controlling shareholders of CCT Tech would have shared HK$4 million out of the total other comprehensive income of HK$8 million of the Group in 2012, which represented the exchange gains on translation of the RMB accounts of the PRC subsidiaries within the Land Group.

The financial effects of the Restructuring Transactions on the Group were prepared based on the unaudited pro forma financial information of the Restructured Group for illustration purposes only. As a number of assumptions have been made in the preparation of the unaudited pro forma financial information of the Restructured Group, the financial effects of the Restructuring Transactions as elaborated above may not give the true picture of the actual financial effects of the Restructuring Transactions on the Group after Completion.

TRADING AND FINANCIAL PROSPECTS OF THE RESTRUCTURED GROUP

Before Completion, the Group is principally be engaged in (i) the Telecom Product Business through the CCT Tech Group; (ii) the property development business through the Land Group (iii) the manufacture and sale of plastic components; (iv) securities business; and (v) property investment and holding.

The Restructuring Transactions will not have any significant impact on the business of the Restructured Group. After Completion, the Restructured Group will be engaged through the CCT Tech Group as enlarged by the Land Group the Telecom Product Business and the Property Development Business and will continue to be engaged through the CCT Telecom Remaining Group the plastic component business, the securities business and the property investment business in Hong Kong.

As disclosed in CCT Tech's 2012 annual report, the Telecom Product Business continued to encounter difficult business environment, reported decrease in turnover and recorded a net loss in 2012. The adverse performance was caused mainly by the euro sovereign debt crisis which affected the major market of the Telecom Product Business, slow global economy, keen competition and rising input costs. All of these factors adversely impacted the performance of the Telecom Product Business. The CCT Tech Directors expect that the business environment of the Telecom Product Business will remain uncertain and difficult going forward. It is expected that the US economy should continue its slow recovery, while euro sovereign debt crisis remains the biggest risk to world economy. The CCT Tech Directors consider that weak global economic development (especially in Europe which is the major market of the Telecom Product business), rising labour and production costs will remain the major challenges to the performance of the Telecom Product Business. To combat the challenges, the CCT Tech Group will continue to capitalize its competitive edges and will continue its track record of strong product innovation and offerings. The management of the CCT Tech Group will continue to

streamline production process and control costs. The CCT Tech Group will further reinforce its operation audit function and production costs will be critically reviewed and tightly monitored at each production process in order to achieve cost savings.

The Land Group is engaged in the development of residential and commercial property projects in the Mainland China. The Property Development Business has been profitable in the last three years, which reported audited consolidated turnover for the three years ended 31 December 2010, 2011 and 2012 of approximately HK$85 million, HK$259 million and HK$139 million respectively. The audited consolidated profit after tax of the Land Group for the three years ended 31 December 2010, 2011 and 2012 was approximately HK$8 million, HK$28 million and HK$8 million respectively. As disclosed in the Company's 2012 annual report, the decrease in turnover of the Property Development Business was caused by the tightening policies adopted by the Chinese government on the housing market. The Directors are confident in the long-term outlook of the housing market in the China due to urbanization and rising incomes of Chinese people. The Directors take the view that the Land Group has an advantage over some of those property developers in China, which are over-leveraged as the Land Group is lowly geared. The sound financial position of the Land Group enables its management to plan sale of its housing projects more effectively to respond to market changes. The size of the property projects of the Property Development Business is significant and the Land Group has sufficient property and land reserve available for development and sale in the next few years. As such, the Directors are confident in the prospects of the property projects of the Land Group and expect that they will deliver significant income and cash flow in the coming years.

The Restructuring Transactions will not have any significant impact on the component business of the CCT Telecom Remaining Group, which will continue to provide vertical support to the Telecom Product Business and sell most of the plastic components produced to the CCT Tech Group. As disclosed in the Company's 2012 annual report, turnover of the component business decreased by 32.7% to HK$173 million and as a result of decrease in turnover and increase in costs, this division incurred an operating loss of HK$31 million before tax in 2012. The Directors have recognised the problems of the component business and have been taken proactive measures to resolve them. The Group has addressed most of the issues and the Restructured Group will continue to reinforce restructuring and structural reform of the operations and to further tighten cost controls in order to remain competitive.

The Board does not expect that the Restructuring Transactions will have any significant impact on the property investment business of the CCT Telecom Remaining Group. As disclosed in the Company's 2012 annual report, the property investment segment performed better than the other segment of the Group, as the division was benefited from the rising property prices in Hong Kong in recent years. Despite the latest measures to widen its curbs to temper the overheated property market, the Directors believe these measures coupled with the government's commitment to increase long-term supply of land and flats will stabilise property prices and help to promote a healthier property market in Hong Kong in long run. The Directors expects that the Group's acquisitions of the properties in past two years will enhance rental revenue and will give rise potential gains to the Group as both the rental yield and value of these properties have surged after acquisition. The Directors will explore proposals to enhance value of these properties.

As disclosed in the Company's 2012 annual report, in view of the uncertain outlook of the equity market, the Group has adjusted the investment strategy in 2012 and disposed of all the investment portfolios in listed shares. As such, its securities investments have been scaled down. The remaining portfolio of the securities business at the end of 2012 represented low-risk investment funds and RMB denominated bonds. The Directors will prudently invest the surplus funds to enhance yield and returns in the future.

The Restructured Transactions will not have any significant impact on the financial position of the Restructured Group, which remains solid and healthy.

PROPOSED CHANGE OF COMPANY NAME OF THE COMPANY

The Board proposes to change the name of the Company from "CCT Telecom Holdings Limited" to "CCT Fortis Holdings Limited 中建富通集團有限公司" (the "**Change of Company Name**"). The existing Chinese name "中建電訊集團有限公司" adopted for identification purpose only will not be used by the Company after the Change of Company Name becoming effective.

Conditions of Change of Company Name

The proposed Change of Company Name will be subject to the following conditions:

(a) the passing of a special resolution by the Shareholders at the SGM to approve the Change of Company Name; and

(b) the Registrar of Companies in Bermuda approving the Change of Company Name.

Subject to the approval of the Registrar of Companies in Bermuda, the Change of Company Name will take effect from the date of the Certificate of Incorporation on Change of Name to be issued by the Registrar of Companies in Bermuda in respect of the change of name of the Company. CCT Telecom will carry out all necessary filing procedures in Hong Kong upon the Change of Company Name becoming effective.

Reasons for the Change of Company Name

The Group is engaged in diversified businesses which include the Telecom Product Business through the CCT Tech Group, the Property Development Business through the Land Group; the components business, the securities business and the property investment and holdings through the CCT Telecom Remaining Group. The word "Telecom" included in the existing name of the Company suggests that the most dominant and important business of the Group is the Telecom Product Business. In view of the difficult business environment faced by the Telecom Product Business, this business has incurred substantial losses in the recent years and the Board expects that the operating environment of the Telecom Product Business will remain uncertain and difficult going forward. On the other hand, the property investment business of the CCT Telecom Remaining Group has outperformed the Telecom Product Business in 2012. In respect of the above, the Board considers that it is appropriate to adopt a more neutral word "Fortis" to replace the word "Telecom" in the name of the Company. The Board takes the view that the proposed Change of Company Name will better refresh the

corporate identity and image of the Group and reflect a clearer identification that the principal businesses of the Group are diversified and include not only the Telecom Product Business. As such, the Board is, therefore, of the view that the proposed Change of Company Name in the interest of the Company and the Shareholders as a whole.

Effect of the Change of Company Name

The Change of Company Name will not affect any rights of the holders of securities of the Company. The existing certificates of securities in issue bearing the present name of the Company will, after the proposed Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration, and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company. Once the Change of Company Name becomes effective, new certificates of securities will be issued only in the new name of the Company.

The Company will make further announcement(s) as and when appropriate on the arrangement relating to the trading and dealings in the securities of the Company on the Main Board of the Stock Exchange under the new name of the Company and as to when the new name of the Company will become effective.

LISTING RULES IMPLICATIONS

The Subscription will effectively dilute the Company's shareholding interest in the Land Company by approximately 49.51% after Completion and as such the Subscription will constitute a deemed disposal for the Company under Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules exceeds 75%, the Subscription and the Assignment constitute a deemed very substantial disposal for the Company under the Listing Rules. The entering into of the Agreement by the Company and the Land Company, and all the transactions contemplated under the Agreement are therefore subject to approval by the Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders has a material interest in the Restructuring Transactions and as such no Shareholder is required to abstain from voting on the resolution(s) to approve the Agreement and all the transactions contemplated under the Agreement at the SGM.

The proposed Change of Company Name is conditional upon, inter alia, the passing of a special resolution by the Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of Shareholders has any material interest in the proposed Change of Company Name and as such, no Shareholder is required to abstain from voting at the SGM to approve the Change of Company Name.

SGM

A notice convening the SGM to be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Monday, 8 July 2013 at 10:45 a.m. is set out on pages 103 to 105 of this circular. At the SGM, an ordinary resolution will be proposed and, if thought fit, passed to approve the Agreement, the Subscription and the Assignment, which constitute a deemed very substantial disposal for the Company. In addition, a special resolution will also be proposed and, if thought fit, passed to approve the Change of Company Name.

A form of proxy for use by the Shareholders at the SGM is enclosed herein. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying 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, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM. Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct.com.hk/eng/investor/announcements.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

An announcement on the poll results of the SGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct.com.hk/eng/investor/announcements.php) after the SGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement, the Subscription and the Assignment are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution proposed at the SGM to approve the Agreement and all the transactions contemplated under the Agreement, which constitute a deemed very substantial disposal for the Company.

The Directors (including the independent non-executive Directors) are of the view that the proposed Change of Company Name is in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the special resolution proposed at the SGM to approve the Change of Company Name.

OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the SGM.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group: (i) for the year ended 31 December 2012 is disclosed on pages 47 to 130 of the 2012 annual report of the Company, which was published on 27 March 2013; (ii) for the year ended 31 December 2011 is disclosed on pages 47 to 132 of the 2011 annual report of the Company, which was published on 29 March 2012; and (iii) for the year ended 31 December 2010 is disclosed on pages 41 to 120 of the 2010 annual report of the Company, which was published on 29 March 2011.

All these financial statements have been published on the website of the Stock Exchange (http:www.hkexnews.hk) and the website of the Company (http://www.cct.com.hk/eng/investor/annual_reports.php).

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

As elaborated in the section headed "Financial effects of the Restructuring Transactions" in the "Letter from the Board" of this circular, the Board does not expect the Restructuring Transactions to have any significant financial impact on the Group. As such, the management discussion and analysis of the Group for the past three years will also represent the financial discussion and analysis of the Restructured Group.

(a) Management discussion and analysis of the Group for the year ended 31 December 2010

According to the 2010 annual report of the Company, the principal businesses of the Group during 2010 were (i) the manufacture and sale of telecom and electronic products through the CCT Tech Group; (ii) the Property Development Business through the Land Group; (iii) the manufacture and sale of electronic and plastic components; (iv) the manufacture and sale of infant and child products; (v) the securities business; and (vi) the property investment and holding.

During 2010, most of the core business segments of the Group achieved increase in turnover. The telecom products business continued to be the largest business segment of the Group, in terms of turnover and number of employees. This business segment contributed approximately 81.9% of the Group's total turnover. The segment's turnover increased 8.4% to HK$1,573 million in 2010, due to the success of strategies and initiatives taken by the CCT Tech Group to reposition its market focus and geographical diversification in the year. The segment's operating results improved further and turned from an operating loss before tax of HK$12 million in 2009 to an operating profit before tax of HK$1 million in 2010, caused largely by turnover growth and initiatives taken by the CCT Tech Group to restructure operations, drive efficiency and control costs. This year's results of the telecom product segment has accounted for certain costs incurred by the CCT Tech Group in the development and set-up of the telecom product business associated with the license agreement with GE Trademark Licensing, Inc. ("**GE License Business**").

The Property Development Business achieved its first year turnover of HK$85 million (31 December 2009: Nil) attributable to the completion of development of the first phase of TieXi project in Anshan. The segment contributed net operating profit of approximately HK$9 million before tax in 2010 (31 December 2009: HK$2 million).

Revenues derived from the components business increased 11.8% to HK$293 million for year ended 31 December 2010, in line with the increase in sales of the telecom and electronic products. The components business sector delivered an operating profit of approximately HK$1 million in year 2010, as compared to an operating loss of approximately HK$35 million in 2009, indicating strong recovery of the operations of this segment in 2010.

Amidst weak business environment, the Group's infant and child products business continued to perform well in 2010. Turnover of the segment rose 28.9% to HK$214 million for 2010 due to increased orders from customers. Profit before tax contributed by the infant and child product business was HK$11 million, representing a decrease of HK$19 million from 2009, due to additional costs and overhead caused by removal of its factory to Dongguan.

The securities business of the Group recorded an operating loss of HK$1 million in 2010, attributable to an unrealised mark-to-market loss of HK$10 million on share portfolio after setting off a realised gain of HK$9 million mainly derived from sale of securities, as compared to a net profit of HK$97 million in 2009. The change in result reflected the strong rebound of the stock market in 2009 after the financial tsunami compared with a volatile market in 2010.

The property investment and holding business posted a net profit of approximately HK$102 million for the year ended 31 December 2010 (31 December 2009: HK$76 million), mainly due to the unrealised fair value gain arising from revaluation of its luxury residential properties in Hong Kong at the year end of 2010.

