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 2010
25 Feb 2011**

Highlights for the Year 2010

- Profit attributable to equity holders of the Company increased by 8.0% to **HK$401.3 million,** as compared against last year

- Turnover recorded a growth of 9.2% as compared against last year

- At 31 December 2010, cash and bank deposits was **HK$327.0 million**

- Final dividend of HK7.1 cents, together with interim dividend of HK2.4 cents, the total dividends payment for the year of HK9.5 cents, represent a dividend payout ratio of 53.1%
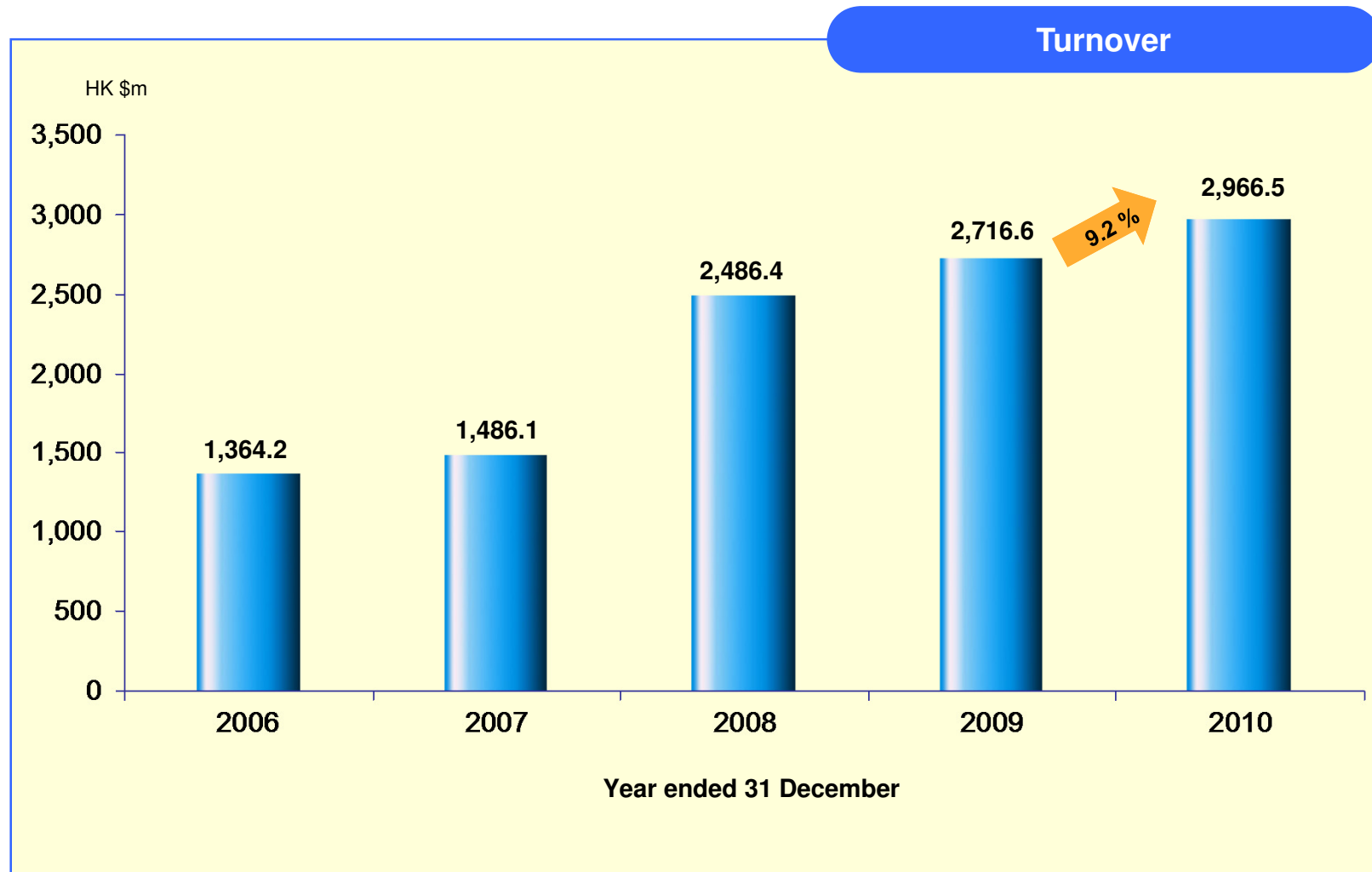
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Laying Foundation for Future Growth

- Change of name to CITIC Telecom International Holdings Limited

- Acquisition of 20% of Macau Telecom in May 2010

- Acquisition of China Enterprise Communications Ltd. obtained Shareholders' approval in Nov 2010. Application for China Government approval is in progress

- Renovation of new data centre in CITIC Telecom Tower in progress. Stage 1 is scheduled to complete in 2Q 2011. Good response received from potential customers

- The upgrading/development of Global MPLS network was completed, paving the way for the next generation IP telecom environment

