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 2011

22 Feb 2012

Highlights for the Year 2011

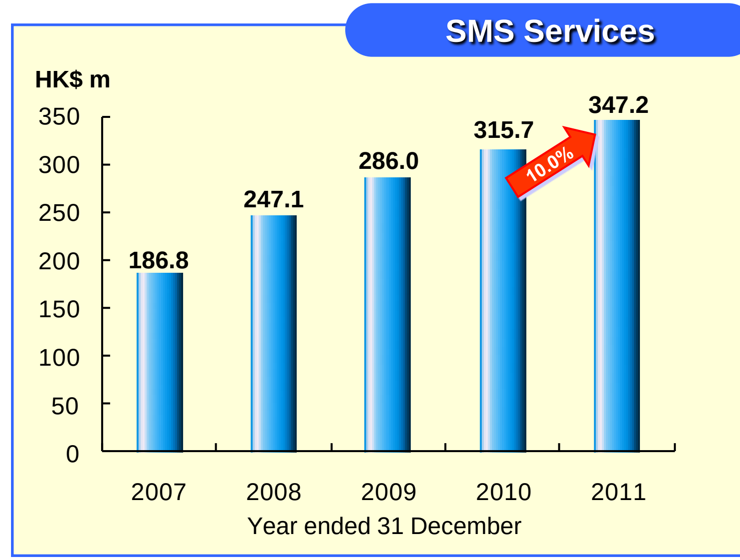
- Profit attributable to equity holders of the Company increased by 14.2% to **HK$458.2 million,** as compared against last year
- Turnover recorded a growth of 7.8% as compared against last year
- At 31 December 2011, cash and bank deposits was **HK$257.0 million**
- Final dividend of HK7.2 cents, together with interim dividend of HK2.4 cents, the total dividends payment for the year of HK9.6 cents, represent a dividend payout ratio of 50.0%

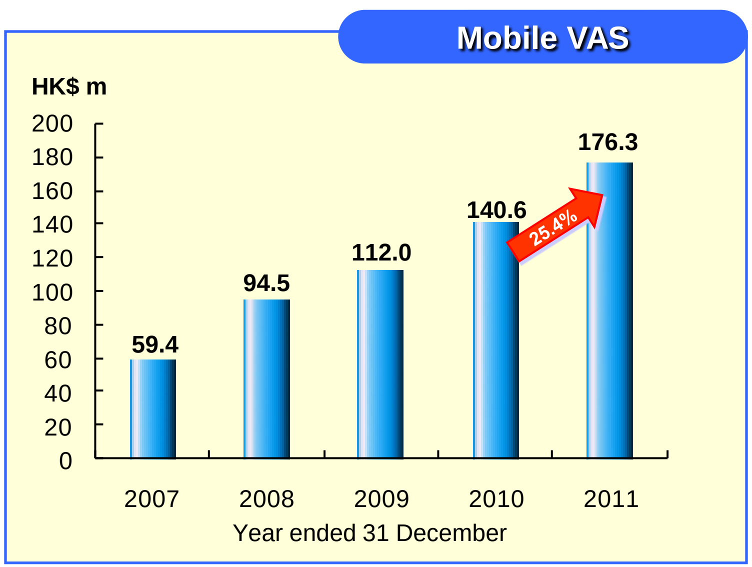
Financial Review

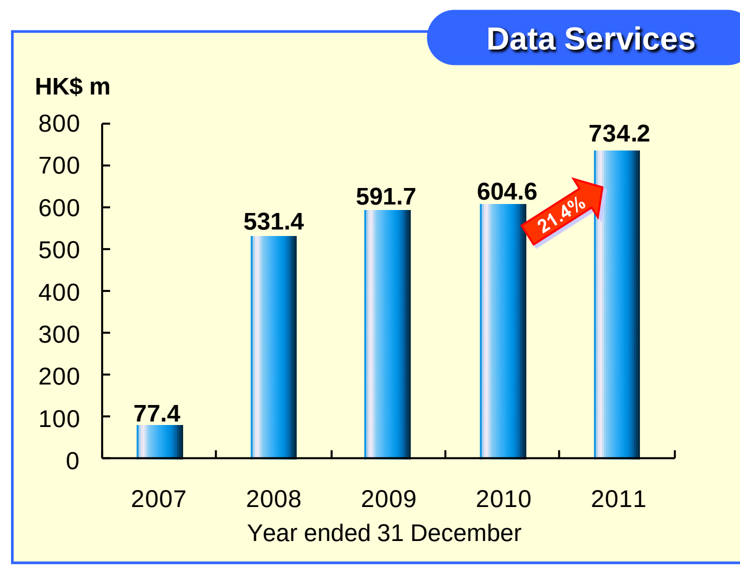
Turnover

- Turnover increased 7.8% to HK$3,196.8 million when compared with last year

Turnover of Four Major Business Segments







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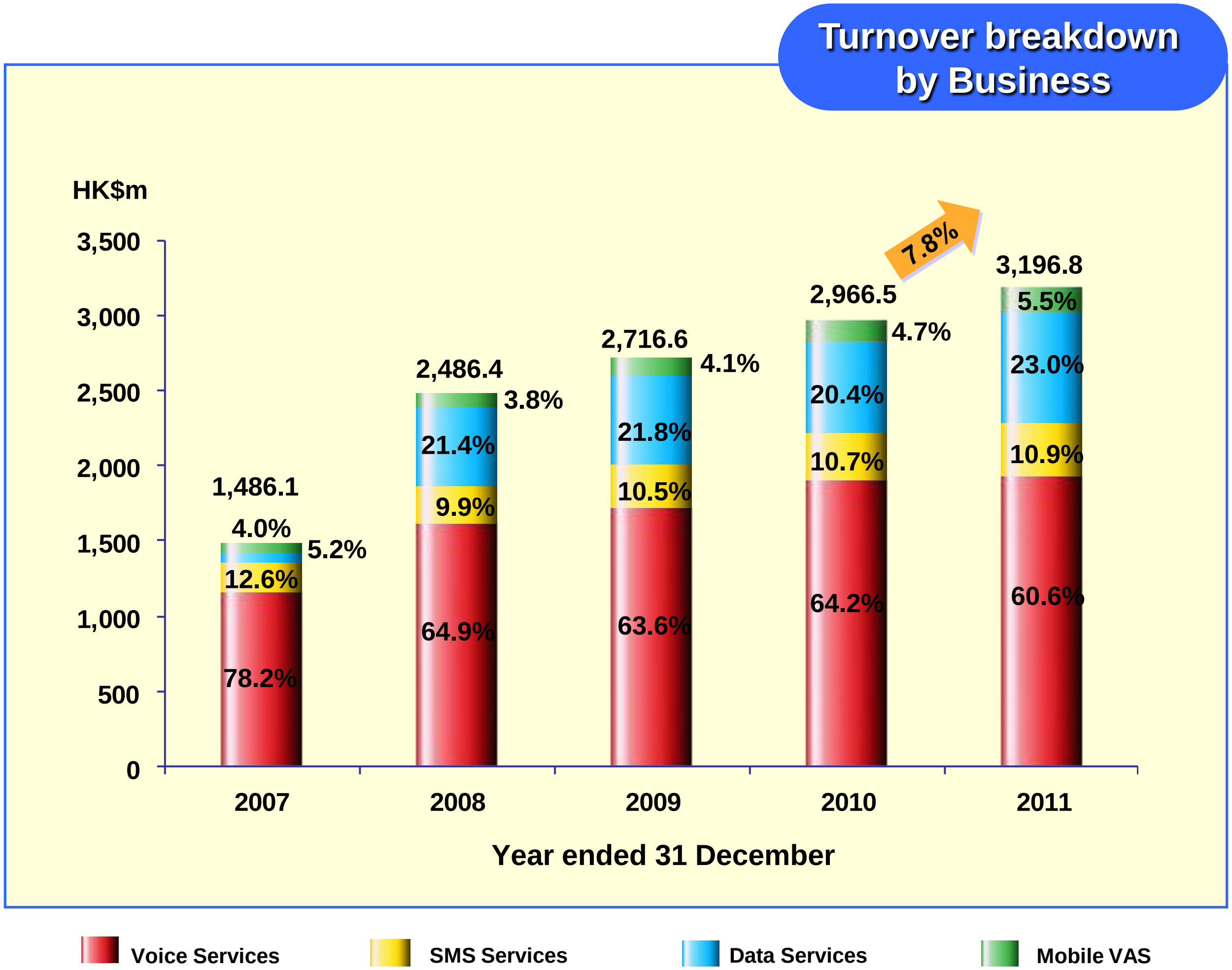
Turnover Breakdown



