

CITIC 1616 Holdings Limited

中信 1616 集團有限公司

(Stock Code: 1883)

**Annual Results Announcement
for the year ended 31 December 2008
18 March 2009**



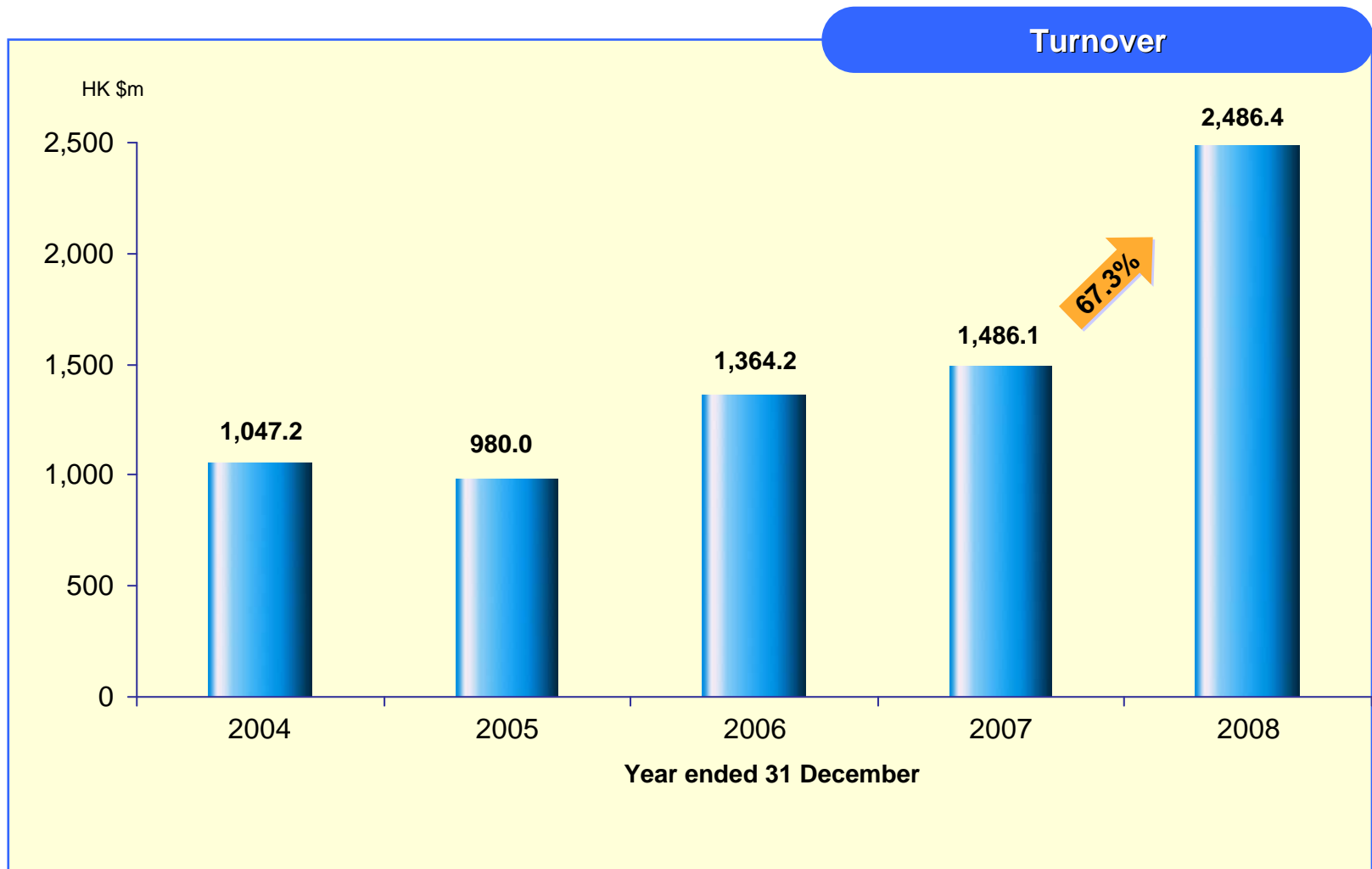
Highlights for the Year Ended 31 December 2008

- ✦ Profit attributable to the equity holders of the Company increased by 26.4 % to **HK\$332.1million**, as compared against last year
 - Excluding the interest income from IPO in 2007, net profit surged by 49.5%, as compared against last year
- ✦ Turnover recorded a strong growth of 67.3% as compared against last year
- ✦ Revenue generated from Voice services amounted to HK\$1,613.4million, representing a 38.8% increase as compared against last year
- ✦ Revenue generated from SMS Services rose 32.3% compared against last year to HK\$247.1million
- ✦ Revenue generated from Mobile VAS rose 59.1% compared against last year to HK\$94.5million
- ✦ CPCNet recorded remarkable profit growth. Net profit growth by 128.0% as compared to 2007
- ✦ Completion the acquisition of China Motion's international voice business by 30 September 2008
- ✦ At 31 December 2008, cash and cash equivalents was **HK\$795.0million**. No debt as at 31 December 2008
- ✦ Final dividend of **6.4** cents, together with interim dividend of 2 cents, the total dividend payment for the year of **8.4** cents, an increase of 104.9% as compared to 2007 and represent a dividend payout ratio of 50.0%

