



中信國際電訊集團有限公司

CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

(stock code : 01883)

**Annual Results Announcement
for the year ended 31 December 2012
6 Feb 2013**

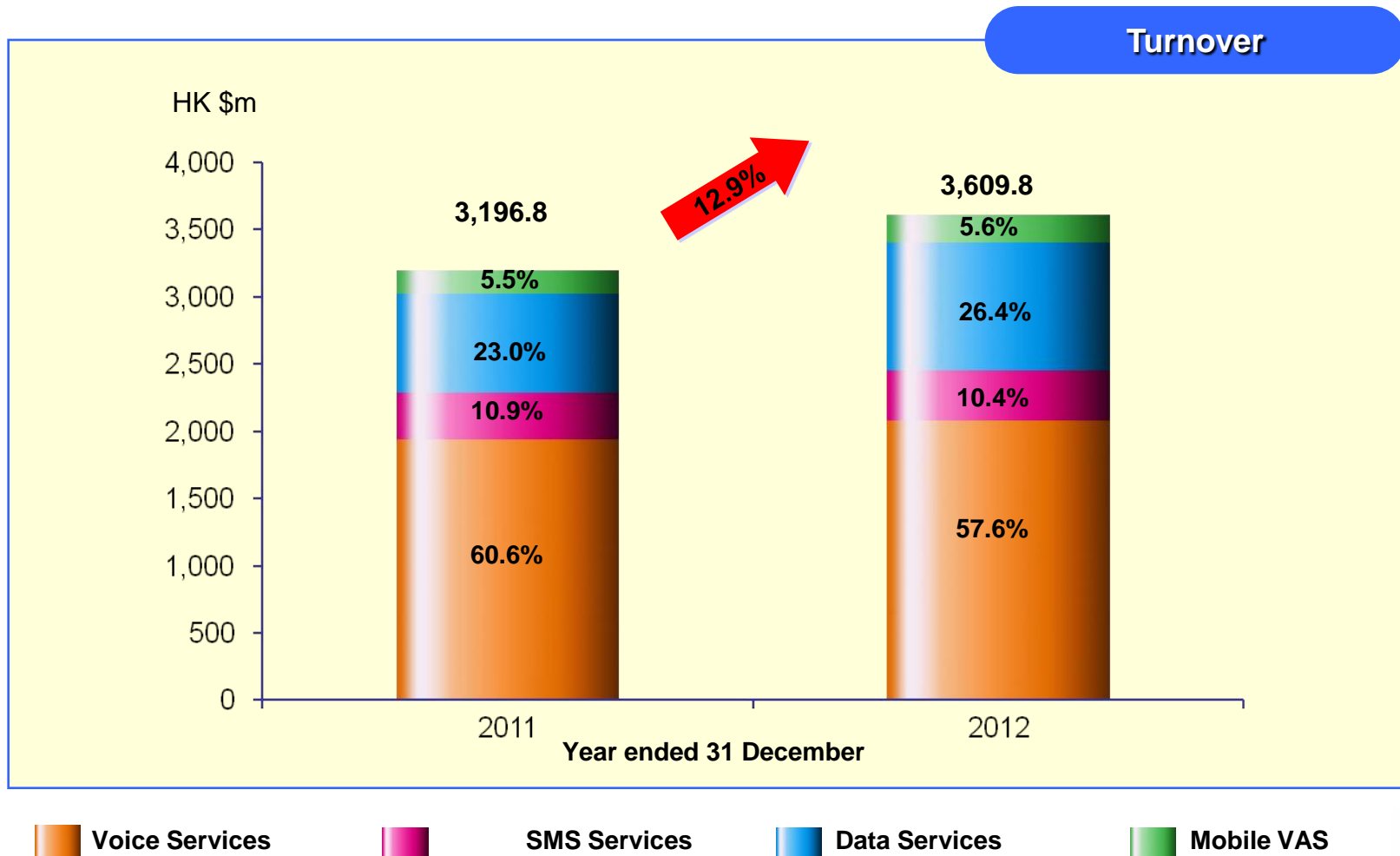
Highlights for the Year 2012

- Profit attributable to equity shareholders of the Company increased by 0.7% to **HK\$461.3 million**, as compared against last year
- Turnover recorded a growth of **12.9%** to **HK\$3,609.8 million** as compared against last year
- At 31 December 2012, net cash was **HK\$254.8 million**, including cash and bank deposits of **HK\$354.8 million**
- Final dividend of **HK7.2 cents**, together with interim dividend of **HK2.4 cents**, the total dividends per share for the year of **HK9.6 cents**, represent a dividend payout ratio of **50%**



Turnover

- Turnover increased by 12.9% to HK\$3,609.8 million when compared with last year

