



CITIC 1616 Holdings Limited

中信 1616 集團有限公司

(Stock Code: 1883)

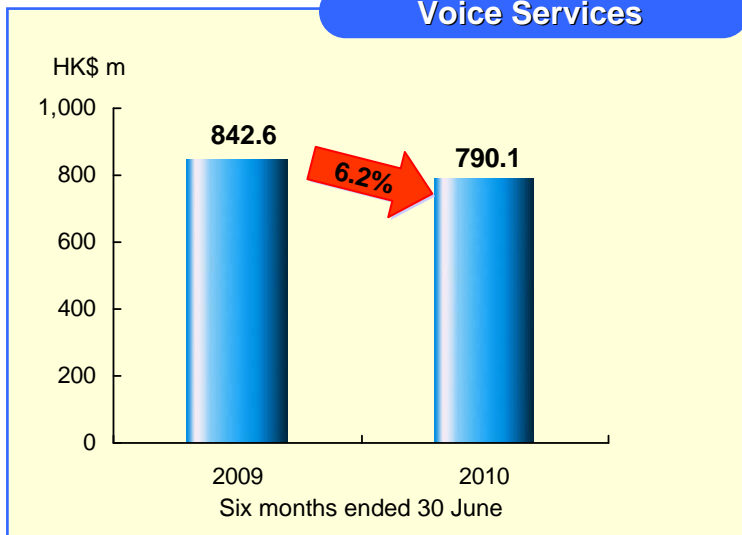
**Interim Results Announcement
for the six months ended 30 June 2010
11 August 2010**

Highlights for the Six Months Ended 30 June 2010

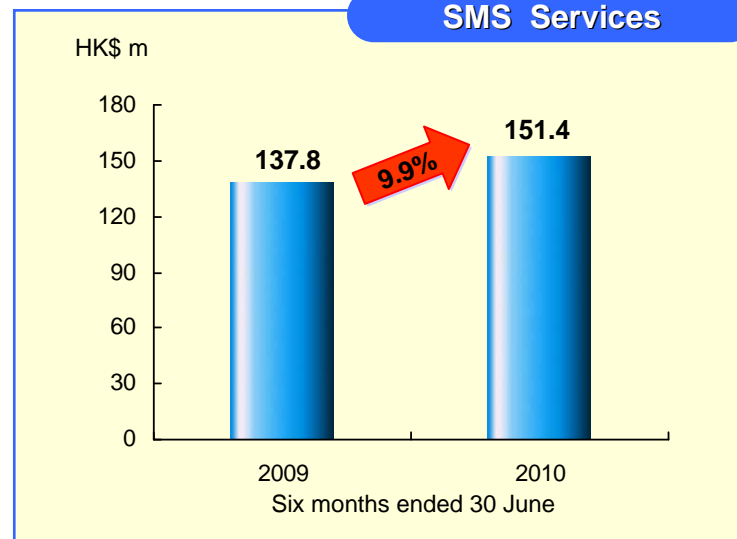
- ◆ Profit attributable to equity holders of the Company increased by 1.3% to **HK\$180.1 million**, as compared against last year
- ◆ Turnover recorded a 3.2% drop of as compared to 2009
- ◆ Revenue generated from Voice services amounted to HK\$790.1million, representing a 6.2% decrease as compared to 2009
- ◆ Revenue generated from SMS services rose 9.9% compared against last year to HK\$151.4 million in 2010
- ◆ Revenue generated from Mobile VAS rose by 16.9% to HK\$65.8 million
- ◆ Revenue generated from VPN services rose 3.1% to HK\$ 215.1 million
- ◆ Revenue generated from the data services amounted to HK\$68.8 million, a decrease of 22.0% as compared to 2009
- ◆ As at 30 June 2010, cash and cash equivalents was **HK\$306.9 million**
- ◆ No debt as at 30 June 2010
- ◆ Interim dividend of **2.4 cents** (2009 Interim: 2.4 cents)