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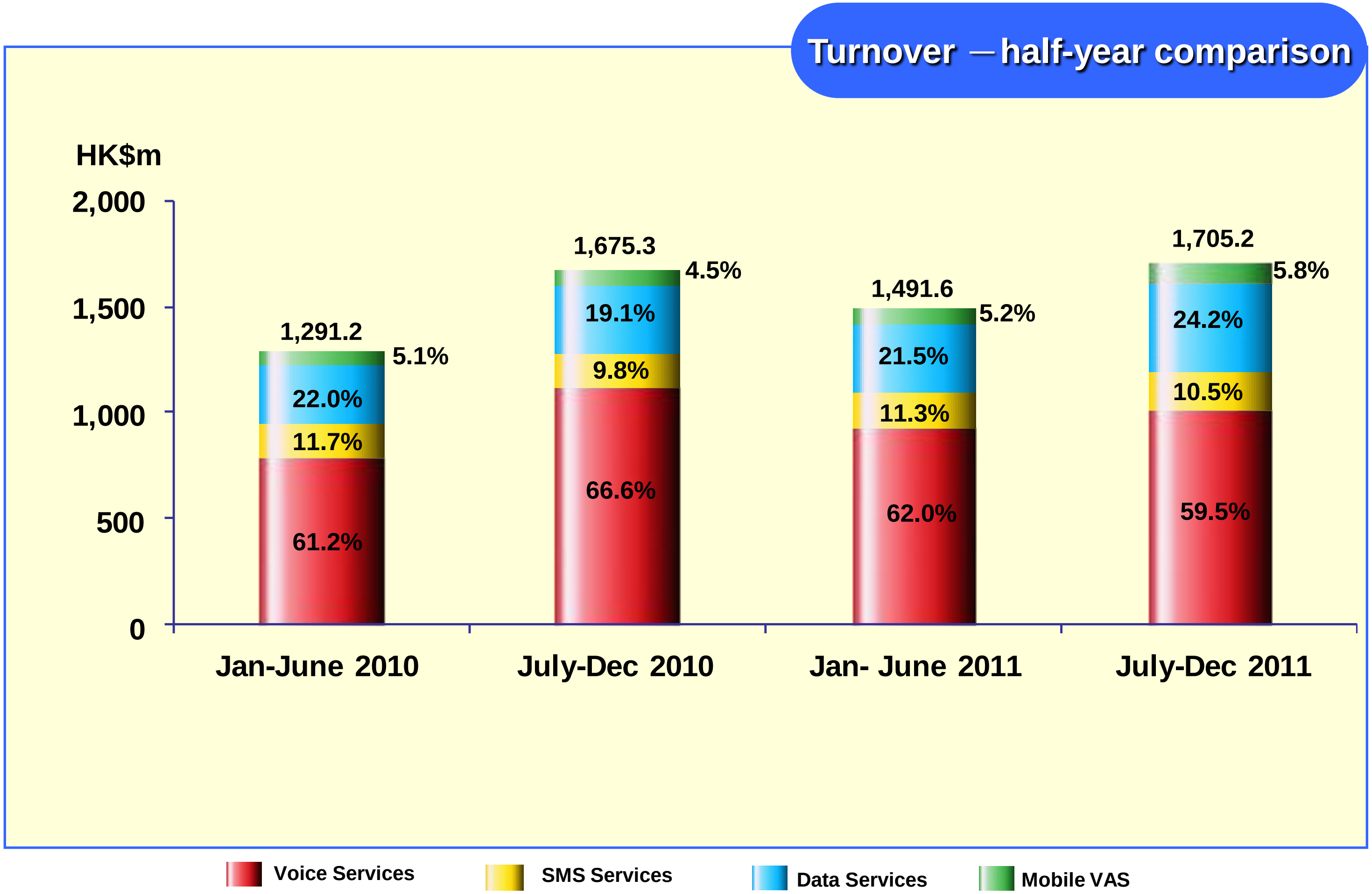
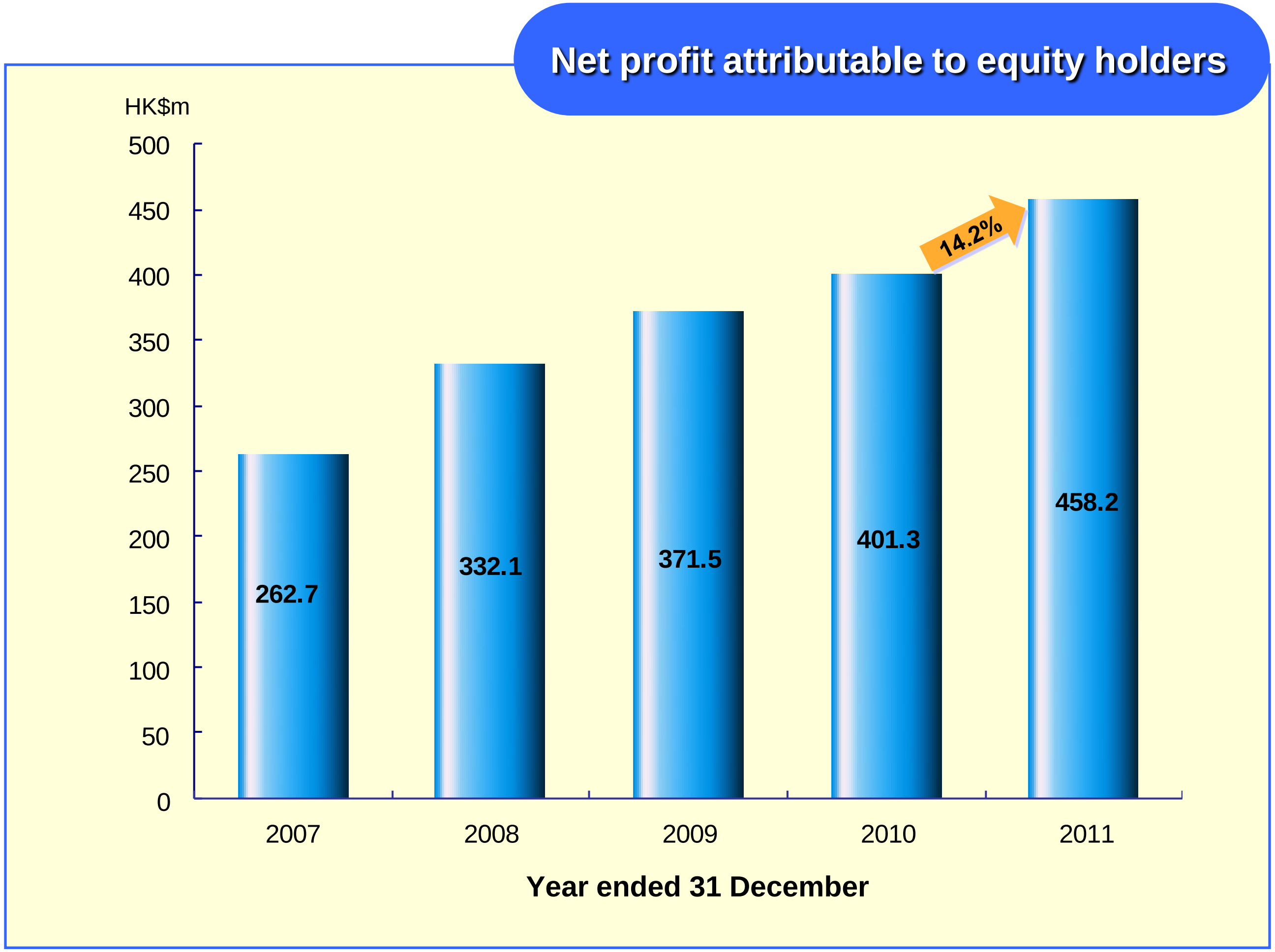
Turnover — half-year comparison