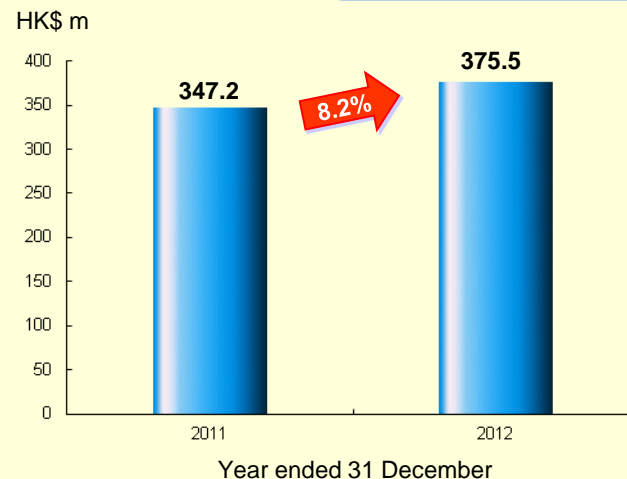


Turnover of Four Major Business Segments

Voice Services



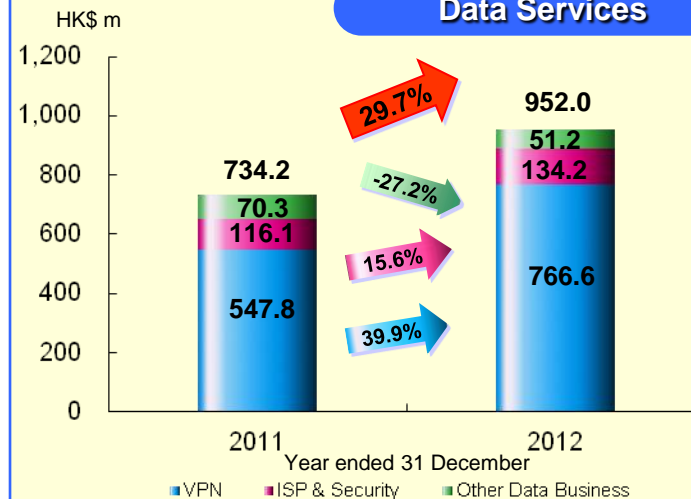
SMS Services



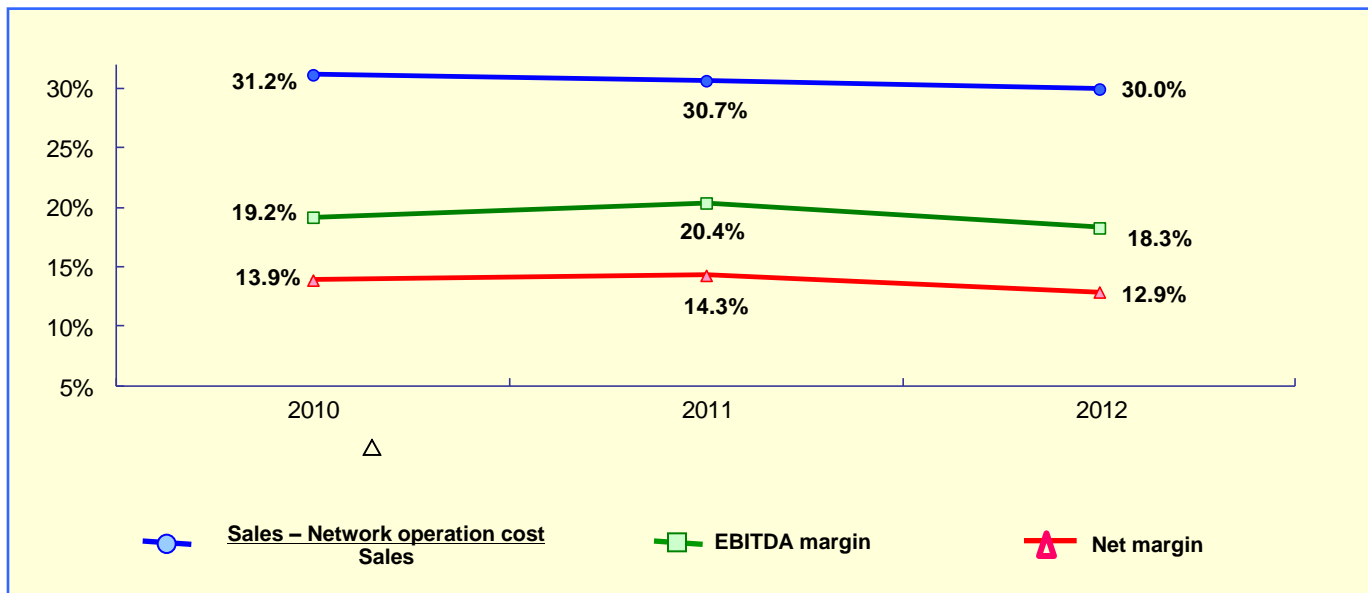
Mobile VAS



Data Services



Margin Analysis



△ Excluded transaction costs of acquisition of subsidiaries

Analysis on change in Margin

- (1) Decrease in $\frac{\text{Sales} - \text{network cost}}{\text{Sales}}$ and EBITDA margin was mainly due to the first time inclusion of CEC which had a comparatively low margin
- (2) Decrease in net margin was mainly due to
 - (i) increase in depreciation after the completion of the CTT data centre and
 - (ii) increase depreciation and goodwill amortization following the completion of CEC-HK and CEC-PRC.