Unallocated items mainly represent the head office administrative expenses and share of loss of Merdeka Resources Holdings Limited ("**Merdeka Resources**") until the Group's disposal of 13.14% interest of its shareholding in Merdeka Resources. (the "**Disposal**"). The Group's remaining interest in Merdeka Resources has been re-classified as available-for-sale investments under the category of non-current assets since the Disposal. The unallocated items dropped by 44.9% to HK$59 million in 2010, due largely to the decrease in share of loss from Merdeka Resources as a result of the Disposal and the capital gain from the Disposal.

Capital structure and gearing ratio

The Group's gearing ratio was approximately 24.1% as at 31 December 2010 (31 December 2009: 17.1%). The increase in gearing ratio was largely caused by the net increase of bank borrowings during the year of 2010. Taking into account the pledged time deposits and the free cash on hand, the Group, however, did not have any net borrowings, indicating the strong financial position of the Group.

Outstanding bank borrowings amounted to HK$659 million at 31 December 2010 (31 December 2009: HK$426 million). Approximately 62.2% of these bank borrowings were arranged on a short-term basis for the ordinary business activities of the Group and were repayable within one year. The remaining 37.8% of the bank borrowings were of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2010 amounted to approximately HK$2 million (31 December 2009: HK$2 million).

As at 31 December 2010, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$411 million, HK$166 million and HK$84 million, respectively (31 December 2009: HK$427 million, HK$1 million and Nil, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 31 December 2010 was 208.7% (31 December 2009: 189.5%). The strong liquid position was attributable to the effective financial management of the Group.

As at 31 December 2010 the Group's cash balance amounted to HK$693 million (31 December 2009: HK$631 million), of which HK$83 million (31 December 2009: HK$65 million) was pledged for general banking facilities. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's cash position and the unutilised banking facilities available, the Group maintained a sound financial position and had sufficient resources to finance its operations and its future expansion plan at the end of 2010.

Capital commitments

As at 31 December 2010, capital commitment of the Group amounted to approximately HK$24 million (31 December 2009: HK$46 million) mainly on construction cost of a property development project. The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2010, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and RMB and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollar and US dollar. As at 31 December 2010, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 31 December 2010, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk as the interest rates currently remain at extremely low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the RMB in terms of the production costs (including workers' wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as large portion of the Group's purchases are also made in US dollar, which are to be paid out of our sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For RMB exposure, as wages and overhead in our factories in the PRC are paid in RMB, our production costs will rise due to the possible further appreciation of RMB. Despite call from the US for faster appreciation of RMB against the US dollar, the Group believed that the PRC government would only allow RMB to appreciate against the US dollar modestly in 2011 in order not to cause too much damage to the Chinese economy.

Acquisition and disposal of material subsidiaries and associates

Save for the Disposal, the Group did not acquire or dispose of any material subsidiaries and associates during 2010.

Significant investment

The Group did not hold any significant investment as at 31 December 2010 (31 December 2009: Nil).

Pledge of assets

As at 31 December 2010, certain of the Group's assets with a net book value of HK$886 million (31 December 2009: HK$775 million) and time deposits of approximately HK$83 million (31 December 2009: HK$65 million) were pledged to secure the general banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2010, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2010 was 8,059 (31 December 2009: 8,212). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2010, there were no outstanding share options issued by the Company.

(b) Management discussion and analysis of the Group for the year ended 31 December 2011

According to the 2011 annual report of the Company, the principal businesses of the Group in 2011 were (i) the manufacture and sale of telecom and electronic products through the CCT Tech Group; (ii) the Property Development Business through the Land Group; (iii) the manufacture and sale of electronic and plastic components; (iv) the manufacture and sale of baby and child products; (v) the securities business; and (vi) the property investment and holding.

The telecom and electronic product business continued to be the largest business segment of the Group, in terms of turnover and number of employees. The turnover of this business segment was HK$1,553 million contributing approximately 76.4% of the Group's total turnover in 2011, slightly decreased by 1.3% as compared to 2010. This business segment recorded an operating loss of approximately HK$161 million in 2011 as compared to an operating profit of HK$1 million in 2010. The significant deterioration of the result of the business sector was caused by the significant increase in production costs and the non-recurrent exceptional losses associated with the termination of GE License Business and the costs incurred to restructure and reform this business division.

The Property Development Business achieved remarkable growth in turnover to reach HK$259 million in 2011, up 204.7% as compared with the turnover of HK$85 million in 2010, contributed by surge in sales of the housing units of the property projects in Anshan. As a result of increased turnover, this segment contributed a net operating profit before tax of approximately HK$48 million in 2011, rose 433.3% from the HK$9 million operating profit before tax in 2010.

Revenues derived from the component business declined 12.3% to HK$257 million for year ended 31 December 2011, due primarily to the decrease in sales of the telecom and electronic product business to which the component business supplies most of its component products. The component business sector incurred an operating loss of approximately HK$11 million in 2011, as opposed to an operating profit of approximately HK$1 million in 2010, which was mainly due to rise in production costs.

Turnover of the baby and child product business segment dropped by 3.7% to HK$206 million in 2011, due to decline of business of one of its major US customers, as a result of the sluggish US economy. This business segment was further adversely affected by the non-recurrent restructuring costs of HK$16 million incurred to counter rise in costs and as a result, posted an operating loss before tax of approximately HK$18 million in 2011 as opposed to an operating profit of approximately HK$11 million in 2010.

Caused by a downturn in stock market in 2011, the Group's securities business recorded an operating loss of HK$42 million for 2011, which represented a realised loss of approximately HK$9 million and an unrealised mark-to-market loss of HK$32 million on its securities portfolio, as compared to a net loss of approximately HK$1 million from 2010.

The property investment and holding business registered a net loss of approximately HK$1 million for 2011, as opposed to an operating profit of approximately HK$102 million for 2010, as a result of the reduction in unrealised revaluation gain on its luxury properties, due to slower rise in property prices in Hong Kong in 2011, as compared with 2010.

Unallocated items, representing the head office administrative expenses and other expenses not allocable to the business segments of the Group, increased by 20.3% to HK$71 million in 2011, due largely to the unrealised fair value loss of approximately HK$37 million on the Group's interest in the shares of Merdeka Resources due to decline in market price of its shares at year end of 2011.

Capital structure and gearing ratio

The Group's gearing ratio was approximately 33.7% as at 31 December 2011 (31 December 2010: 24.1%) as a result of net increase in the bank borrowings during the year of 2011. Taking into account the pledged deposits, unpledged time deposits and the free cash on hand, the Group's net borrowings were only HK$80 million, representing only 2.8% of the total capital employed.

Outstanding bank borrowings amounted to HK$958 million at 31 December 2011 (31 December 2010: HK$659 million). Approximately 57.2% of these bank borrowings were arranged on a short-term basis mainly for the manufacturing business activities of the Group and for hedging RMB appreciation risk and were repayable within one year. The remaining 42.8% of the bank borrowings were of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2011 amounted to approximately HK$3 million (31 December 2010: HK$2 million).

As at 31 December 2011, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK$549 million, HK$251 million and HK$161 million, respectively (31 December 2010: HK$411 million, HK$166 million and HK$84 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 31 December 2011 was 187.7% (31 December 2010: 208.7%). The decline in current ratio is caused by additional Hong Kong dollar borrowings to hedge against RMB exposure. The liquid position nevertheless, is attributable to the effective financial management of the Group.

As at 31 December 2011, the Group's cash balance amounted to HK$881 million (31 December 2010: HK$693 million), of which HK$300 million (31 December 2010: HK$83 million) was pledged for general banking facilities and for arrangement of hedging against RMB appreciation. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's cash position and the banking facilities available, the Group maintained a sound financial position and had sufficient resources to finance its operations and its future expansion plan at the end of 2011.

Capital commitments

As at 31 December 2011, capital commitment of the Group amounted to approximately HK$9 million (31 December 2010: HK$24 million) mainly for construction cost of a property development project in Anshan. The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2011, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, RMB and US dollar and some made in Euro. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, RMB and US dollar. As at 31 December 2011, the Group's borrowings were mainly denominated in Hong Kong dollar, RMB and US dollar and interest on the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk as the interest rates currently remain at extremely low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the RMB in terms of the production costs (including workers' wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as large portion of the Group's purchases are also made in US dollar, which are to be paid out of our sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

As for RMB exposure, as wages and overhead in our factories in the PRC are paid in RMB, our production costs will rise due to the further appreciation of RMB. During the year of 2011, the Group converted some of our surplus funds from Hong Kong dollars to RMB. The Group has accumulated approximately RMB209 million in cash up to the end of 2011 and the RMB funds were placed on short-term deposit with a banker to secure equivalent amount of Hong Kong dollar loans from the bank. As the Group would be entitled to the exchange gain that might be generated from future appreciation of the RMB deposits, the Group considered such initiative was an effective way to hedge some of its exposure against RMB appreciation.

Acquisition and disposal of material subsidiaries and associates

Save for the acquisition of medical device product business, the Group did not acquire or dispose of any material subsidiaries and associates during the year of 2011.

Significant investment

The Group did not hold any significant investment as at 31 December 2011 (31 December 2010: Nil).

Pledge of assets

As at 31 December 2011, certain of the Group's assets with a net book value of HK$1,098 million (31 December 2010: HK$886 million) and time deposits of approximately HK$300 million (31 December 2010: HK$83 million) were pledged to secure the general banking facilities granted to the Group and for hedging RMB exposure.

Contingent liabilities

As at 31 December 2011, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2011 was 6,458 (31 December 2010: 8,059). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2011, there were no outstanding share options issued by the Company.

(c) Management discussion and analysis of the Group for the year ended 31 December 2012

According to the 2012 annual report of the Company, the Group recorded revenue of approximately HK$1,544 million and loss attributable to owners of the parent was HK$31 million for the year ended 31 December 2012. The Group was principally be engaged in: (i) the Telecom Product Business through the CCT Tech Group; (ii) the Property Development Business through the Land Group; (iii) the manufacture and sale of plastic components; (iv) the securities business; and (v) the property investment and holding.

The Telecom Product Business continued to be the largest business segment of the Group in terms of turnover, and contributed approximately 89.9% of the Group's total turnover in 2012. This business segment was able to narrow its operating loss before tax from HK$179 million in 2011 to only HK$33 million in 2012, despite a decrease in turnover in the year. This notable favourable variance was mainly caused by absence of exceptional losses incurred in 2011 and cost savings achieved in 2012.

The Property Development Business reported turnover of HK$139 million in 2012 against HK$259 million in 2011. The decrease in turnover was caused by weaker market, especially in the second half due to further market correction under tightening government policies by the PRC leaders on the housing market. This segment delivered a net operating profit before tax of HK$15 million, representing HK$33 million lower than the year earlier, due to less sales.

The Group's component business reported revenue of HK$173 million in 2012, down 32.7%, primarily led by the decrease in sales of the Telecom Product Business to which it supplied most of its component products. This business segment incurred an operating loss before tax of HK$31 million in 2012, up 181.8% as compared to HK$11 million in 2011. The adverse movement in result was largely due to rise in production costs, notably plastic resin costs and factory payroll.

The Group's securities business delivered a gain of HK$12 million for the year ended 31 December 2012, primarily from divestment of its share portfolio in the year, as opposed to a net loss of HK$42 million in the last corresponding year 2011.

The Group's property investment and holding business outperformed all other business segments in 2012. This division recognised a net operating profit before tax of HK$118 million in 2012, a significant positive swing from the operating loss of HK$1 million in 2011. This solid result was mainly driven by surging property prices in Hong Kong in 2012, which gave rise to unrealised fair value gains arising from revaluation of the Group's long-term investment properties.

Unallocated items, representing the head office administrative expenses and other expenses, increased by 21.1% to HK$86 million for the year ended 31 December 2012. This increase was largely caused by the unrealised fair value loss of HK$59 million on the Group's interest in the shares of Merdeka Resources due to decline of its share price in 2012.

Capital structure and gearing ratio

The Group's gearing ratio was 36.0% as at 31 December 2012 (31 December 2011: 33.6%). The slight increase in the gearing ratio was led by the net increase of the bank borrowings during the year of 2012.

Outstanding bank borrowings amounted to HK$1,027 million at 31 December 2012 (31 December 2011: HK$958 million). Approximately 49.3% of these bank borrowings were arranged on a short-term basis for the manufacturing business activities of the Group and were repayable within one year. The remaining 50.7% of the bank borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group. Out of the Group's bank borrowings, bank loans of HK$927 million (31 December 2011: HK$763 million) were borrowed to finance ordinary businesses of the Group and the balance of HK$100 million (31 December 2011: HK$195 million) represented Hong Kong dollar loans fully secured by equivalent amount of RMB deposits and bonds for hedging against RMB appreciation exposure.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables as at 31 December 2012 were approximately HK$2 million (31 December 2011: HK$3 million).

As at 31 December 2012, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK$507 million, HK$263 million and HK$259 million, respectively (31 December 2011: HK$549 million, HK$251 million and HK$161 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 31 December 2012 was 177.3% (31 December 2011: 187.7%). This liquid position reflected the healthy financial position of the Group.

As at 31 December 2012, the Group's cash balance amounted to HK$653 million (31 December 2011: HK$881 million), which included pledged deposits of HK$186 million (31 December 2011: HK$300 million) to secure general banking facilities and for arrangement to hedge against RMB appreciation. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's cash position and the banking facilities available, the Group continued to maintain a sound financial position and had sufficient resources to finance its operations and its future expansion plan at the end of 2012.