Profit Growth



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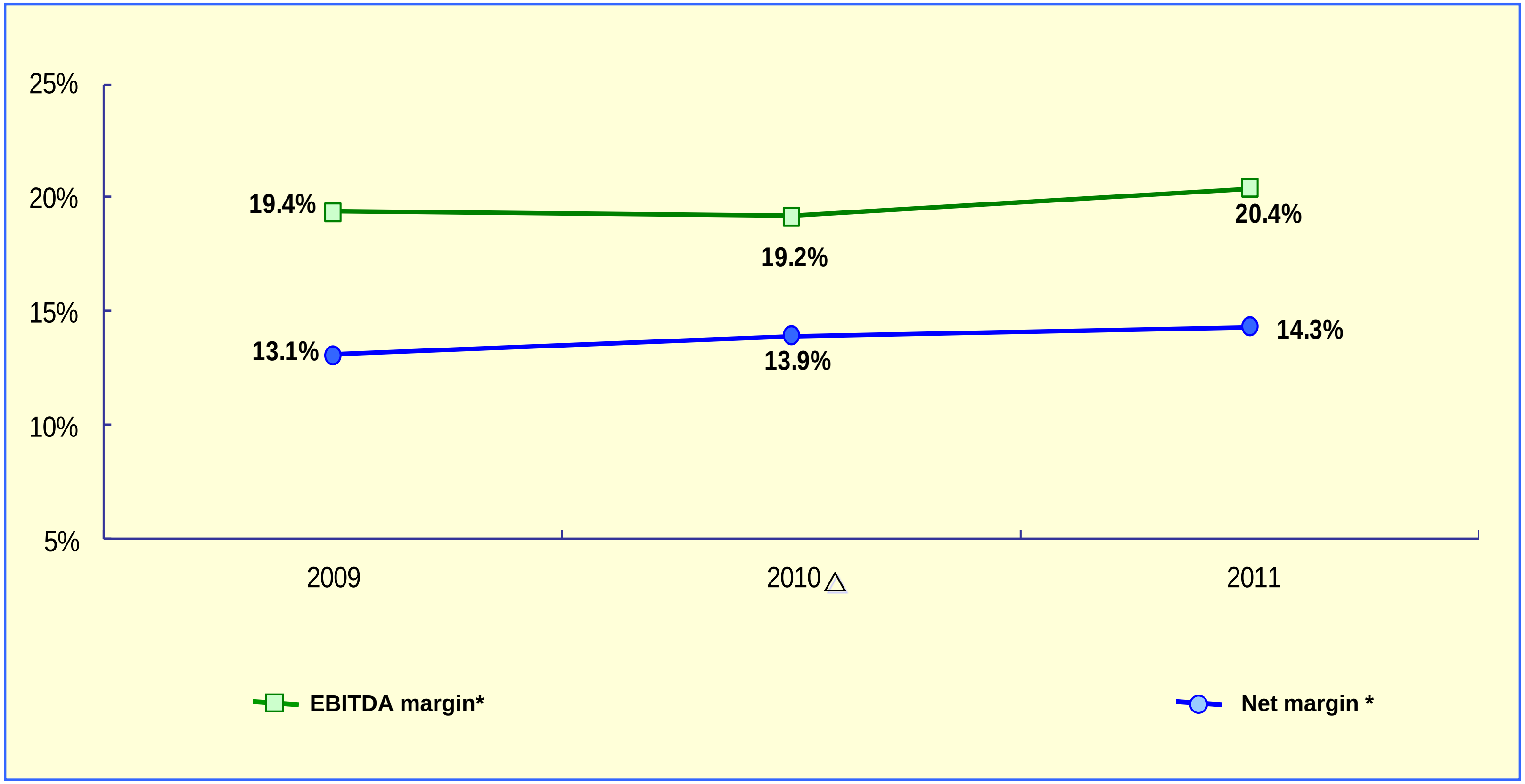
Margin Analysis



△ Excluded transaction costs of acquisition of subsidiaries

* After turnover re-allocation

Strong Liquidity and Capital Structure

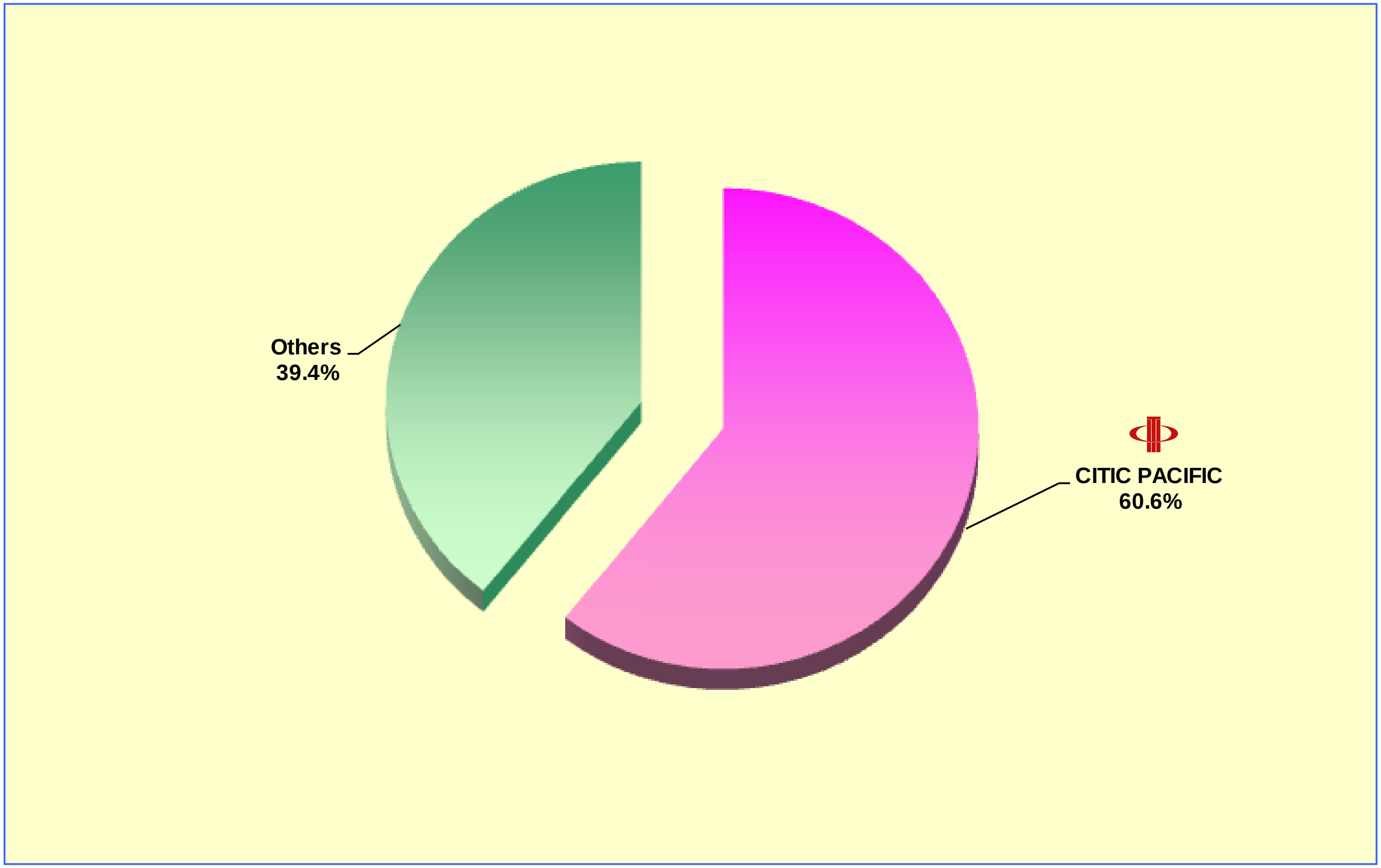
For the year ended 31 December

HK$m	2007	2008	2009	2010	2011
Operating cash flow before changes in working capital & tax	**335.7**	**493.6**	**554.1**	**500.3**	**511.8**
Net cash generated from operating activities	**262.1**	**400.1**	**402.3**	**346.9**	**349.5**
Interest received	**61.3**	**20.4**	**6.8**	**1.2**	**0.6**
Payment for acquisition	**-**	**181.3**	**96.7**	**479.6**	**57.3**
Capital expenditure for Data Center	**-**	**-**	**157.0**	**66.1**	**40.6**
Capital expenditure - others	**62.4**	**123.8**	**107.1**	**92.7**	**145.9**

At 31 December

HK$m	2007	2008	2009	2010	2011
Cash and bank deposits	**780.6**	**795.0**	**686.2**	**327.0**	**257.0**
Bank borrowings	**- NIL -**	**- NIL -**	**- NIL -**	**- NIL -**	**- NIL -**
Gearing ratio	**- NIL -**	**- NIL -**	**- NIL -**	**- NIL -**	**- NIL -**