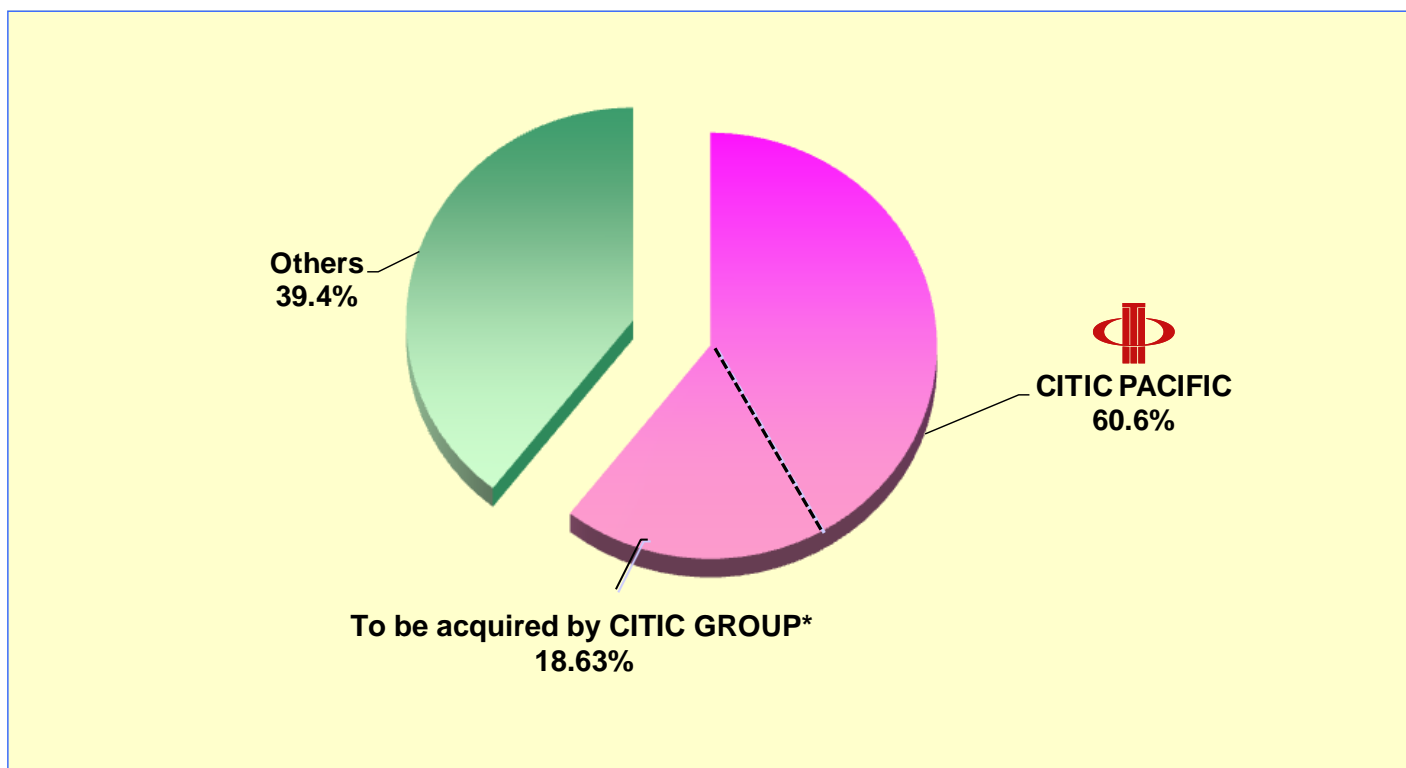


Strong Liquidity and Capital Structure

	2010	2011	2012
HK\$m			
For the year ended 31 December			
Operating cash flow before changes in working capital & tax	500.3	511.8	520.8
Net cash generated from operating activities	346.9	349.5	291.1
Dividend from CTM	-	157.6	180.7
Total	346.9	507.1	471.8
Payment for acquisition	479.6	57.3	122.2
Capital expenditure for Data Center	66.1	40.6	43.3
Capital expenditure - others	92.7	145.9	129.8

HK\$m			
At 31 December			
Cash and bank deposits	327.0	257.0	354.8
Bank borrowings	- NIL -	- NIL -	100.0
Net Cash	327.0	257.0	254.8
Net Gearing ratio	Net Cash	Net Cash	Net Cash
Debtors Turnover Day	119	122	126

Shareholding Structure as at 31 December 2012

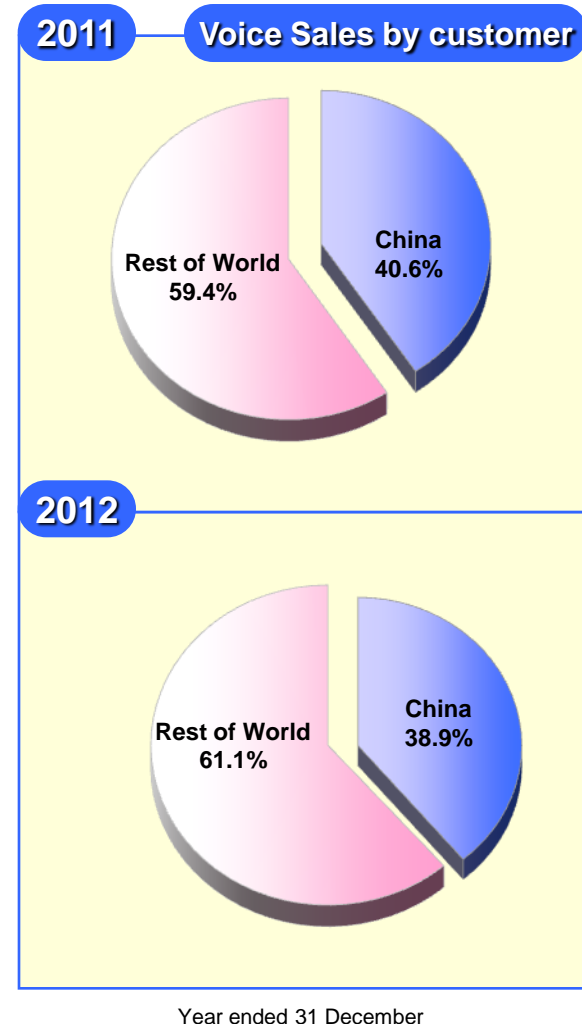
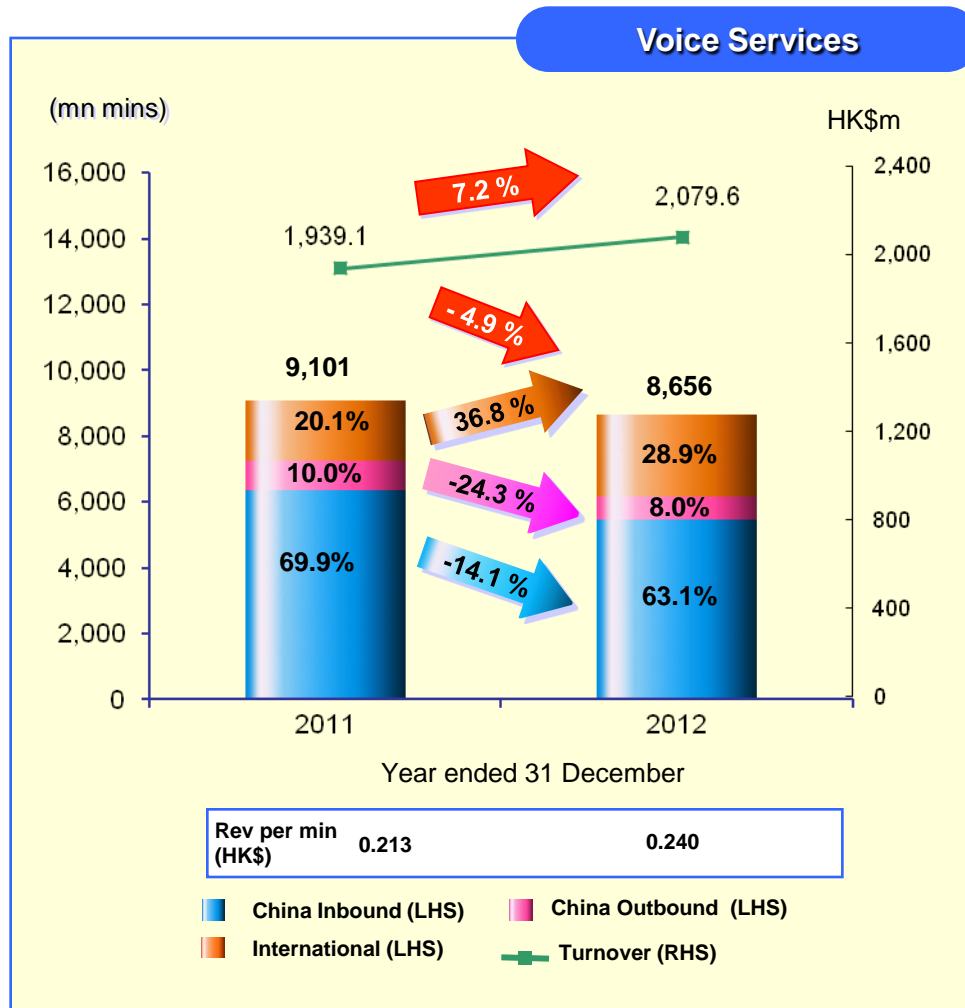


