

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL SIGNS MOU WITH HONG KONG TELCO CITIC TELECOM 1616

Melbourne, Australia, Thursday 27th November 2008: Freshtel Holdings (ASX: FRE) has entered into a Memorandum of Understanding with CITIC 1616, a leading Hong Kong based telecommunications company.

CITIC Telecom 1616 is a major telecommunications carrier which provides wholesale services to telecommunications companies in the Peoples' Republic of China. CITIC Telecom 1616's services focus primarily on the carriage of communications traffic into and out of China into global networks.

Ms Rhonda O'Donnell, CEO of Freshtel Holdings said CITIC Telecom 1616 is intending to deploy a range of Freshtel's internet telephony solutions, including the new converged mobile solution Freshtel Mobilelink.

"The MOU marks a period of exploration during which time CITIC Telecom 1616 and Freshtel will assess their requirements and negotiate the terms of a deal. Both Freshtel and CITIC Telecom 1616 are keen to collaborate so that a final agreement is reached as soon as practicable."

Ms O'Donnell added that this was a significant development for Freshtel and an important validation of Freshtel's technology from a world leading telecommunications carrier.

"Freshtel has invested heavily in the development of our robust network and mobile internet telephony solution and we are now firmly focused on realising a return on investment by securing new commercial opportunities."

"This MOU marks another positive and significant development following a run of recent milestones including a new white label deal with Pakistani telco, PTCL, and the launch of our mobile solution in Australia and the UK," Ms O'Donnell concluded.

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About Freshtel Holdings

Freshtel Holdings Limited (ASX:FRE) is an Australian internet telephone technology company that develops and markets VoIP telephony products and services. Freshtel Holdings Limited offers end-to-end white label VoIP solutions to wholesale customers globally through its wholly

owned subsidiaries, Voicedot Networks and Virbiage and has a direct-to-market retail channel through Freshtel's retail site.

Freshtel Holdings: www.freshtelholdings.com

Voicedot Networks: www.voicedot.com

Freshtel retail: www.freshtel.net

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