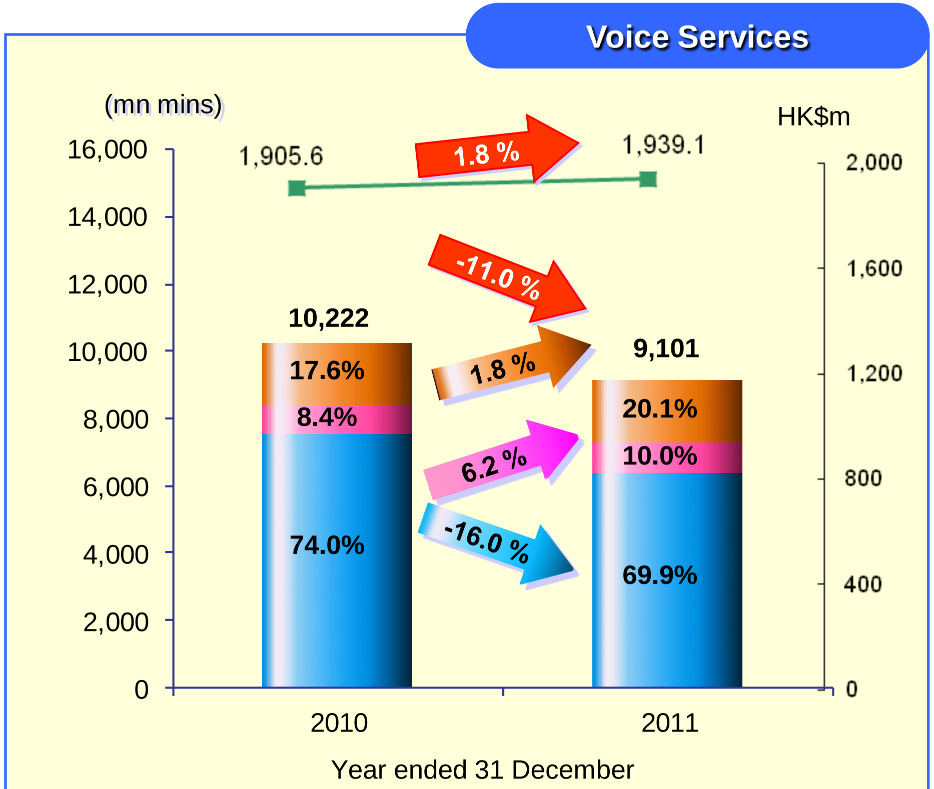
Shareholding Structure at 31 December 2011



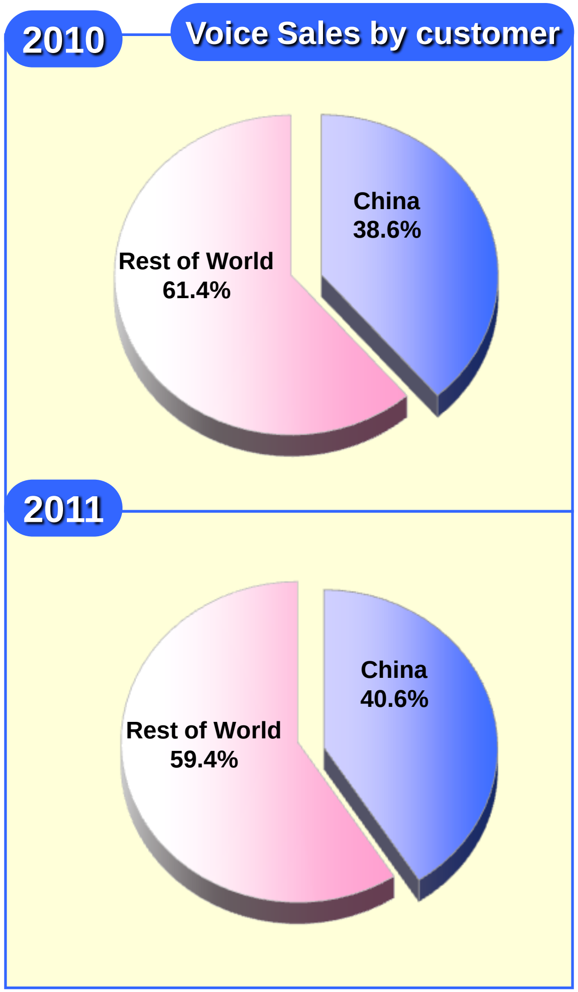
Business Review

Major Business Segment – Voice Services

- Handled over 9.1 bn mins voice traffic



Rev per min (HK$)	0.186	0.213



Year ended 31 December

Major Business Segment – Voice Services

- **Strong growth in overseas operations with significant increase in traffic volume and voice services' turnover**
- **Ranked the 11th largest international carrier by Telegeography in 2010 up one position from 2009**
- **Acquired a majority share of a Brazilian second-tier operator providing VoIP services to over 300 customers in business and residential market segments within Brazil**
- **Acquired shareholdings of a Taiwan partner to provide enterprise voice service in the Taiwan business market servicing over 3,000 customers**
- **Implemented 59 new international carrier connections in 2011 including tier one and incumbent carriers in Afghanistan and Africa Seychelles**
    - **Completed Dubai office set up and commenced operations**
- **Continue facing price erosion pressure and intensified competition from non-traditional telecoms services enabled by social networks and free voice apps**

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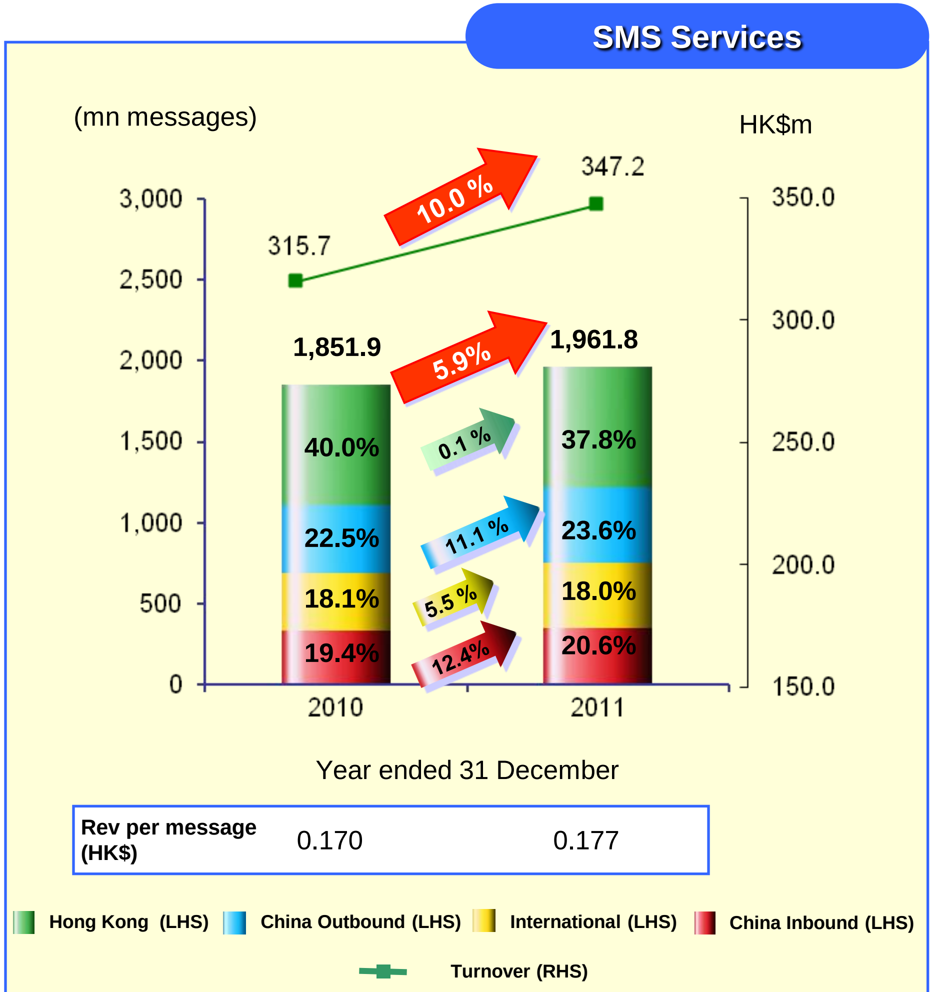
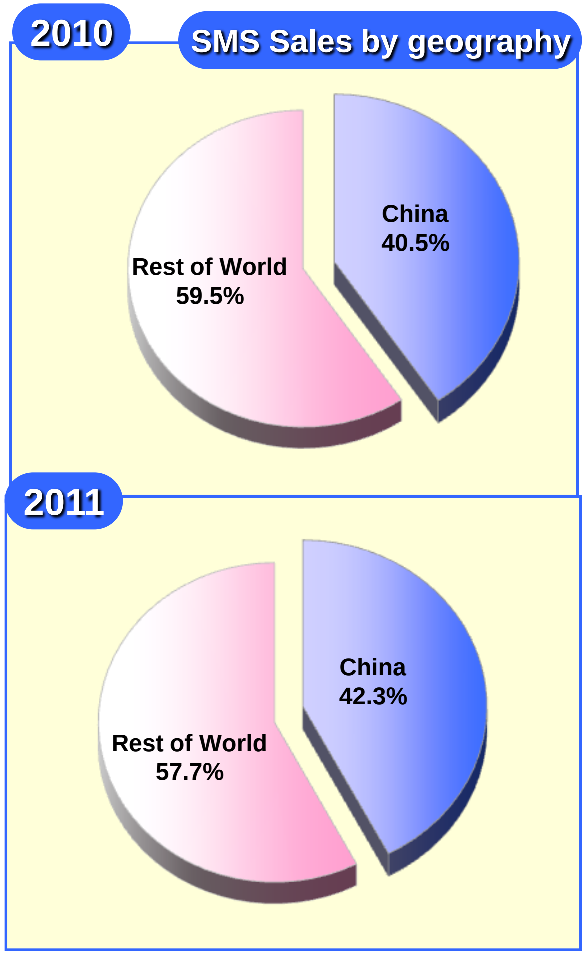
Major Business Segment – SMS Services