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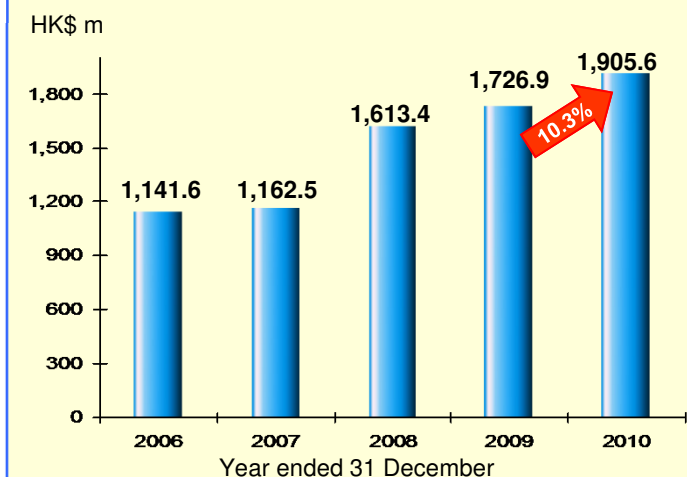CITIC TELECOM INTERNATIONAL

Financial Review

Turnover

Turnover increased 9.2% to HK$2,966.5 million when compared with last year

Turnover

HK $m

Year	Turnover
2006	1,364.2
2007	1,486.1
2008	2,486.4
2009	2,716.6
2010	2,966.5

9.2 %

Year ended 31 December

Turnover of Four Major Business Segments

Voice Services

HK$ m

- 2006: 1,141.6
- 2007: 1,162.5
- 2008: 1,613.4
- 2009: 1,726.9
- 2010: 1,905.6

10.3%

Year ended 31 December

SMS Services

HK$ m

- 2006: 117.1
- 2007: 186.8
- 2008: 247.1
- 2009: 286.0
- 2010: 315.7

10.4%

Year ended 31 December

Mobile VAS

HK$ m

- 2006: 30.9
- 2007: 59.4
- 2008: 94.5
- 2009: 112.0
- 2010: 140.6

25.5%

Year ended 31 December

Data Services

HK$ m

- 2006: 74.6
- 2007: 77.4
- 2008: 531.4
- 2009: 591.7
- 2010: 604.6

2.2%

Year ended 31 December

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Turnover Breakdown