Turnover of Four Major Business Segments

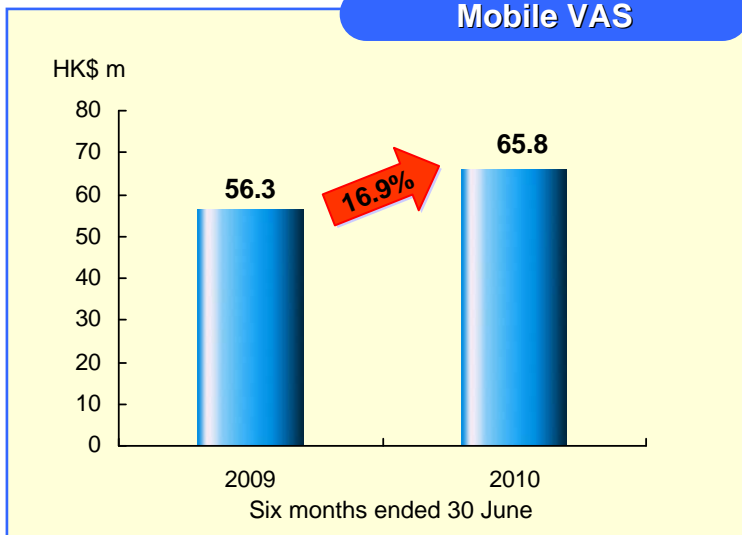
Voice Services



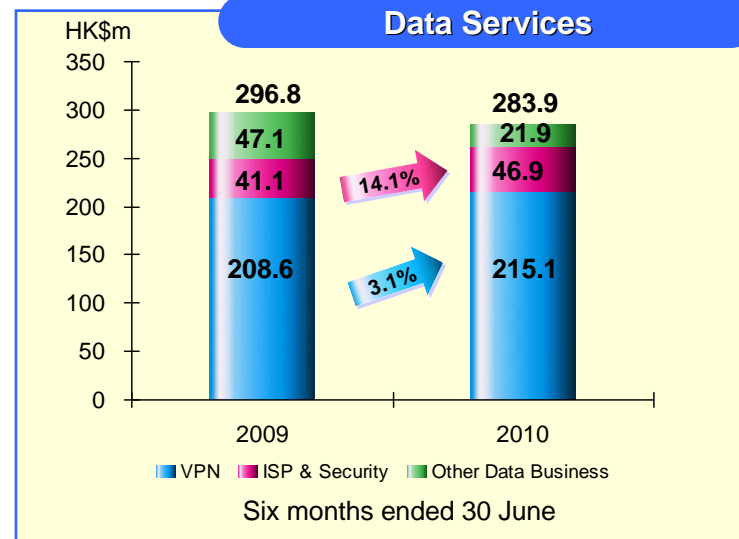
SMS Services



Mobile VAS