Financial Review

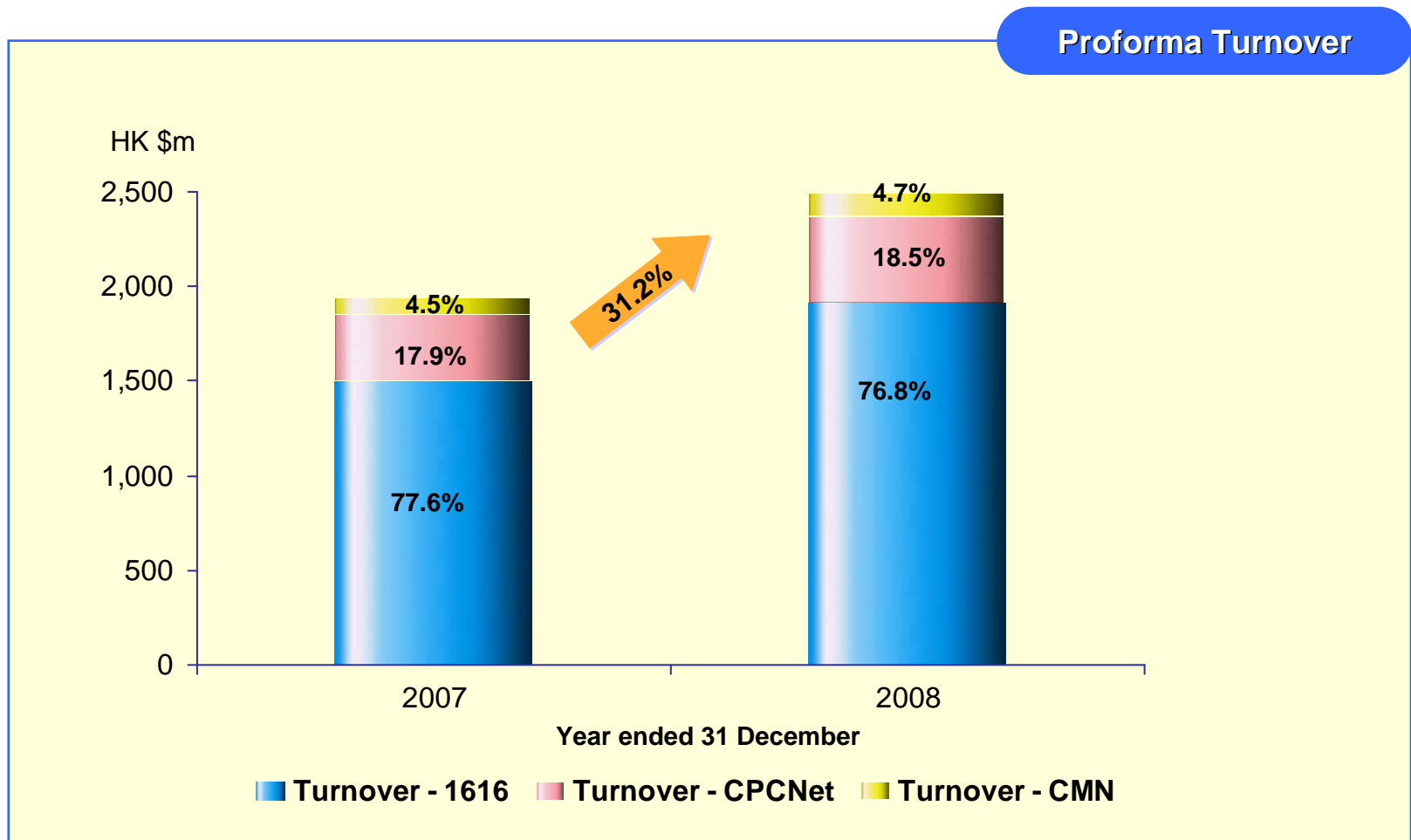
Turnover

Turnover increased 67.3% to HK\$2,486.4 million when compared with last year



Proforma Turnover

Including full year of CPCNet and the 4th quarter 2007 of ChinaMotion NetCom ("CMN")