* Subject to China Government Approval

Business Review

Major Business Segment – Voice Services

 Handled approximately 8.7 bn mins voice traffic



Major Business Segment – Voice Services

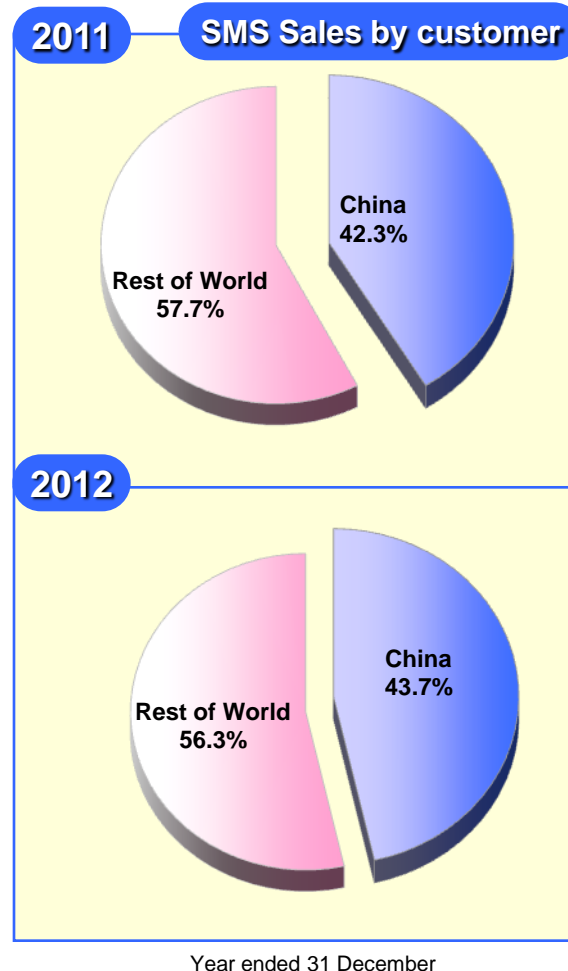
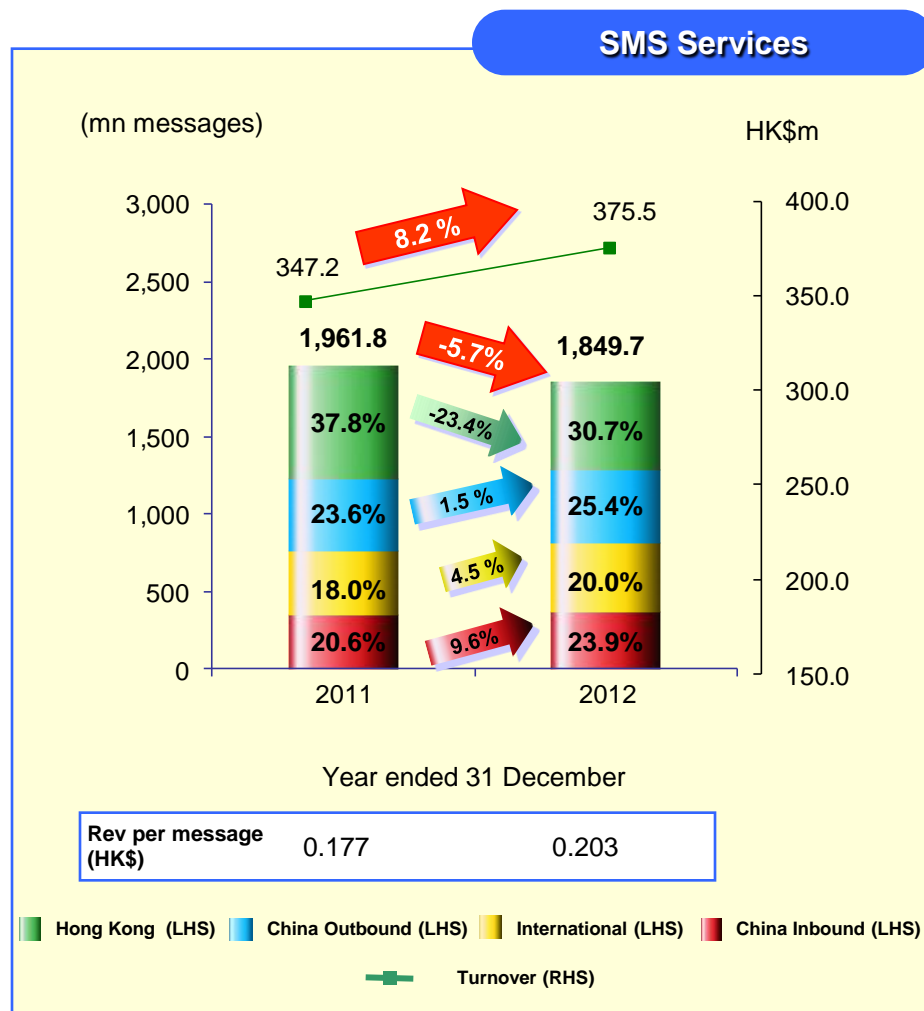
- ☉ Ranked the 15th largest international carrier by Telegeography in 2011
- ☉ Retail business in Singapore business unit has expanded its customer base and provided communications services to over 800 enterprises
- ☉ To expand our retail business in SE Asia region, the Group plans to acquire a Malaysian company which is currently serving over 370 multinational enterprises
- ☉ The group has launched its e-commerce web channel in North America to expand our calling card offerings. The online channel couples with our promotion campaigns and have been well received by our retail customers
- ☉ HIPPI (our in-house developed Smartphone app) has garnered the 'Best Mobile Communication Application Award', from The Chamber of the Hong Kong Computer Industry
- ☉ Continued facing price erosion pressure along with intensified competition from non-traditional telecoms services enabled by social networks and free voice apps



