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CCT TELECOM HOLDINGS LIMITED

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

(Stock Code: 00138)

DISCLOSEABLE TRANSACTION
TRANSFER OF THE ASSETS

The Board announces that on 30 May 2013, the Agreements were entered into amongst the Transferor, the Transferee, ESL and DG Wiltec, pursuant to which the Transferor will transfer to the Transferee the rights to possess and use the Buildings at a consideration of RMB49,000,000 and will transfer the E&M Equipment at a consideration of RMB21,000,000.

In respect of the Transfers in aggregate, as one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Transfers constitute a discloseable transaction for the Company and are therefore subject to the requirements of reporting and announcement under Chapter 14 of the Listing Rules.

THE AGREEMENTS AND THE TRANSFERS

The Agreements

(1) First Agreement

Date: 30 May 2013

Parties:
(i) CTD Propriety (Dongguan) Limited, as the Transferor;
(ii) 東莞市恒燁實業投資有限公司(Dongguan Shi Heng Ye Industrial Investment Limited*) as the Transferee;
(iii) Electronic Sales Limited; and
(iv) 東莞偉迪電子有限公司 (Dongguan Wiltec Electronics Company Limited*).

Subject matter: To transfer the rights to possess and use the Buildings

Consideration: RMB49,000,000

(2) Second Agreement

Date: 30 May 2013

Parties:
(i) CTD Propriety (Dongguan) Limited as the Transferor;
(ii) 東莞市恒燁實業投資有限公司(Dongguan Shi Heng Ye Industrial Investment Limited*) as the Transferee;
(iii) Electronic Sales Limited; and
(iv) 東莞偉迪電子有限公司 (Dongguan Wiltec Electronics Company Limited*).

Subject matter: To transfer the ownership of the E&M Equipment

Consideration: RMB21,000,000

(*There is no official English name for the companies established in China. Their Chinese names are translated into English for reference only.)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Transferee and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Transfers

The Assets were built by the Transferor on the Lands. The ownership of the Lands is held by the Landlord, which is an independent third party. The Lands have been leased by the Landlord to ESL and DG Wiltec under the Leases. The investments in the Assets were funded by the Transferor and the Assets were used by ESL and DG Wiltec for manufacturing purposes previously. However, the Assets have become vacant since early last year, due to the difficult operating environment of the Group's manufacturing businesses, as further elaborated in the section headed "Reasons for and benefits of the Transfers" of this announcement. As such, the Transferor has decided to dispose of the Assets.

Delivery of Possession of the Assets and Transfer of the Leases

As the Lands are not owned by the Transferor, it only has a right to use the Buildings during the term of the Leases. As such, the Transferor does not have a proper ownership title to the Buildings and has not obtained any Building Ownership Certificate on the Buildings.

Within 15 days from the date on which the Transferor has received full payment of the first installment of the First Consideration and the Transferor has then received full payment of the first installment of the Second Consideration, the Transferor will deliver vacant possession of the Buildings and the E&M Equipment to the Transferee. The Transferor will transfer the Assets on an "as is" basis.

Within one month from the date the Transferor has received full payment of the first installment of the First Consideration and the first installment of the Second Consideration, the Transferor will procure ESL and DG Wiltec to and the two lessees and the Landlord will transfer the rights and obligations of the lessees under the Leases to the Transferee or its designated person at the same original terms and conditions of the Leases.

The Transfers will be completed upon full payment of the Total Consideration by the Transferee to the Transferor and the transfer of the rights and obligations of the lessees under the Leases to the Transferee or its designated person in writing, all pursuant to the terms of the Agreements.

The Total Consideration

(1) The First Consideration

The First Consideration represents the consideration of the transfer of the rights to possess and use the Buildings under the terms of the First Agreement. The First Consideration of RMB$49,000,000 (equivalent to approximately HK$62,230,000) will be payable by three installments in cash in the following manner:

(1) the first installment of RMB21,000,000 (equivalent to approximately HK$26,670,000) will be payable by the Transferee to the Transferor within 3 business days from the date of the First Agreement;

(2) the second installment in the amount of RMB14,000,000 (equivalent to approximately HK$17,780,000) will be payable by the Transferee to the Transferor within two months from the date of the First Agreement; and

(3) the third installment in the amount of RMB14,000,000 (equivalent to approximately HK$17,780,000) will be payable by the Transferee to Transferor within three months from the date of the First Agreement.

Pursuant to the terms of the First Agreement, the Transferor will be responsible for all the expenses (including the rental and other expenses under the Leases) and related taxes in connection with the Buildings before transfer of the possession of the Buildings to the Transferee. After delivery of the possession of the Buildings to the Transferee, in addition to the First Consideration, the Transferee will be responsible for and bear all the expenses (including the rental and other expenses under the Leases), and costs and the related taxes in connection with the Buildings. In addition, any transaction taxes on the First Transfer in China, such as stamp duty, will be shared by the Transferor and the Transferee equally.