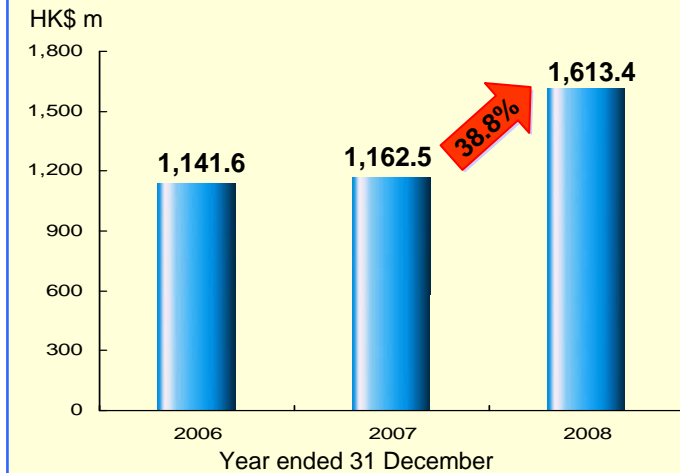


* After elimination the inter-company transaction

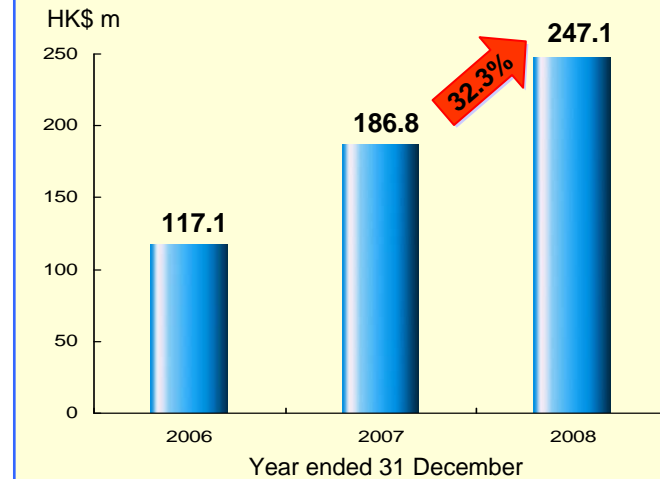


Turnover of Four Major Business Segments

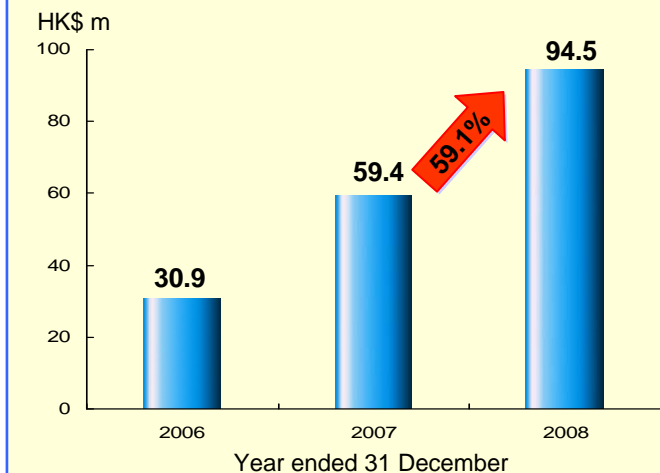
Voice Services



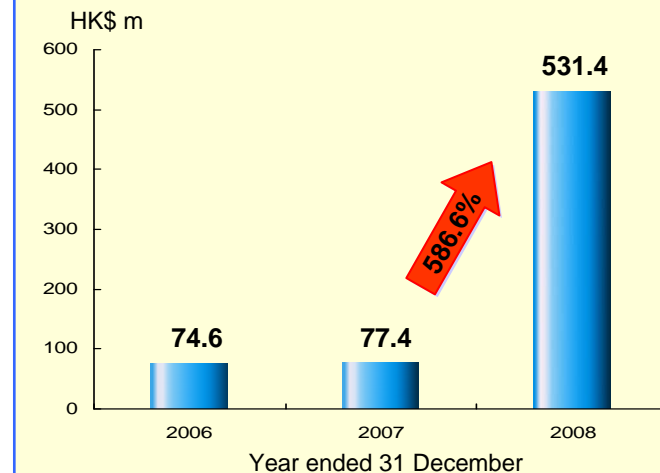
SMS Services



Mobile VAS