- Handled over 1.96 bn SMS messages



	2010	2011
Rev per message (HK$)	0.170	0.177



Year ended 31 December

Major Business Segment – SMS Services

- **Remained the dominant Inter-Operator SMS provider in Hong Kong**
- **Stable growth with increase of SMS traffic volume generated by international MNOs, including China**
- **Enhanced global market positioning by signing up new customer contracts in Asia, India, Middle East, and CIS Region**
- **Demonstration of high quality services through expansion to new international destinations for key international customers**
- **Healthy growth in the enterprise market, stimulated by launching new features such as alphanumeric sender address capability**
- **Participation in Trail Walker Project, a community safety and rescue project hosted by CAHK and facilitated by the HK Government**

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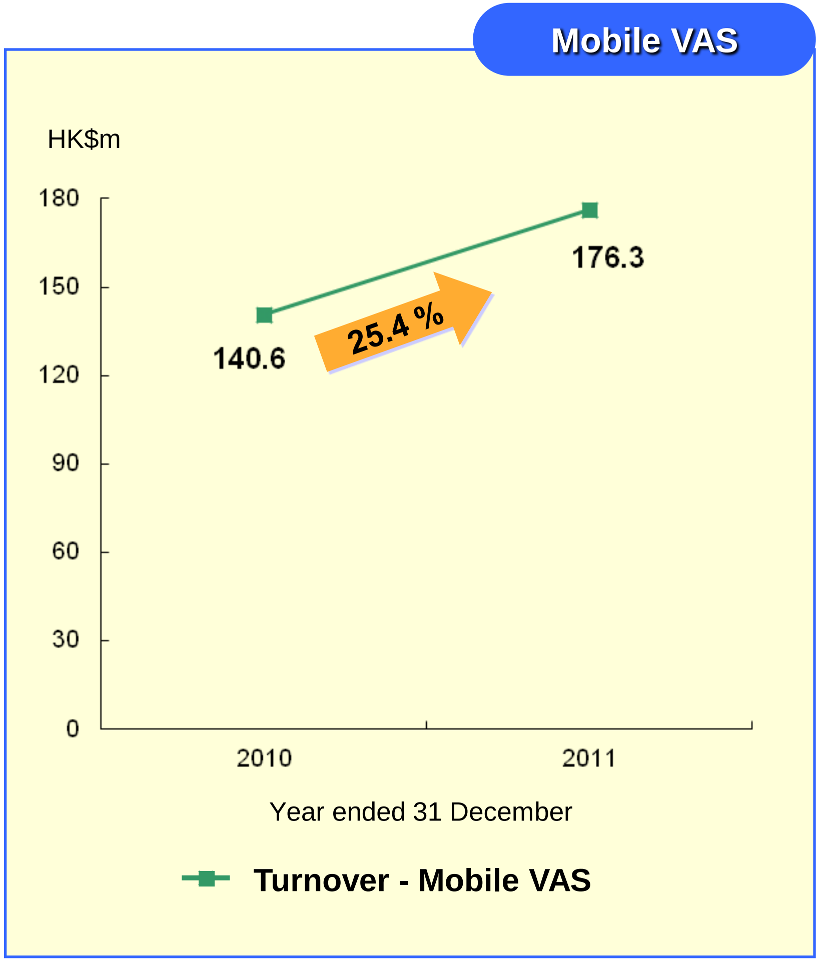
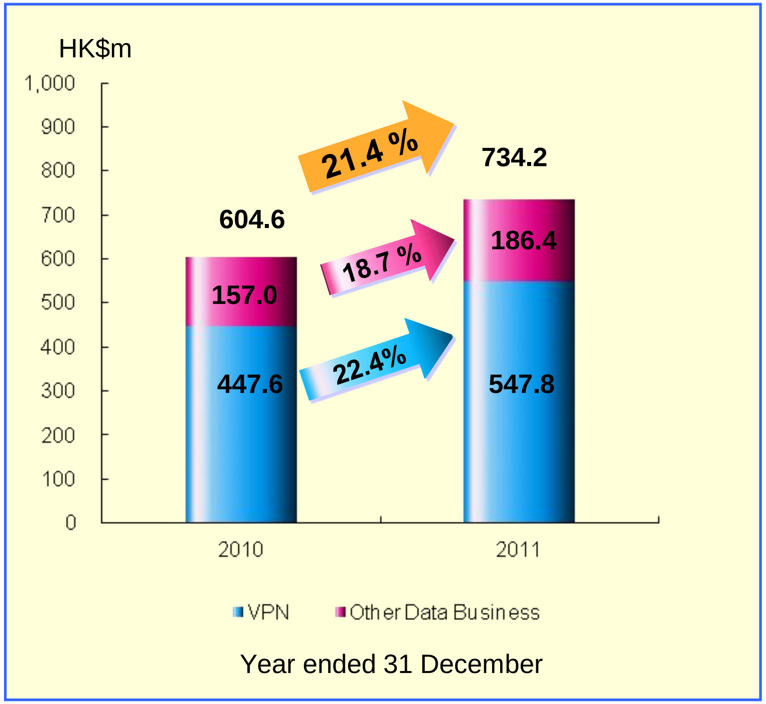
Major Business Segment – Mobile VAS

- Remained the leading international signaling provider in Asia Pacific, enjoying strong growth in key markets such as China and the Philippines
- Launched a domestic version of Single IMSI Multiple Number Service with an MNO/ MNOs in China
- Signed up over 10 new Prepaid Roaming contracts with MNOs in Asia, Australia, Africa and Europe, cementing leadership in the "Customized Application for Mobile Network Enhanced Logic" (CAMEL) Hub market
- Expanded prepaid roaming coverage for MNOs in China to twelve more countries around the world
- Continue to push new services to the market, e.g. IPX, WiFi Roaming and Mobile Commerce