Turnover breakdown by Business

HK$m

	Voice Services	SMS Services	Data Services	Mobile VAS

2006 — 1,364.2: 83.7%, 8.6%, 2.2%, 5.5%

2007 — 1,486.1: 78.2%, 12.6%, 4.0%, 5.2%

2008 — 2,486.4: 64.9%, 9.9%, 21.4%, 3.8%

2009 — 2,716.6: 63.6%, 10.5%, 21.8%, 4.1%

2010 — 2,966.5: 64.2%, 10.7%, 20.4%, 4.7%

9.2%

Year ended 31 December
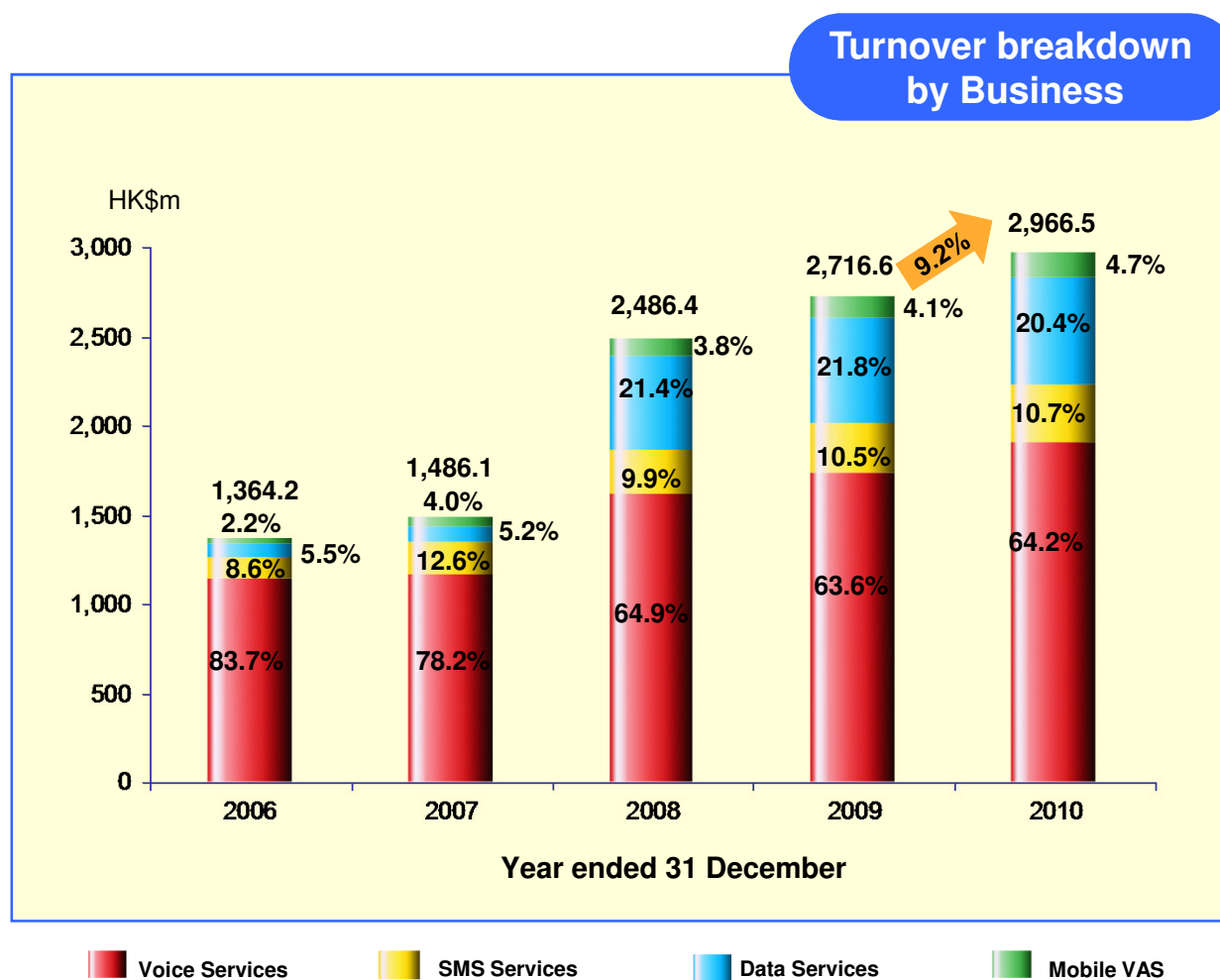
Profit Growth

Net profit attributable to equity holders

HK$m

Year ended 31 December

2006	2007	2008	2009	2010
201.5	262.7	332.1	371.5	401.3

8.0%

Sustain Solid Margin

EBITDA margin * : 18.9% (2008), 19.4% (2009), 19.2% (2010)
Operating margin * : 15.4% (2008), 15.7% (2009), 15.4% (2010)
Net margin * : 12.9% (2008), 13.1% (2009), 13.9% (2010)

Legend:
- □ EBITDA margin *
- △ Operating margin *
- ○ Net margin *
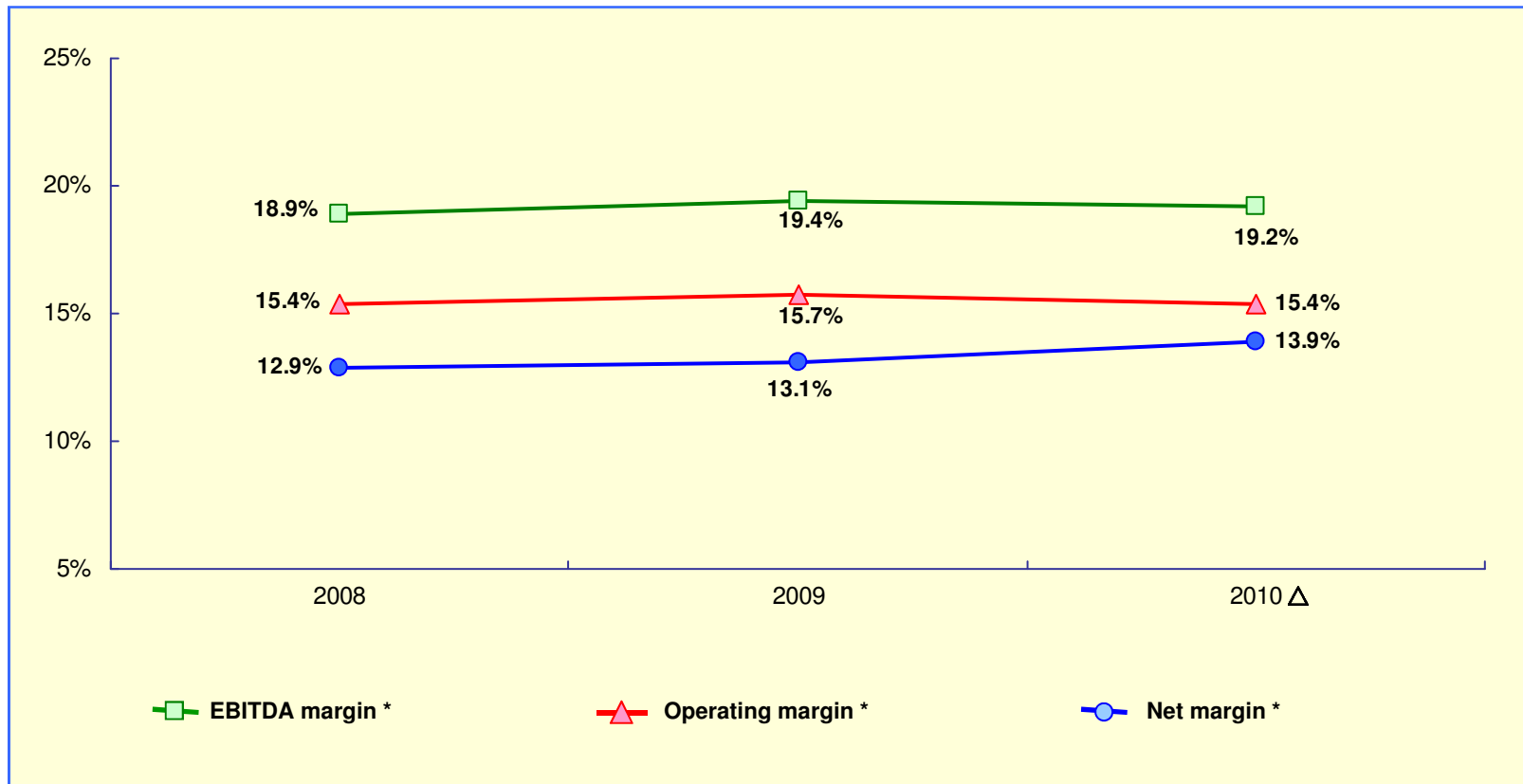
△ Excluded transaction costs of acquisition of subsidiaries