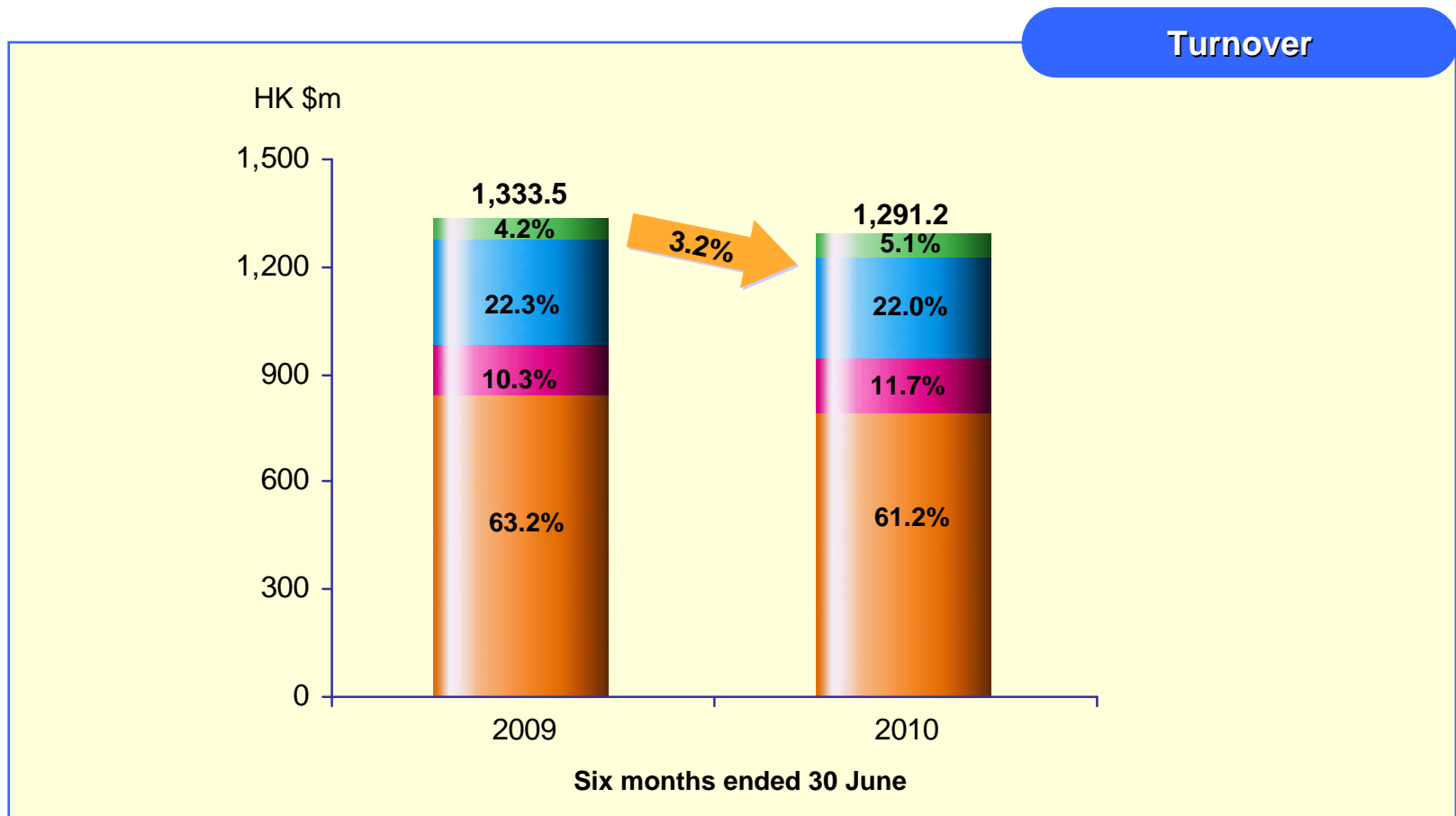


Data Services



Turnover

Turnover decreased 3.2% to HK\$1,291.2 million when compared with last year



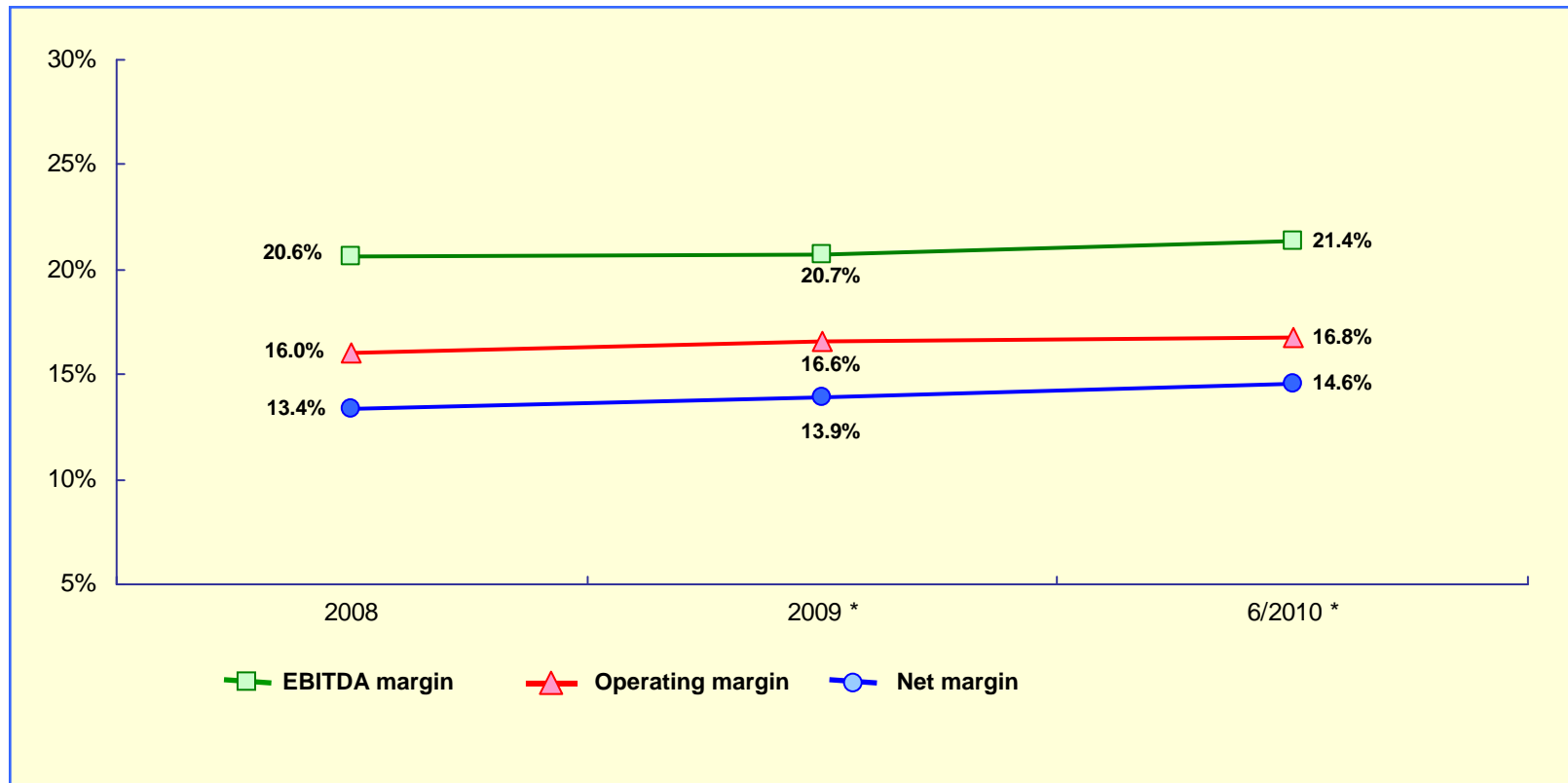
