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CITIC TELECOM HOLDINGS LIMITED

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

(Stock Code: 138)

PROPOSED CONVERSION OF CONVERTIBLE BONDS AND APPLICATION FOR A WHITEWASH WAIVER

Financial Adviser to Mr. Mak Shiu Tong, Clement

VC CAPITAL LIMITED 滙盈融資有限公司

The Conversion

The Directors announce that they have been informed by Capital Winner and New Capital on 20 May 2008 of the Conversion, which is subject to the conditions as stated in the paragraph headed "Conditions of the Conversion" below. Assuming that no additional Shares will be issued from the date of this announcement until the Conversion takes place, when the 2009 Convertible Bonds and the 2010 Convertible Bonds are fully converted, Capital Winner and New Capital will be issued an aggregate of 56,491,321 new Shares, representing approximately 7.09% of the total issued share capital of the Company immediately before completion of the Conversion and approximately 6.62% of the total issued share capital of the Company as enlarged by the Conversion respectively. Both Capital Winner and New Capital are companies wholly-owned by Mr. Mak and his family members.

As at the date of this announcement, Mr. Mak and parties acting in concert with him are interested in 238,999,410 Shares, representing approximately 29.98% of the total issued share capital of the Company. As a result of the Conversion, Mr. Mak and parties acting in concert with him will be beneficially interested in 295,490,731 Shares, representing approximately 34.62% of the enlarged total issued share capital of the Company and will be obliged to make a mandatory general offer for all the Shares not already owned by them under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive, which is subject to approval by the Independent Shareholders by way of poll at the SGM under Note 1 on Dispensations from Rule 26 of the Takeovers Code. An application will be made to the Executive by Mr. Mak for the Whitewash Waiver. Mr. Mak and parties acting in concert with him will abstain from voting on the resolution in respect of the Whitewash Waiver at the SGM where voting will be taken by way of poll.

General

An independent committee of the Board, comprising all the independent non-executive Directors who have no interest in the Conversion, namely Mr. Tam King Ching, Kenny, Mr. Lau Ho Man, Edward and Mr. Chen Li, has been formed to advise the Independent Shareholders as to the Whitewash Waiver. An independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders. An announcement will be made in respect of such appointment as soon as possible after the appointment is made. A circular containing, among other things, details of the Conversion and the Whitewash Waiver, recommendation from the independent committee of the Board, advice of the independent financial adviser and the notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

The Conversion

The Company has received a conditional conversion letter on 20 May 2008 from Capital Winner informing it of its proposed conversion of the 2009 Convertible Bonds in full. The Company has also received a conditional conversion letter from New Capital on 20 May 2008 informing it of its proposed conversion of the 2010 Convertible Bonds in full. Both Capital Winner and New Capital are companies wholly-owned by Mr. Mak and his family members.

The 2010 Convertible Bonds were issued by the Company to New Capital as a noteholder of CCT Tech International Limited on 25 April 2005 for the acceptance of the general offers made by a subsidiary of the Company on 31 January 2005 for the shares of CCT Tech International Limited. The 2010 Convertible Bonds are interest-free and have an outstanding principal amount of HK$18,085,360 as at the date of this announcement, which are convertible into 29,942,649 new Shares at the conversion price of HK$0.604 per Share (subject to adjustments in accordance with the terms of the 2010 Convertible Bonds).

The 2009 Convertible Bonds were issued by the Company to Capital Winner on 23 June 2006 as part of the consideration for the acquisition of a property situated at Tai Tam Road, Hong Kong (further details of the acquisition are set out in the circular of the Company dated 19 May 2006). The 2009 Convertible Bonds are interest-free and have an outstanding principal amount of HK$30,000,000 as at the date of this announcement, which are convertible into 26,548,672 new Shares at the conversion price of HK$1.13 per Share (subject to adjustments in accordance with the terms of the 2009 Convertible Bonds).