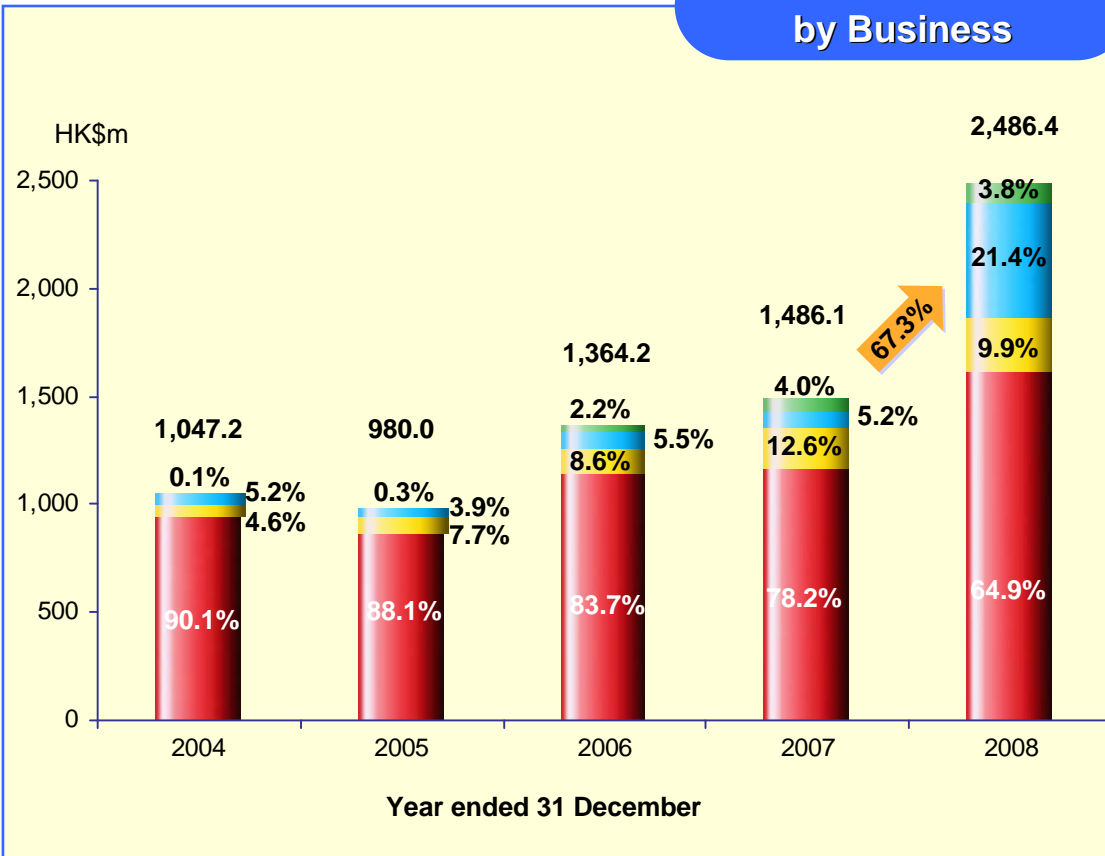


Virtual Private Network and Others

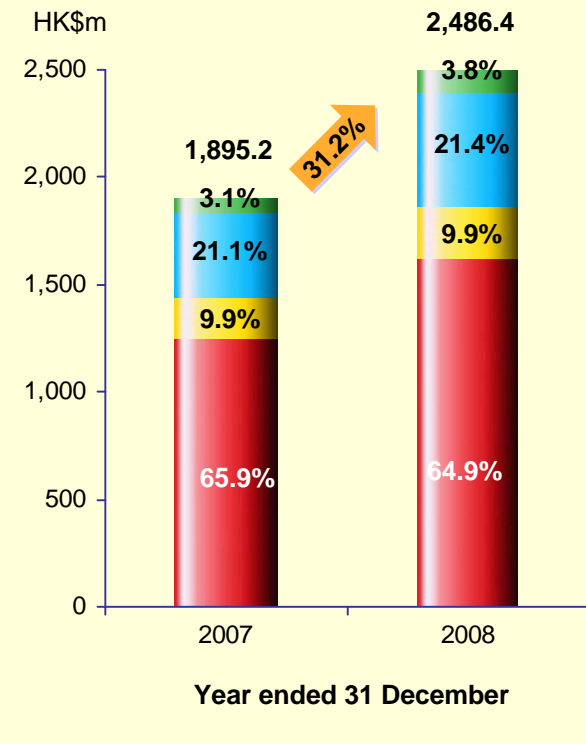


Turnover Breakdown

Turnover breakdown by Business



Proforma Turnover Breakdown by Business

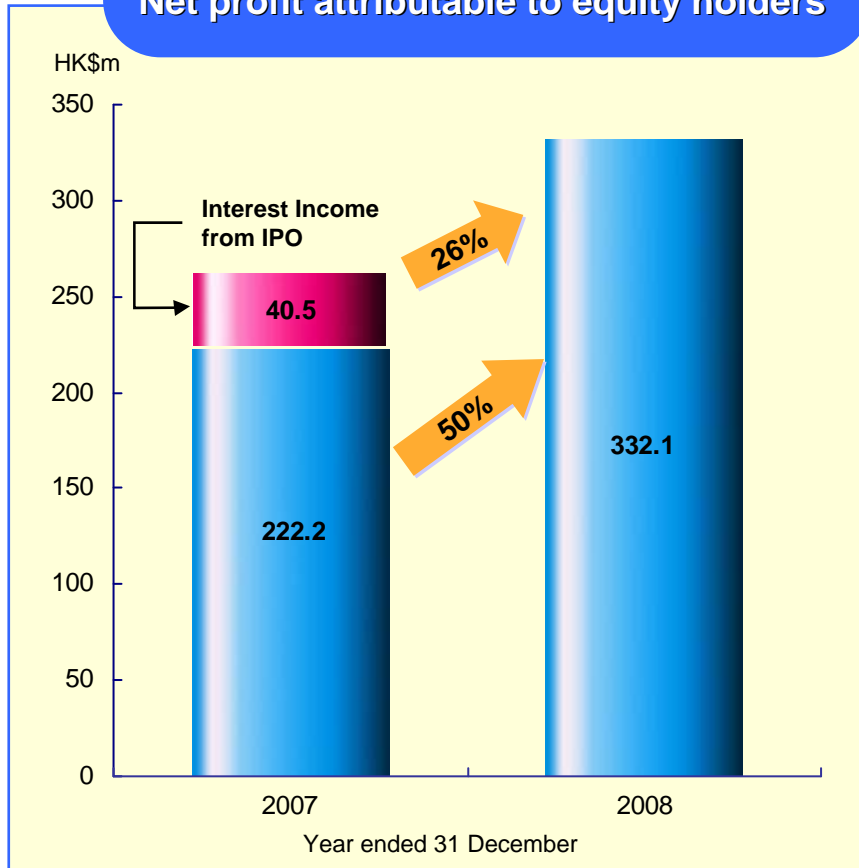


■ Voice Services
 ■ SMS Services
 ■ Virtual Private Network and Others
 ■ Mobile VAS