Voice Services

SMS Services

Data Services

Mobile VAS

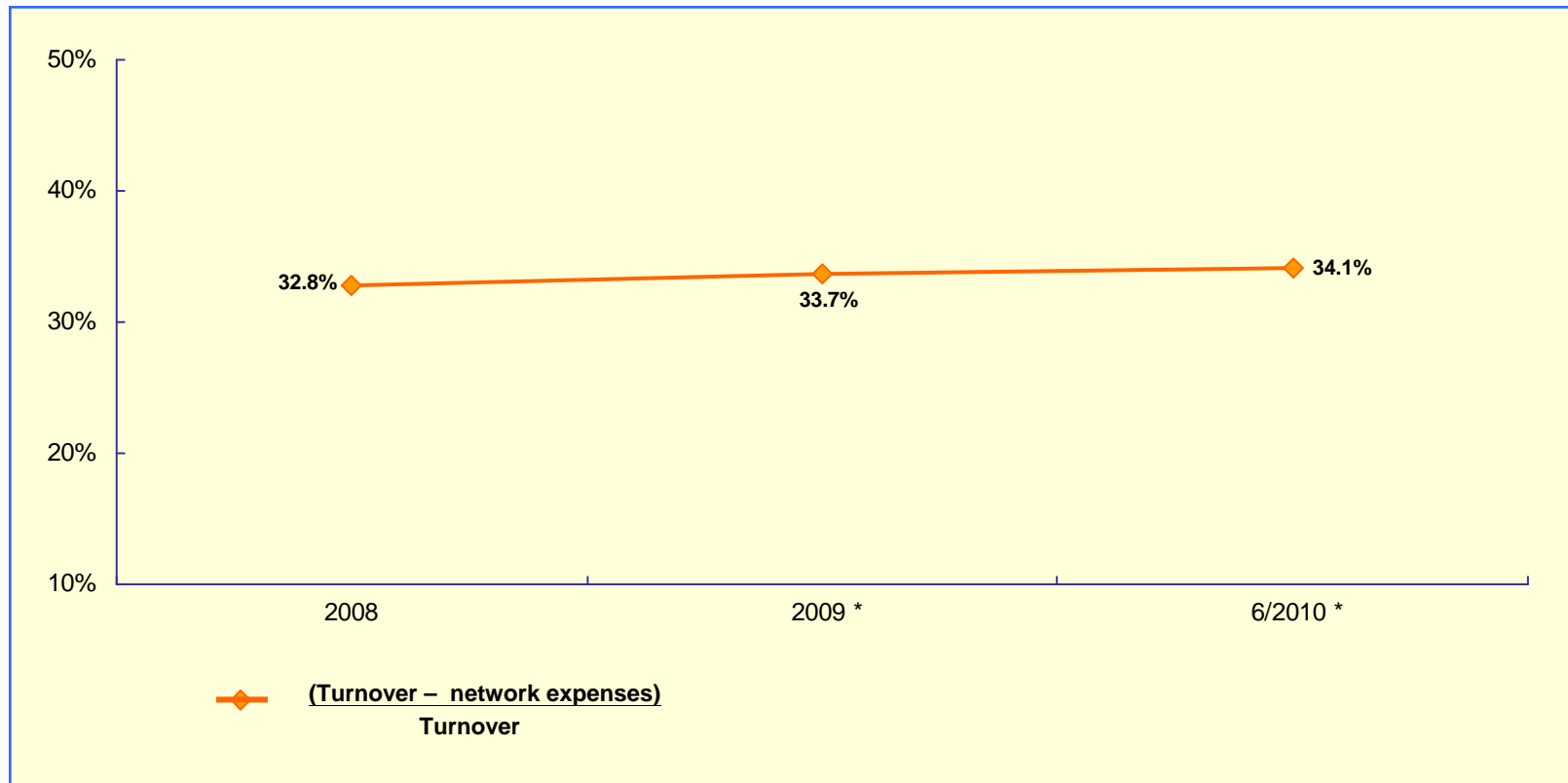
Sustain Solid Margin



* Excluded Share Option Expenses



Sustain Solid Margin (Con't)