Capital commitments

As at 31 December 2012, capital commitment of the Group amounted to HK$216 million (31 December 2011: HK$9 million) mainly for acquisition for investment properties and construction cost of property development projects in Anshan. The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2012, the Group's business receipts were mainly denominated in US dollar and RMB (largely from property development business) with some in Hong Kong dollar. Payments were mainly made in Hong Kong dollar, RMB and US dollar. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, RMB and US dollar. In 2012, the Group's borrowings were mainly denominated in Hong Kong dollar, RMB and US dollar and interest on the Group's borrowings was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group will not have any significant interest rate risk as the interest rates currently remain at extremely low level. In terms of foreign exchange exposures, the Group is principally be exposed to two major currencies, namely the US dollar in terms of receipts and RMB in terms of the production costs (including workers' wages and overhead) in the PRC. Regarding US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as large portion of the Group's purchases are also made in US dollar, which are to be paid out of the Group's sales receipts in US dollar, the management considers that the foreign exchange exposure risk for the US dollar is not material.

As for RMB exposure, since the Group's factory wages and overhead are paid in RMB, the Group's production costs will rise due to the further appreciation of RMB. During the year of 2012, the Group continued to use the arrangements of borrowing Hong Kong dollar loans against pledge of RMB deposits as a means to hedge the Group's RMB appreciation exposure. Despite the fluctuation in RMB in 2012, the Group considers such arrangements to be an effective tool to hedge part of the Group's exposure against RMB appreciation in the long run.

Acquisition and disposal of material subsidiaries and associates

The Group did not acquire or dispose of any material subsidiaries and associates during the 2012.

Significant investment

The Group did not hold any significant investment as at 31 December 2012 (31 December 2011: Nil).

Pledge of assets

As at 31 December 2012, certain of the Group's assets with a net book value of HK$1,575 million (31 December 2011: HK$1,305 million) and time deposits of HK$186 million (31 December 2011: HK$300 million) were pledged to secure the general banking facilities granted to the Group and for hedging RMB exposure.

Contingent liabilities

As at 31 December 2012, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2012 was 5,971 (31 December 2011: 6,458). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2012, there was no outstanding share option issued by the Company.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2013 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had total term loans of approximately HK$1,008 million, all of which were secured. Approximately HK$945 million of the total term loans were guaranteed by the Company and its subsidiaries. The Group had other borrowings of approximately HK$257 million, which were composed of secured trust receipt and factoring loans of approximately HK$255 million and secured obligations under finance lease contracts of approximately HK$2 million. All of the other borrowings were guaranteed by the Company and its subsidiaries.

The term loans and other borrowings were secured by (i) certain assets (including properties) held by the Group with aggregate net book values of approximately HK$1,798 million as at 30 April 2013; and (ii) pledge of certain fixed deposits of the Group of approximately HK$243 million as at 30 April 2013.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 April 2013.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the rates of the exchange prevailing at the close of business on 30 April 2013.

4. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Restructured Group will, after taking into account the effect of the Restructured Transactions, and the present internal financial resources available to the Restructured Group including internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in next 12 months from the date of this circular in the absence of unforeseen material circumstances.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

安永 ERNST & YOUNG

22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

14 June 2013

The Directors
CCT Telecom Holdings Limited
CCT Tech International Limited

Dear Sirs,

We set out below our report on the financial information of CCT Land (China) Holdings Limited (the "**Land Company**") and its subsidiaries (hereinafter collectively referred to as the "**Land Group**") comprising the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Land Group for each of the years ended 31 December 2010, 2011 and 2012 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Land Group and the statement of financial position of the Land Company as at 31 December 2010, 2011 and 2012, together with the notes thereto (the "**Financial Information**") prepared on the basis set out in note 2.1 of Section II below, for inclusion in the circulars of CCT Telecom Holdings Limited ("**CCT Telecom**") and CCT Tech International Limited ("**CCT Tech**") dated 14 June 2013 (the "**Circulars**") in connection with the proposed deemed very substantial disposal of the Land Group by CCT Telecom and the proposed very substantial acquisition of the Land Group by CCT Tech.

The Land Company was incorporated in the British Virgin Islands ("**BVI**") with limited liability on 1 October 2003.

As at the date of this report, no statutory financial statements have been prepared for the Land Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, the Land Company had direct and indirect interests in the principal subsidiaries as set out in note 1 of Section II below. All companies now comprising the Land Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Land Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Land Company (the "**Directors**") have prepared the consolidated financial statements of the Land Group (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information, and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Land Group and the Land Company as at 31 December 2010, 2011 and 2012, and of the consolidated results and cash flows of the Land Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

Consolidated income statements

HK$ million	*Notes*	Year ended 31 December 2010	2011	2012
REVENUE	*5*	85	259	139
Cost of sales		(60)	(187)	(102)
Gross profit		25	72	37
Selling and distribution expenses		(3)	(8)	(3)
Administrative expenses		(10)	(19)	(15)
Finance costs	*7*	(1)	—	(5)
PROFIT BEFORE TAX	*6*	11	45	14
Income tax expense	*9*	(3)	(17)	(6)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	*10*	8	28	8

Consolidated statements of comprehensive income

HK$ million	Year ended 31 December 2010	2011	2012
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	8	28	8
Other comprehensive income:			
Exchange differences on translation of foreign operations	19	25	8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	27	53	16

Consolidated statements of financial position

HK$ million	*Notes*	As at 31 December 2010	2011	2012
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	2	3	1
Total non-current assets		2	3	1
Current assets				
Properties under development	*15*	305	192	248
Completed properties held for sale	*16*	101	440	351
Trade receivables	*17*	—	34	35
Prepayments, deposits and other receivables	*18*	199	193	197
Cash and bank balances	*19*	63	23	19
Total current assets		668	882	850
Total assets		670	885	851
EQUITY/(DEFICIENCY IN ASSETS) AND LIABILITIES				
Equity attributable to owners of the parent				
Issued capital	*24*	—	—	—
Reserves	*25(a)*	(6)	47	63
Total equity/(deficiency in assets)		(6)	47	63
Current liabilities				
Trade payables	*20*	30	122	44
Tax payable		3	6	8
Other payables and accruals	*21*	2	22	8
Receipts in advance	*22*	39	3	2
Due to related companies	*29(b)*	578	624	663
Interest-bearing bank borrowings	*23*	24	61	63
Total current liabilities		676	838	788
Total liabilities		676	838	788
Total equity and liabilities		670	885	851
Net current assets/(liabilities)		(8)	44	62

Consolidated statements of changes in equity

	Attributable to owners of the parent			
HK$ million	**Issued capital**	**Exchange fluctuation reserve***	**Accumulated losses***	**Total**
At 1 January 2010	—	16	(49)	(33)
Profit for the year	—	—	8	8
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	—	19	—	19
Total comprehensive income for the year	—	19	8	27
At 31 December 2010 and 1 January 2011	—	35	(41)	(6)
Profit for the year	—	—	28	28
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	—	25	—	25
Total comprehensive income for the year	—	25	28	53
At 31 December 2011 and 1 January 2012	—	60	(13)	47
Profit for the year	—	—	8	8
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	—	8	—	8
Total comprehensive income for the year	—	8	8	16
At 31 December 2012	—	68	(5)	63

* These reserve accounts comprise the consolidated reserves in the consolidated statements of financial position as at 31 December 2010, 2011 and 2012.

Consolidated statements of cash flows

HK$ million	*Notes*	Year ended 31 December 2010	2011	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		11	45	14
Adjustments for:				
Finance costs	*7*	1	—	5
Depreciation	*6*	—	—	2
		12	45	21
(Increase)/decrease in properties under development		(12)	116	(56)
(Increase)/decrease in completed properties held for sale		(101)	(339)	89
Increase in trade receivables		—	(34)	(1)
(Increase)/decrease in prepayments, deposits and other receivables		(21)	6	(4)
Increase/(decrease) in trade and other payables and accruals		31	112	(92)
Increase/(decrease) in receipts in advance		39	(36)	(1)
Effect of foreign exchange rate changes, net		19	22	8
Cash used in operations		(33)	(108)	(36)
Interest paid		(2)	(3)	(5)
The PRC tax paid		—	(14)	(4)
Net cash flows used in operating activities		(35)	(125)	(45)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(1)	(1)	—
Net cash flows used in investing activities		(1)	(1)	—
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in amounts due to related companies		73	46	39
New bank loans		24	61	—
Repayment of bank loans		—	(24)	—
Effect of foreign exchange rate changes, net		—	—	2
Net cash flows from financing activities		97	83	41
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		61	(43)	(4)
Cash and cash equivalents at beginning of year		2	63	23
Effect of foreign exchange rate changes, net		—	3	—
CASH AND CASH EQUIVALENTS AT END OF YEAR		63	23	19
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*19*	63	23	19

Statements of financial position

HK$ million	*Notes*	As at 31 December 2010	2011	2012
ASSETS				
Non-current assets				
Investments in subsidiaries	*14*	528	580	623
Total non-current assets		528	580	623
Current assets				
Prepayments	*18*	2	—	—
Cash and bank balances	*19*	—	1	—
Total current assets		2	1	—
Total assets		530	581	623
DEFICIENCY IN ASSETS AND LIABILITIES				
Issued capital	*24*	—	—	—
Reserves	*25(b)*	(48)	(40)	(40)
Total deficiency in assets		(48)	(40)	(40)
Current liabilities				
Due to a related company	*29(b)*	578	621	663
Total current liabilities		578	621	663
Total liabilities		578	621	663
Total equity and liabilities		530	581	623
Net current liabilities		(576)	(620)	(663)

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Land Company is a limited liability company incorporated in the British Virgin Islands. The registered office address of the Land Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and the principal place of business is located at 31/F, Fortis Tower, 77–79 Gloucester Road, Hong Kong.

The Land Company is an investment holding company. During the Relevant Periods, the Land Group was engaged in property development business.

In the opinion of the Directors, the holding company and the ultimate holding company of the Land Company are CCT Land Holding Limited which is incorporated in BVI and CCT Telecom, which is incorporated with limited liability in the Cayman Islands and continued as an exempted company under the laws of Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), respectively.

As at the end of the Relevant Periods, the Land Company had direct and indirect interests in its principal subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Land Company		Principal activities
			Direct	Indirect	
CCT Land Development (Anshan) Company Limited[1]	The People's Republic of China (the "**PRC**") 24 July 2007	HK$380,000,000	—	100	Property development
CCT Land (Anshan) Property Development Company Limited[1]	PRC 8 November 2008	RMB200,000,000	—	100	Property development

[1] Each of the entities was registered as a wholly-foreign-owned enterprise under the PRC Law. The statutory financial statements of the entities for the years ended 31 December 2010 and 2011 were audited by Liaoning Yongxinda Certified Public Accountants Company Limited (遼寧永信達會計師事務所有限公司), Certified Public Accountants registered in the PRC, and that for year ended 31 December 2012 was audited by Anshan Xinxin Public Accountants Company Limited (鞍山鑫鑫會計師事務所有限公司), Certified Public Accountants registered in the PRC.

The above table lists the subsidiaries of the Land Company which, in the opinion of the Directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Land Group at the end of each of the Relevant Periods. To give details of other subsidiaries would result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2012, together with the relevant transitional provisions, have been early adopted by the Land Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The Financial Information includes the financial statements of the Land Group for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting periods as the Land Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Land Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Land Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Land Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Land Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Land Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Land Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Land Company's income statement to the extent of dividends received and receivable. The Land Company's investments in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Land Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Land Group;

  (ii) has significant influence over the Land Group; or

  (iii) is a member of the key management personnel of the Land Group or of a parent of the Land Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Land Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Land Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Land Group or an entity related to the Land Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Land Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost of completed properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds from the properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

Financial assets

The Land Group's financial assets include trade and other receivables, deposits and cash and bank balance.

The Land Group classifies its financial assets into loans and receivables at inception based on the purpose for which the assets were acquired. Purchases and sales of the financial assets are recognised using trade date accounting.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Land Company recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit and loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Land Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ''pass-through'' arrangement; and either (a) the Land Group has transferred substantially all the risks and rewards of the asset, or (b) the Land Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Land Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Land Group's continuing involvement in the asset. In that case, the Land Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Land Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Land Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Land Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Land Group's financial liabilities include trade and other payables, accruals and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Land Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee benefits

Pension schemes

The Land Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Land Group in an independently administered fund. The Land Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Land Group's employer voluntary contributions, which are refunded to the Land Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Land Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of the payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information is presented in Hong Kong dollars, which is the Land Company's functional and presentation currency. Each entity in the Land Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Land Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the presentation currency of the Land Company at the exchange rates prevailing at the end of each of the Relevant Periods and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Land Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Land Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Land Group's Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below.

Impairment of non-financial assets (other than goodwill)

The Land Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

4. OPERATING SEGMENT INFORMATION

The Land Group has only one reportable operating segment which is property development.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

The Land Group's revenue from external customers is derived solely from its operation in Mainland China.

The Land Group's non-current assets are located in Mainland China.

Information about major customers

During the Relevant Periods, no revenue from transactions with a single external customer amounted to 10% or more of the Land Group's total revenue.

5. REVENUE

Revenue, which is also the Land Group's turnover, represents gross proceeds from sale of properties, net of business tax and other sales related taxes from the sale of properties during the Relevant Periods.