The Whitewash Waiver

The total number of issued Shares as at the date of this announcement is 797,123,505 Shares. Mr. Mak and parties acting in concert with him are interested in 238,999,410 Shares, representing approximately 29.98% of the existing total issued share capital of the Company. Assuming that no additional Shares will be issued from the date of this announcement until the Conversion takes place, when the 2009 Convertible Bonds and the 2010 Convertible Bonds are fully converted, Capital Winner and New Capital will be issued

an aggregate of 56,491,321 new Shares, representing approximately 7.09% of the total issued share capital of the Company immediately before completion of the Conversion and approximately 6.62% of the total issued share capital of the Company as enlarged by the Conversion respectively. As a result of the Conversion, Mr. Mak and parties acting in concert with him will be beneficially interested in 295,490,731 Shares, representing approximately 34.62% of the enlarged total issued share capital of the Company.

The table below shows the shareholding structure of the Company immediately before and after completion of the Conversion (assuming that no additional Shares will be issued from the date of this announcement until completion of the Conversion):

Name of Shareholders	**Immediately before completion of the Conversion**		**Immediately after completion of the Conversion**	
	Number of Shares	***%***	***Number of Shares***	***%***
Mr. Mak and parties acting in concert with him --				
Mr. Mak	715,652	0.09	715,652	0.08
Capital Force International Limited ("Capital Force") *(Note 1)*	96,868,792	12.15	96,868,792	11.35
New Capital	141,414,966	17.74	171,357,615	20.08
Capital Winner	0	0	26,548,672	3.11
Sub-total	238,999,410	29.98	295,490,731	34.62
Tam Ngai Hung, Terry *(Note 2)*	500,000	0.06	500,000	0.06
Cheng Yuk Ching, Flora *(Notes 2 and 3)*	14,236,713	1.79	14,236,713	1.67
William Donald Putt *(Note 2)*	591,500	0.07	591,500	0.07
Samuel Olenick *(Note 4)*	545,000	0.07	545,000	0.06
Other Shareholders	542,250,882	68.03	542,250,882	63.52
Total	**797,123,505**	**100.00**	**853,614,826**	**100.00**

Notes:

1. *Capital Force is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Mak and his family members. The directors of Capital Force are Ms. Yiu Yu Ying and Mr. Mak Chun Kiu, the spouse and son of Mr. Mak respectively.*
2. *Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt are executive Directors.*
3. *Included in such interest in the Shares are 160,000 Shares held by the spouse of Ms. Cheng Yuk Ching, Flora, who is deemed to be interested in such Shares under the provisions of Part XV of the SFO.*
4. *Mr. Samuel Olenick was an independent non-executive Director until his resignation on 5 February 2008.*

As the Conversion will increase the holding of the voting rights of the Company by Mr. Mak and parties acting in concert with him to more than 30%, Mr. Mak and parties acting in concert with him will be obliged to make a mandatory general offer for all the Shares not already owned by them pursuant to Rule 26 of the Takeovers Code. An application will be made to the Executive by Mr. Mak for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders taken by way of poll at the SGM. Mr. Mak and parties acting in concert with him will abstain from voting on the resolution of the Whitewash Waiver at the SGM where voting will be taken by way of poll.

Save for the 238,999,410 Shares, the 2009 Convertible Bonds and the 2010 Convertible Bonds, Mr. Mak and parties acting in concert with him do not hold any other options, warrants or convertible securities in the Company, nor have they entered into any outstanding derivatives in respect of securities in the Company as at the date of this announcement. Mr. Mak and parties acting in concert with him have also confirmed that there have been no disqualifying transactions as stipulated under paragraph 3 of Schedule VI to the Takeovers Code in the six months prior to the date of this announcement.

Save for the 2009 Convertible Bonds and the 2010 Convertible Bonds, the Company does not have any other options, warrants or convertible securities outstanding as at the date of this announcement.

Conditions of the Conversion

The Conversion is subject to the following conditions:

(i) the granting of the Whitewash Waiver by the Executive; and
(ii) the approval by the Independent Shareholders of the relevant resolution regarding the Whitewash Waiver by way of poll at the SGM.

The conditions above cannot be waived.

If any of the conditions of the Conversion is not fulfilled, the Conversion will not take place and the conditional conversion letters from each of Capital Winner and New Capital will lapse.