* Excluded Share Option Expenses

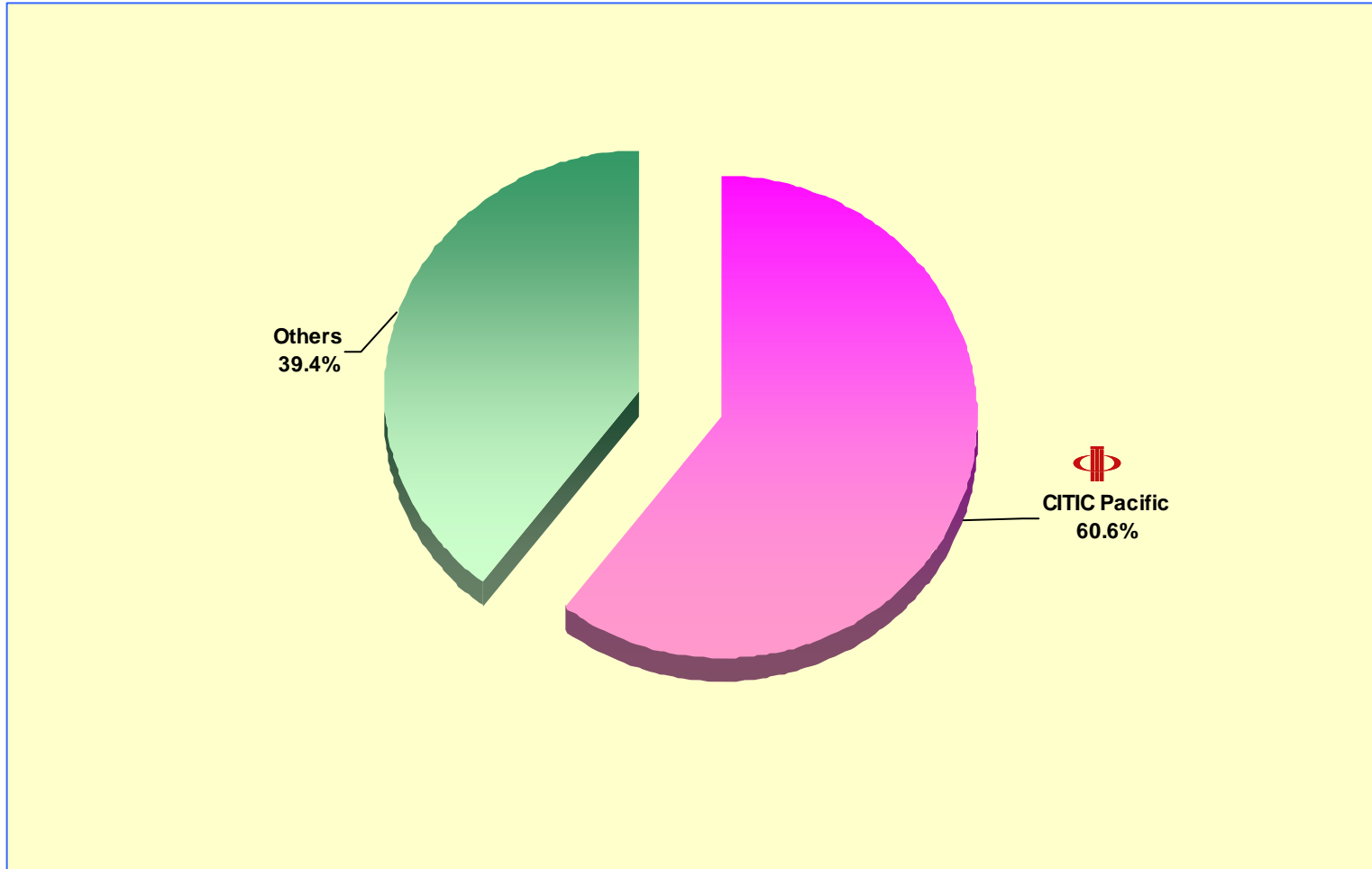


Strong Liquidity and Capital Structure

	2008	2009	2010
HK\$m	30 June	30 June	30 June
Operating profit before changes in working capital	226.4	261.8	255.5
Net cash generated from operating activities	202.4	241.6	222.6
+ Interest received			
Capital expenditures (including Capital commitments)			
- General	83.8	69.9	74.8
- Broadway Centre	NIL	NIL	22.6

HK\$m	At 31 Dec 2008	31 Dec 2009	At 30 Jun 2010
Cash and bank deposits	795.0	686.2	306.9
Debt	- NIL -	- NIL -	- NIL -
Gearing ratio	Net Cash	Net Cash	Net Cash