An analysis of revenue is as follows:

	Land Group Year ended 31 December		
HK$ million	**2010**	**2011**	**2012**
Sale of properties	85	259	139

6. PROFIT BEFORE TAX

The Land Group's profit before tax is arrived at after charging:

		Land Group Year ended 31 December		
HK$ million	*Note*	**2010**	**2011**	**2012**
Cost of properties sold		60	187	102
Directors' remuneration*		—	—	—
Staff costs:				
Salaries and related staff costs		3	6	4
Pension scheme contributions		—	1	1
		3	7	5
Depreciation	*13*	—	—	2
Auditors' remuneration#		—	—	—

* No directors received any fees or emoluments in respect of their services rendered to the Land Group during the Relevant Periods.

The auditors' remuneration for the years ended 31 December 2010, 2011 and 2012 was HK$80,000, HK$80,000 and HK$60,000, respectively.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Land Group Year ended 31 December		
HK$ million	**2010**	**2011**	**2012**
Interest on bank loans wholly repayable within five years	2	3	5
Less: Interest capitalised	(1)	(3)	—
	1	—	5

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods were neither directors nor chief executive of the Land Company. Details of the remuneration of the five highest paid employees are as follows:

	Land Group Year ended 31 December		
HK$ million	**2010**	**2011**	**2012**
Salaries, allowances and benefits in kind	1	4	3

The number of non-director and non-chief executive, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 31 December		
	2010	**2011**	**2012**
Nil–HK$1,000,000	5	4	4
HK$1,000,001–HK$1,500,000	—	1	1
	5	5	5

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Land Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Land Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Land Group Year ended 31 December		
HK$ million	**2010**	**2011**	**2012**
Current — Mainland China			
Charge of Mainland China income tax for the year	3	11	3
Mainland China land appreciation tax	—	6	3
Total tax charge for the year	3	17	6

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Land Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Land Group Year ended 31 December		
HK$ million	**2010**	**2011**	**2012**
Profit before tax	11	45	14
Tax at the statutory or appropriate tax rate	3	12	4
Expenses not deductible for tax	—	1	—
Tax losses utilised from previous periods	—	(1)	—
Land appreciation tax	—	6	3
Others	—	(1)	(1)
Tax charge at the Land Group's effective rates	3	17	6

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profits attributable to owners of the parent for the years ended 31 December 2010, 2011 and 2012 do not include results which have been dealt with in the financial statements of the Land Company.

11. DIVIDENDS

No dividends have been paid or declared by the Land Company during the Relevant Periods.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

Land Group

HK$ million	Furniture and office equipment	Motor vehicles	Total
At 1 January 2010, net of accumulated depreciation	—	1	1
Additions	—	1	1
At 31 December 2010 and 1 January 2011, net of accumulated depreciation	—	2	2
Additions	1	—	1
At 31 December 2011 and 1 January 2012, net of accumulated depreciation	1	2	3
Depreciation provided during the year	(1)	(1)	(2)
At 31 December 2012, net of accumulated depreciation	—	1	1
At 31 December 2010:			
Cost	—	3	3
Accumulated depreciation and impairment	—	(1)	(1)
Net carrying amount	—	2	2
At 31 December 2011:			
Cost	1	3	4
Accumulated depreciation and impairment	—	(1)	(1)
Net carrying amount	1	2	3
At 31 December 2012:			
Cost	1	3	4
Accumulated depreciation and impairment	(1)	(2)	(3)
Net carrying amount	—	1	1

14. INVESTMENTS IN SUBSIDIARIES

	Land Company As at 31 December		
HK$ million	2010	2011	2012
Unlisted shares, at cost	—	—	—
Due from subsidiaries	528	580	623
Total	528	580	623

The balances with the subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

15. PROPERTIES UNDER DEVELOPMENT

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Properties under development expected to be completed within the normal operating cycle, included under current assets and recoverable:			
within one year	162	—	248
after one year	143	192	—
	305	192	248

All the Land Group's properties under development are located in Mainland China and are held under medium term leases.

16. COMPLETED PROPERTIES HELD FOR SALE

All the Land Group's completed properties held for sale are located in Mainland China and are held under medium term leases. All the completed properties held for sale are stated at cost.

At 31 December 2010, 2011 and 2012, certain of the Land Group's completed properties held for sale with an aggregate net carrying amount of approximately HK$101 million, HK$151 million and HK$120 million, respectively, were pledged to secure general banking facilities granted to the Land Group (note 23(a)).

17. TRADE RECEIVABLES

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Trade receivables	—	34	35

Trade receivables are settled based on the terms of the sales and purchase agreements of properties. The Land Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Land Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Current to 30 days	—	34	30
Over 90 days	—	—	5
Total	—	34	35

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Neither past due nor impaired	—	34	30
Past due but not impaired — within 6 months	—	—	5
Total	—	34	35

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

For those past due but not impaired receivables, the Land Company has assessed the creditworthiness and subsequent settlement, and considers that the amounts are still recoverable and no credit provision is required.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Land Group As at 31 December			Land Company As at 31 December		
HK$ million	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
Prepayments	192	192	194	2	—	—
Deposits and other receivables	7	1	3	—	—	—
	199	193	197	2	—	—

The above balances as at 31 December 2010, 2011 and 2012 included prepayments for the acquisition of land use rights in Mainland China amounting to approximately HK$186 million, HK$192 million and HK$192 million, respectively, in relation to the Land Group's property development business.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

19. CASH AND BANK BALANCES

	Land Group As at 31 December			Land Company As at 31 December		
HK$ million	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
Cash and bank balances	63	23	19	—	1	—

As at 31 December 2010, 2011 and 2012, the cash and bank balances of the Land Group denominated in Renminbi ("**RMB**") amounted to HK$63 million, HK$20 million and HK$19 million, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Land Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Current to 30 days	30	116	8
31 to 60 days	—	1	2
61 to 90 days	—	—	—
Over 90 days	—	5	34
	30	122	44

21. OTHER PAYABLES AND ACCRUALS

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Other payables	—	21	1
Accruals	2	1	7
	2	22	8

Other payables are non-interest-bearing and have an average term of three months.

22. RECEIPTS IN ADVANCE

Receipts in advance represented amounts received from buyers in connection with the pre-sales of properties during the Relevant Periods.

23. INTEREST-BEARING BANK BORROWINGS

Land Group

	As at 31 December								
	2010			**2011**			**2012**		
	Effective interest rate (%)	*Maturity*	*HK$ million*	*Effective interest rate (%)*	*Maturity*	*HK$ million*	*Effective interest rate (%)*	*Maturity*	*HK$ million*
Current									
Bank loans — secured	6.39	2011	24	8.65	On demand	61	8.00	On demand	63

(a) All the Land Group's bank loans are secured by pledge of certain of the Land Group's completed properties held for sale situated in Mainland China, which had an aggregate carrying amount as at 31 December 2010, 2011 and 2012 of approximately HK$101 million, HK$151 million and HK$120 million, respectively (note 16).

(b) All the Land Group's bank borrowings are denominated in RMB.

The carrying amounts of the Land Group's borrowings approximate to their fair values.

24. SHARE CAPITAL

	As at 31 December		
	2010	2011	2012
	US$	*US$*	*US$*
Authorised:			
50,000 ordinary shares of US$1 each	50,000	50,000	50,000
	HK$	*HK$*	*HK$*
Issued and fully paid:			
1 ordinary share of US$1	8	8	8

There were no transactions involving the Land Company's issued ordinary share capital during the Relevant Periods.

25. RESERVES

(a) Land Group

The amounts of the Land Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(b) Land Company

HK$ million	Accumulated losses
At 1 January 2010, 31 December 2010 and 1 January 2011	(48)
Profit and total comprehensive income for the year ended 31 December 2011	8
At 31 December 2011 and 1 January 2012 and 31 December 2012	(40)

26. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, the Land Company and the Land Group had no significant contingent liabilities.

27. PLEDGE OF ASSETS

Details of the Land Group's bank loans which are secured by the assets of the Land Group are included in note 23 to the Financial Information.

28. COMMITMENTS

The Land Group had the following commitments at the end of each of the Relevant Periods:

Capital commitments

	Land Group As at 31 December		
HK$ million	**2010**	**2011**	**2012**
Contracted, but not provided for:			
Construction cost for properties under development	11	4	9

At the end of each of the Relevant Periods, the Land Company had no significant commitments.

29. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Compensation of key management personnel of the Land Group

	Year ended 31 December		
HK$ million	**2010**	**2011**	**2012**
Short term employee benefits	1	4	3

(b) Due to related companies

The amounts due to the related companies are unsecured, interest-free and have no fixed terms of repayment.

30. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Land Group and the Land Company as at the end of each of the Relevant Periods are loans and receivables, and financial liabilities at amortised cost, respectively,

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Land Group's principal financial instruments comprise bank borrowings, amounts due to related companies and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Land Group's operations. The Land Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Land Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Land Group's exposure to the risk of changes in market interest rates relates primarily to the Land Group's borrowings with floating interest rates. The Land Group operates at a low gearing ratio and as the market interest rates are stable and are maintained at a relatively low level, the Land Group's interest rate risk is not significant.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Land Group's profit before tax (through the impact on floating rate borrowings).

	Land Group	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**
		HK$'000
2010		
RMB	100	(145)
RMB	(100)	145
2011		
RMB	100	N/A
RMB	(100)	N/A
2012		
RMB	100	(625)
RMB	(100)	625

Credit risk

The Land Group's trade receivables consist of a large number of customers and borrowers. It is the Land Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Land Group's other financial assets, which comprise cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no significant concentration of credit risk in relation to the Land Group's financial assets, other than trade receivables. Further quantitative data in respect of the Land Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Financial Information.

Liquidity risk

The Land Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. In addition, banking facilities have been put in place for contingency purposes.

The table below summarises the maturity profile of the Land Group's financial liabilities based on contractual undiscounted payments.

	Land Group		
HK$ million	**2010**	**2011**	**2012**
Within one year or on demand			
Trade payables	30	122	44
Other payables and accruals	2	22	8
Due to related companies	578	624	663
Interest-bearing bank borrowings	25	67	68
	635	835	783

Capital management

The primary objective of the Land Group's capital management is to safeguard the Land Group's ability to continue as a going concern. The Land Group does not have specific policies for managing capital but the Land Group will continue to utilise funding from CCT Telecom to maintain healthy capital ratios in order to support its business.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Land Group or any of its subsidiaries in respect of any period subsequent to 31 December 2012.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

Set out below is the letter from Ernst & Young, the independent reporting accountants of CCT Telecom, on the unaudited pro forma financial information of the Restructured Group together with the unaudited pro forma financial information of the Restructured Group in connection with the Restructuring Transactions of the Company.

安永 ERNST & YOUNG

22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

14 June 2013

The Directors
CCT Telecom Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of CCT Telecom Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), which have been prepared by the directors of the Company (the "**Directors**") for illustrative purposes only, to provide information about how the Restructuring Transactions (as defined in the Circular) might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 14 June 2013 (the "**Circular**"). The basis of preparation of the unaudited pro forma financial information of the Restructured Group (the "**Unaudited Pro Forma Financial Information**") is set out in Appendix III to the Circular.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 *Accountants' Reports on Pro Forma Financial Information in Investment Circulars* issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 December 2012 or any future dates; or
- the results and cash flows of the Group for the year ended 31 December 2012 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF RESTRUCTURED GROUP

Capitalised terms used herein shall have the same meanings as those defined in the Circular.

The accompanying unaudited pro forma financial information of the Restructured Group has been prepared to illustrate the effect that the Restructuring Transactions might have on the financial information of the Group.

The unaudited pro forma consolidated statement of financial position of the Restructured Group which is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2012, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Restructuring Transactions on the financial position of the Restructured Group as if the Restructuring Transactions had taken place on 31 December 2012.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma statement of cash flows of the Restructured Group are prepared based on the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2012, respectively, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Restructuring Transactions on the results and cash flows, respectively, of the Restructured Group as if the Restructuring Transactions had taken place on 1 January 2012.

The unaudited pro forma financial information of the Restructured Group have been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of the Restructured Group had the Restructuring Transactions been completed as at 31 December 2012 or at any future dates and of the results and cash flows of the Restructured Group for the year ended 31 December 2012 or any future periods had the Restructuring Transactions been completed on 1 January 2012 or any future dates.

(1) Unaudited pro forma consolidated statement of financial position of the Restructured Group

HK$ million	**The Group as at 31 December 2012** *Note (a)*	**Pro forma adjustments**	*Notes*	**Unaudited pro forma Restructured Group**
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	772	—		772
Investment properties	745	—		745
Prepayments for acquisition of investment properties	23	—		23
Prepaid land lease payments	97	—		97
Goodwill	87	—		87
Available-for-sale investments	18	—		18
Held-to-maturity debt securities	51	—		51
Deferred tax assets	1	—		1
Total non-current assets	1,794	—		1,794
CURRENT ASSETS				
Inventories	102	—		102
Properties under development	248	—		248
Completed properties held for sale	356	—		356
Trade receivables	349	—		349
Prepayments, deposits and other receivables	243	—		243
Financial assets at fair value through profit or loss	10	—		10
Time deposits with original maturity of more than three months	8	—		8
Pledged time deposits	186	—		186
Cash and cash equivalents	459	(2)	*(b)*	457
Total current assets	1,961	(2)		1,959
Total assets	3,755	(2)		3,753

HK$ million	The Group as at 31 December 2012 *Note (a)*	Pro forma adjustments	*Notes*	Unaudited pro forma Restructured Group
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Issued capital	61	—		61
Reserves	1,751	(1)	*(b)*	1,750
Proposed final dividend	21	—		21
	1,833	(1)		1,832
Non-controlling interests	253	(1)	*(b)*	252
Total equity	2,086	(2)		2,084
NON-CURRENT LIABILITIES				
Derivative financial instrument	14	—		14
Interest-bearing bank and other borrowings	522	—		522
Deferred tax liabilities	27	—		27
Total non-current liabilities	563	—		563
CURRENT LIABILITIES				
Trade and bills payables	360	—		360
Tax payable	34	—		34
Other payables and accruals	203	—		203
Receipts in advance	2	—		2
Interest-bearing bank and other borrowings	507	—		507
Total current liabilities	1,106	—		1,106
Total liabilities	1,669	—		1,669
Total equity and liabilities	3,755	(2)		3,753
Net current assets	855	(2)		853
Total assets less current liabilities	2,649	(2)		2,647

Notes:

(a) The audited consolidated statement of financial position of the Group (including the Land Group) as at 31 December 2012 was extracted from the 2012 annual report of the Company.