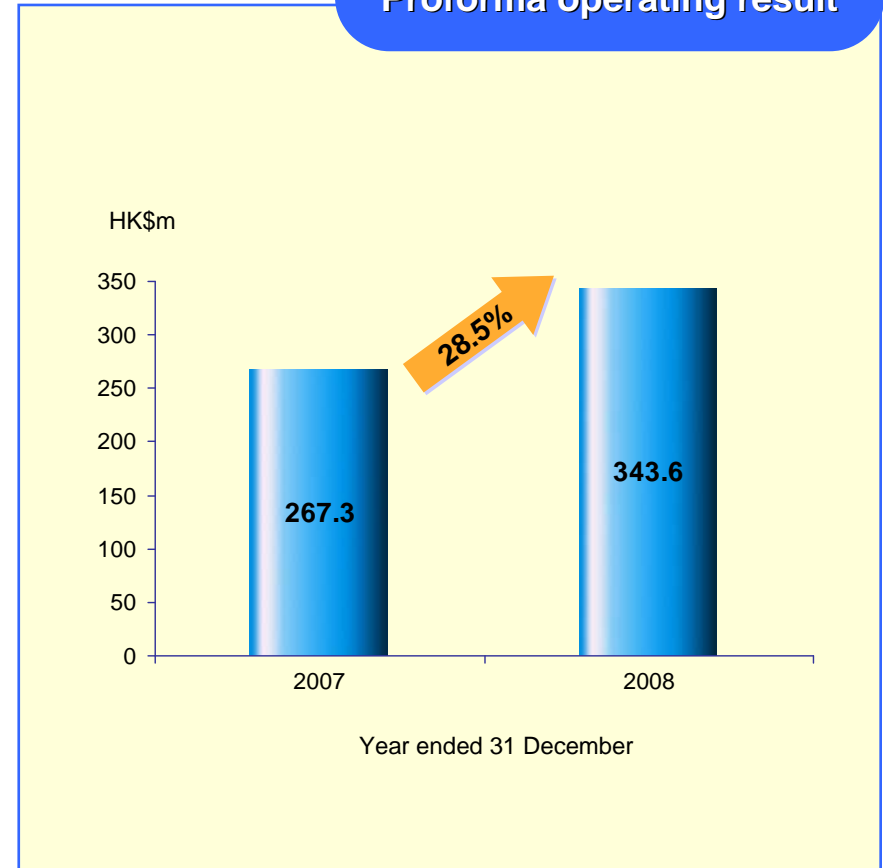


Profit Growth

Net profit attributable to equity holders



Proforma operating result

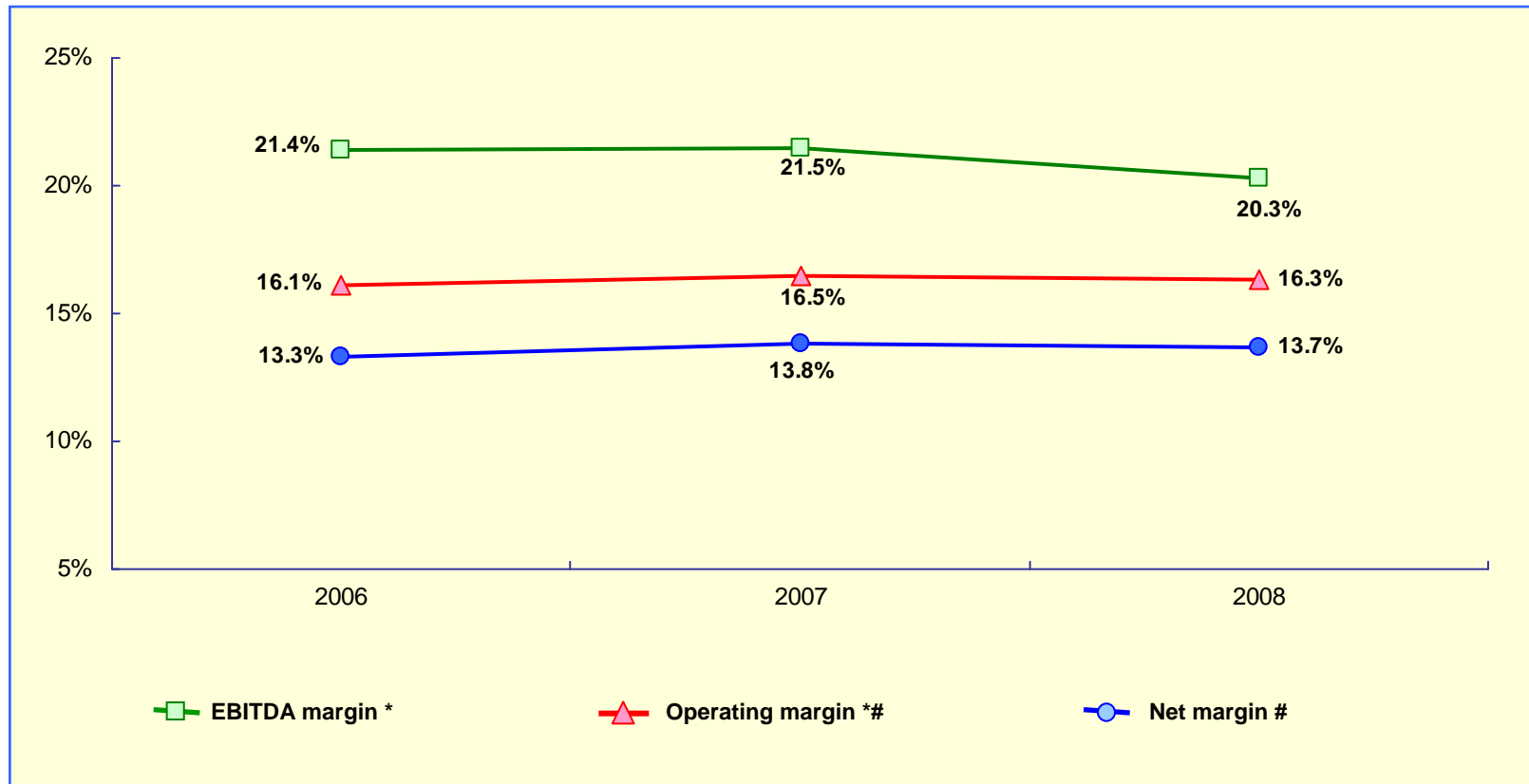


07 : Excluded interest income from IPO, IPO related listing expense and share option expenses, and combined with CPCNet full year result & CMN 4th quarter result (included 100% interest of CM Tel USA)

08 : Excluded intangible amortization in relation to acquisition of CPCNet & CMN and included 100% interest of CM Tel USA



Sustain Solid Margin (Proforma)



* Excluding interest income from IPO, IPO related listing expenses, share option expenses and discontinued operations

Excluding intangible amortization, include full year result of CPCNet and the 4th quarter result of CMN (included 100% interest of CM Tel USA)

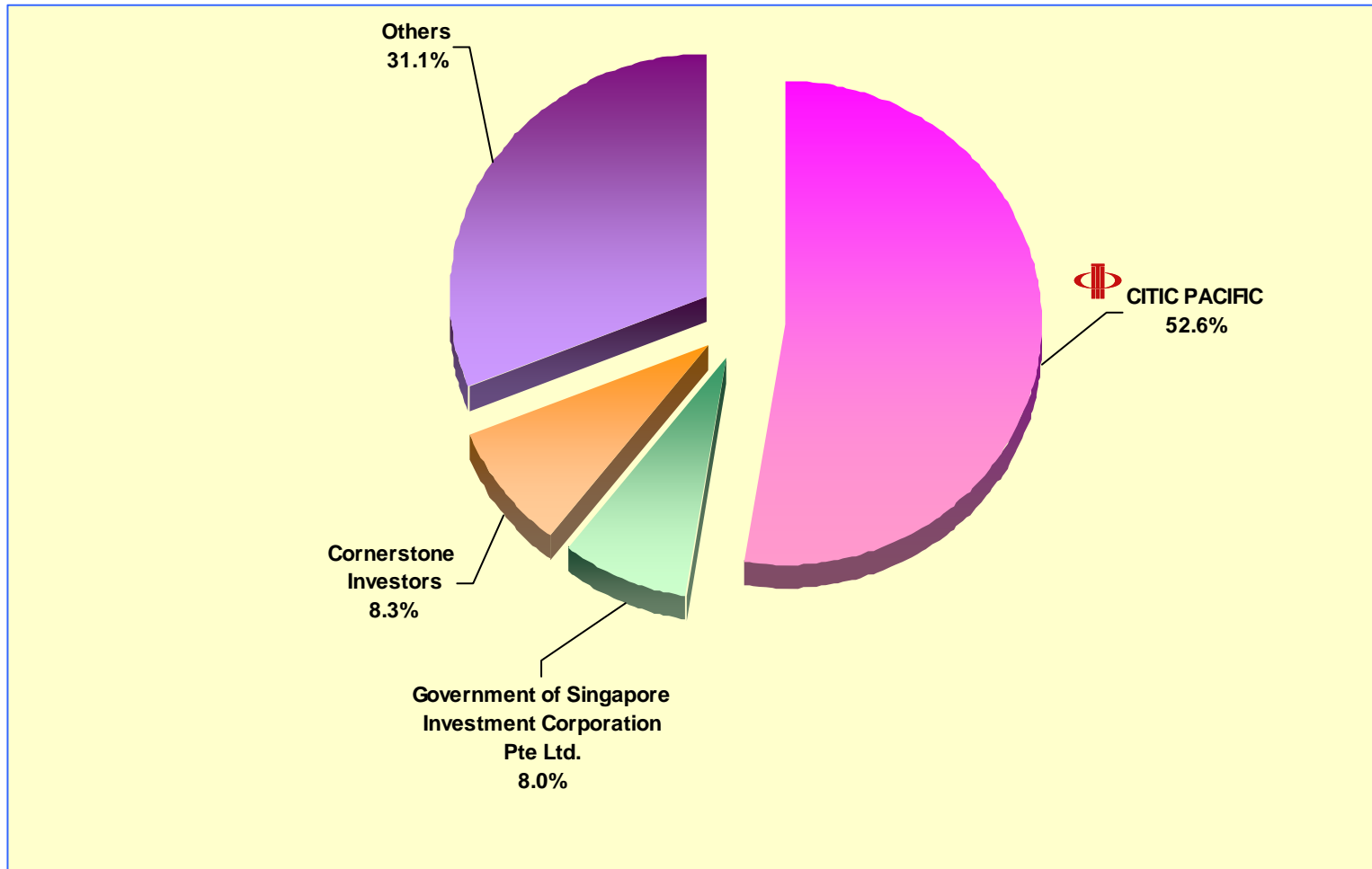
Strong Liquidity and Capital Structure

2004	2005	2006	2007	2008
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HK\$m	For the year ended 31 December				
Operating cash flow before changes in working capital & tax	173.8	183.9	292.4	335.7	493.6
Net cash generated from operating activities	50.4	348.4	252.9	323.4	420.5
+Interest received					
Capital expenditure	55.8	47.6	30.2	62.4	123.8