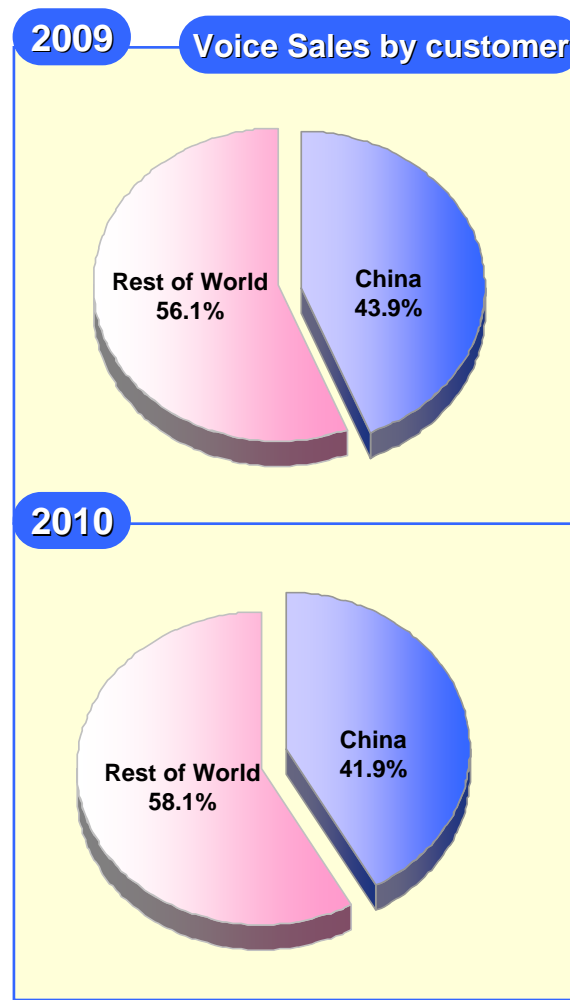
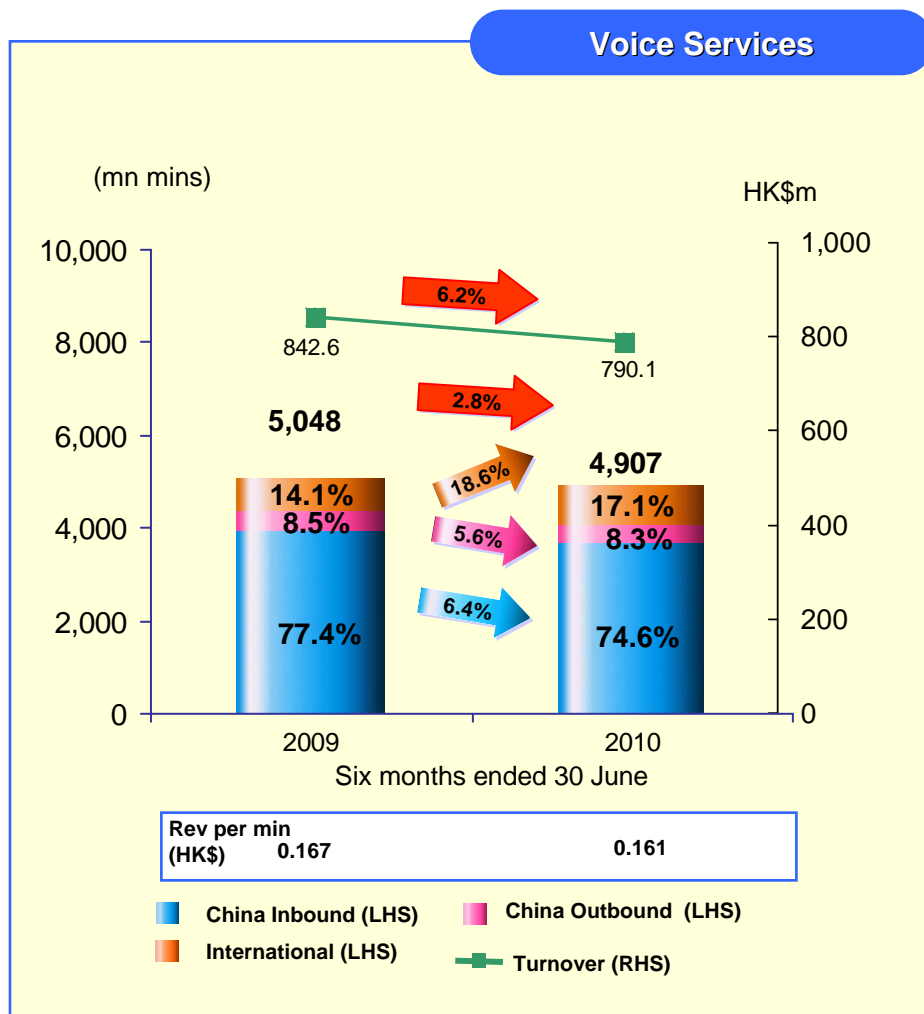
Shareholding Structure