(b) The adjustments represented the net effect of the estimated expenses and professional fees relating to the Restructuring Transactions to the reserves account and non-controlling interests account and were calculated as follows:

HK$'000	**Reserves (Debit)/ Credit**	**Non-controlling interests (Debit)/ Credit**	**Total (Debit)/ Credit**
Expenses and professional fees relating to the Restructuring Transactions	(2,000)	—	(2,000)
Expenses and fees attributable to 49.51% non-controlling interests of CCT Tech, representing share of 49.51% of HK$1 million expenses and professional fees of the CCT Tech Group	495	(495)	—
	(1,505)	(495)	(2,000)

(2) Unaudited pro forma consolidated income statement of the Restructured Group

HK$ million	The Group for the year ended 31 December 2012 *Note (a)*	Pro forma adjustments *Note (b)*	*Note (c)*	Unaudited pro forma Restructured Group
REVENUE	1,544	—	—	1,544
Cost of sales	(1,463)	—	—	(1,463)
Gross profit	81	—	—	81
Other income and gains	232	—	—	232
Selling and distribution expenses	(37)	—	—	(37)
Administrative expenses	(146)	—	—	(146)
Other expenses	(113)	(2)	—	(115)
Finance costs	(22)	—	—	(22)
LOSS BEFORE TAX	(5)	(2)	—	(7)
Income tax expense	(62)	—	—	(62)
LOSS FOR THE YEAR	(67)	(2)	—	(69)
Attributable to:				
Owners of the parent	(31)	(1)	(4)	(36)
Non-controlling interests	(36)	(1)	4	(33)
	(67)	(2)	—	(69)

Notes:

(a) The audited consolidated income statement of the Group (including the Land Group) for the year ended 31 December 2012 was extracted from the 2012 annual report of the Company.

(b) This adjustment represented the estimated amount of expenses and professional fees of approximately HK$2,000,000 relating to the Restructuring Transactions and the respective share of HK$495,000 by the non-controlling shareholders. As such costs and expenses are non-recurring in nature, this adjustment will not have any continuing effect on the consolidated income statement of the Restructured Group.

(c) The adjustment represented the share of profit of the Land Group for the year ended 31 December 2012 by the non-controlling shareholders of CCT Tech as if the Restructuring Transactions had been completed on 1 January 2012. This adjustment will have continuing effect on the consolidated income statement of the Restructured Group.

(d) No adjustment had been made to reflect the trading results of the Restructured Group for the period subsequent to 31 December 2012 or for any other transactions were entered into by the Restructured Group after that date.

(3) Unaudited pro forma consolidated statement of comprehensive income of the Restructured Group

HK$ million	**The Group for the year ended 31 December 2012** *Note (a)*	**Pro forma adjustments** *Note (b)*	*Note (c)*	**Unaudited pro forma Restructured Group**
LOSS FOR THE YEAR	(67)	(2)	—	(69)
Other comprehensive income:				
Exchange differences on translation of foreign operations	8	—	—	8
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(59)	(2)	—	(61)
Attributable to:				
Owners of the parent	(23)	(1)	(8)	(32)
Non-controlling interests	(36)	(1)	8	(29)
	(59)	(2)	—	(61)

Notes:

(a) The audited consolidated statement of comprehensive income of the Group (including the Land Group) for the year ended 31 December 2012 was extracted from the 2012 annual report of the Company.

(b) This adjustment represented the estimated amount of expenses and professional fees of approximately HK$2,000,000 relating to the Restructuring Transactions and the respective share of HK$495,000 by the non-controlling shareholders. As such costs and expenses are non-recurring in nature, this adjustment will not have any continuing effect on the consolidated statement of comprehensive income of the Restructured Group.

(c) The adjustment represented the share of profit and exchange differences on translation of foreign operations of the Land Group for the year ended 31 December 2012 by the non-controlling shareholders of CCT Tech as if the Restructuring Transactions had been completed on 1 January 2012. This adjustment will have continuing effect on the consolidated statement of comprehensive income of the Restructured Group.

(d) No adjustment had been made to reflect the trading results of the Restructured Group subsequent to 31 December 2012 or for any other transactions entered into by the Restructured Group after that date.

(4) Unaudited pro forma consolidated statement of cash flows of the Restructured Group

HK$ million	The Group for the year ended 31 December 2012 *Note (a)*	Pro forma adjustments	*Note*	Unaudited pro forma Restructured Group
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(5)	(2)	*(b)*	(7)
Adjustments for:				
Finance costs	22	—		22
Interest income	(7)	—		(7)
Depreciation	71	—		71
Amortisation of prepaid land lease payments	3	—		3
Impairment of items of property, plant and equipment	46	—		46
Gain on disposal of items of property plant and equipment	(47)	—		(47)
Fair value gains on investment properties	(138)	—		(138)
Fair value gains on investment property classified as held for sale	(28)	—		(28)
Provision for slow-moving and obsolete inventories	9	—		9
Impairment loss on available-for-sale investments	59	—		59
	(15)	(2)		(17)
Decrease in inventories	45	—		45
Decrease in trade receivables	26	—		26
Increase in properties under development	(56)	—		(56)
Decrease in completed properties held for sale	81	—		81
Increase in prepayments, deposits and other receivables	(1)	—		(1)
Decrease in trade and bills payables, other payables and accruals	(251)	—		(251)
Decrease in receipts in advance	(1)	—		(1)
Cash used in operations	(172)	(2)		(174)
Interest received	7	—		7
Interest paid	(22)	—		(22)
Hong Kong profits tax paid	(6)	—		(6)
PRC tax paid	(6)	—		(6)
Net cash flows used in operating activities	(199)	(2)		(201)

HK$ million	The Group for the year ended 31 December 2012 *Note (a)*	Pro forma adjustments	*Note*	Unaudited pro forma Restructured Group
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	(12)	—		(12)
Proceeds from disposal of items of property, plant and equipment	59	—		59
Additions to investment properties	(176)	—		(176)
Additions to investment property classified as held for sale	(2)	—		(2)
Disposals of subsidiaries	12	—		12
Proceeds from disposal of available-for-sale investment	2	—		2
Net proceeds from disposal of financial assets at fair value through profit or loss	125	—		125
Increase in held-to-maturity debt securities	(51)	—		(51)
Decrease in pledged time deposits	114	—		114
Increase in prepayments for acquisition of investment properties	(23)	—		(23)
Net cash flows from investing activities	48	—		48
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loans	271	—		271
New trust receipts loans, net	34	—		34
Repayment of bank loans	(236)	—		(236)
Capital element of finance lease rental payments	(1)	—		(1)
Dividends paid	(39)	—		(39)
Net cash flows from financing activities	29	—		29
NET DECREASE IN CASH AND CASH EQUIVALENTS	(122)	(2)		(124)
Cash and cash equivalents at beginning of year	573	—		573
Effect of foreign exchange rate changes, net	8	—		8
CASH AND CASH EQUIVALENTS AT END OF YEAR	459	(2)		457
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	285	(2)		283
Non-pledged time deposits with original maturity of less than three months when acquired	174	—		174
	459	(2)		457

Notes:

(a) The audited consolidated statement of cash flows of the Group (including the Land Group) for the year ended 31 December 2012 was extracted from the 2012 annual report of the Company.

(b) This adjustment represented the cash outflow for the payment of expenses and professional fees relating to the Restructuring Transactions. This adjustment will not any have continuing effect on the consolidated statement of cash flows of the Restructured Group.

(c) No adjustment had been made to reflect the trading results of the Restructured Group subsequent to 31 December 2012 or for any other transactions entered into by the Restructured Group after that date.

The following is the text of letter, summary of valuations and valuation certificates, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 March 2013 of the property interests in relation to the restructuring transactions.



GRANT SHERMAN

Unit 1005, 10/F.,
AXA Centre,
151 Gloucester Road,
Wanchai,
Hong Kong

14 June 2013

The Directors
CCT Telecom Holdings Limited
31st Floor,
Fortis Tower,
77–79 Gloucester Road,
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests in the People's Republic of China (the "**PRC**") in relation to the restructuring transactions between CCT Telecom Holdings Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") and CCT Tech International Limited and its subsidiaries, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such property interests in existing state as at 31 March 2013 ("**date of valuation**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interests where we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests nos. 1 to 3 in Group I, we have adopted the direct comparison approach and made reference to the recent transactions for the similar premises in the proximity. Adjustments have been made for the differences for the transaction dates, pedestrian flow, floor area etc. between the comparable properties and the subject properties.

In valuing the property interests nos. 4 to 6 in Group II, we have valued the property interests on the basis that the properties will be developed and completed in accordance the Company's latest development proposals provided to us. We have assumed that all necessary approvals for the proposals have been obtained. In arriving our opinion of values, we have adopted direct comparison approach by making reference to the comparable sales evidences as available in the relevant market and have also taken into account the incurred construction cost and construction cost that will be expended to complete to the developments to reflect the quality of the completed development. The "gross development value" represents our opinion of aggregate selling prices of the saleable units of the development erected on the properties assuming that they have been completed and all sold out to independent third parties at their highest selling prices obtained as at the date of valuation.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in their existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

We have been provided with copies of extracts of title documents relating to the properties in the PRC. However, we have not caused title searches to be made for the property interests at the relevant government bureaus in the PRC and we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinion ("**the PRC legal opinion**") provided by the Group's PRC legal adviser, Liaoning Jiuzhi Law Firm.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exteriors of the properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exits, unless noted in the valuation certificates.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars (HK$). The exchange rate adopted in valuing the property interests in the PRC as at 31 March 2013 was RMB1: HK$ 1.2501. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

We enclose herewith the summary of valuations together with the valuation certificates.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP)
Director
Real Estate Group

Note: Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 9 years experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim.

SUMMARY OF VALUATIONS

Group I — Property interests in relation to the restructuring transactions by the Group for sale purpose in the PRC

	Property	Market value in existing state as at 31 March 2013 *HK$*
1.	Unsold portion of Phase I of Landmark City, No. 253 Jiudao Road, Tiexi District, Anshan City, Liaoning Province, the PRC	7,200,000
2.	Unsold portion of Phase II of Landmark City, No. 253 Jiudao Road, Tiexi District, Anshan City, Liaoning Province, the PRC	106,700,000
3.	Unsold portion of Phase I of Evian Villa, No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, the PRC	349,200,000
	Sub-total	**463,100,000**

Group II — Property interests in relation to the restructuring transactions by the Group for development purpose in the PRC

4.	Phase III of Landmark City, No. 253 Jiudao Road, Tiexi District, Anshan City, Liaoning Province, the PRC	160,500,000
5.	A parcel of land (Lot No.: DN1) located at North of Yueling Road, Gaoxin District, Anshan City, Liaoning Province, the PRC	No commercial value
6.	Phase II of Evian Villa, No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, the PRC	127,300,000
	Sub-total	**287,800,000**
	Grand-total	**750,900,000**

VALUATION CERTIFICATE

Group I — Property interests in relation to the restructuring transactions by the Group for sale purpose in the PRC

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 March 2013 *HK$*
1.	Unsold portion of Phase I of Landmark City, No. 253 Jiudao Road, Tiexi District, Anshan City, Liaoning Province, the PRC	The subject development ("**the Development**") comprises a parcel of irregular-shaped land having a site area of approximately 69,117.36 sq.m. and will be developed into 22 blocks of residential buildings and various community facilities in 3 phases with an estimated total gross floor area of approximately 212,782.47 sq.m. (excluding community facilities). The property comprises 10 residential units with a total gross floor area of approximately 1,690.23 sq.m. in Phase I of the Development completed in about 2010. The land use rights of the Development were granted for terms of 40 and 70 years expiring on 18 December 2047 and 18 December 2077 for commercial and residential uses respectively.	The property was vacant as at the date of valuation.	7,200,000

Notes:

(i) Pursuant to a State-owned Land Use Rights Grant Contract dated 18 December 2007, entered into between the Land Resources Bureau of Anshan City (Party A) and 中建電訊(鞍山)房地產開發有限公司 (CCT Telecom (Anshan) Property Development Company Limited), now known as 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) (Party B), the land use rights of the Development with a site area of approximately 79,441.45 sq.m. was granted from Party A to Party B at a consideration of RMB82,941,000 for terms of 40 and 70 years for commercial and residential uses respectively. The salient development condition(s) stated are as below:

Plot Ratio	⩾2.9
Greenary Ratio	>25%
Site Coverage	<35%
Building Height Restriction	<100 metres
Miscellaneous	community facilities with a total gross floor area of approximately 5,750 sq.m.

