



CITIC 1616 HOLDINGS LIMITED

中信1616集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 01883)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

CHAIRMAN'S STATEMENT

I am pleased to present the operating and financial results of the Group for the six months ended 30 June 2008. The Group delivered outstanding financial performance during the period, sustaining rapid business growth with further expansion in the scale of its operations.

I. Financial Results

For the first six months of 2008, the Group recorded turnover of HK\$1,128.1 million representing an increase of 63.0% as compared to the corresponding period of the previous year. Net profit of the Group was HK\$151.1 million, representing an increase of 11.1% as compared to the corresponding period of 2007. Excluding the interest income derived from the process of initial public offering during the same period of the previous year, net profit would have increased by 58.2%.

Earnings per share for the first half of 2008 amounted to 7.6 cents, the same as the first half of 2007. Despite of significant growth in the Group's net profit, the lack of increment in earnings per share was mainly attributable to the increase in the total issued share capital of the Group by 16.9% to 1,977.73 million shares, as compared to 1,692.00 million shares prior to the listing of the Company on the Hong Kong Stock Exchange on 3 April 2007.

The Board has declared an interim dividend of 2 cents per share for 2008, a growth of 100% as compared to the corresponding period of the previous year.

II. Business Development

During the period under review, the Group continued to provide high quality interoperable connections for major telecoms operators around the world. Rapid growth in voice hubbing services, SMS hubbing services and mobile value-added services ("Mobile VAS") in China was reported and further market shares in China's international voice hubbing services were captured as we worked closely with China's major telecoms operators. There was also significant growth in the

international voice hubbing and SMS hubbing services as the number of telecoms operators serviced by the Group increased from 261 at the end of the prior year to 304 at the end of June 2008 following active overseas marketing efforts. By further enhancing the functionalities of its telecom hubbing platform and upgrading its equipment capacities and technical standards, the Group effectively met demands arising from rapid business growth. Acquired by the Group towards the end of last year to tap the new businesses of internet virtual private network and internet services, CPCNet reported rapid business growth and significant year-on-year improvements in operating results on the back of vigorous marketing efforts. The Group's position as a superior provider of international telecoms hubbing services was further reinforced.

A total of 3.47 billion of voice traffic minutes were recorded during the first half of the year, representing a growth of 48.9% as compared to the same period of previous year. Turnover increased by 31.9% to HK\$731.0 million. The volume of SMS carried was 986.6 million, an increase of 16.6% as compared to the corresponding period of 2007. Turnover generated by SMS hubbing services for the first half of 2008 increased 38.0% to HK\$116.9 million when compared with the same period of 2007. Turnover from Mobile VAS was HK\$37.6 million for the period under review, an increase of 54.1% when compared with the same period of the previous year. Regarding the result of CPCNet which had not been included in the same period of the previous year, turnover contributed by CPCNet amounted to HK\$212.9 million. If we compared on a proforma basis an increase of 41.9% as compared to the same period of the previous year.

1. Active Market Expansion to Secure Stable Growth in Voice Hubbing Business

The Group actively responded to the lingering pressure for rate cuts during the period under review by adopting effective measures. We increased the business volume with existing customers through marketing efforts and the provision of quality services, while securing strong growth in our overseas voice hubbing business by tapping new overseas markets and customers. The Group has also been working proactively and closely with our major customers, in particular the telecoms operators in China, to understand their plans and needs. Our hubbing platforms have been carefully dimensioned in capacities and capabilities to meet the needs of our customers in a timely fashion. Our efforts resulted in a solid growth in our traffic and revenue of the voice hubbing services by 48.9% and 31.9%, respectively, as compared to the same period of 2007.

The Group was actively involved in the research and development of technologies for CDMA telecoms hubs and the acquisition of relevant equipment in preparation for the provision of international roaming mobile voice hubbing services, SMS hubbing services and Mobile VAS to CDMA mobile users in China. Internationally, the Group actively invested in the development of overseas telecoms markets and a number of cooperative framework agreements with local telecoms operators in Vietnam and Indonesia were concluded during the period under review. We also started to move into the Japanese voice hubbing market by establishing a wholly-owned operating subsidiary in Japan.