Business Review

Major Business Segment – Voice Services

Handled approximately 4.91bn mins voice traffic



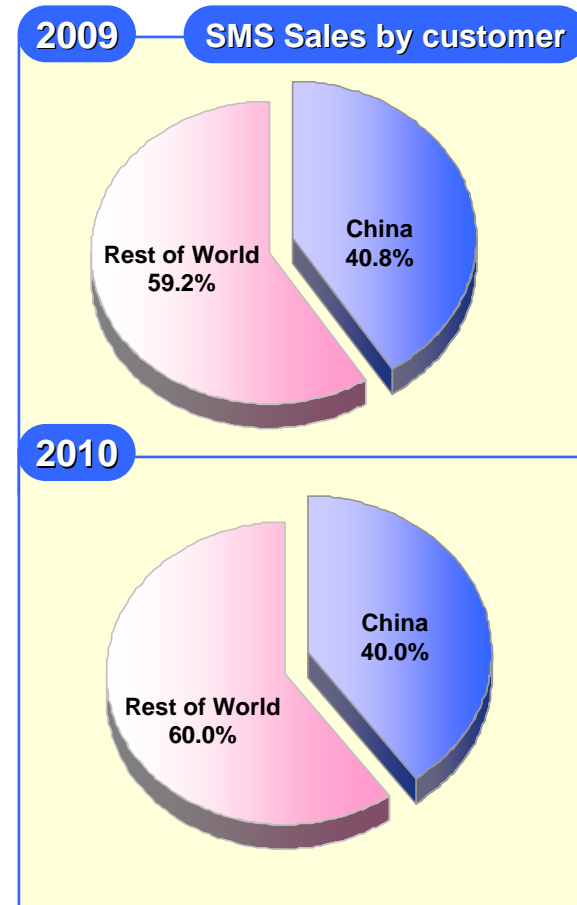
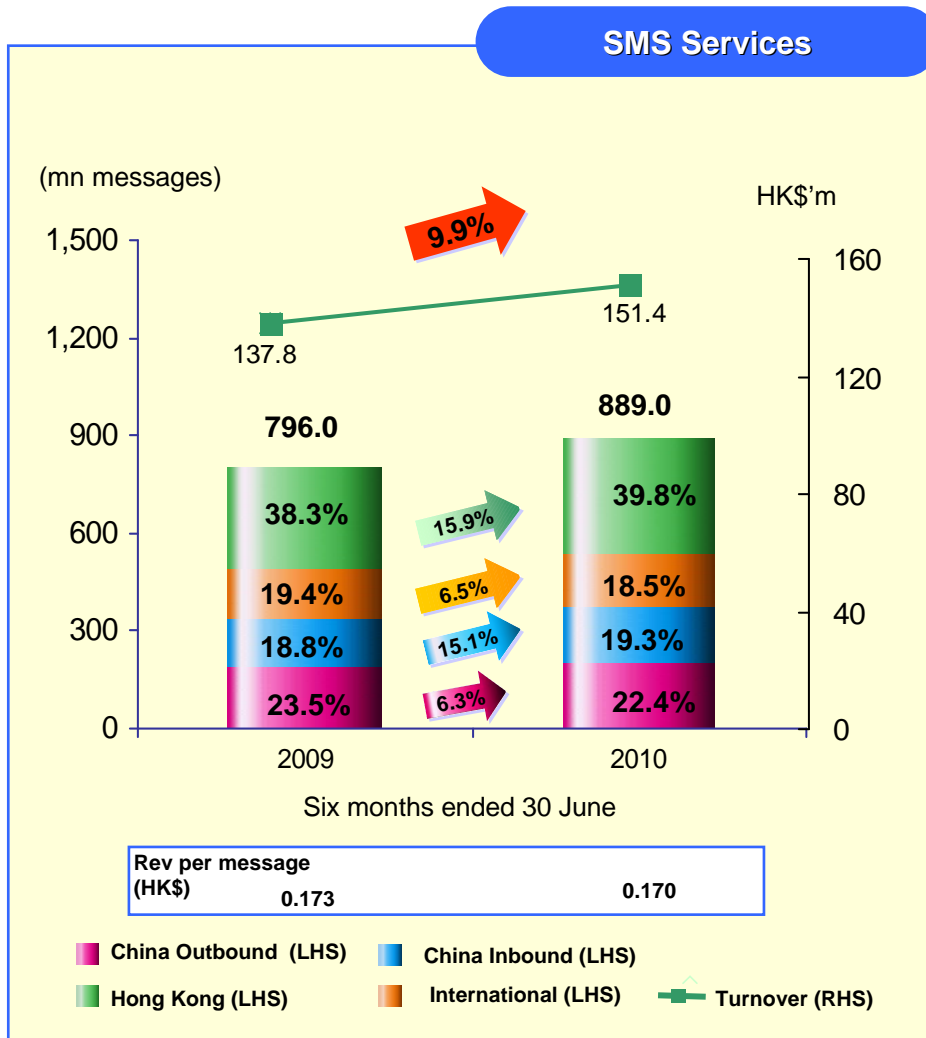
Major Business Segment – Voice Services

- ✦ Expanded voice product portfolio with China and International operators to leverage on existing relations and resources (e.g. 3G video call, ITFS and HCD)
- ✦ Established global MPLS network covering major nodes of CITIC to enhance service level for different services.
- ✦ Enlarge our footprint by interconnected with 51 new international carriers for voice business in 2010
- ✦ Established new direct coverage into Turkey, Portugal, and Sri Lanka
- ✦ Entered a strategic partnership with a Latin America operator to kick start our direct wholesale and retail business into the region
- ✦ Completed the 20% acquisition of CTM from CITIC Pacific
- ✦ Penetrate to retail market in Hong Kong, Singapore, Taiwan, Japan, USA and Canada, providing calling card, broadband phone and bundled Enterprise SMS Services
- ✦ Increase publicity and brand awareness through participation of Int'l trade shows and industry awards
- ✦ Challenge in the period:
 - Decreasing trend on China inbound and outbound traffic
 - Market consolidation