(ii) According to a supplemental agreement dated 1 February 2008, the site area of the Development stated in Note (i) was revised to approximately 69,117.36 sq.m.

(iii) Pursuant to a State-owned Land Use Rights Certificate (Document No. 鞍國用(2009)第200741號 (An Guo Yong (2009) No. 200741) dated 10 August 2009 issued by the Land Resources Bureau of Anshan City, the land use rights of the Development with a site area of approximately 69,117.36 sq.m. were granted to 中置(鞍山)房地產開發有限公司 (CCT Land (Anshan) Property Development Company Limited) for composite use for terms expiring on 18 December 2077 for residential use and 18 December 2047 for commercial use.

(iv) As advised by the Company, there are 10 residential units with a total gross floor area of approximately 1,690.23 sq.m. unsold in Phase I of the Development as at the date of valuation. Hence, in the course of our valuation, we have relied on this information provided by the Company, if there are any differences between this information and the actual gross floor area of the property, we reserved our rights to revise our valuation opinions.

(v) As advised by the Company, the pre-sale of the property stated in Note (iv) was permitted as at the date of valuation.

(vi) The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS (GP)) on 16 December 2012. Upon our inspection, the external condition of the property was good.

(vii) The property is situated at 253 Jiudao Road, South of Tiexi District. Various residential buildings and commercial developments can be found in the locality. The property is accessible by bus and taxi. The average selling prices in residential sector were generally from RMB3,200 per sq.m. to RMB5,000 sq.m. as at the date of valuation, subject to the location, quality, development scale, building age, etc. factors.

(viii) We have been provided with a legal opinion regarding to the Company's PRC legal adviser, Liaoning Jiuzhi Law Firm, which contains, inter alia, the following:

(a) The property is legally owned by 中置(鞍山)房地產開發有限公司 (CCT Land (Anshan) Property Development Company Limited);

(b) The property is entitled to be occupied, transferred, leased and mortgaged;

(c) The property is free from any mortgage, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property;

(d) According to 5 Commodity Housing Pre-sale Permits (Document Nos.: 2010001, 2010001A, 2010037, 2010037A and 2010001B), the pre-sale of Landmark Phase I with a total gross floor area of approximately 48,645.8 sq.m. was permitted; and

(e) The major legal documents obtained as shown below:

(1)	State-owned Land Use Rights Certificate	Yes
(2)	State-owned Land Use Rights Grant Contract	Yes
(3)	Commodity Housing Pre-sale Permits	Yes

(Approximately 48,645.8 sq.m. of the Landmark Phase I only)

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 March 2013 *HK$*
2.	Unsold portion of Phase II of Landmark City, No. 253 Jiudao Road, Tiexi District, Anshan City, Liaoning Province, the PRC	The subject development ("**the Development**") comprises a parcel of irregular-shaped land having a site area of approximately 69,117.36 sq.m. and will be developed into 22 blocks of residential buildings and various community facilities in 3 phases with an estimated total gross floor area of approximately 212,782.47 sq.m. (excluding community facilities). The total gross floor area of the property is approximately 21,022.59 sq.m. which comprises 188 residential units and 2 commercial units in Phase II of the Development. It was completed in about 2011. The land use rights of the Development were granted for terms of 40 and 70 years expiring on 18 December 2047 and 18 December 2077 for commercial and residential uses respectively.	The property was vacant as at the date of valuation.	106,700,000

Notes:

(i) Pursuant to a State-owned Land Use Rights Grant Contract dated 18 December 2007, entered into between the Land Resources Bureau of Anshan City (Party A) and 中建電訊(鞍山)房地產開發有限公司 (CCT Telecom (Anshan) Property Development Company Limited), now known as 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) (Party B), the land use rights of the Development with a site area of approximately 79,441.45 sq.m. was granted from Party A to Party B at a consideration of RMB82,941,000 for terms of 40 and 70 years for commercial and residential uses respectively. The salient development condition(s) stated are as below:

Plot Ratio	⩾2.9
Greenary Ratio	>25%
Site Coverage	<35%
Building Height Restriction	<100 metres
Miscellaneous	community facilities with a total gross floor area of approximately 5,750 sq.m.

(ii) According to a supplemental agreement dated 1 February 2008, the site area of the Development stated in Note (i) was revised to approximately 69,117.36 sq.m.

(iii) Pursuant to a State-owned Land Use Rights Certificate (Document No. 鞍國用(2009)第200741號 (An Guo Yong (2009) No. 200741) dated 10 August 2009 issued by the Land Resources Bureau of Anshan City, the land use rights of the Development with a site area of approximately 69,117.36 sq.m. were granted to 中置(鞍山)房地產開發有限公司 (CCT Land (Anshan) Property Development Company Limited) for composite use for terms expiring on 18 December 2077 for residential use and 18 December 2047 for commercial use.

(iv) As advised by the Company, there are 190 units with a total gross floor area of approximately 21,022.59 sq.m. unsold in Phase II of the Development as at the date of valuation. Hence, in the course of our valuation, we have relied on this information provided by the Company, if there are any differences between this information and the actual gross floor area of the property, we reserved our rights to revise our valuation opinions.

(v) As advised by the Company, the pre-sale of 136 units with a total gross floor area of approximately 14,390.18 sq.m. out of 190 units stated in Note (iv) was permitted as at the date of valuation.

(vi) The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP)) on 16 December 2012. Upon our inspection, the external condition of the property was good.

(vii) The property is situated at 253 Jiudao Road, South of Tiexi District. Various residential buildings and commercial developments can be found in the locality. The property is accessible by bus and taxi. The average selling prices in residential and commercial sectors were generally from RMB3,200 per sq.m. to RMB5,000 sq.m. and from RMB6,800 per sq.m. to RMB10,000 per sq.m. respectively as at the date of valuation subject to the location, quality, development scale, building age, etc. factors.

(viii) We have been provided with a legal opinion regarding to the property by the Company's PRC legal adviser, Liaoning Jiuzhi Law Firm, which contains, inter alia, the following:

(a) The property is legally owned by 中置(鞍山)房地產開發有限公司 (CCT Land (Anshan) Property Development Company Limited);

(b) The property is entitled to be occupied, transferred, leased and mortgaged;

(c) The property is free from any mortgage, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property;

(d) According to 2 Commodity Housing Pre-sale Permits (Document Nos.: 2011049 and 2011049A), the pre-sale of Landmark Phase II with a total gross floor area of approximately 44,263.2 sq.m. was permitted; and

(e) The major legal document obtained as shown below:

(1)	State-owned Land Use Rights Certificate	Yes
(2)	State-owned Land Use Rights Grant Contract	Yes
(3)	Commodity Housing Pre-sale Permits	Yes

(Approximately 44,263.2 sq.m. of the Landmark Phase II only)

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 March 2013 *HK$*
3.	Unsold portion of Phase I of Evian Villa, No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, the PRC	The subject development ("**the Development**") comprises a parcel of irregular-shaped land having a site area of approximately 74,738.08 sq.m. and will be developed into 27 blocks of residential buildings and various community facilities in 2 phases with an estimated total gross floor area of approximately 127,985.42 sq.m. (excluding community facilities). The property comprises 224 residential units with a total gross floor area of approximately 38,778.23 sq.m. together with 28 garages, 28 store rooms and a level of carpark providing about 266 carparking spaces in Phase I of the Development completed in about 2011. The land use rights of the Development were granted for terms of 40 and 70 years expiring on 14 March 2050 and 14 March 2080 for commercial and residential uses respectively.	The property was vacant as at the date of valuation.	349,200,000

Notes:

(i) Pursuant to a State-owned Land Use Rights Grant Contract dated 13 April 2010, entered into between the Land Resources Bureau of Anshan City (Party A) and 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) (Party B), the land use rights of the Development with a site area of approximately 74,738.08 sq.m. were granted from Party A to Party B at a consideration of RMB132,290,000 for terms of 40 and 70 years for commercial and residential uses respectively. The salient development condition(s) stated are as below:

Plot Ratio	<1.8
Greenery Ratio	>30%
Site coverage	<28%
Miscellaneous:	(i) the gross floor area of the commercial portion must not less than 4% of the total gross floor area of the property; (ii) No. of carparking spaces: (a) 0.3 carparking spaces per 100 sq.m. of the gross floor area of commercial portion; and (b) 1 carparking space per residential unit.

(ii) Pursuant to a State-owned Land Use Rights Certificate (Document No. 鞍國用(2010)第60024號 (An Guo Yong (2010) No. 60024) dated 14 May 2010 issued by the Land Resources Bureau of Anshan City, the land use rights of the Development with a site area of approximately 74,738.08 sq.m. were granted to 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) for residential use expiring on 14 March 2080 and for commercial use expiring on 14 March 2050.

(iii) As advised by the Company, there are 224 residential units with a total gross floor area of approximately 38,778.23 sq.m. together with 28 garages, 28 store rooms and a level of carpark providing about 266 carparking spaces unsold in Phase I of the Development as at the date of valuation. Hence, in the course of our valuation, we have relied on this information provided by the Company, if there are any differences between this information and the actual gross floor area of the property, we reserved our rights to revise our valuation opinions.

(iv) As advised by the Company, the pre-sale of 198 residential units out of 224 residential units stated in Note (iii) with a total gross floor area of approximately 33,850.72 sq.m. together with 20 garages out of 28 garages stated in Note (iii) were permitted as at the date of valuation.

(v) The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP)) on 16 December 2012. Upon our inspection, the external condition of the property was good.

(vi) The property is situated at 37 Qian Ye Street, North of Gaoxin District. Various residential buildings and commercial developments can be found in the locality. The property is accessible by bus and taxi. As at the date of valuation, the average selling prices in residential and car parking space sectors were generally from RMB5,000 per sq.m. to RMB9,000 per sq.m. and from RMB100,000 per carpark to RMB200,000 per carpark respectively subject to the location, quality, development scale, building age, etc. factors.

(vii) We have been provided with a legal opinion regarding the property by the Company's PRC legal adviser, Liaoning Jiuzhi Law Firm, which contains, inter alia, the following:

(a) The property is legally owned by 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited);

(b) The property is entitled to be occupied, transferred, leased and mortgaged;

(c) According to mortgage agreement entered into between 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) and Anshan Branch, Shanghai Pudong Development Bank, the land parcel of the Development with a site area of approximately 74,738.08 sq.m. was mortgaged at an amount of RMB70,000,000 commencing from 16 March 2011 and expiring on 16 March 2014;

(d) According to two Commodity Housing Pre-sale Permits (Document No.: 2011059 and 2011059A), the pre-sale of Evian Villa Phase I with a total gross floor area of approximately 47,079.9 sq.m. was permitted; and

(e) The major legal documents obtained as shown below:

(1)	State-owned Land Use Rights Certificate	Yes
(2)	State-owned Land Use Rights Grant Contract	Yes
(3)	Commodity Housing Pre-sale Permits	Yes

(Approximately 47,079.9 sq.m. of Evian Villa Phase I only)

VALUATION CERTIFICATE

Group II — Property interests in relation to the restructuring transactions by the Group for development purpose in the PRC

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 March 2013 *HK$*
4.	Phase III of Landmark City, No. 253 Jiudao Road, Tiexi District, Anshan City, Liaoning Province, the PRC	The subject development ("**the Development**") comprises a parcel of irregular-shaped land having a site area of approximately 69,117.36 sq.m. and will be developed into 22 blocks of residential buildings and some community facilities in 3 phases with an estimated total gross floor area of approximately 212,782.47 sq.m. (excluding community facilities). As advised by the Company, the property comprises a site area of approximately 35,787 sq.m. The particulars of the subject property are summarized in Note (v). The land use rights of the Development were granted for terms of 40 and 70 years expiring on 18 December 2047 and 18 December 2077 for commercial and residential uses respectively.	The property was under construction as at the date of valuation. It is expected to be completed in about 4th quarter 2013.	160,500,000

Notes:

(i) Pursuant to a State-owned Land Use Rights Grant Contract dated 18 December 2007, entered into between the Land Resources Bureau of Anshan City (Party A) and 中建電訊(鞍山)房地產開發有限公司 (CCT Telecom (Anshan) Property Development Company Limited), now known as 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) (Party B), the land use rights of the Development with a site area of approximately 79,441.45 sq.m. was granted from Party A to Party B at a consideration of RMB82,941,000 for terms of 40 and 70 years for commercial and residential uses respectively. The salient development condition(s) stated are as below:

Plot Ratio	⩾2.9
Greenery Ratio	>25%
Site Coverage	<35%
Building Height Restriction	<100 metres
Miscellaneous	community facilities with a total gross floor area of approximately 5,750 sq.m.

(ii) According to a supplemental agreement dated 1 February 2008, the site area of the Development stated in Note (i) was revised to approximately 69,117.36 sq.m.

(iii) Pursuant to a State-owned Land Use Rights Certificate (Document No. 鞍國用(2009)第200741號 (An Guo Yong (2009) No. 200741) dated 10 August 2009 issued by the Land Resources Bureau of Anshan City, the land use rights of the Development with a site area of approximately 69,117.36 sq.m. were granted to 中置(鞍山)房地產開發有限公司 (CCT Land (Anshan) Property Development Company Limited) for composite use for terms expiring on 18 December 2077 for residential use and 18 December 2047 for commercial use.