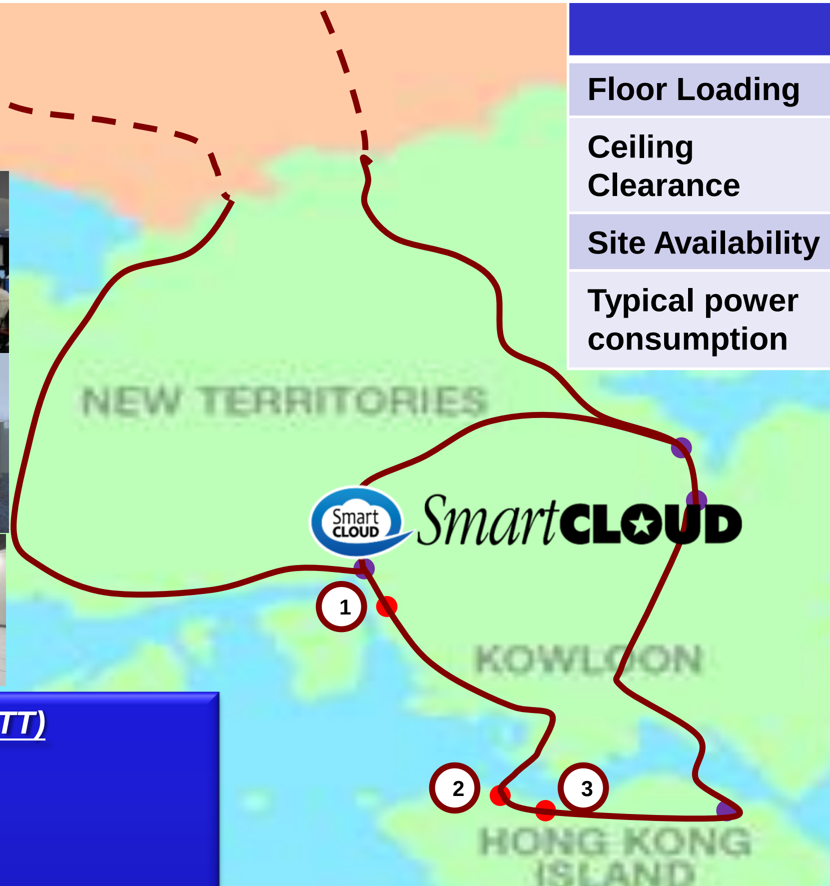
Major Business Segment – Data Business

- Maintained 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
- Innovative Products unveiled in 2011
  - CITIC Telecom CPC launched its first SmartCLOUD Operation Center in Hong Kong
  - CITIC Telecom CPC launched its third flagship product, SmartCLOUD Cloud Computing solutions - a virtual infrastructure comprising two offerings:
    - SmartCLOUD Compute – Infrastructure-as-a-Service solution ideal for companies that need to quickly deploy and manage their virtual memory, storage, CPU, networks and physical ports
    - SmartCLOUD M@il - a set of e-mail, calendaring and collaboration tools
- CEPA approval in progress on the acquisition of China Enterprise Communications Ltd. The network coverage, service profile and customer base will be expanded with CEC's nationwide IP-VPN license



Data Business Highlight – Data Center Development

	Tier 3	CTT
Floor Loading	Min. 150 lbs/ft^2	>334 lbs/ft^2
Ceiling Clearance	Min. 11.5 ft	>16.5 ft
Site Availability	99.98%	>99.98%
Typical power consumption	3 – 4 kVA	Up to 10kVA



1. CITIC Telecom Tower (CTT)

Location:	**Kwai Chung**
Area:	**35,000 sqft (Ph 1)**
	18,000 sqft
	(Ph 2 to be completed in Q3, 2012)
Highlight:	**Tier 3+ Standard**
	High power zone
	"Green" power saving features

2. IFC2

Location: Central

Area: 45,000 sqft

Highlight: Dual power supplies from both CLP & HKE

3. CITIC Tower

Location: Admiralty

Area: 10,000 sqft

Cloud Computing is an Inevitable Trend

Frost & Sullivan: Cloud computing to become mainstream in Asia-Pacific in 2012, said Andrew Milroy, VP, ICT Practice, AP (Nov 30, 2011)

Approximately 30 percent of APAC organizations will have adopted some form of cloud computing, such as mainstream IT Option

FROST & SULLIVAN

IDC: Estimates that 80 per cent of new enterprise application development will be for the public cloud, and by 2015, 20 per cent of enterprise application spending will be cloud-sourced. (by IDC's 10 Enterprise IT Predictions for 2012 , Nov. 24,11)

IDC
Analyze the Future

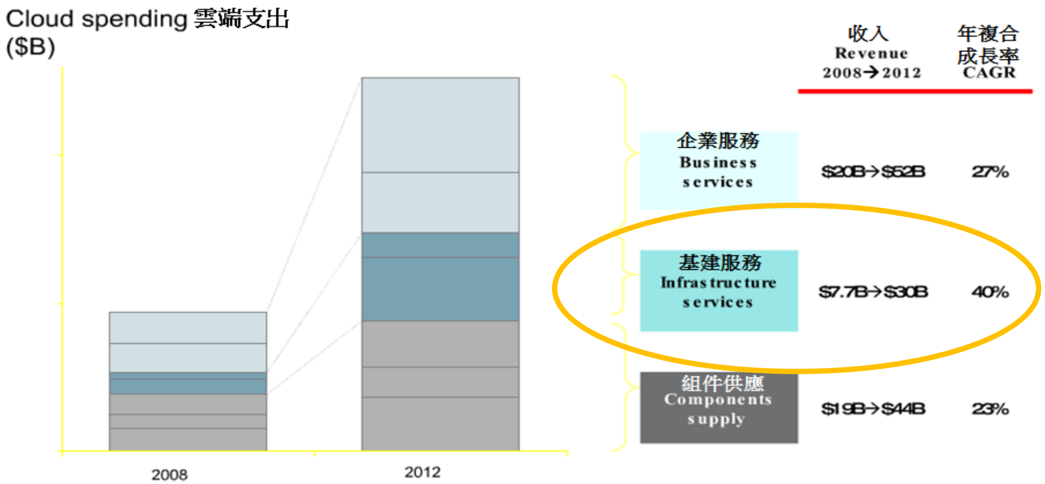
Gartner

Gartner: Cloud computing, mobility, social media to drive IT services in Hong Kong in 2012, by Twiggy Lo, Principal Research Analyst (Nov 23, 11)

Disruptive technologies like cloud computing, mobility and social media will drive IT services adoption in Hong Kong in 2012

All Three Cloud Sub-markets to Grow Strongly

- **According to Frost & Sullivan, cloud computing market in Asia-Pacific, excluding Japan, is expected to grow at the compound annual growth rate (CAGR) of 39% over a five-year period starting 2010 to hit US$5.8 billion by 2015**
- **IDC predicts the cloud computing market in CHINA will be increasing at almost 40% CAGR in the future, reaching over US$1B in 2014**
- **The worldwide cloud spending market growing at 28% CAGR to US$126B in 2012 from US$47B market from 2008**



- Includes both direct providers of cloud services and components suppliers
- Data represents a worldwide view across both LE and SMB
- 包括提供雲端服務的直接供應商及組件供應商
- 數據概括全球大型企業及中小企的意見

http://www.slideshare.net/rhonah/cloud-computing-beyond-the-hype-5235711

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Source: IBM (MI), IDC, CIO magazine, BCG analysis