HK\$m	At 31 December				
Cash and cash equivalents	17.2	31.9	43.4	780.6	795.0
Debt	- NIL -	- NIL -	- NIL -	- NIL -	- NIL -
Gearing ratio	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

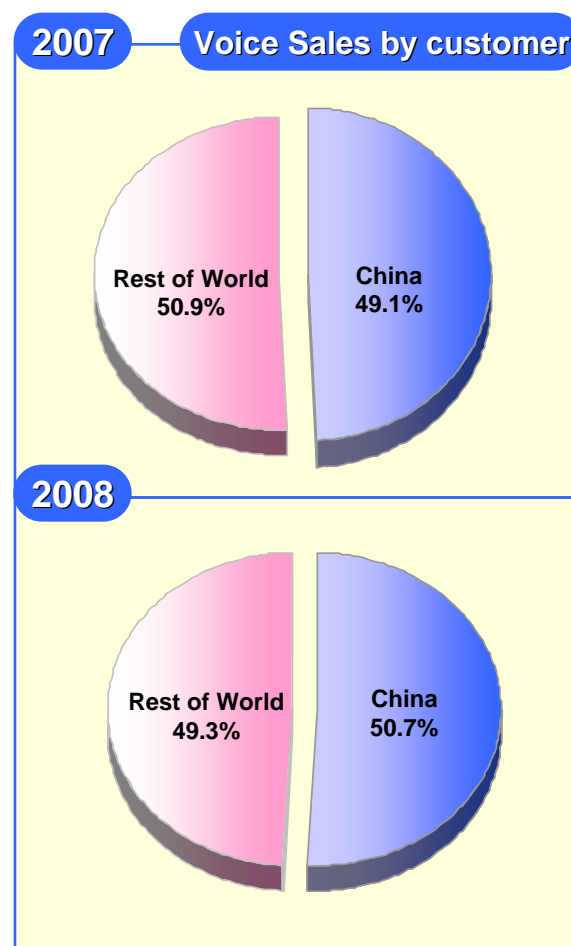
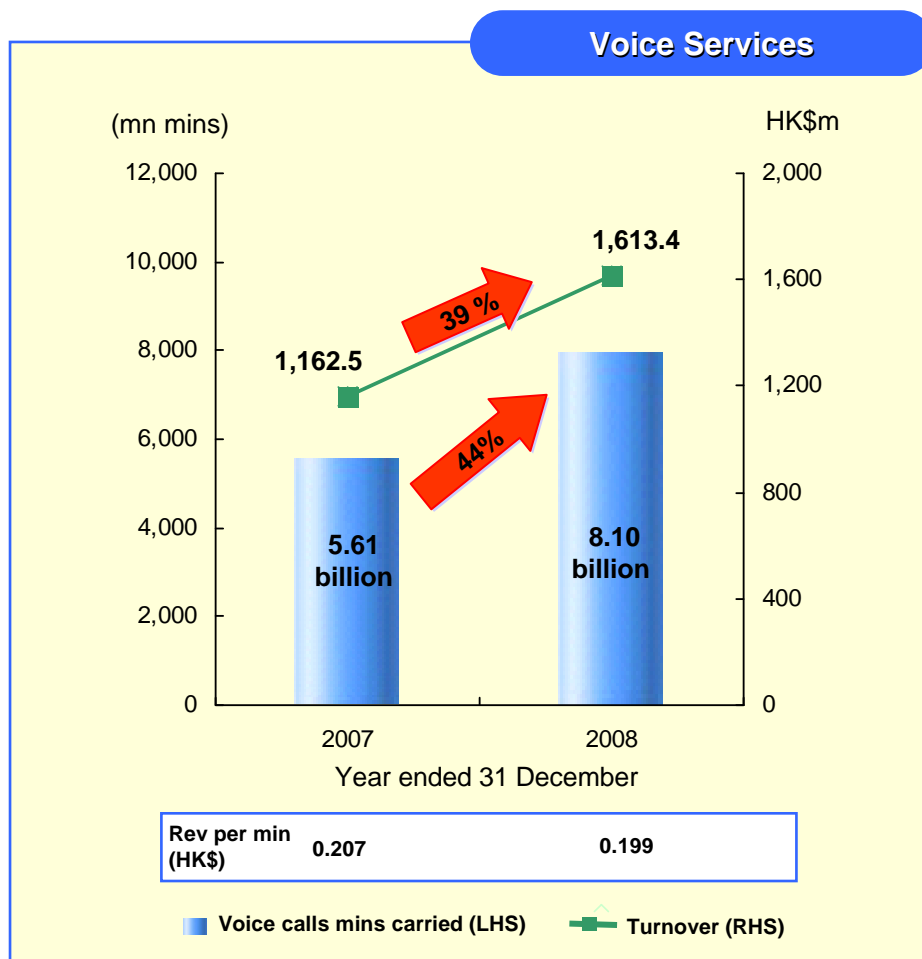
Shareholding Structure at 31 December 2008