(iv) As instructed by the Group, the site area in Phase III of the Development is approximately 35,787 sq.m. The estimated total development cost (including construction cost) incurred as at the date of valuation was about RMB60,000,000 and the estimated total development cost (including construction cost) for completion of the Development of Phase III is RMB311,000,000.

(v) According to the information provided by the Company, the property will be developed into a comprehensive development with as estimated total gross floor area of approximately 114,717.39 sq.m. (inclusive of carparking spaces and community facilities). The property will comprise 8 blocks of residential buildings providing 1,069 residential units, 31 commercial units, 151 carparking spaces and various community facilities. The summary of the estimated gross floor area of the property is as below:

Portion	**Approximately estimated Gross Floor Area** *(sq.m.)*
Residential	89,499.66
Commercial	10,184.17
Carparking spaces	8,696.96 (about 151 carparking spaces)
Sub-total (inclusive of carparking spaces)	**108,380.79**
Community facilities	6,336.60
Grand total	**114,717.39**

Regarding to the development proposal above and the development cost of the property stated in Note (iv) respectively, we have relied on the information provided by the Company, if there are any differences between this information and the actual development criteria and the development cost, we reserved our rights to revise our valuation opinions.

(vi) The market value of the property after completion is RMB441,850,000 by assuming the property has been completed as at the date of valuation and in accordance with the existing development proposal provided by the Company stated in Note (v).

(vii) The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP)) on 16 December 2012. Upon our inspection, the property was under construction as at the date of valuation.

(viii) The property is situated at 253 Jiudao Road, South of Tiexi District. Various residential buildings and commercial developments can be found in the locality. The property is accessible by bus and taxi. As at the date of valuation, the average selling price in residential, commercial and car parking spaces sectors were generally from RMB3,200 per sq.m. to RMB5,000 sq.m., from RMB6,800 per sq.m. to RMB10,000 per sq.m. and from RMB100,000 per carparking space to RMB170,000 per carparking space respectively subject to the location, quality, development scale, building age, etc. factors.

(ix) We have been provided with a legal opinion regarding the property by the Company's PRC legal adviser, Liaoning Jiuzhi Law Firm, which contains, inter alia, the following:

(a) The property is legally owned by 中置(鞍山)房地產開發有限公司 (CCT Land (Anshan) Property Development Company Limited);

(b) The property is entitled to be occupied, transferred, leased and mortgaged;

(c) The property is free from any mortgage, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property;

(d) According to a Construction Land Planning Permit (Document No.: Di Zi No. 210301200900060) dated 3 September 2009, the construction work of the Development with a total site area of approximately 69,117.36 sq.m. was permitted;

(e) According to a Construction Work Commencement Permit (Document No.: 210300201303110101) dated 11 March 2013, the construction work of the property with a total gross floor area of approximately 117,640 sq.m. was permitted;

(f) According to a Construction Work Planning Permit (Document No.: 210301200900164) dated 24 August 2009, the construction work of the Development with a total gross floor area of approximately 204,099 sq.m. was permitted; and

(g) The major legal documents obtained as shown below:

(1)	State-owned Land Use Rights Certificate	Yes
(2)	State-owned Land Use Rights Grant Contract	Yes
(3)	Construction Work Planning Permit	Yes
(4)	Construction Work Commencement Permit	Yes
(5)	Construction Land Planning Permit	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 March 2013 *HK$*
5.	A parcel of land (Lot No.: DN1) located at North of Yueling Road, Gaoxin District, Anshan City, Liaoning Province, the PRC	The property comprises a parcel of land having a site area of approximately 82,843 sq.m.. The particulars of the subject property area summarized in Note (iv). The land use rights of the property were granted for terms of 40 years and 70 years for commercial/financial and residential uses respectively.	The property was a clear site as at the date of valuation. It is expected to be completed in about 2016.	No commercial value

Notes:

(i) Pursuant to a Confirmation Letter for Transaction (掛牌出讓成交確認書) dated 2 July 2008, entered into between the Land Resources Bureau of Anshan City (Party A) and 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) (Party B), the land use rights of the property with a site area of approximately 82,843.22 sq.m. were granted from Party A to Party B at a consideration of RMB149,120,000 for terms of 40 and 70 years for commercial/financial and residential uses respectively. The salient development condition(s) stated are as below:

Plot Ratio	⩾2.6
Greenery Ratio	>30%
Site Coverage	<28%
Building Height Restriction	<100 metres
Miscellaneous	(i) the gross floor area of the commercial portion must not less than 4% of the total gross floor area of the property; (ii) No. of carparking spaces: (a) 0.3 carparking spaces per 100 sq.m. of the gross floor area of commercial portion; and (b) 1 carparking space per residential unit.

(ii) As advised by the Company, the estimated total development cost (including construction cost) incurred as at the date of valuation was about RMB4,400,000 and the estimated total development cost (including construction cost) for completion of the property is RMB660,000,000.

(iii) In the course of our valuation, we have ascribed no commercial value to the property due to the absence of State-owned Land Use Rights Certificate, hence it is not entitled to be transferred, leased and mortgaged in the market.

However, for indicative purpose, the market value of the property as at the date of valuation is RMB241,400,000 (equivalent to approximately HK$301,800,000) by assuming the relevant State-owned Land Use Rights Certificate was obtained and the property is freely transferrable.

(iv) According to the information provided by the Company, the property will be developed into a comprehensive residential development with an estimated total gross floor area of approximately 280,935 sq.m. (inclusive of carparking spaces). The development will comprise of 1,976 residential units, 56 commercial units and 1,200 carparking spaces. The summary of the estimated gross floor area of the property is as below:

Portion	**Estimated approximate Gross Floor Area** *(sq.m.)*
Residential	210,568
Commercial	10,352
Carparking spaces	60,015 (1,200 carparking spaces)
Total (inclusive of carparking spaces)	**280,935**

Regarding to the development proposal above and the development cost of the property stated in Note (ii) respectively, we have relied on the information provided by the Company, if there are any differences between this information and the actual development criteria and the development cost, we reserved our rights to revise our valuation opinions.

(v) The market value of the property after completion is RMB1,297,500,000 by assuming the property has been completed as at the date of valuation and in accordance with the existing development proposal provided by the Company.

(vi) The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP)) on 16 December 2012. Upon our inspection, the property was a clear site as at the date of valuation.

(vii) The property is situated at North of Yueling Road, North of Gaoxin District. Various residential buildings and commercial developments can be found in the locality. The property is accessible by bus and taxi. As at the date of valuation, the average selling prices in residential, commercial and car parking space sectors were generally from RMB5,000 per sq.m. to RMB9,000 per sq.m., from RMB7,000 per sq.m. to RMB12,000 per sq.m. and from RMB100,000 per carparking space to RMB200,000 per carparking space respectively subject to the location, quality, development scale, building age, etc. factors.

(viii) We have been provided with a legal opinion regarding the property by the Company's PRC legal adviser, Liaoning Jiuzhi Law Firm, which contains, inter alia, the following:

(a) 中建置地(鞍山)房地產開發有限公司(CCT Land Development (Anshan) Company Limited) has made land premium and related taxation payment in full;

(b) 中建置地(鞍山)房地產開發有限公司(CCT Land Development (Anshan) Company Limited) is the legally owner of the property;

(c) The property is entitled to be occupied, transferred, leased and mortgaged;

(d) The property is free from any mortgage, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property; and

(e) The major legal documents obtained as shown below:

(1)	Confirmation Letter for Transaction	Yes
(2)	State-owned Land Use Rights Certificate	No
(3)	State-owned Land Use Rights Grant Contract	No
(4)	Construction Work Planning Permit	No
(5)	Construction Work Commencement Permit	No
(6)	Construction Land Planning Permit	No

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 March 2013 *HK$*
6.	Phase II of Evian Villa, No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, The PRC	The subject development ("**the Development**") comprises a parcel of irregular-shaped land having a site area of approximately 74,738.08 sq.m. and will be developed into 27 blocks of residential buildings and various community facilities in 2 phases with an estimated total gross floor area of approximately 127,985.42 sq.m. (excluding community facilities). As advised, the property comprises a site area of approximately 34,198 sq.m. The particulars of the subject property are summarized in Note (iv). The land use rights of the Development were granted for terms of 40 and 70 years expiring on 14 March 2050 and 14 March 2080 for commercial and residential uses respectively.	The property was under construction as at the date of valuation. It is expected to be completed in about 2014.	127,300,000

Notes

(i) Pursuant to a State-owned Land Use Rights Grant Contract dated 13 April 2010, entered into between the Land Resources Bureau of Anshan City (Party A) and 中建置地(鞍山)房地產開發有限公司(CCT Land Development (Anshan) Company Limited) (Party B), the land use rights of the Development with a site area of approximately 74,738.08 sq.m. were granted from Party A to Party B at a consideration of RMB132,290,000 for terms of 40 and 70 years for commercial and residential uses respectively. The salient development condition(s) stated are as below:

Plot Ratio	<1.8
Greenery Ratio	>30%
Site coverage	<28%
Miscellaneous:	(i) the gross floor area of the commercial portion must not less than 4% of the total gross floor area of the property; (ii) No. of carparking spaces: (a) 0.3 carparking spaces per 100 sq.m. of the gross floor area of commercial portion; and (b) 1 carparking space per residential unit.

(ii) Pursuant to a State-owned Land Use Rights Certificate (Document No. 鞍國用(2010)第60024號 (An Guo Yong (2010) No. 60024) dated 14 May 2010 issued by the Land Resources Bureau of Anshan City, the land use rights of the Development with a site area of approximately 74,738.08 sq.m. were granted to 中建置地(鞍山)房地產開發有限公司(CCT Land Development (Anshan) Company Limited). The permitted use of the Development is residential. Residential use is granted for terms expiring on 14 March 2080 and commercial use is granted for a term expiring on 14 March 2050 respectively.

(iii) As instructed, the property comprises a parcel of land with a total site of approximately 34,198 sq.m. As advised by the Company, the total estimated development cost (including construction cost) incurred as at the date of valuation was about RMB13,800,000 and the estimated total development cost (including construction cost) for completion of the property is RMB248,820,000.

(iv) According to the information provided by the Company, the property will be developed into a comprehensive residential development with an estimated gross floor area of approximately 64,772.91 sq.m. (inclusive of carparking spaces). The development will comprise of 381 residential units, commercial portion and 217 carparking spaces. The summary of the estimated gross floor area of the property is as below:

Portion	**Estimated approximate Gross Floor Area** *(sq.m.)*
Residential	51,734.90
Commercial	1,754.59
Carparking spaces	11,283.42 (217 carparking spaces)
Total (inclusive of carparking spaces)	**64,772.91**

Regarding to the development proposal above and the development cost of the property stated in Note (iii) respectively, we have relied on the information provided by the Company, if there are any differences between this information and the actual development criteria and the development cost, we reserved our rights to revise our valuation opinions.

(v) The market value of the property after completion is RMB354,250,000 by assuming the property has been completed as at the date of valuation and in accordance with the existing development proposal stated in Note (iv) provided by the Company.

(vi) The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP)) on 16 December 2012. Upon our inspection, the property was under construction as at the date of valuation.

(vii) The property is situated at 37 Qianye Street, North of Gaoxin District. Various residential buildings and commercial developments can be found in the locality. The property is accessible by bus and taxi. As at the date of valuation, the average selling prices in residential, commercial and car parking space sectors were generally from RMB5,000 per sq.m. to RMB9,000 per sq.m., from RMB7,000 per sq.m. to RMB12,000 per sq.m. and from RMB100,000 per carparking space to RMB200,000 per carparking space respectively subject to the location, quality, development scale, building age, etc. factors.

(viii) We have been provided with a legal opinion regarding the property by the Company's PRC adviser, Liaoning Jiuzhi Law Firm, which contains, inter alia, the following:

(a) The property is legally owned by 中建置地(鞍山)房地產開發有限公司(CCT Land Development (Anshan) Company Limited);

(b) The property is entitled to be occupied, transferred, leased and mortgaged;

(c) According to mortgage agreement entered into between 中建置地(鞍山)房地產開發有限公司(CCT Land Development (Anshan) Company Limited) and Anshan Branch, Shanghai Pudong Development Bank, the land parcel of the Development with a site area of approximately 74,738.08 sq.m. was mortgaged at an amount of RMB70,000,000 commencing from 16 March 2011 and expiring on 16 March 2014;

(d) According to a Construction Work Planning Permit (Document No.: 210301201000314) dated 17 December 2010, the construction work of the Development with a total gross floor area of approximately 105,928 sq.m. was permitted;

(e) According to a Construction Land Planning Permit (Document No.: Di Zi No. 210301201000081) dated 5 July 2010, the construction work of the Development with a total site area of approximately 74,738.08 sq.m. was permitted;

(f) 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) could apply for the Construction Work Commencement Permit upon settling certain "fees in lieu of building air-raid shelter" (人防費用) and fees for connection of utilities to the site to the local government. There are no foreseeable legal impediments for 中建置地(鞍山)房地產開發有限公司 (CCT Land Development (Anshan) Company Limited) to obtain the Construction Work Commencement Permit and Pre-sale Permit; and

(g) The major legal documents obtained as shown below:

(1)	State-owned Land Use Rights Certificate	Yes
(2)	State-owned Land Use Rights Grant Contract	Yes
(3)	Construction Work Planning Permit	Yes
(4)	Construction Work Commencement Permit	No
(5)	Construction Land Planning Permit	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares and the underlying shares of the Company and its associated corporation

As at the Latest Practicable Date, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of 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 which 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 and the underlying Shares as at the Latest Practicable Date

Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest			Approximate percentage of the total issued share capital of the Company *(%)*
	Personal	Corporate	Total	
Mak Shiu Tong, Clement *(Note)*	8,475,652	294,775,079	303,250,731	50.03
Tam Ngai Hung, Terry	500,000	—	500,000	0.08
William Donald Putt	591,500	—	591,500	0.10

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, an aggregate of 294,775,079 Shares were beneficially held by Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited, all of which are corporations wholly-owned by him, his spouse and his two sons. Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he controls the exercise of one-third or more of the voting power at general meetings of Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited.