* After turnover re-allocation

Strong Liquidity and Capital Structure

HK$m	2006	2007	2008	2009	2010
			For the year ended 31 December		
Operating cash flow before changes in working capital & tax	292.4	335.7	493.6	554.1	500.3
Net cash generated from operating activities	250.7	262.1	400.1	402.3	346.9
Interest received	2.2	61.3	20.4	6.8	1.2
Payment for acquisition	-	-	181.3	96.7	479.6
Capital expenditure for CITIC Telecom Tower	-	-	-	157.0	66.1
Capital expenditure - others	30.2	62.4	123.8	107.1	92.7

HK$m	2006	2007	2008	2009	2010
			At 31 December		
Cash and bank deposits in Consolidated Balance Sheet	43.4	780.6	795.0	686.2	327.0
Bank borrowings	- NIL -	- NIL -	- NIL -	- NIL -	- NIL -
Gearing ratio	- NIL -	- NIL -	- NIL -	- NIL -	- NIL -

Shareholding Structure as at 31 December 2010

Others
39.4%

CITIC PACIFIC
60.6%
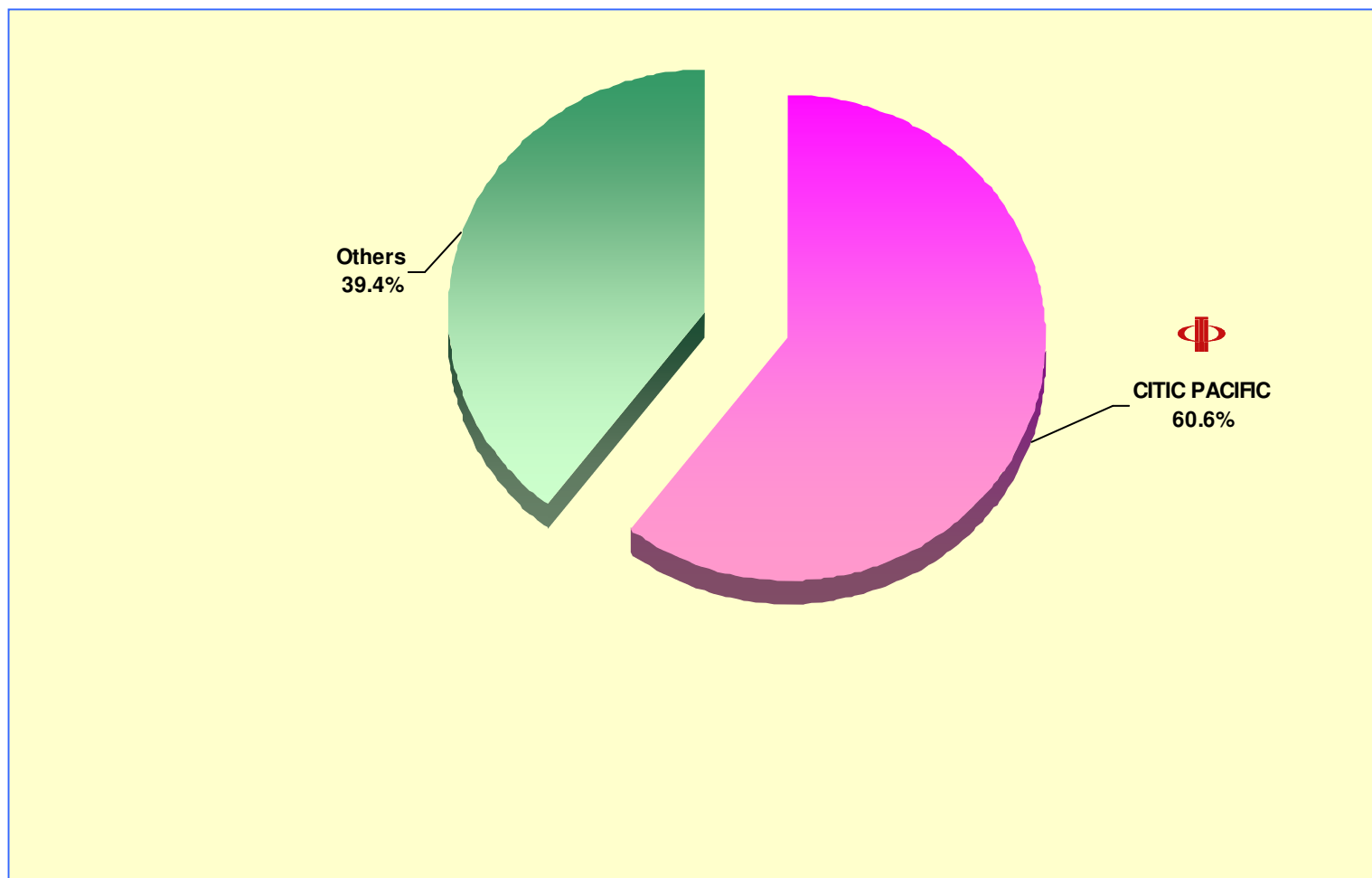
Business Review

Major Business Segment – Voice Services

⊕ Handled over 10.2 bn mins voice traffic

Voice Services

(mn mins)   HK$m

1,905.6
10.3 %
1,726.9

0.9 %

10,135   10,222
15.1%   **17.5 %**   17.6%
8.6%   **-1.1 %**   8.4%

76.3%   **-2.2 %**   74.0%

2009   2010

Year ended 31 December

Rev per min (HK$)	0.170	0.186

- ■ China Inbound (LHS)
- ■ China Outbound (LHS)
- ■ International (LHS)
- —■— Turnover (RHS)