Business Review

Major Business Segment – Voice Services

Handled over 8.10bn mins voice traffic

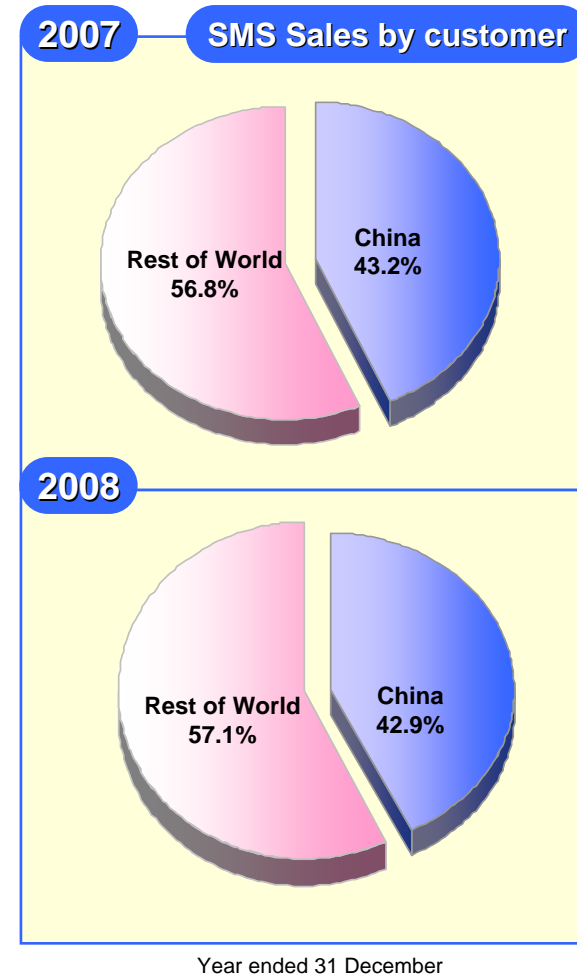
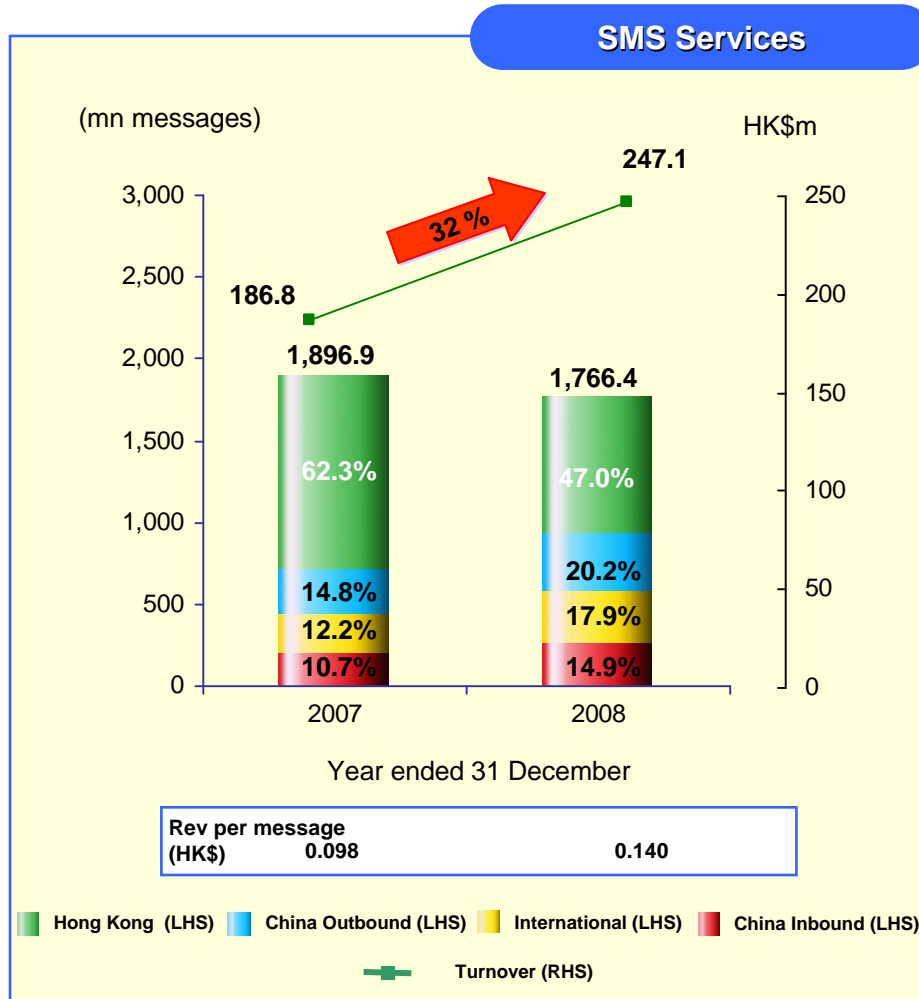


Major Business Segment – Voice Services

- ❖ Continue to expand the voice business with the China operators
- ❖ Completion of acquisition of China Motion
- ❖ Direct Connect to 6 Vietnam carriers with a strong growth in capacity
- ❖ Expand capacity into Japan and Singapore POP to meet business growth demand in the region
- ❖ Newly interconnect with 93 international customers for voice business established direct interconnections to Tanzania, UAE, Lao, Pakistan, Luxemburg, Nepal, Monaco and Mongolia
- ❖ Launched new business model of “voice service outsourcing”
- ❖ Challenge in the period
 - Price pressure of voice services

