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COTI TELECOM HOLDINGS LIMITED

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

(Stock Code: 00138)

ANNOUNCEMENT FOR PRICE-SENSITIVE INFORMATION AND RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that:

- (1) The holding company of the US Customer announced on 5 November 2008 its decision to exit with immediate effect its retail telephony activities in North America currently carried on by the US Customer. The US Customer is the largest single customer of the Group's telecom product business. The Group's turnover for the future financial years commencing 1 January 2009 is expected to be affected by the Discontinuation. As the Group's current business with the US Customer is loss-making, the Discontinuation will allow the Group to further streamline and restructure its operations and to consolidate its resources to cater for other more profitable markets. The Discontinuation is expected to reduce the loss of the Group and is not expected to have a direct negative impact on the Group's results for the future financial years commencing 1 January 2009;
- (2) certain production facilities of the Group are expected to become under-utilised as a result of the Discontinuation and until the Group can develop other new business, the potential impairment loss in the value of such production facilities, if any, is a non-cash provision, which may have a negative impact on the results but not on the liquidity position of the Group for the financial year ending 31 December 2008;
- (3) the results of the Group's telecom product business for the six months ending 31 December 2008 are expected to be affected by the weakening demand of the Group's telecom products from the US due to the financial turmoil, price competition, high material and labour costs, and the continuing appreciation of the Renminbi. The Group's telecom product business is expected to continue to report a loss for the financial year ending 31 December 2008; and

- (4) the Group's results for the year ending 31 December 2008 are expected to be affected by the increased losses in its securities business due to the deep downturn of the stock market in Hong Kong in the second half of 2008.

The Board is of the view that the liquidity and financial position of the Group remains sound and the Group will be able to withstand the adverse impact arising from the current global financial crisis.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:30 a.m. on 6 November 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 7 November 2008.

This announcement is made by CCT Telecom Holdings Limited (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Discontinuation of business with the US Customer

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that the holding company of a distribution company in the United States of America (the "**US**") announced on 5 November 2008 its decision to exit with immediate effect its retail telephony activities in North America which are currently carried on by the US distribution company (the "**Discontinuation**"). The US distribution company (the "**US Customer**") is the largest single customer of the telecom product business of the Company and its subsidiaries (the "**Group**"). The Group's telecom product business is engaged by its listed subsidiary, CCT Tech International Limited and its subsidiaries (the "**CCT Tech Group**") which are engaged principally in the original design manufacturing and sale of cordless phones. The customers of the CCT Tech Group comprise many major international distributors and operators, which include the US Customer. The plastic and power supply components for the telecom product business of the CCT Tech Group are supplied by the other subsidiaries of the Company.

The Group's turnover derived from the sales to the US Customer for the year ended 31 December 2007 and for the six months ended 30 June 2008 represents approximately 41.0% and 42.5% of the total turnover of the Group for the respective periods. Therefore, the Group's turnover for the future financial years commencing 1 January 2009 is expected to be affected by the Discontinuation. However, it is expected that the loss in business turnover from the US Customer will be partially offset by the expected increase in sales to other European customers. As the current business with the US

Customer is loss-making and certain sales to the US Customer posted a gross loss in the year 2008, the Discontinuation will allow the Group to further streamline and restructure its operations, and to consolidate its resources to cater for other more profitable markets. The Discontinuation is expected to reduce the loss of the Group and is not expected to have any direct negative impact on the Group's results for the future financial years commencing 1 January 2009.

As disclosed in the Company's interim report for the six months ended 30 June 2008, the Group has implemented various measures to improve its results of its telecom product business and these measures have gradually shown positive effect. In view of the Discontinuation, the Group will take the following additional initiatives to reduce costs and develop its businesses:

1. The CCT Tech Group will expand its sales to Europe, the Middle East, the Asian Pacific Regions, and other countries outside North America (the "**Rest of the World**") which are less affected by the financial turmoil. The Board believes that the markets in the Rest of the World will have good potential for growth. The relative proportion of the CCT Tech Group's sales to the Rest of the World for the year ended 31 December 2007 and for the six months ended 30 June 2008 as a percentage of the total turnover of the Group for the respective periods is approximately 37.8% and 44.3% respectively showing the relative contribution of these markets is increasing.
2. The Group will trim costs and overheads relating to the business with the US Customer. As the Group's business with the US Customer is loss-making, the discontinuation of such business and the reduction in costs and overheads is expected to reduce loss of the Group and positively impact on the results of the Group for the future financial years commencing 1 January 2009.
3. The CCT Tech Group is currently entering negotiation with an US partner to license renowned trademarks from an US company and with other US telephone distributors and operators with a view to develop new businesses to compensate for the loss of the business with the US Customer.