(2) Interests and short positions in the shares and the underlying shares of an associated corporation — CCT Tech as at the Latest Practicable Date

Long positions in the shares of CCT Tech:

Name of the Directors	Number of the shares interested and nature of interest			Approximate percentage of the total issued share capital of CCT Tech *(%)*
	Personal	Corporate	Total	
Mr. Mak Shiu Tong, Clement *(Note)*	—	33,026,391,124	33,026,391,124	50.49
Tam Ngai Hung, Terry	20,000,000	—	20,000,000	0.03
Cheng Yuk Ching, Flora	18,000,000	—	18,000,000	0.03
Chen Li	10,000,000	—	10,000,000	0.02

Note: The interest disclosed represents 33,026,391,124 shares of CCT Tech held by the Company through its indirect wholly-owned subsidiaries. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Tech under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company through his interest in the shareholding of approximately 50.03% of the total issued share capital in the Company as at the Latest Practicable Date.

(b) Particulars of the 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 Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of any compensation, other than statutory compensation).

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

(i) none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of 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;

(ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2012, 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 Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

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

(d) 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 chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares as at the Latest Practicable Date:

Name of the Shareholders	**Number of the Shares held**	**Approximate percentage of the total issued share capital of the Company** *(%)*
Capital Force International Limited *(Note)*	96,868,792	15.98
New Capital Industrial Limited *(Note)*	171,357,615	28.27

Note: Capital Force International Limited and New Capital Industrial Limited are corporations controlled by Mr. Mak Shiu Tong, Clement, his spouse and his two sons. Mr. Mak Shiu Tong, Clement is deemed to be interested in the above-mentioned Shares as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Capital Force International Limited and New Capital Industrial Limited. Mr. Mak's interest in such Shares has been disclosed in sub-section (a) (1) of this section.

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 chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims 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 Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. QUALIFICATIONS AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given opinions and advice which are contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
Grant Sherman	Professional valuer

(i) Neither Ernst & Young nor Grant Sherman had any shareholding, directly or indirectly, in the Company or 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 the Company or any member of the Group as at the Latest Practicable Date;

(ii) Both Ernst & Young and Grant Sherman have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letters/ report and reference to their names in the form and context in which they are included; and

(iii) Neither Ernst & Young nor Grant Sherman had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

6. MATERIAL ADVERSE CHANGE

Save as disclosed in the 2012 annual report of the Group, the Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date which are, or may be, material:

(i) the Agreement;

(ii) the transfer agreement dated 30 May 2013 entered into between (1) CTD Propriety (Dongguan) Limited ("**CTD Propriety**") (an indirect subsidiary of the Company) as the transferor; (2) 東莞市恒燁實業投資有限公司 (Dongguan Shi Heng Ye Industrial Investment Limited — English name for reference only) ("**Heng Ye**") as the transferee; (3) Electronic Sales Limited ("**ESL**"); and (4) 東莞偉迪電子有限公司 (Dongguan Wiltec Electronics Company Limited — English name for reference only) ("**DG Wiltec**") (both being indirect subsidiaries of the Company) as the lessees of the lease agreements of the relevant land located at Zhukan Industrial District, Sanlian Village, Gaobu Town, Dongguan City, the Guangdong Province (the "**Land**"), pursuant to which CTD Propriety will transfer to Heng Ye the rights to possess and use the buildings comprising the phase one and the phase two of the ESL Technology Park erected on the Land at a consideration of RMB49,000,000.00;

(iii) the other transfer agreement dated 30 May 2013 entered into between CTD Propriety, Heng Ye, ESL and DG Wiltec, pursuant to which CTD Propriety will transfer to Heng Ye the electrical and mechanical equipment and other related equipment installed in the buildings as mentioned in paragraph (ii) above at a consideration of RMB21,000,000.00;

(iv) the provisional sale and purchase agreement dated 17 October 2012 entered into between (1) Goldbay Capital Limited ("**Goldbay Capital**") (an indirect wholly-owned subsidiary of the Company) as the purchaser; and (2) Fine Mean Limited ("**Fine Mean**") (an independent third party) as the vendor, pursuant to which Fine Mean would sell and Goldbay Capital would buy the properties situated at Shops A & B on the Ground Floor and the First Floor of the Gramercy, No. 38 Caine Road, Hong Kong (the "**Properties**") at a total consideration of HK$228,000,000.00; pursuant to which Goldbay Capital has purchased Shop A on Ground Floor of the Properties and has nominated three other indirect wholly-owned subsidiaries of the Company to take up Shop B on Ground Floor, Shop A on First Floor and Shop B on First Floor of the Properties;

(v) the formal sale and purchase agreement dated 14 August 2012 entered into between (1) Goldbay Property (China) Limited ("**Goldbay Property China**", an indirect wholly-owned subsidiary of the Company), which has been nominated by another indirect wholly-owned subsidiary of the Company, Goldbay Investments Limited ("**Goldbay Investments**"), as the purchaser; and (2) Maycarol Company Limited ("**Maycarol**") (an independent third party) as the vendor, pursuant to which Maycarol would sell and Goldbay Property China would buy the shops situated at Units No. 1–33, 34A, 34B, 36A, 36B and 38–45 on the Portion of the Basement of Podium of Blocks 1, 2 and 3 City Garden, No. 233 Electric Road, Hong Kong at a consideration of HK$159,800,000.00;

(vi) the provisional sale and purchase agreement dated 30 July 2012 entered into between Goldbay Investments or its nominee as the purchaser and Maycarol as the vendor in relation to the sale and purchase of the shops as referred to in paragraph (v) above;

(vii) the formal sale and purchase agreement dated 7 August 2012 entered into between (1) Goldbay Investments as the vendor; and (2) Metro Dragon International Limited ("**Metro Dragon**") (an independent third party) as the purchaser, in relation to the sale and purchase of the office property situated at the whole floor of 17th Floor of CCT Telecom Building, No. 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong at a consideration of HK$42,700,000.00;

(viii) the provisional sale and purchase agreement dated 24 July 2012 entered into between Goldbay Investments as the vendor and Metro Dragon as the purchaser in relation to the sale and purchase of the office property as referred to in paragraph (vii) above;

(ix) the formal sale and purchase agreement dated 15 September 2011 entered into amongst (1) FBT 27–32 Company Limited ("**FBT**") (an independent third party) as the vendor; and (2) Charter Base Development Limited ("**Charter Base**") and Huge Partner Limited ("**Huge Partner**"), both being indirect wholly-owned subsidiaries of the Company, as the purchasers, in relation to: (a) the purchase by Charter Base of the office properties situated at all those 31st Floor and 32nd Floor and the car parking spaces no. 5–10 on the 1st Floor, and (b) the purchase by Huge Partner of the car parking space no.11 on the 1st Floor, of Fortis Tower at Nos. 77–79 Gloucester Road in Hong Kong at a total consideration of HK$161,139,000.00;

(x) the provisional sale and purchase agreement dated 31 August 2011 entered into amongst FBT as the vendor and Charter Base and Huge Partner together as the purchasers in relation to the sale and purchase of the properties as referred to in paragraph (ix) above;

(xi) the subscription agreement dated 2 August 2011 entered into amongst (1) Inventive Products Holdings Limited ("**IPHL**", an indirect wholly-owned subsidiary of the Company) as the subscriber; (2) InnoMed Scientific International Limited ("**InnoMed BVI**") as the target company; and (3) InnoMed Scientific Limited (the "**InnoMed Owner**") and Mr. Ty Tiefeng Hu ("**Mr. Hu**") as warrantors, in respect of the subscription of new shares in InnoMed BVI at a consideration of US$6,000,000.00;

(xii) the call option agreement dated 2 August 2011 entered into between IPHL and the InnoMed Owner regarding the grant of call option by IPHL to the InnoMed Owner at a consideration of US$1,800,000.00;

(xiii) the shareholders' agreement of InnoMed BVI dated 2 August 2011 entered into amongst IPHL, the InnoMed Owner, InnoMed BVI and Mr. Hu; and

(xiv) the agreement dated 23 June 2011 entered into between Shine Best Developments Limited (an indirect wholly-owned subsidiary of the Company), as the vendor, and an independent third party as the purchaser, in relation to the disposal of a piece of industrial land with an area of approximately 450,000 square meters in Shang Pai Lot Ban Pai, Shi Wei Cun Ai Ling, San He Development Zone, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China, at a consideration of RMB130,500,000.00.

8. MISCELLANEOUS

(a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and the principal place of business of the Company in Hong Kong is located at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Mr. Tam Ngai Hung, Terry, who is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators.

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and the principal place of business of the Company in Hong Kong at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong during normal business hours on any business day from the date of this circular up to 14 days thereafter:

(a) the memorandum of continuance and the bye-laws of the Company;

(b) the letter from the Board to the Shareholders, the text of which is set out on pages 5 to 24 of this circular;

(c) the written consents from Ernst & Young and Grant Sherman referred to under the section headed "Qualifications and Consents of Experts" in this appendix;

(d) the accountants' reports of the Land Group, the text of which is set out in Appendix II to this circular;

(e) the unaudited pro forma financial information of the Restructured Group and the comfort letter from Ernst & Young on pro forma financial information, the text of which is set out in Appendix III to this circular;

(f) the valuation report on the Properties, the text of which is set out in Appendix IV to this circular;

(g) the annual reports of the Company for the three financial years ended 31 December 2012;

(h) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(i) the Agreement; and

(j) this circular.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of CCT Telecom Holdings Limited (the "**Company**") will be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Monday, 8 July 2013 at 10:45 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as a special resolution and an ordinary resolution of the Company:

ORDINARY RESOLUTION

(I) "**THAT**:

(a) the conditional agreement dated 19 April 2013 (the "**Agreement**") entered into amongst the Company, CCT Land (China) Holdings Limited, an indirect wholly-owned subsidiary of the Company (the "**Land Company**") and CCT Tech International Limited ("**CCT Tech**") (a copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting (the "**Chairman**") for identification purpose), which set out the terms and conditions for (1) the subscription of the 19,999 new ordinary shares of US$1.00 each in the capital of the Land Company (the "**Subscription Shares**") to be subscribed by CCT Tech or its designated nominee(s) and to be allotted and issued by the Land Company at the subscription price of US$19,999.00 (equivalent to HK$155,992.00); (2) the assignment (the "**Assignment**") of the outstanding interest-free loan due from the Land Company to the Company (the "**Shareholder's Loan**") to CCT Tech or its designated nominee(s) at face value of the loan as at the date of completion of the assignment of the Shareholder's Loan; and (3) the issue of the promissory note (the "**Promissory Note**") to be issued by CCT Tech in favour of the Company or its designated nominee(s) to satisfy the consideration and compensation of HK$900,000,000.00 (the "**Consideration**") for: (i) the Company agreeing to the subscription of the Subscription Shares (the "**Subscription**") and the consequential dilution of its shareholdings in the Land Company; and (ii) the assignment of the Shareholder's Loan, all pursuant to the terms and subject to the conditions set out in the Agreement (the Subscription, the Assignment, the issue of the Promissory Note by CCT Tech to satisfy the Consideration together referred to hereinafter as (the "**Restructuring Transactions**"), details of which have been set out in the circular of the Company dated 14 June 2013, a copy of which is tabled at the meeting and marked "B" and initialled by the Chairman for identification purpose (the "**Circular**")), and the execution of the Agreement by the Company and the Land Company be and is hereby approved, ratified and confirmed;

(b) the Subscription and the Assignment which constitute a deemed very substantial disposal for the Company under the Listing Rules (as defined in the Circular), and any other transactions contemplated under the Agreement, be and are hereby approved ; and

(c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Agreement and/or the Restructuring Transactions."

SPECIAL RESOLUTION

(II) "**THAT, SUBJECT TO THE APPROVAL OF THE CHANGE OF COMPANY NAME BY THE REGISTRAR OF COMPANIES IN BERMUDA BEING OBTAINED**

(a) the change of the name of the Company from "CCT Telecom Holdings Limited" to "CCT Fortis Holdings Limited 中建富通集團有限公司" be and is hereby approved; and

(b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the change of name of the Company."

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

Hong Kong, 14 June 2013

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

Notes:

1. A form of proxy for use at the SGM 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 shareholder entitled to attend and vote at the SGM or at any adjourned meeting thereof (as the case may be) is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint not more than two proxies (who must be an individual or individuals) to attend and vote instead of him/her on the same occasion. A proxy need not be a shareholder of the Company but must attend the SGM in person to represent him/her.

4. In order to be valid, a form of proxy in the prescribed form 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 lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be). Such prescribed form of proxy for use at the SGM is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.cct.com.hk/eng/investor/announcements.php.

5. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the SGM or at any adjourned meeting thereof (as the case may be), 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 SGM or at any adjourned meeting thereof (as the case may be), 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.