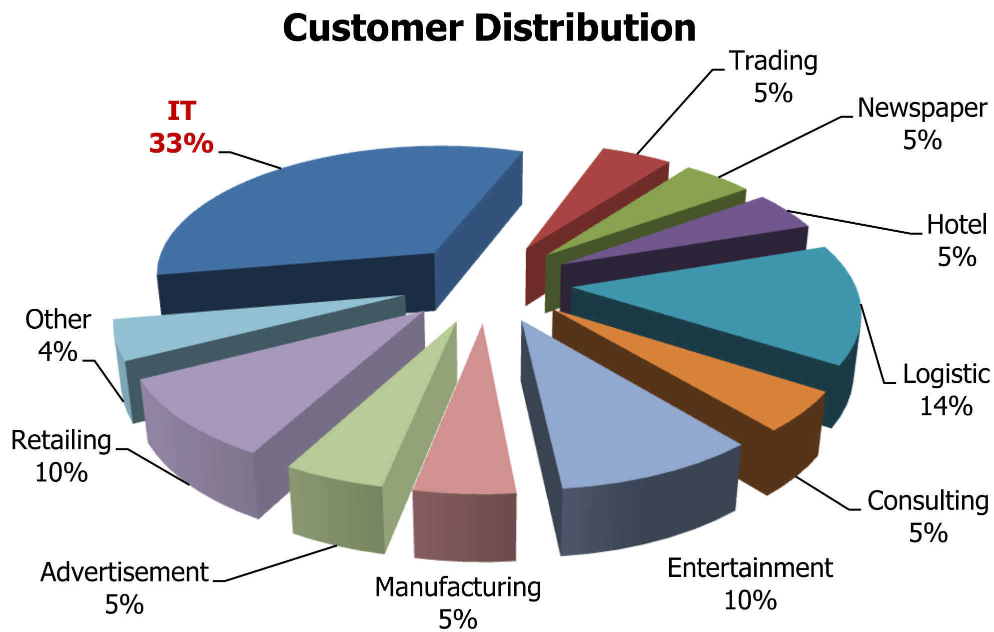
SmartCLOUD Current Revenue Analysis

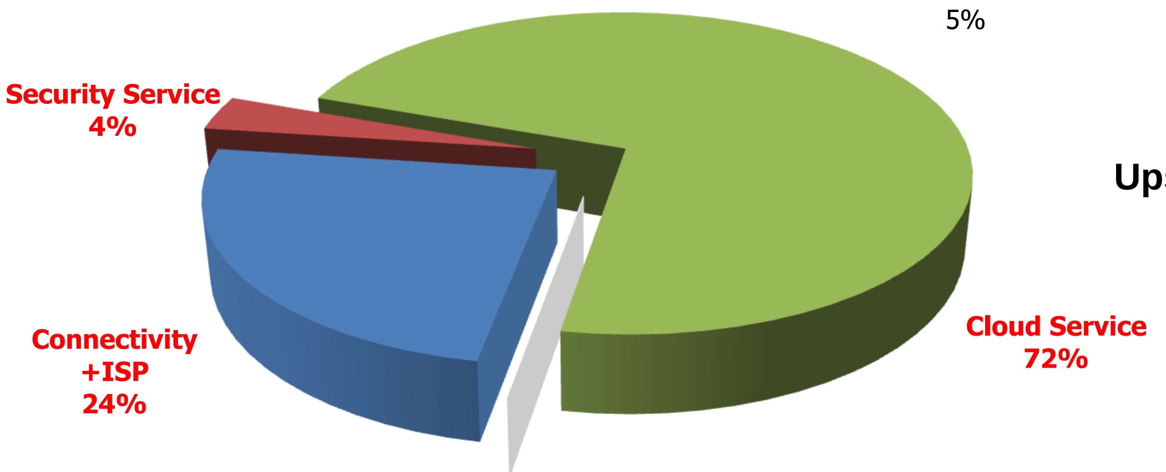
Nos. of Customer: 21
- **Customer from existing base: 7**
- **New Acquisition : 14**

Nos. of POC*: 80
*** Proof of Concept**

ARPU: 200K+

Since Jul. 2011





Upsell other service Opportunities

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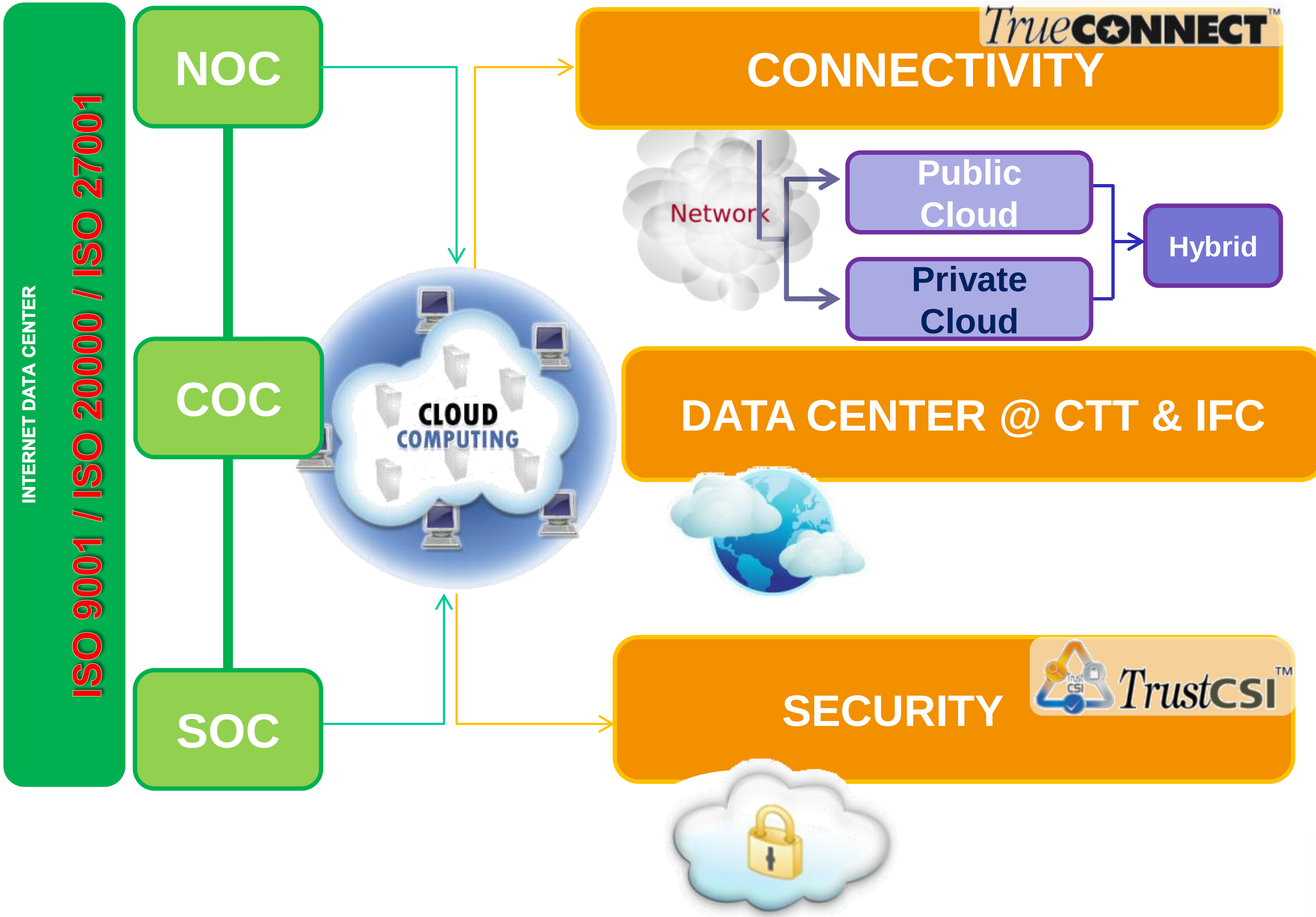
SmartCLOUD Service Offerings



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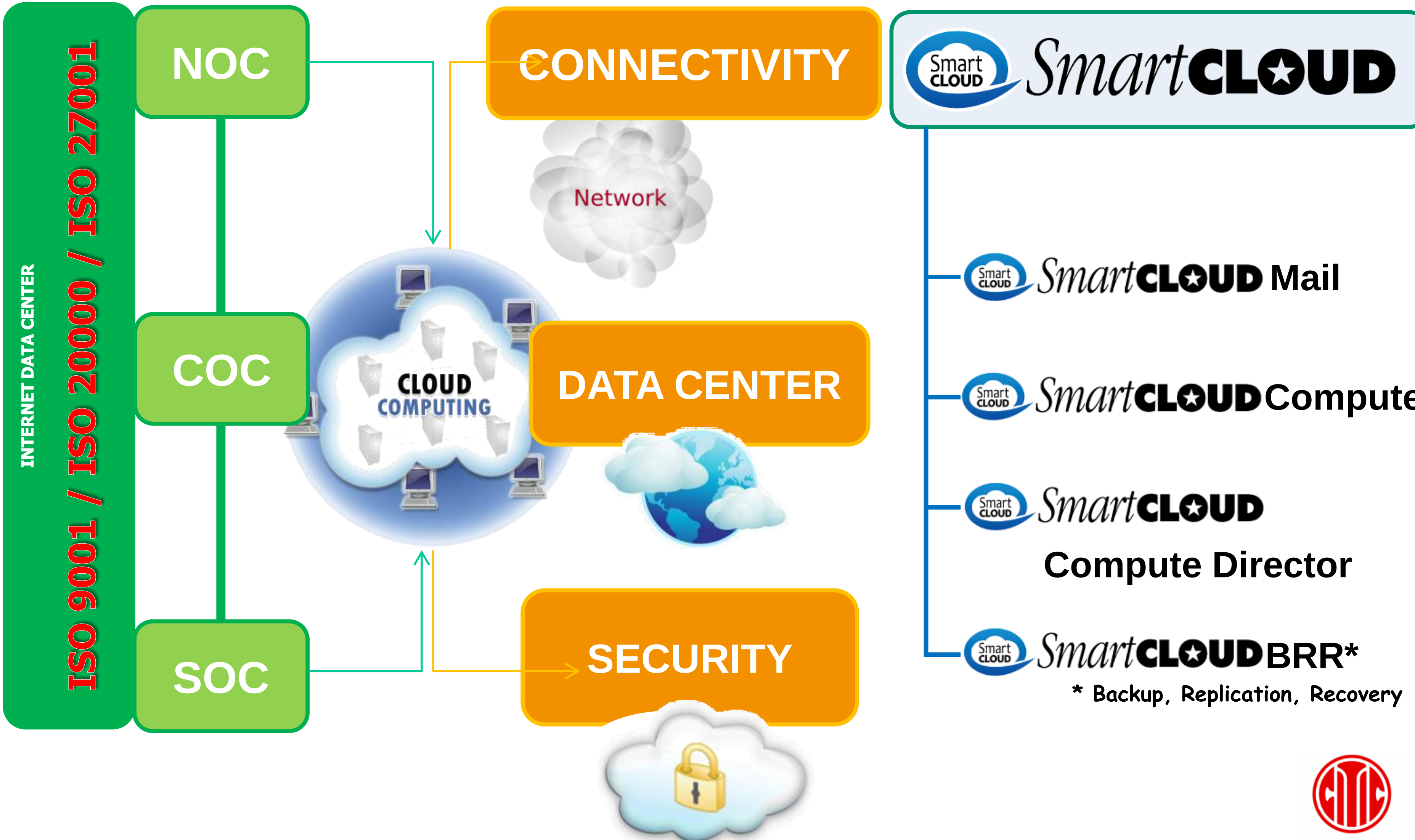
SmartCLOUD Service Offerings