Information on the Group

The Group is principally engaged in (i) the manufacture and sale of telecom and electronic products; (ii) the manufacture and sale of plastic and electronic components; (iii) the manufacture and sale of infant and child products; (iv) securities investment business; (v) property investment and development; and (vi) the provision of e-commerce service.

Information on Capital Winner and New Capital

Capital Winner is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Mak and his family members. The directors of Capital Winner are Ms. Yiu Yu Ying and Mr. Mak Chun Kiu, the spouse and son of Mr. Mak respectively. Capital Winner does not have any business save for

being the holder of the 2009 Convertible Bonds.

New Capital is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Mak and his family members. The directors of New Capital are Ms. Yiu Yu Ying and Mr. Mak Chun Kiu, the spouse and son of Mr. Mak respectively. New Capital does not have any business save for being the holder of the 141,414,966 Shares and the 2010 Convertible Bonds.

General

The SGM will be held for the Independent Shareholders to consider and, if thought fit, pass the resolution to approve the Whitewash Waiver by way of poll. Mr. Mak and parties acting in concert with him, who together hold an aggregate of 29.98% of the existing total issued share capital of the Company as at the date of this announcement, will abstain from voting at the SGM with respect of the resolution to approve the Whitewash Waiver.

An independent committee of the Board, comprising all the independent non-executive Directors who have no interest in the Conversion, namely Mr. Tam King Ching, Kenny, Mr. Lau Ho Man, Edward and Mr. Chen Li, has been formed to advise the Independent Shareholders as to the Whitewash Waiver. An independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders. An announcement will be made in respect of such appointment as soon as possible after the appointment is made.

A circular containing, among other things, details of the Conversion and the Whitewash Waiver, recommendation from the independent committee of the Board, advice of the independent financial adviser and the notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

VC Capital has been appointed as the financial adviser to Mr. Mak to advise him in respect of the Conversion and the application for the Whitewash Waiver.

DEFINITIONS

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

"2009 Convertible Bonds"	the zero-coupon convertible bonds issued by the Company to Capital Winner on 23 June 2006, due on 23 June 2009, with an outstanding principal amount of HK$30,000,000 as at the date of this announcement, convertible into 26,548,672 new Shares at the conversion price of HK$1.13 per Share (subject to adjustments in accordance with the terms of such convertible bonds)

"2010 Convertible Bonds"	the zero-coupon convertible bonds issued by the Company to New Capital on 25 April 2005, due on 25 April 2010, with an outstanding principal amount of HK$18,085,360 as at the date of this announcement, convertible into 29,942,649 new Shares at the conversion price of HK$0.604 per Share (subject to adjustments in accordance with the terms of such convertible bonds)
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Capital Winner"	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Mak and his family members, and the holder of the 2009 Convertible Bonds
"Company"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Conversion"	the conversion of the 2009 Convertible Bonds in full as proposed by Capital Winner and the conversion of the 2010 Convertible Bonds in full as proposed by New Capital, subject to the conditions as set out in the paragraph headed "Conditions of the Conversion" above
"Director(s)"	the director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	the Shareholders other than Mr. Mak and parties acting in concert with him and who are not involved in, or interested in, the Conversion
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Mr. Mak"	Mr. Mak Shiu Tong, Clement, the Chairman and Chief Executive Officer of the Company and a substantial Shareholder
"New Capital"	New Capital Industrial Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Mak and his family members, and the holder of the 2010 Convertible Bonds
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the resolution in connection with the Whitewash Waiver
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	the registered holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"VC Capital"	VC Capital Limited, a licensed corporation permitted to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Whitewash Waiver"	a waiver by the Executive in respect of the obligations of Mr. Mak and parties acting in concert with him to make a mandatory general offer for all the Shares not already owned by them under Rule 26.1 of the Takeovers Code as a result of the Conversion

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

Hong Kong, 21 May 2008

As at the date of this announcement, the executive Directors are Mr. Mak, 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. Lau Ho Man, Edward and Mr. Chen Li.

The Directors jointly and severally accept full responsibility for the accuracy of the information relating to the Company in this announcement and confirm, having made all reasonable enquiries, that to the best of

their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Mr. Mak accepts full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will be published and remains 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 remains on the website of the Company at www.cct.com.hk.