2009 Voice Sales by customer

Rest of World 56.1%
China 43.9%

2010

Rest of World 61.4%
China 38.6%

Year ended 31 December
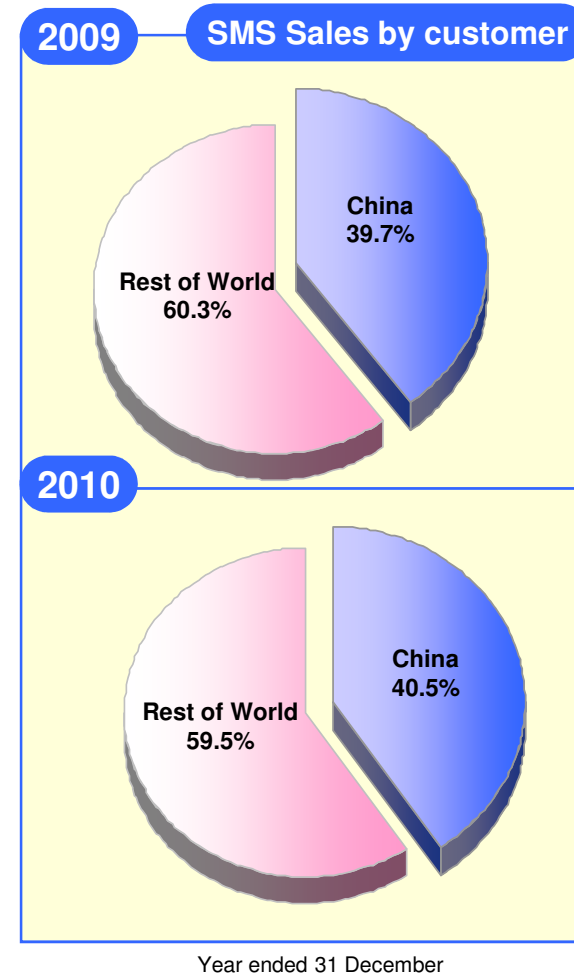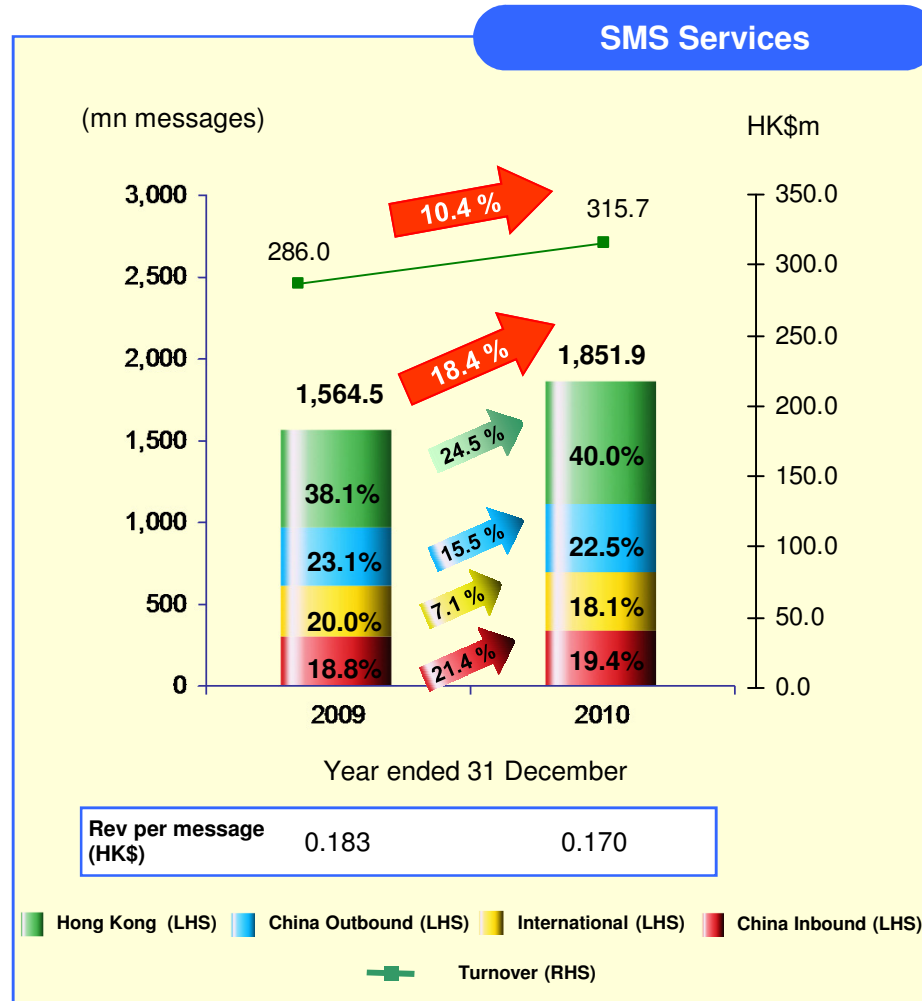