2. Outstanding Performance of SMS Hubbing Services Driven by Rapid Growth

The application of SMS among mobile phone users continued to increase as marketing measures adopted by mobile telecoms operators had enhanced the utilisation rate of SMS. During the period under review, the Group met the increased demand for SMS services by expanding its SMS hubbing capacity. We continued to expand into overseas market of mobile telecoms operators, providing

international SMS services to mobile telecoms operators in 5 new markets including Italy and Greece. Revenue from SMS hubbing services increased by 38.0% as compared to the same period of 2007.

3. Enhanced Profit Contribution from Mobile VAS Following Rapid Growth

The Group has been vigorously promoting its Mobile VAS products to additional mobile telecoms operators. The number of prepaid roaming card customers of mobile telecoms operators increased substantially with swift growth in our Single IMSI Multiple Number (“SIMN”) and mobile roaming call back services as our international roaming network for prepaid customers hooked up with over 10 mobile telecoms operators in 10 countries and regions. With direct connections between its international mobile roaming signalling transit network and more than 80 mobile telecoms operators located in over 30 countries and regions around the world, the Group has positioned itself as one of the major international mobile roaming signalling transit services providers in Asia to lay a solid foundation for further development of its Mobile VAS. Profit contribution from Mobile VAS grew further as revenue from this business segment increased substantially by 54.1% as compared to the same period of 2007.

4. Strong Momentum Generated Through the Business of CPCNet

Internet virtual private network and internet services provide an economic and effective means for internal communications and management of multi-national and trans-regional corporations. As a major internet virtual private network services provider which connects multi-national corporations to the Mainland China, CPCNet pro-actively expanded into overseas markets and adopted effective marketing strategies. During the period under review, CPCNet expanded its internet virtual private network (VPN) to cover all major cities in the PRC, with the number of VPN services sites increasing substantially from approximately 2,332 to 3,007, a growth of 28.9% as compared to the corresponding period of 2007. Revenue amounted to HK\$212.9 million, an increase of 41.9% as compared to the same period of the prior year on a proforma basis. CPCNet’s Internet services and international private lease lines services continued to grow at a stable pace, while market development for its information security services was further enhanced.

The premium quality of CPCNet products has been widely recognised in the industry, as evidenced by the Asia-Pacific regional awards received during the period under review. Customers have also been assured of CPCNet’s high standards in services quality with the awarding of the ISO9001 quality management certificate and ISO27001 information security management certificate.

The Group was starting to enjoy synergistic effects as it continued to integrate the assets and businesses of CPCNet and optimise resources. A portion of services originally provided by our Hong Kong customer services centres had been transferred to customer services centres under CPCNet, and satisfactory results were achieved in terms of resources sharing in data centres and networks.

5. Achievements in Corporate Governance

The Group has established standardised reporting procedures to enhance implementation of company policies with a view to continuous improvement in corporate governance practices. With improved management efficiencies and execution capabilities, internal control and risk management

has been further strengthened and investor relations further improved, as evidenced by the Group's first ranking in the "Best Mid-Cap" Award (China District) in the "Asia's Best Companies Poll" organised by FinanceAsia magazine, and top-three ranking in "Best Investor Relations" Award (China District).

III. Outlook

In the remainder of the year, the Group will carry on with our efforts to increase its global market shares for various businesses by rolling out a more extensive geographic coverage and further consolidating its position in the market for international telecoms hubbing services. We intend to beef up efforts in developing the international voice hubbing market, striving for fast growth in our international voice hubbing services to create positive synergies with our PRC operations that would contribute to the steady expansion of our voice hubbing services as a whole. Preparations will be made in anticipation of 3G business development, such as the research and development of new products as growth drivers for the SMS and Mobile VAS businesses. Efforts will also be dedicated to creating greater synergies by Integrating the operations and assets of the Group and CPCNet.

Significant growth in China's international telecommunications is expected during the Beijing Olympic Games. In view of the potential growth opportunities associated with the Beijing Olympic Games, the Group has been fully geared up in terms of personnel deployment, equipment, network capacity and technical conditions, in a bid to provide the best telecoms hubbing service for international telecommunications needs at the Olympics.

Industry-wise, China's big-three telecoms operators will become full service telecoms operators upon the completion of the restructuring of the country's telecoms industry. We foresee that the 3G license will be issued after the completion of the restructuring. In this connection, we are now well prepared for the provision of international voice services, SMS, video conferencing and Mobile VAS to the 3G mobile phone users. This development will bring upon greater opportunities for the Group.

On the back of the Group's top-quality telecoms hubs, extensive network connections and comprehensive services and given our stated strategies, we expect sustained sound growth in business revenue and profit in the second half of the year for greater reward to shareholders.