(2) The Second Consideration

The Second Consideration represents the consideration of the transfer of the ownership of the E&M Equipment under the terms of the Second Agreement. The Second Consideration of RMB$21,000,000 (equivalent to approximately HK$26,670,000) will be payable by two installments in cash in the following manner:

(1) the first installment of RMB7,000,000 (equivalent to approximately HK$8,890,000) will be payable by the Transferee to the Transferor within 10 days from the date of the Second Agreement; and

(4) the second installment in the amount of RMB14,000,000 (equivalent to approximately HK$17,780,000) will be payable by the Transferee to the Transferor within one month from the date of the Second Agreement.

Pursuant to the terms of the Second Agreement, the Transferor will be responsible for all the expenses (including the rental and other relating expenses under the Leases) and related taxes in connection with the E&M Equipment before transfer of the possession of the E&M Equipment to the Transferee. After delivery of the possession of the E&M Equipment to the Transferee, in addition to the Second Consideration, the Transferee will be responsible for and bear all the expenses (including the rental and other expenses under the Leases), and costs and the related taxes in connection with the E&M Equipment. In addition, any transaction taxes on the Second Transfer in China, such as stamp duty will be shared by the Transferor and the Transferee equally.

Basis of determination of the Total Consideration

The Total Consideration was arrived at after arm's length negotiations between the Transferor and the Transferee on normal commercial terms with reference to the followings (i) the net book value of the Assets as at 31 December 2012 of approximately HK$105,000,000; (ii) the existing vacant status of the Assets as the Assets are in excess of the manufacturing needs of the Group; (iii) no proper ownership title of the Buildings; and (iv) the current slowing export of China and the rising production costs in China which dampen potential interest in acquiring factory buildings in the areas.

The Total Consideration represents a discount of approximately 15% to the net book value the Assets. This discount is justifiable because of the reasons stated the section headed "Reasons for and Benefits of the Transfers" below.

The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE TRANSFERS

The Assets were used by the Group for manufacturing businesses for many years. As disclosed in the 2011 and 2012 annual reports of the Company, the Group's manufacturing businesses were adversely affected by various factors including the weak global economy, euro sovereign debt crisis and rising production costs. As a result, the Group's manufacturing businesses incurred significant losses in the last two years. In order to combat the negative impact from the difficult operating environment, the Group has consolidated and restructured its manufacturing operations and such restructuring initiatives have caused the Assets to become under-ulitised and exceed the manufacturing needs of the Group. The Board has explored other alternatives in dealing with the Assets such as leasing out the Assets. However, under the current difficult environment for manufacturing businesses in the Guangdong Province, it is not easy to find a suitable tenant. Leaving the Assets vacant and waiting for the market to turn around is not an appropriate alternative either as significant amount of maintenance costs and land lease expenses will be incurred to maintain the Assets. As such, the Board considers that it will be best for the Transferor to transfer the Assets now. As the Transferor has no proper ownership title over the Buildings and under the current difficult operating environment for manufacturing businesses in Dongguan, the Board has agreed to transfer the Assets to the Transferee at the Total Consideration, representing a 15% discount to the net book value of the Assets. Without such a discount, the Transferee would not be interested to take over the possession of the

Assets. Although the Transfers will give rise to a loss to the Group, the Transfers will relieve the Group from rental on the Leases, future depreciation and other expenses of the Assets in the estimated total amount of approximately HK$9 million per annum. Furthermore, the Transferor will receive the Total Consideration in cash from the Transferee, which will be applied for the Group's general working capital and other investment. The Board considers that the Transfers will further improve the financial and cash position of the Group and the expected savings of the annual depreciation and expenses of the Assets will give rise to a positive impact on the future results of the Group after the Transfers.

On the above basis, the Directors (including the independent non-executive Directors) consider that the terms of the Agreements and the Transfers are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Agreements and the Transfers and therefore none of them has abstained from voting on the resolution(s) of the Board approving the Agreements and the Transfers.

FINANCIAL EFFECT OF THE TRANSFERS

The audited net book value of the Buildings as at 31 December 2012 was approximately HK$105,000,000.

Based on the audited net book value of the Assets as at 31 December 2012, an estimated unaudited loss of approximately HK$27,000,000, representing the difference between the Total Consideration in the equivalent amount of approximately HK$88,900,000 and the net book value of the Assets and expenses in connection of the Transfers (including the transaction taxes (one-half share) and other related expenses), is expected to accrue to the Group upon the Transfers. The actual unaudited loss arising from the Transfers will be calculated based on the carrying amount of the Assets at the date of completion of the Transfers.

