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TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 138)

ANNOUNCEMENT
POSSIBLE MAJOR TRANSACTION

The Board of the Company wishes to announce that the Company intends to sell part or whole of the Property currently owned by Huge Partner by one or more disposals to an independent third party or parties not connected with the Company or Huge Partner, the directors, chief executive or substantial shareholders of Huge Partner, the Company or its subsidiaries or the respective associates of any of them. The sale of part or whole of the Property by Huge Partner, if materialised, may constitute a major transaction for the Company.

A circular containing, amongst others, details of the Property, conditions of the sale of the Property and a notice of the EGM proposing a resolution to seek prior approval from the Shareholders of any possible sale of part or whole of the Property by Huge Partner by one or more disposals within a period of 12 months from the date of the EGM will be sent to the Shareholders as soon as practicable.

Investors and the Shareholders should note that the current intention in respect of a sale of part or whole of the Property by Huge Partner may or may not materialise and should exercise caution when trading in the shares of the Company.

INTENTION REGARDING A SALE OF THE PROPERTY

The Board of the Company wishes to announce that the Company intends to sell part or whole of the Property currently owned by Huge Partner by one or more disposals to an independent third party or parties not connected with the Company or Huge Partner, the directors, chief executive or substantial shareholders of Huge Partner, the Company or its subsidiaries or the respective associates of any of them. The Company intends to sell the whole of the Property in one disposal unless potential purchaser(s) prefer to acquire part of the Property. The sale of part or whole of the Property by Huge Partner, if materialised, may constitute a major transaction for the Company.

INFORMATION ON THE PROPERTY

The Property is the whole floor of 32/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong with a gross floor area of approximately 25,800 square feet (or approximately 2,400 square metres), which was acquired by Huge Partner in February 1997. The Property is currently used as the Group's corporate office in Hong Kong. The audited net book value of the Property as at 31 December 2004 amounted to HK$103 million. The Property was valued at HK$200 million by the independent property valuer, Grant Sherman Appraisal Limited, on 10 August 2005.

REASONS FOR AND BENEFITS OF THE POTENTIAL SALE

In line with the Company's corporate strategy to focus on its principal business of manufacturing telecom and electronic products, the Board considers that the Property exceeds the Group's requirements for a corporate office premises and intends to sell the Property and intends to relocate the Company's corporate office by leasing smaller premises. The Company has signed a lease agreement to rent a suitable premises

for relocating its corporate office. The Company will complete relocation of the corporate office before the sale of the Property and it is anticipated that the relocation can be completed within a few days' time. The Board is of the view that the relocation will have minimum impact on the operation of the Company.

The Board notices that since the beginning of this year, the sentiment of the office property market has improved and the market prices of office premises have increased during the past few months. The Board considers that the possible disposal(s) will not only result in a possible reduction in the administrative cost (including building management fees, electricity charges, government rent and rates and depreciation) and finance costs (as the Property is mortgaged to a bank) of the Group, but may also represent a good opportunity for the Group to divest the Property and to realise a better value for the Property.

As the Company intends to sell part or whole of the Property by one or more disposals to independent third party or parties with reference to the prevailing market price for cash, the consideration for the potential disposal(s) will be determined on an arm's length basis. Assuming that the whole of the Property is sold at the valuation of the Property as at 10 August 2005, the possible potential gain arising from the sale of whole of the Property is expected to be approximately HK$97 million, representing the excess over the net book value of HK$103 million as at 31 December 2004. The Board does not expect any major difficulties in relocating the corporate office. The Board expects that the relocation of the corporate office by leasing smaller office premises may possibly result in a net savings of approximately HK$8 million per annum in administrative costs and finance cost.

The proceeds from the possible disposal(s) will firstly be applied to repay the related mortgage loan in full and the balance, if any, will be applied for the Group's working capital. As of the date of this announcement, the Board has not decided on whether to use proceeds from the possible disposal(s) of the Property for any specific project or investment. The outstanding balance of the mortgage loan of the Group in respect of the Property amounted to approximately HK$76 million as at 21 September 2005. The Board considers that the sale of part or whole of the Property, if materialised, will not have any adverse impact on the Company's operations and financial position. The disposal(s), if materialised, would improve the financial and cash position of the Group.