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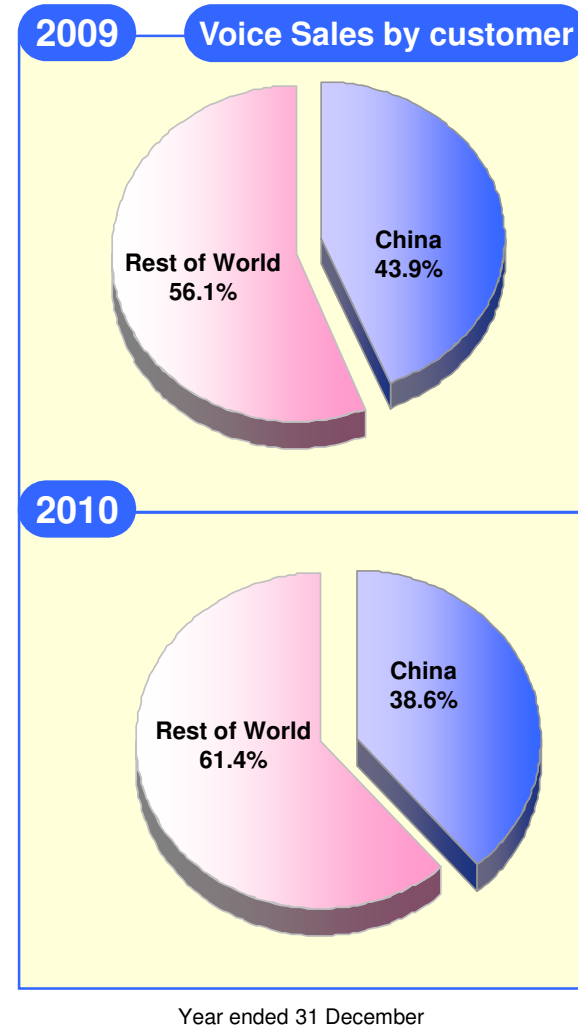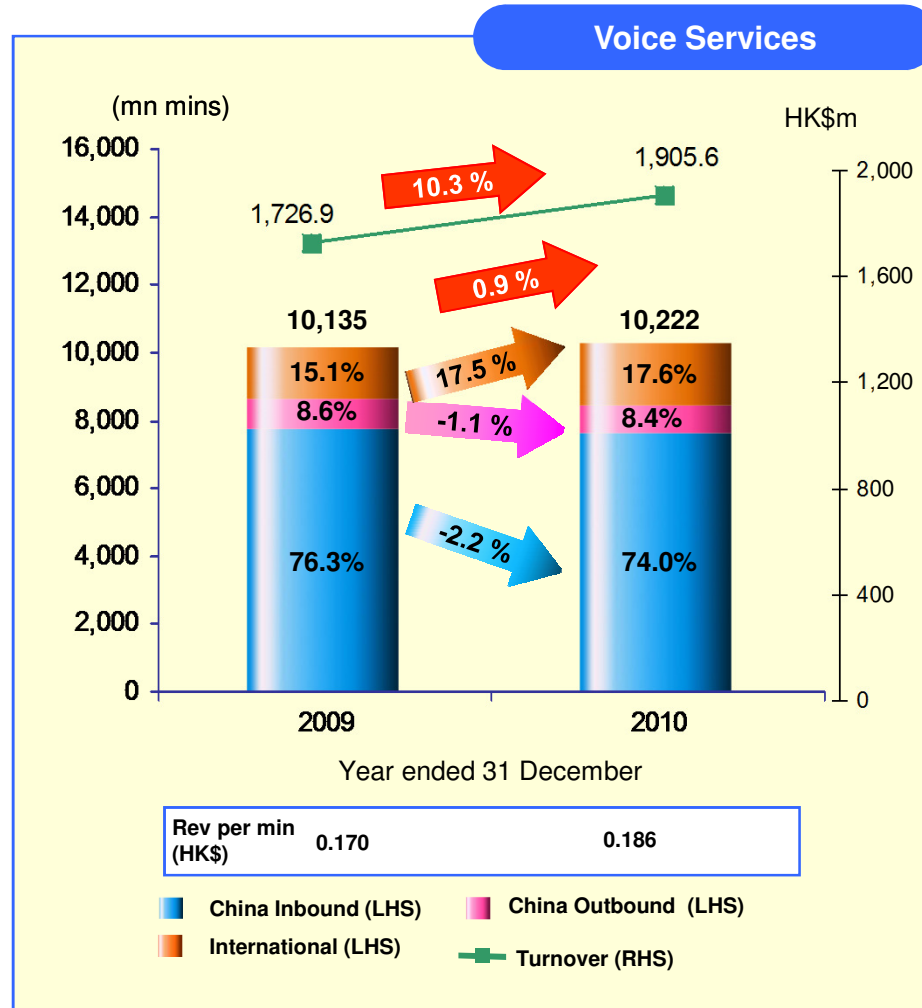
Major Business Segment – Voice Services