INFORMATION ON THE TRANSFREE

The Transferee is a company established in the PRC with limited liability. To the best of our knowledge and belief, the Transferee is engaged in investment holding.

INFORMATION ON THE TRANSFEROR, ESL AND DG WILTEC AND THE COMPANY

Each of the Transferor, ESL and DG Wiltec is an indirect subsidiary of the Company and their principal activities are investment holding.

The Company is the holding company of the Group, which is principally engaged in (i) the manufacture and sale of telecom, electronic and child products; (ii) the manufacture and sale of plastic components; (iii) securities business; (iv) property development; and (v) property investment and holding.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Transfers constitute a discloseable transaction for the Company and are therefore subject to the requirements of reporting and announcement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

"Agreements"	the First Agreement and the Second Agreement;
"Assets"	the Buildings and E&M Equipment;
"Board"	the board of Directors;
"Buildings"	the factory buildings, dormitories, canteen and other supporting facilities (excluding the E&M Equipment) with a total gross floor areas of approximately 132,299 square meters comprising the phase one and the phase two of the ESL Technology Park erected on the two pieces of Lands leased under the First Lease and the Second Lease;
"China" or "PRC"	the People's Republic of China and for the purpose of this announcement excluding Hong Kong, Macau and Taiwan;

"Company"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange;
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules;
"DG Wiltec"	東莞偉迪電子有限公司 (Dongguan Wiltec Electronics Company Limited - English name for reference only), an indirect subsidiary of the Company;
"Director(s)"	the directors of the Company from time to time;
"E&M Equipment"	the electrical and mechanical equipment and other related equipment installed in the Buildings;
"ESL"	Electronic Sales Limited, an indirect subsidiary of the Company;
"First Agreement"	the agreement dated 30 May 2013 entered into amongst the Transferor, the Transferee, ESL and DG Wiltec in relation to the First Transfer ;
"First Consideration"	RMB49,000,000 which is payable in three installments by the Transferee to the Transferor for the First Transfer, pursuant to the terms and conditions of the First Agreement;
"First Lease"	the lease agreement dated 1 January 2001 entered into between ESL and the Landlord pursuant to which the piece of industrial land with a site area of approximately 60,000 square meters located at Zhukan Industrial District, Sanlian Village, Gaobu Town, Dongguan City, the Guangdong Province has been leased by the Landlord to ESL for 50 years commencing 1 January 2001, on which was erected by the Transferor phase one of the Buildings;

"First Transfer"	the transfer of the rights to possess and use Buildings by the Transferor to the Transferee, pursuant to the terms of the First Agreement;
"Group"	the Company and its subsidiaries from time to time;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Landlord"	the landlord of the Lands, which owns the Lands;
"Lands"	the two pieces of industrial lands with the total site areas of approximately 93,614.1 square meters situtated at Zhukan Industrial District, Sanlian Village, Gaobu Town, Dongguan City, the Guangdong Province leased by the Landlord to ESL and DG Wiltec on which the phase one and phase two of the Buildings were erected by the Transferor;
"Leases"	the First Lease and the Second Lease;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"percentage ratios"	has the meaning ascribed to it under the Listing Rules;
"RMB"	Renminbi, the lawful currency of the PRC;
"Second Agreement"	the agreement dated 30 May 2013 entered into amongst the Transferor, the Transferee, ESL and DG Wiltec in relation to the Second Transfer ;
"Second Consideration"	RMB21,000,000 which is payable in two installments by the Transferee to the Transferor for the Second Transfer, pursuant to the terms and conditions of the Second Agreement;

"Second Lease"	the lease agreement dated 1 January 2003 entered into between DG Wiltec and the Landlord pursuant to which the piece of industrial land with a site area of approximately 33,614.1 square meters located at Zhukan Industrial District, Sanlian Village, Gaobu Town, Dongguan City, the Guangdong Province has been leased by the Landlord to DG Wiltec for 50 years commencing 1 January 2003, on which was erected by the Transferor phase two of the Buildings;
"Second Transfer"	the transfer of the E&M Equipment by the Transferor to the Transferee, pursuant to the terms of the Second Agreement;
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	the holder(s) of the issued Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Total Consideration"	The First Consideration and the Second Consideration, in the aggregate amount of RMB70,000,000;
"Transfers"	the First Transfer and the Second Transfer, pursuant to the terms of the First Agreement and the Second Agreement respectively;
"Transferee"	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), a company established in the PRC;
"Transferor"	CTD Propriety (Dongguan) Limited, an indirect subsidiary of the Company; and
"%"	per cent.

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

Hong Kong, 30 May 2013

As at the date of this announcement, the executive Directors 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 are Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor.

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