Major Business Segment – SMS Services

✦ Handled approximately 1.77 bn SMS messages



Major Business Segment – SMS Services

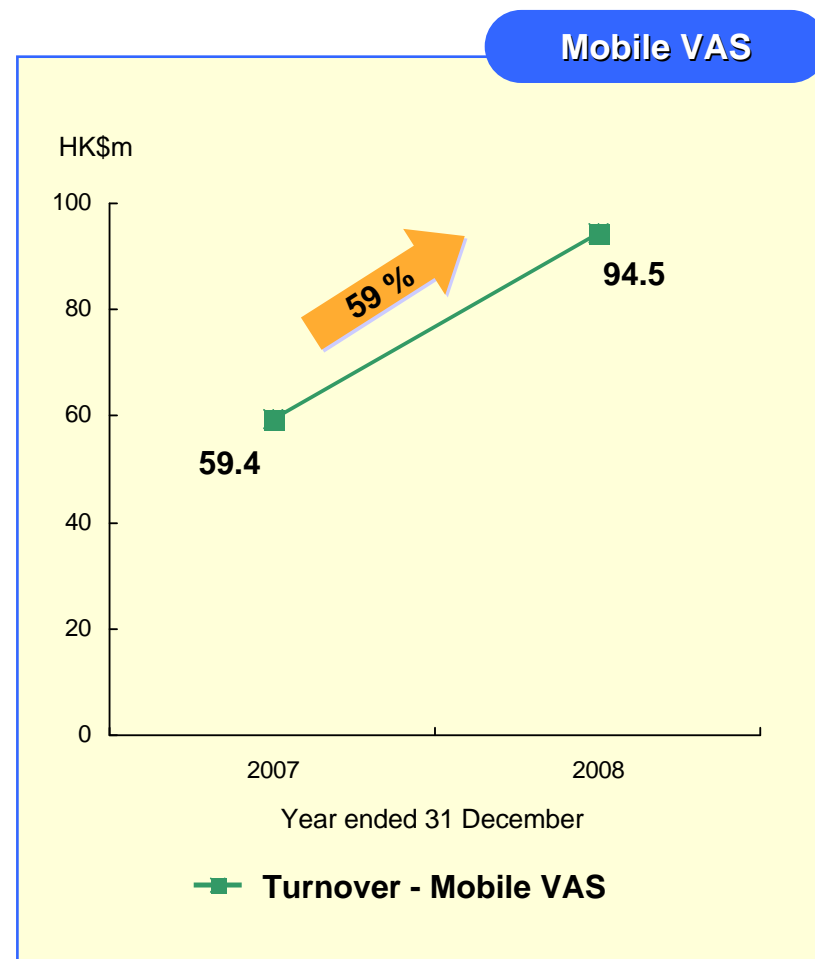
- ❖ Further leadership in international SMS for all mobile carriers in China by providing 25 more destination countries SMS delivery.
- ❖ Obtained GSMA recognized "Open Connectivity (OC)" SMS hubbing compliance.
- ❖ Signed agreement with O2 Group companies to provide international SMS service.
- ❖ Signed SMS agreement with international operators including WIND Italy, WIND Greece, NTS Indonesia, and Tyntec Germany.



Major Business Segment – Mobile VAS

Mobile VAS

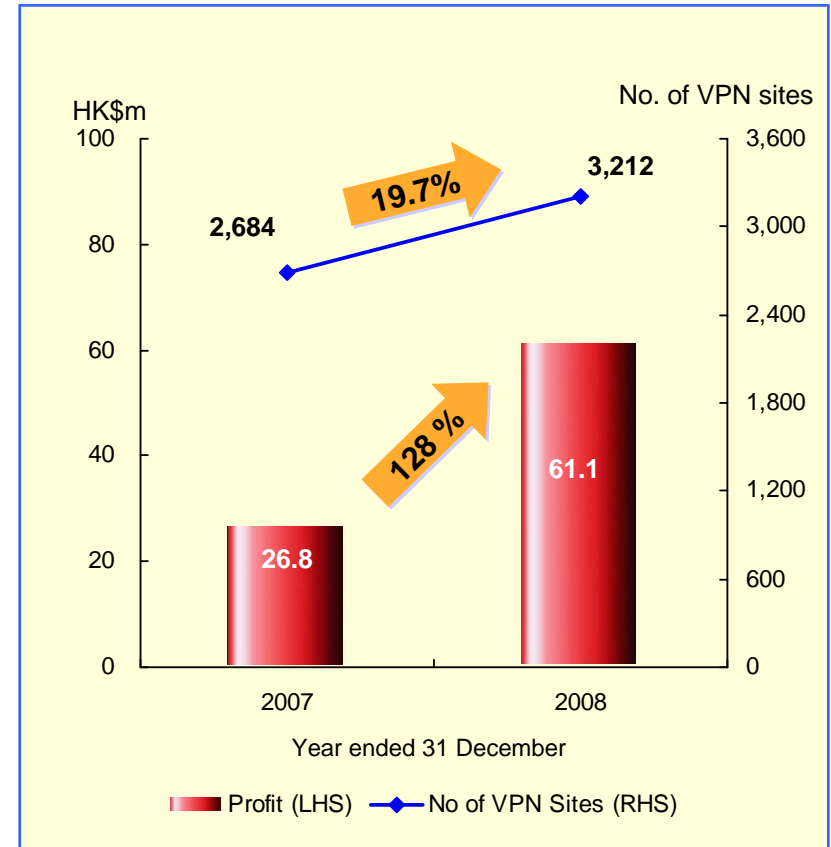
- ✦ Benefits from the Olympics event in Beijing on increasing roaming voice and data activities.
- ✦ Service extension to Korea and experience strong Growth for "Single IMSI Multiple Number (SIMN)" in Greater China region.
- ✦ Signed agreements with Conexus Mobile Alliance member companies to extend "Prepaid Roaming Hubbing" service such as Philippines, Indonesia, Malaysia and Italy.
- ✦ Extensive progress on GSMA OC Roaming hub initiative and trial been completed between mobile operator in Asia and Europe.
- ✦ Signed Prepaid Roaming Hub agreements with operators such as Starhub Singapore, Smartone Macau, NTS Indonesia, O2 UK, WIND Italy, and Greece.
- ✦ Establish GRX peering with various operators such as i-Basis, TDC and Tele 2.
- ✦ Commercial launch of New products under CDMA technology.



CPCNet Business Review

Business Review

- ❖ Number of MPLS VPN service sites over 3,200, representing a 19.7% growth when compared with the same period last year.
- ❖ Awarded the ISO 9001:2000 and 27001 Information Security Management System Certification
- ❖ CPCNet snatched four accolades at The Asia Pacific Customer Service Consortium's 2007 Customer Relationship Excellence Awards.
- ❖ Hong Kong Economic Digest Awards in best SME partner 2008.



Prospects

Prospects

- ❖ Strengthen market development and exercise prudent cost control
- ❖ Well-prepared technically to support launch of 3G services, and actively work with 3G operators in China; watch closely 4G technology trend
- ❖ Continue business integration with China Motion for maximum synergies

Voice services

- ❖ Strive to expand retail phone card business in new overseas market and speed up the growth of existing markets such as the United States, Japan and Singapore

SMS Business and Mobile VAS Business

- ❖ Develop corporate SMS business, targeting large corporate clients
- ❖ Focus on the development in the United States, Canada and other emerging markets

Virtual Private Network Business

- ❖ Increasing demand from enterprises provides new opportunities

Q&A