Major Business Segment – SMS Services



Handled approximately 1.85 bn SMS messages



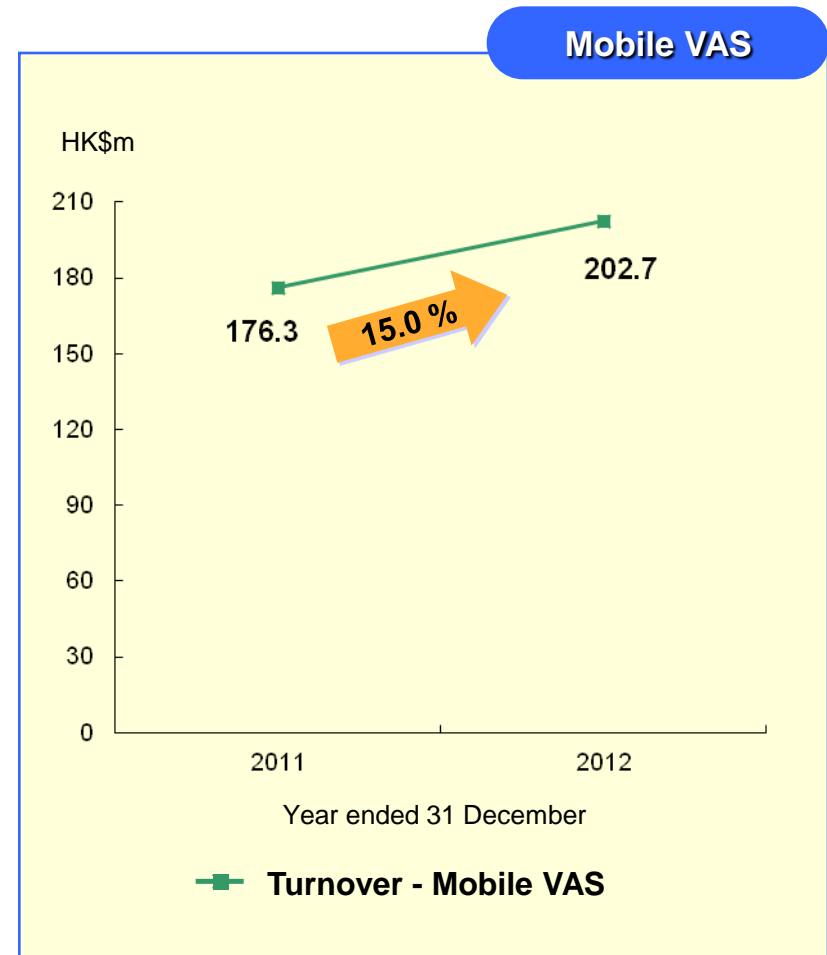
Major Business Segment – SMS Services

- Remains the dominant Inter-Operator SMS provider in Hong Kong
- Stable growth with increased SMS traffic volume generated by international MNOs, including China
- High quality services demonstrated through expansion to new international destinations for key international customers
- Successfully helped a large Japanese Mobile Operator to roll out an international SMS and direct international roaming services
- Established as the major regional SMS service provider in facilitating authentication for several large social networking applications in Asia Pacific