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SmartCLOUD Winning Edges

- **Partnered with Top-Tier Cloud Technology Vendors. E.g. VMware and Dell**

- **Service Built on carrier-grade Data Centers**
- **Complement with NOC and SOC**
- **Certified with ISO9001,ISO20000,ISO27001**

- **CITIC Telecom CPC's Account Managers are 100% Certified VMware VSP Sales Professional**

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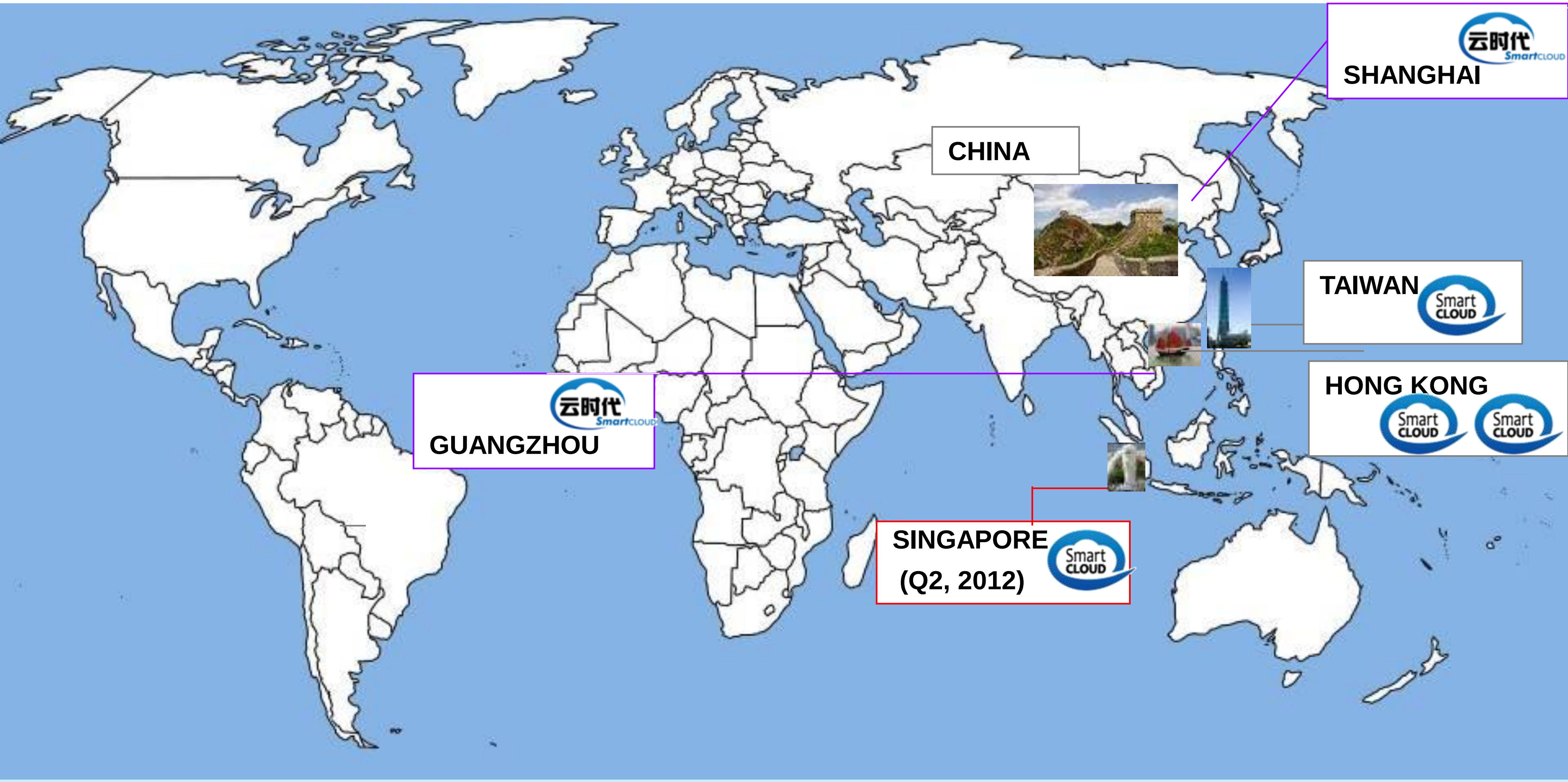
Service Centers



Service Centers in Asia Pacific

Service Centers in Mainland China, managed by CEC

*Mainly provides "Private Cloud" and "Hybrid Cloud" Solutions to Enterprises

Create a Cloud Ecosystem

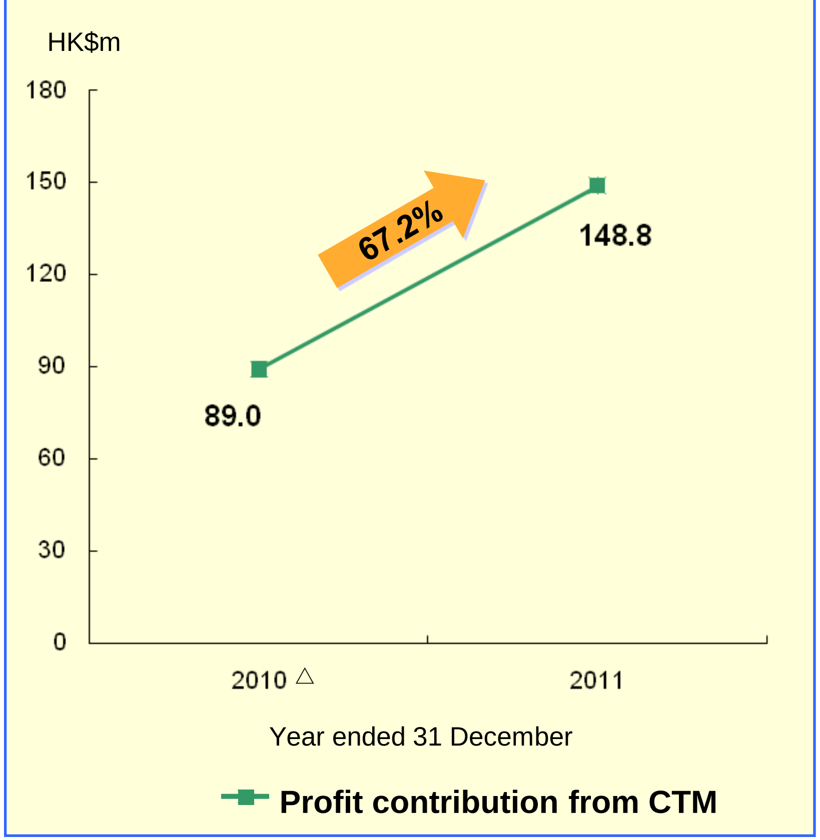
Our Objective

We aim at providing utility cloud with managed services to develop a ecosystem that can cross-sell, upsell, all-in-one solution in Information and Communication Technology Market

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

- **CTM's net profit increased by 15% to MOP932 million, while turnover rose 44% to MOP3,979 million**
- **Profit contribution from CTM to CITIC Telecom International amounted to HK$148.8million, up by 67% compared with the previous year**
- **Macau economy has remained strong during 2011**

Profit Contribution from CTM



△from 5 May 2010 (date of acquisition of CTM) to 31 Dec 2010

Laying a Firm Foundation for Future Growth

- Develop a strategic relationship with all CITIC Group companies and position ourselves as their preferred partner in the telecoms sector
- Leverage our existing hub model and increase our vertical integration initiatives with a target to establish our own direct link to the end-users
- Bolster efforts to expand our “Managed Services” business with an emphasis on developing cloud computing and data centre solutions
- Continue to aggressively expand our overseas business especially in emerging markets such as the Middle East, Africa and Latin America

Q&A