Major Business Segment – SMS Services

✦ Handled approximately 0.89 bn SMS messages



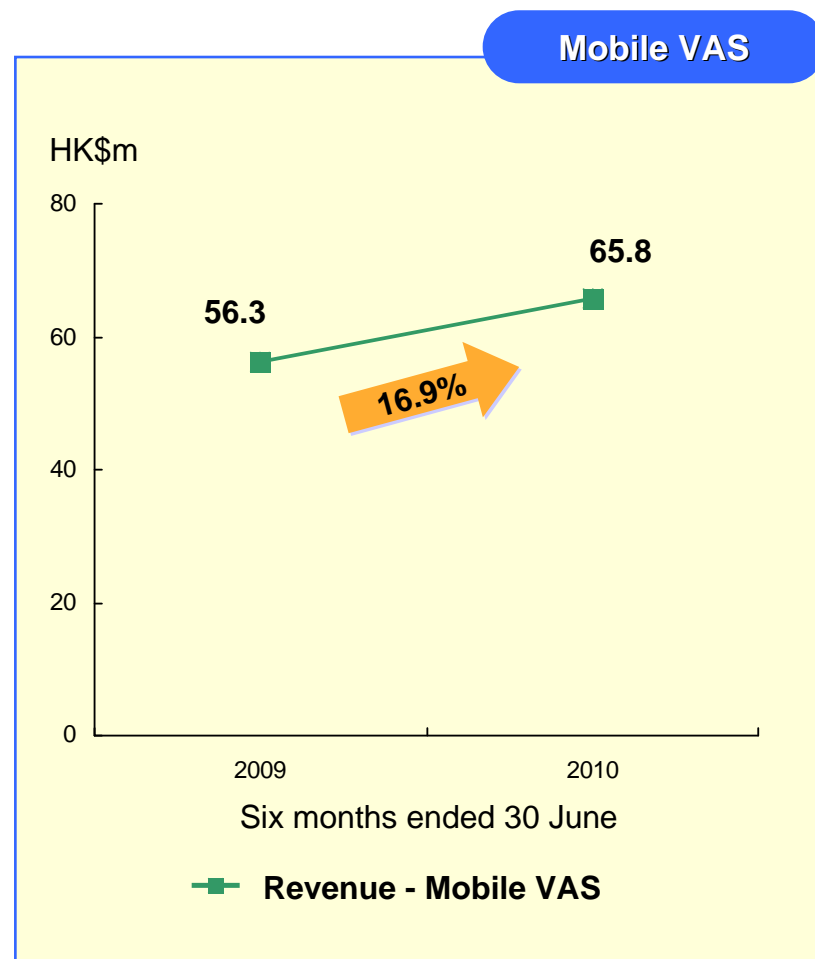
Major Business Segment – SMS Services

- ✦ Riding on the 3G evolution of the Chinese mobile market to further leadership in international SMS for all mobile carriers in China. Inter-standard SMS delivery amongst different China 3G standards for more than 80 countries worldwide
- ✦ CDMA to CDMA and CDMA to GSM SMS delivery.
- ✦ Extended SMS service converge to middle East, Eastern Europe, USA, and CIS region (formally known as Soviet Unions)
- ✦ Extended enterprise SMS capability on both mission critical and delay sensitive meeting the most demand applications.



Major Business Segment – Mobile VAS

- ❖ Virtual International Access Number, enhanced version of "Single IMSI Multiple Number (SIMN)" creates a new market demands in countries such as USA, Philippines, Italy and Hong Kong
- ❖ Amount of subscribers on CITIC "Prepaid Roaming Hubbing" service increased significantly, including operators customers in China, Hong Kong, Taiwan and Macau, Philippines, Malaysia, Japan, Italy, Thailand, Indonesia, Korea, UK, Greece and Singapore
- ❖ Extended Mobile VAS product covering CDMA operators



Major Business Segment – Data Business

- Continue to maintain stable revenue growth and profit margin
- CPCNet - First HK VPN service provider certified for ISO9001 (Quality Management Systems), ISO20000 (Information Technology Service Management System) and ISO27001 (Information Security Management System)

Achievements (Jan, 2010 – Jun, 2010)

- The 42th Distinguished Salesperson Award (DSA)** by Hong Kong Management Association
- Customer Relationship Excellence (CRE) Awards** by Asia Pacific Customer Service Consortium - the awards on “CRM Manager of the Year 2009”
- “The 10th Capital Outstanding Enterprise Awards – Outstanding VPN Solution Provider”**, by Capital Magazine
- The 8th Golden Torch Awards** by Outstanding Enterprise Manager Association (Taiwan)
- “2009 Best IT Candidates Award”** by Information Management Association (Taiwan)
- CPCNet - Awarded **“Caring Company 2009/10”** by the Hong Kong Council of Social Service



Prospects

Prospects

Core Businesses

- ❖ Stable in voice services business; expand retail voice services, explore new markets such as Brazil
- ❖ Maintain growth in SMS business
- ❖ Focus on the development in new markets for Mobile VAS business
- ❖ Continue to expand enterprise coverage and launch new product such as cloud security and cloud computing.

New Business

- ❖ Full 6 month contribution for CTM which will provide a strong foundation for growth.

Q&A