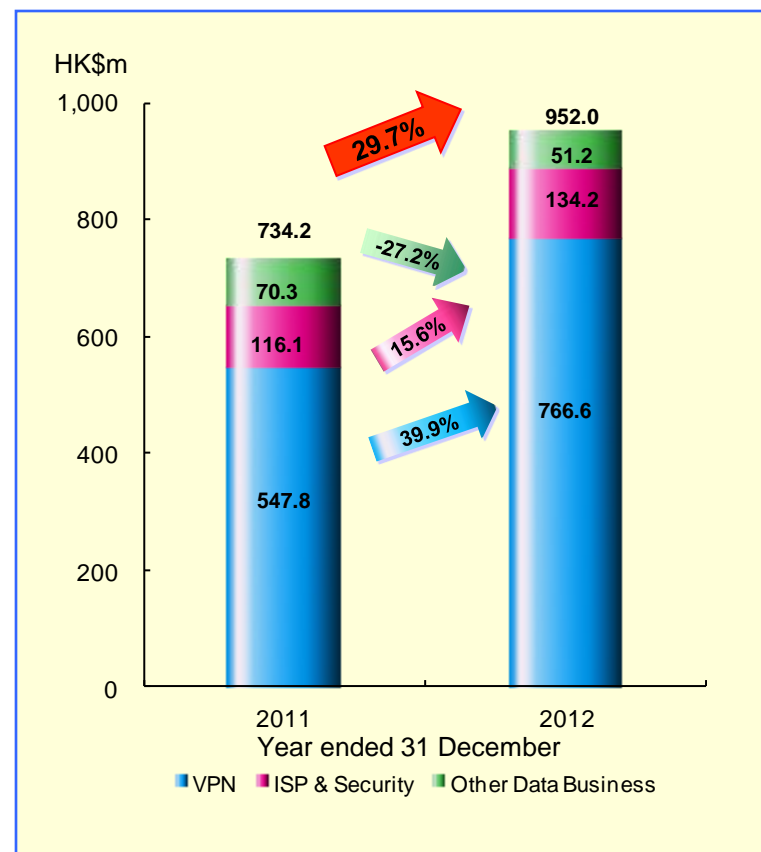
Major Business Segment – Mobile VAS

- Introduced an intra-province SIMN service delivered to a China operator
- Launched a SIMN Service for a strategic partnership between a mobile operator in Macau and a large Philippines Global MVNO player
- Launched its second IPX product, LTE Signaling Transit. The service enables international roaming between 4G LTE mobile networks and fallback to 3G mobile networks
- Offering PRS to 16 countries/regions: Australia, China, Egypt, France, Hong Kong, Indonesia, Italy, Japan, Macau, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam
- Successfully engaged several tier-one mobile operators to implement LTE roaming services expected to go live in Q1 2013
- Preparing to upgrade SCCP during the year to meet the upcoming roaming requirements of 4G LTE



Major Business Segment – Data Business

- Maintain stable revenue growth and profit margins
- CITIC Telecom CPC is the first HK VPN service provider to receive all three ISO9001 (Quality Management Systems), ISO20000 (Information Technology Service Management System) and ISO27001 (Information Security Management System) certifications
- CITIC Telecom CPC becomes one of the first VMware vCloud® powered service providers in Greater China
- CITIC Telecom CPC launched its first SmartCLOUD Operation Centers in Hong Kong, Taiwan and Singapore
- Successfully engaged a tier-one carrier to establish a point of presence (POP) for its internet platform at the CITIC Telecom Tower
- Expanded the POP of TrueCONNECT™ and launched four additional SmartCLOUD solutions, as well as enhanced many existing services. The coverage of TrueCONNECT™ VPN exceeds 50 POPs, and is now firmly established in the United States



Cloud Computing – Market Forecast



Worldwide cloud services market:

- Estimate market size in 2016 will grow to **US\$206.6 billion** vs US\$91.4M in 2011



APAC cloud services market :

- Expected to hit **US\$12.1 billion in 2016**
- Asia Pacific enterprises treated cloud computing as their **#1 priority** in the current or future fiscal year



China cloud services market

- It is estimated that the cloud computing services market in China will reach **US\$1.83 billion** in 2013, a **year-on-year growth of 52.2%**

- Expect by 2016, **50+%** of enterprises will have more than half of all their IT assets located in third-party datacenters & **60+%** of enterprise-class storage will shift to cloud service providers





CITIC TELECOM CPC

Comprehensive and Complementary ICT Solutions





SmartCLOUD

6 SmartCLOUD Service Centers across Asia Pacific

- Complemented by 3 SOC

(March 2013)

The 7th SmartCLOUD Service Center
in Beijing



Beijing

(March 2012)

Launched our first APAC SmartCLOUD service center in TW



Shanghai

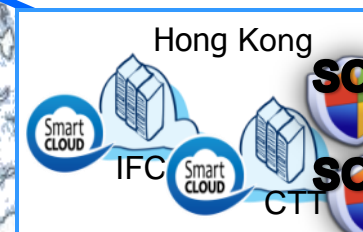


Taiwan



GuangZhou

SOC



Hong Kong

IFC

Smart CLOUD

CTT

SOC

SOC

(July 2012)

Launched our first ASEAN SmartCLOUD service center in
SG



Singapore



EMC²



riverbed

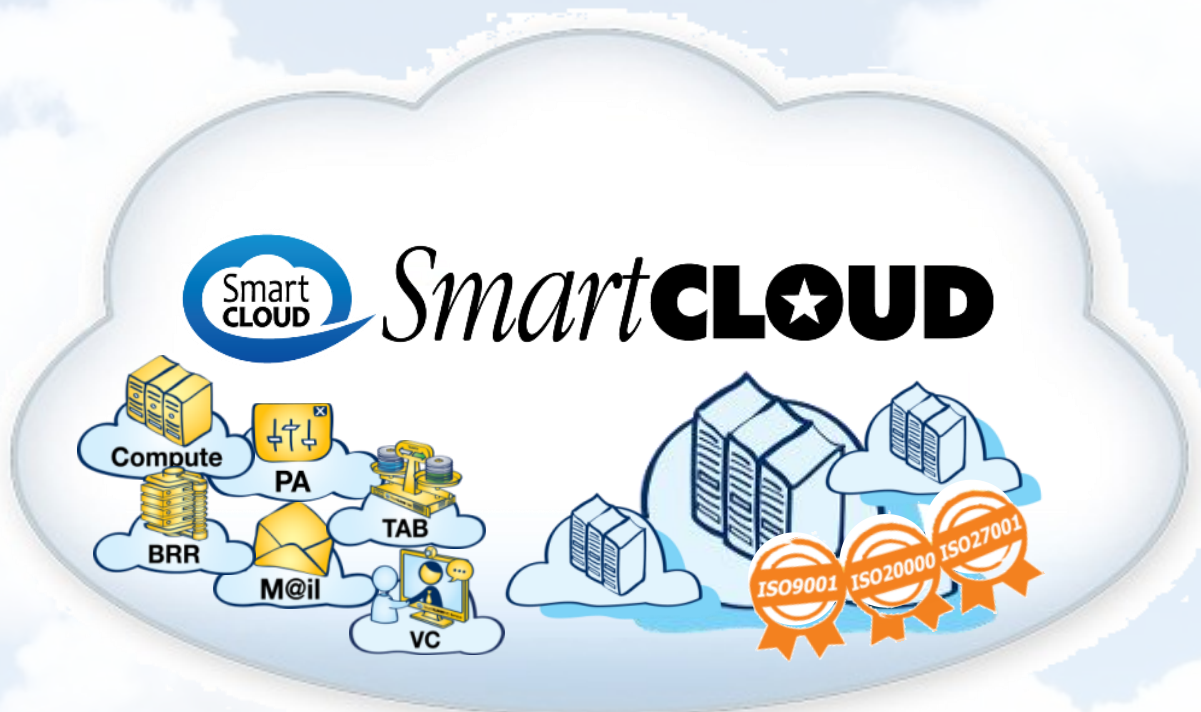




EMC²



riverbed



2013



SmartCLOUD vONE
(Private Cloud)