- **Expanded voice product portfolio (e.g. 3G video call, ITFC and HCD), High Definition (HD) Voice Traffic on IPX Network**

- **Established global MPLS network covering major nodes of CITIC Telecom to enhance service level for different services**

- **Enlarge our footprint by interconnected with 60 new international carriers in 2010**

- **Established new direct coverage into Turkey, Portugal, Sri Lanka, Lebanon, Slovenia and Namibia**

- **Working with a Latin America operator to start our direct wholesales and retail business into the region**

- **Penetrate to retail market in Hong Kong, Singapore, Taiwan, Japan, USA and Canada, providing calling card, broadband phone and bundled Enterprise SMS Services**

- **Ranked 12th Top Int'l Carrier of 2009 in Telegeography Report**

- **Challenge in the period:**
  - **Decreasing trend on China inbound and outbound traffic**
  - **Market consolidation**

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Major Business Segment – SMS Services

- Handled over 1.85 bn SMS messages

SMS Services

(mn messages)   HK$m

10.4 %   315.7

286.0

18.4 %   **1,851.9**

1,564.5

	2009	2010
Hong Kong (green)	38.1%	24.5 % → 40.0%
China Outbound (blue)	23.1%	15.5 % → 22.5%
International (yellow)	20.0%	7.1 % → 18.1%
China Inbound (red)	18.8%	21.4 % → 19.4%

Year ended 31 December

Rev per message (HK$)	0.183	0.170

Hong Kong (LHS)   China Outbound (LHS)   International (LHS)   China Inbound (LHS)

Turnover (RHS)

SMS Sales by customer

2009

China 39.7%

Rest of World 60.3%

2010

China 40.5%

Rest of World 59.5%

Year ended 31 December

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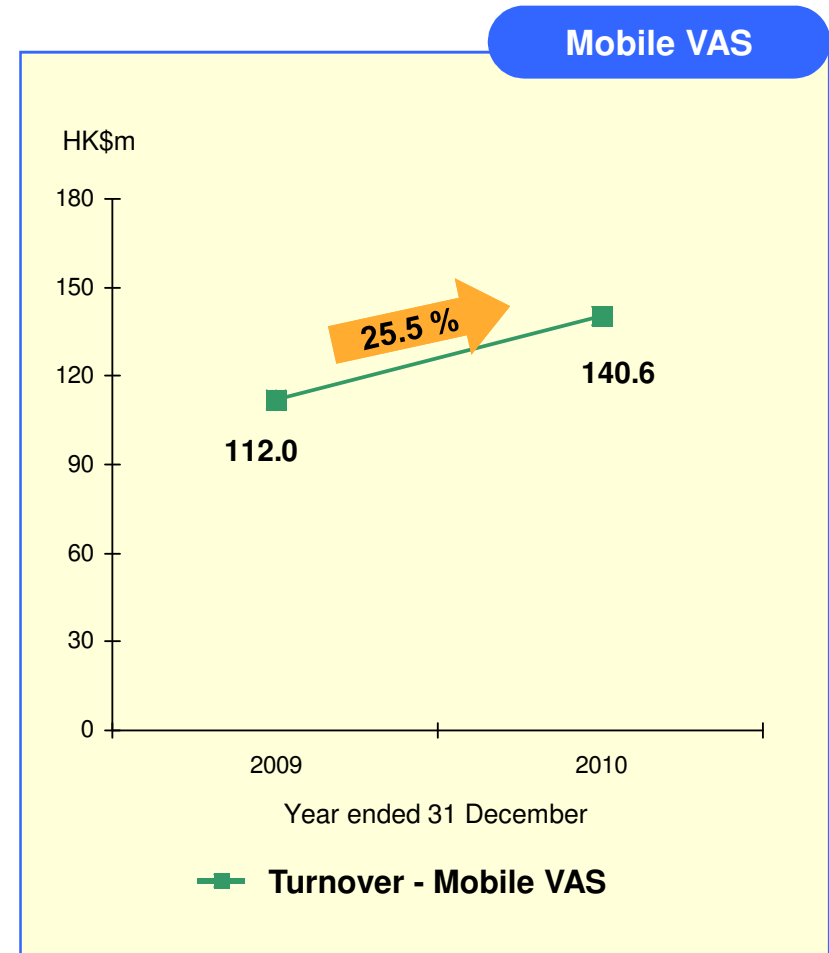
Major Business Segment – SMS Services