POSSIBLE MAJOR TRANSACTION

The Company currently does not have any plan and timetable for a definite sale and purchase agreement or agreements to be concluded in respect of part or whole of the Property and the sale of part or whole of the Property by one or more disposals may constitute a major transaction under Chapter 14 of the Listing Rules. Any major transaction of the Company must be made conditional on approval by the Shareholders under Rule 14.33 and Rules 14.40 to 14.47 of the Listing Rules.

The Board believes that it would be in the interests of the Shareholders as a whole to seek prior approval from the Shareholders of such disposal(s) as it is unlikely that potential purchasers would be willing to commit to purchasing part or whole of the Property from Huge Partner conditional upon the Company having obtained the Shareholders' approval when there are many other office properties immediately available in the market, the purchase of which are not conditional upon approval by the shareholders of the vendors. The Board is also of the view that a sale and purchase agreement in respect of the disposal of the Property conditional upon such Shareholders' approval will greatly reduce the interest of any potential purchasers and also undermine the bargaining power of Huge Partner in terms of price, which is not in the best interests of the Company and the Shareholders as a whole.

The Company therefore wishes to seek prior approval from the Shareholders at the EGM for such possible sale of part or whole of the Property by Huge Partner by one or more disposals to independent third party or parties for a period of 12 months from the date of the EGM in order to comply with the Listing Rules and allow Huge Partner the flexibility to sell part or whole of the Property to independent third party or parties for a period of 12 months from the date of the EGM with reference to the then market price of the Property.

Conditions of the sale of the Property

The Company will procure Huge Partner to enter into a binding sale and purchase agreement or agreements to sell the Property in whole or in part upon fulfilling the following conditions (which will not be waived):

1. the passing of the ordinary resolution by the Shareholders at the EGM to be held to approve the possible disposal(s) of the Property in whole or in part by Huge Partner;
2. the sale of the Property in whole or in part will not be made to connected person(s) of the Company, Huge Partner, the directors, chief executive or substantial shareholders of Huge Partner, the Company or its subsidiaries or the respective associates of any of them;
3. the sale of the Property will be conducted by the Independent Agent who will be commissioned to run the tender process for the sale of the Property;
4. the average sale price per gross floor area of the Property will not be less than HK$7,500 per square foot (which is by reference to a recent sale of a comparable property in the same building where the Property is located);
5. a valuation of the Property will be performed by an independent property valuer, which will issue an independent valuation report that will be included in the Company's circular for convening the EGM and will be provided to the Independent Agent prior to the commencement of a tender process; and
6. the Company will only proceed to sell the Property by way of a public tender if it has received the minimum number of valid bid(s) as the Independent Agent would consider necessary to demonstrate that the tender process has established a market interest in the Property with the best price the market has to offer then.

The Company will make a further announcement if a binding agreement for any disposal of part or whole of the Property has been signed in compliance with the Listing Rules and the above conditions. As of the date of this announcement, no independent property valuer or the Independent Agent has been appointed. However, an independent property valuer will be appointed before the despatch of the circular to the Shareholders and an independent valuation report to be issued by the independent property valuer will be included in such circular. The Independent Agent will be appointed before the commencement of a tender process for sale of the Property.

GENERAL

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

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Investors and the Shareholders should note that the current intention in respect of a sale of part or whole of the Property by Huge Partner may or may not materialise and should exercise caution when trading in the shares of the Company.

DEFINITIONS

"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
"Directors"	the directors of the Company
"EGM"	an extraordinary general meeting of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huge Partner"	Huge Partner Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Independent Agent"	the property agency firm independent of the Company, Huge Partner and any of its directors, chief executive and substantial shareholders and to be appointed by Huge Partner for the sale of the Property by way of a public tender
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Property"	the whole floor of 32/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Shareholder(s)"	the shareholder(s) of the Company

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

Hong Kong, 22 September 2005

As at the date of this announcement, the executive directors of the Company are Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt and the independent non-executive directors of the Company are Mr. Samuel Olenick, Mr. Tam King Ching, Kenny and Mr. Lau Ho Man, Edward.

Please also refer to the published version of this announcement in ***(The Standard)***