SmartCLOUD Private VDI



SmartCLOUD
Storage-as-a-Service



SmartCLOUD
Backup-as-a-Service



SmartCLOUD MMCC
(MultiMedia Contact Center)

IAAS

SAAS

... and more to come



Smart**CLOUD** Milestones



2010-2012 (Stage 1 Product and Development)

- ✓ Cloud Platform Development
- ✓ Deployed 6 COCs
- ✓ Clouds Specialist recruitment and training



2011-2012 (Stage 2 Solutions and Market Development)

- ✓ 6 world-class partnership for Clouds Solutions
- ✓ Over 100 marketing activities across AP
- ✓ Garnered over 10 Regional and Local awards
- ✓ Seeding Programs (e.g. Customers POCs and Sales Pipelines)



2013 onwards (Stage 3 Revenue Generations)

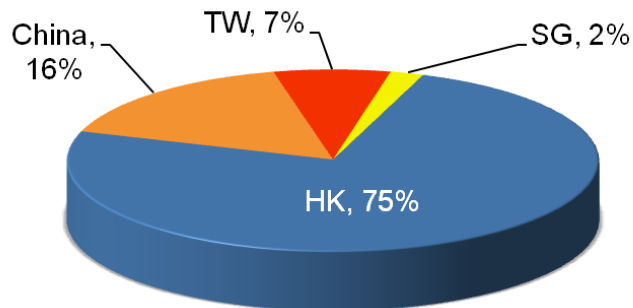
- ✓ POCs – deal are closing
- ✓ Solutions adaption to the market (SaaS)
- ✓ Vertical Industries solutions to unique segment (Private Cloud)



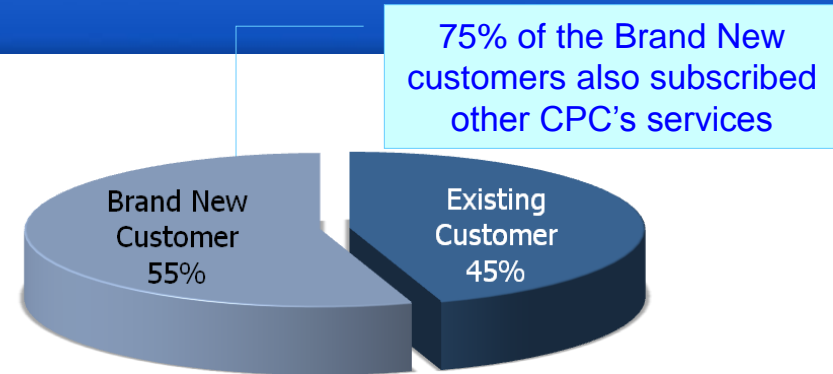
2014 onwards (Stage 4)

- ✓ Further expansion into our Point of Presences
- ✓ New COCs & SaaS
- ✓ More partners & solutions