Potential impairment in the value of under-utilised production facilities as a result of the Discontinuation.

As a result of the Discontinuation, certain production facilities of the Group are expected to become under-utilised until such time the Group can develop other new business to replace the loss of business with the US Customer. The value of these under-utilised production facilities may be impaired as a result of the Discontinuation and the potential impairment loss in the value of such production facilities is expected to have a negative impact on the results of the Group for the year ending 31 December 2008. The potential impairment loss of fixed assets, if any, as at 31 December 2008 will be ascertained and quantified after 31 December 2008 and any impairment loss of fixed assets will be charged to the Group's income statement for the year ending 31

December 2008. The potential impairment loss of fixed assets will be a non-cash provision and is not expected to affect the liquidity position of the Group. On the contrary, if the provision for impairment loss of fixed assets is made for the year ending 31 December 2008, future charge for depreciation on the impaired fixed assets will be reduced correspondingly and in such case, the provision for impairment loss of fixed assets, if any, to be made in the year ending 31 December 2008 is expected to have a positive impact on the results of the Group for the future financial years commencing 1 January 2009.

Results warning for the year ending 31 December 2008

Telecom product business

The results of the Group's telecom product business (which include the results of the CCT Tech Group and the plastic and power supply component business of the Group) for the year ending 31 December 2008 are expected to be affected by the weakening demand of the Group's telecom products in the US due to the financial turmoil, price competition, high material and labour costs, and the continuing appreciation of the Renminbi against the US dollar. As a result of the difficult business environment, the Group's telecom product business is expected to continue to post a loss for the year ending 31 December 2008. The Group's telecom product business has reported an operating loss of HK\$201 million and HK\$145 million for the year ended 31 December 2007 and for the six months ended 30 June 2008 respectively. It is not possible to ascertain at this stage as to whether the loss of the Group's telecom product business for the year ending 31 December 2008 will be more than or less than the loss for the year ended 31 December 2007. The loss for of the Group's telecom product business for the year ending 31 December 2008 will be increased if any provision for impairment of fixed assets is made for the year. The loss of the Group's telecom product business for the year ending 31 December 2008 will be ascertained after 31 December 2008 and the Company is expected to announce its audited consolidated results for the year ending 31 December 2008 in April 2009.

Securities Business

The Group has engaged in the securities business and had derived substantial gains on investments in the past years. Due to the global financial crisis, the stock market in Hong Kong has slumped sharply since the beginning of the year. The Hang Seng Index and the Hang Seng China Enterprises Index has fallen 56% and 68% respectively from its historical peak level in October 2007 to the recent level as at 31 October 2008 and the two indexes fell 22% and 27% respectively in the month of October 2008 alone. As a result of the deep downturn in the stock market, the Group has incurred net realised loss and unrealised mark-to-market losses in the value of the listed shares and financial instruments of its securities business. The Group's securities business has incurred net realised loss of approximately HK\$146,000,000 up to 5 November 2008. The total realised and unrealised losses of its securities business in the second half of 2008 are expected to increase from the total unrealised fair value

losses of approximately HK\$226 million reported in the Group's interim report for the six months ended 30 June 2008. Therefore, the Group's results for the year ending 31 December 2008 are expected to be affected by the increased losses in its securities business.

Most of the investments of the Group's securities business are in H-shares and Hang Seng Index constituent stocks. The Group does not have any investments in foreign currency financial instruments and does not have any investments or dealing with Lehman Brothers. The H-share companies in which the Group has invested are major companies which carry on their businesses principally in the People's Republic of China (the "PRC") and are leaders in their respective fields. The Board is confident in the long-term future of the economy of the PRC, which is less affected by the global financial turmoil. The Board is of the view that when the stock market in Hong Kong recovers in the future, the Group may be able to write back part or all of the unrealised fair value losses on the Group's investments in listed shares and financial instruments.

Despite the current difficult business situation, the Board considers that the liquidity and the financial position of the Group as a whole remain sound. The total current assets of the Group as at 30 September 2008 amounted to approximately HK\$2,967,000,000 of which cash and cash equivalents amounted to approximately to HK\$853,000,000. The Board is of the view that the Group will be able to withstand the adverse impact arising from the current global financial crisis.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 6 November 2008

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. Tam King Ching, Kenny, Mr. Lau Ho Man, Edward and Mr. Chen Li.

This announcement will be published and remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least seven days from the day of its publication and will be published and remain on the website of the Company at www.cct.com.hk.