- 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 coverage 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

- Enterprise SMS Services Support alphabet caller ID

- Alphabet Caller ID functioned on SMS among all Hong Kong operators

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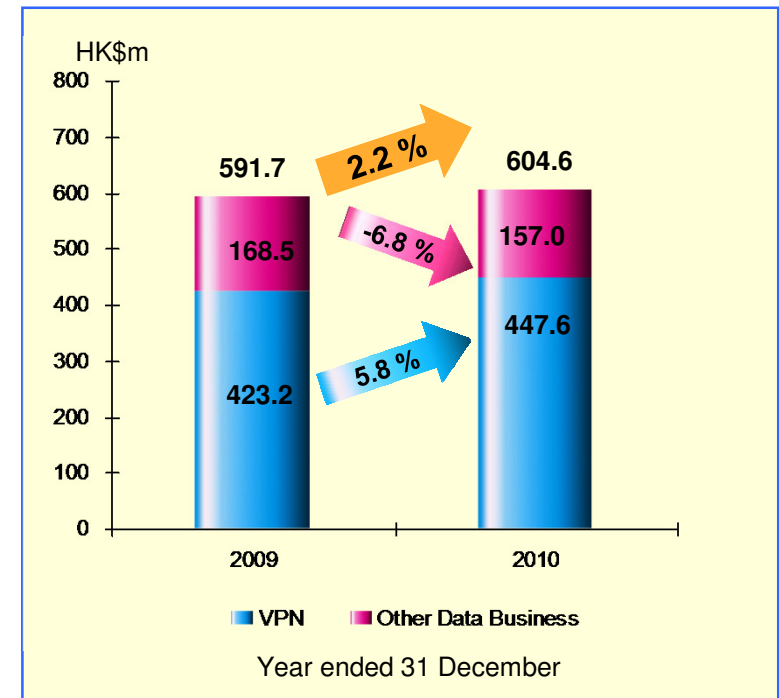
Major Business Segment – Mobile VAS

Mobile VAS

- Being the only Asian Hubbing Provider obtained Global Roaming Quality (GRQ) Monitoring Providers Certification by GSMA to enable Mobile Network Operators to monitor the quality of service offered to their roaming customers

- Performed successful trial of E-Roam (Essential Roaming) with selected customers in Asia Pacific

- Being the provider of the Indonesian CDMA operator for CDMA-to-GSM Inter-standard Roaming service, and CDMA Data Clearing services

- Being the hub of Prepaid Roaming Services in Macau and Taiwan

- Provided Internet Protocol Packet Exchange (IPX), which was a one-stop-shop turnkey solution for IDD voice, mobile roaming signaling, SMS messaging and roaming data services for both mobile, fixed network operators as well as Internet Service Providers (ISP)

- Repeat the VAS features such as PRS and SIMN into the CDMA world

Mobile VAS

HK$m

25.5 %

140.6

112.0

180

150

120

90

60

30

0

2009   2010

Year ended 31 December

Turnover - Mobile VAS
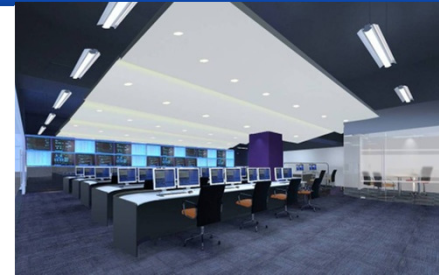
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Major Business Segment – Data Business

- 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)

- Innovative Products launched in 2010

  - TrueCONNET^{TM} PREMIUM HA – A value-added options to complement existing flagship product "TrueCONNET^{TM} PREMIUM" MPLS VPN service

  - TrustCSI^{TM} Web Cloud Security - The first web cloud security service provides a true and cost-effective Security-as-a-Service (SecaaS) solution that allows businesses to leverage the Internet to increase business efficiencies

- TrustCSI^{TM} Network-X - Utilizing existing Internet links, the solution offers industry-proven encryption leveraging signed digital SSL or IPSec certificates to ensure authenticity and prevent interceptions or alterations of en-route data traffic

- Started the application for CEPA approval on the acquisition of China Enterprise Communication Ltd. (CENet). The network coverage, service profile and customer base will be expanded with CENet's nationwide IP-VPN license

HK$m

591.7   2.2 %   604.6

168.5   -6.8 %   157.0

423.2   5.8 %   447.6

2009   2010

■ VPN   ■ Other Data Business

Year ended 31 December

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Data Business Highlight – Data Center Development

- Operates 3 data centers in Hong Kong
    - CITIC Telecom Tower (Kwai Chung)
        - Tier 3+ Data Center
        - Phase 1: 35,000 sq.ft. (March, 2011)
        - Phase 2: 18,000 sq.ft. (Tentatively Q4, 2011)
    - CITIC Tower (Admiralty)
        - Over 10,000 sq. ft.
    - IFC 2 (Central)
        - 45,000 sq. ft.

- Connected by self managed fiber network in Hong Kong
- Essential facilities to empower cloud computing technology
- Disaster Recovery facility capability

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Q&A