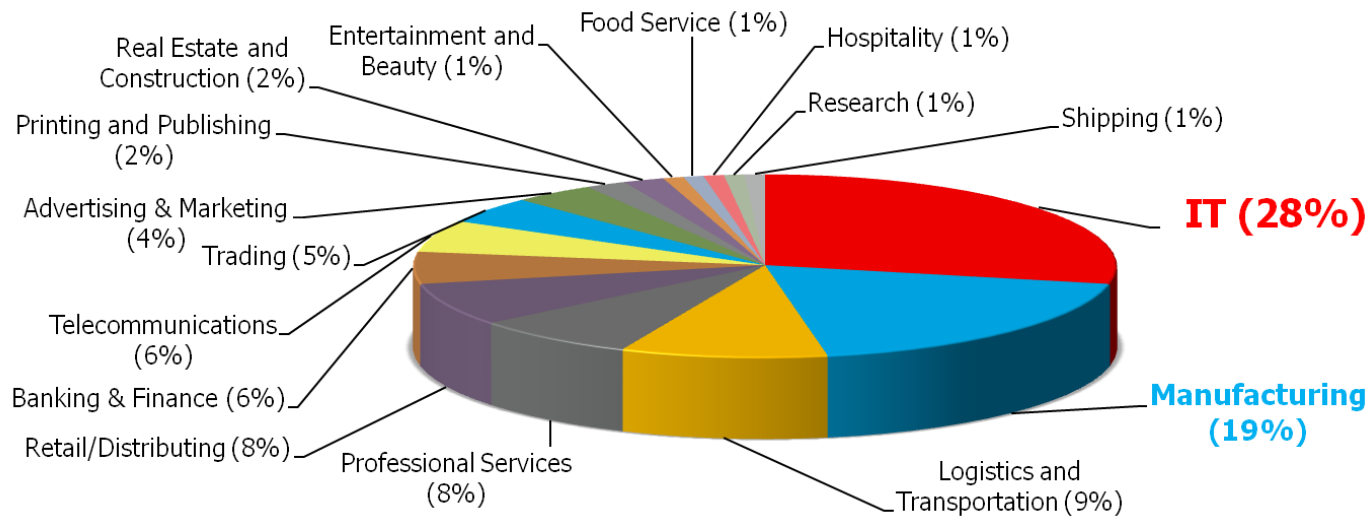
SmartCLOUD Customer Demographics



**Customer Distribution
(By Region)**



**Customer Distribution
(Existing / Brand New)**

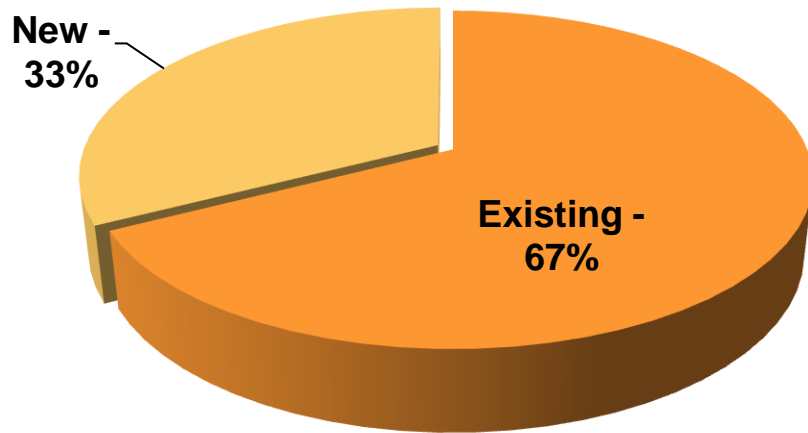


**Customer Distribution
(By Industry)**

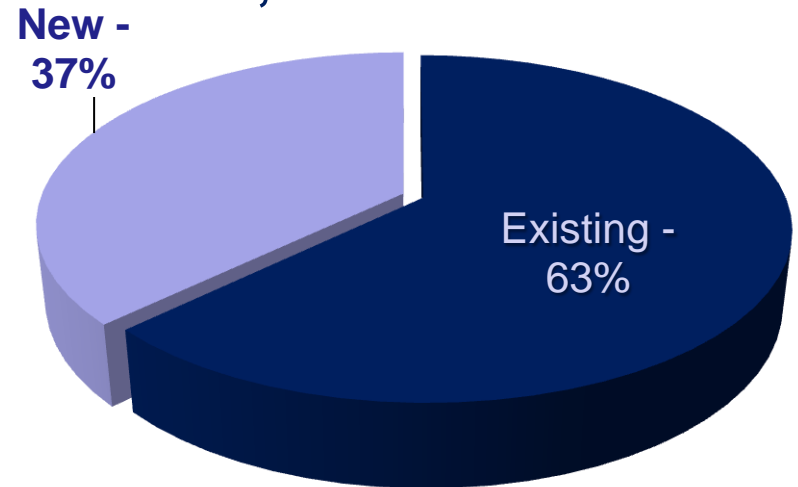


Service POPs Demographics

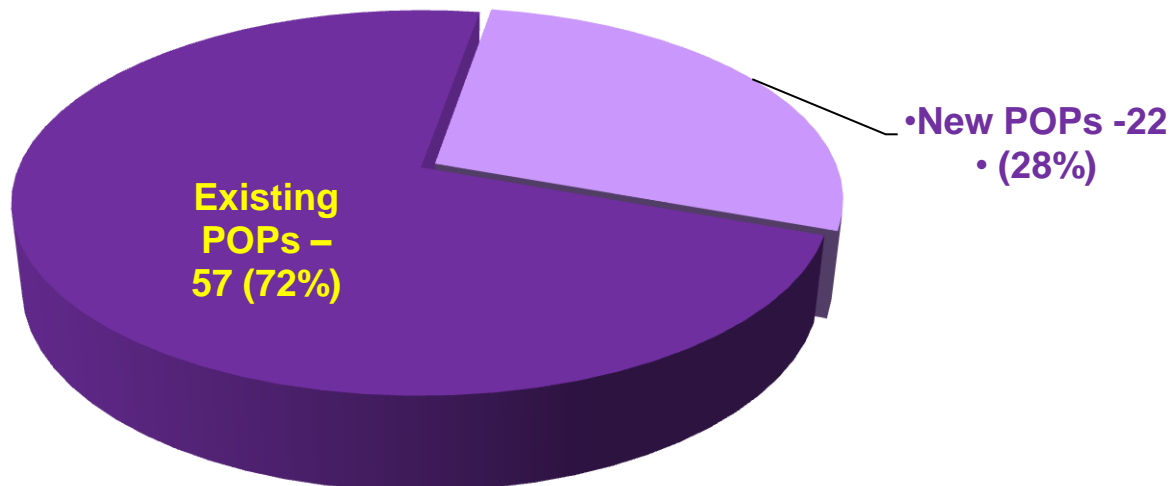
Direct Customers > 4,500 Service Site



IB Customers >3,500 Service Site



Total 79 Point of Presence



Our Value as a Total ICT Solution Provider



Extensive Coverage Across Asia Pacific

- 50+ POPs , covers 90% most Popular Business Locations in China
- 6 +1 SmartCLOUD service centers + 3 SOC's in the Asia Pacific region
- Operates within our World-class Data Centers



Solid ICT Expertise and World-class Partners

- Dedicated VPN, Security and Cloud specialists
- Certified professionals for NOCs, SOC's and COC's management
- Supported by world-class vendors on our quality solutions



Services and Quality Excellence - backed by

- ISO 9001, ISO 20000 and ISO 27001 certifications
- 24 x 7 x 365 Customer Service hotline, NOCs, SOC's and COC's support



Companhia de Telecomunicacoes de Macau, S.A.R.L. (“CTM”)

Macau GDP Growth

Year on Year Real Growth	2012	2011
Q1	18.5%	22.4%
Q2	7.8%	24.7%
Q3	5.1%	23.3%
Q4	Unavailable	18.0%
Full Year	Unavailable	21.9%
YTD GDP Growth Q3 2012 = 10%		

Companhia de Telecomunicacoes de Macau, S.A.R.L. (“CTM”)

CTM's turnover for 2010 : MOP 2,760M, 2011: MOP3,982M and 2012 : MOP4,922M

The increase was mainly due to the sales of mobile handsets (driver by the popularity of Apple iPhones) and the increase in customer base as a result.

CTM's net profit for 2010, 2011 and 2012 amounted to MOP813M, MOP932M and MOP969M respectively.

Turnover experienced a significant increase during 2011 and 2012 but net profit only increased by 15% and 4% respectively. This is due to the comparatively lower gross margin on handset sales compared with other mobile services.

CTM distributes 100% of their profits to its shareholders each year.

CTM's total assets and net assets increased during 2011 and 2012, mainly due to its business expansion.

Turnover and Net Profit of CTM



Total Assets and Net Assets of CTM



Companhia de Telecomunicacoes de Macau, S.A.R.L. (“CTM”)

<i>For the year ended 31 December</i>			
MOP M	2010	2011	2012
EBITDA	1,194	1,312	1,359
Capital Expenditure	206	287	339

Q&A