Finally, I would like to express, on behalf of the Board, sincere gratitude to the management and staff of the Company for their loyalty and dedication.

Shi Cuiming

Chairman

Hong Kong, 31 July 2008

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	<i>Note</i>	<i>Six months ended 30 June</i>	
		2008	2007
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover	3	1,128,068	692,247
Other revenue	4	10,820	47,155
Other net gain/(loss)	5	<u>255</u>	<u>(44)</u>
		1,139,143	739,358
Network, operations and support expenses	6	(753,927)	(458,162)
Depreciation and amortisation		(56,494)	(38,780)
Staff costs		(86,201)	(52,757)
Other operating expenses		<u>(61,653)</u>	<u>(32,278)</u>
Profit from operations and before taxation	6	180,868	157,381
Income tax	7	<u>(29,758)</u>	<u>(21,365)</u>
Profit attributable to the equity holders of the Company for the period		151,110	136,016
		=====	=====
Dividends payable to equity holders of the Company attributable to the interim period:			
Interim dividend declared after the balance sheet date	8	39,555	18,800
		=====	=====
Basic and diluted earnings per share (HK cents)	9	7.6	7.6
		=====	=====

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2008

	<i>Note</i>	<i>30 June 2008</i> (Unaudited) HK\$'000	<i>31 December 2007</i> (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		327,360	326,489
Intangible assets		23,079	28,717
Goodwill		9,455	9,455
Non-current other receivables	10	32,348	34,772
Deferred tax assets		<u>34,538</u>	<u>42,096</u>
		426,780	441,529
Current assets			
Trade and other receivables	10	713,882	594,243
Current tax recoverable		747	1,043
Cash and cash equivalents		<u>875,307</u>	<u>780,621</u>
		1,589,936	1,375,907
Current liabilities			
Trade and other payables	11	572,162	472,416
Current tax payable		<u>37,614</u>	<u>22,045</u>
		609,776	494,461
Net current assets			
		<u>980,160</u>	<u>881,446</u>
Total assets less current liabilities			
		1,406,940	1,322,975
Non-current liabilities			
Deferred tax liabilities		<u>30,348</u>	<u>35,125</u>
NET ASSETS			
		<u>1,376,592</u>	<u>1,287,850</u>

**CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2008 (CONTINUED)**

	<i>30 June</i> 2008 (Unaudited) HK\$'000	<i>31 December</i> 2007 (Audited) HK\$'000
CAPITAL AND RESERVES		
Share capital	197,773	197,807
Reserves	<u>1,178,819</u>	<u>1,090,043</u>
TOTAL EQUITY	<u>1,376,592</u> =====	<u>1,287,850</u> =====

Notes to the accounts

1 Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”)

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The interim results for the six months ended 30 June 2008 are unaudited, but have been reviewed by the Audit Committee of the Company and by the independent auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA, whose unmodified review report is included in the interim report.

2 Segment reporting

As all of the Group’s total turnover and profits were derived from telecommunications operations, accordingly no separate business segment analysis is presented for the Group. Further, the Group’s business participates primarily in one geographical location classified by the location of assets, i.e. Hong Kong, and accordingly, no geographic segmental analysis is provided.

3 Turnover

The Group is principally engaged in the provision of international voice hubbing services, short message services and other telecommunications services.

Turnover recognised during the period may be analysed as follows:

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Fees from the provision of voice hubbing services	731,038	554,167
Fees from the provision of short message services	116,930	84,664
Fees from the provision of other telecommunications services	<u>280,100</u>	<u>53,416</u>
	<u>1,128,068</u>	<u>692,247</u>
	=====	=====

4 Other revenue

	<i>Six months ended 30 June</i>	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	10,561	46,869
Other interest income	<u>259</u>	<u>286</u>
Total interest income on financial assets not at fair value through profit or loss	<u>10,820</u>	<u>47,155</u>

5 Other net gain/(loss)

	<i>Six months ended 30 June</i>	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net profit/(loss) on disposal of property, plant and equipment	132	(6)
Net foreign exchange gain/(loss)	<u>123</u>	<u>(38)</u>
	<u>255</u>	<u>(44)</u>

6 Profit before taxation

Profit before taxation is arrived at after charging:

	<i>Six months ended 30 June</i>	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Network, operations and support expenses, including:	753,927	458,162
- carrier costs	613,279	428,202
- operating leases - international leased circuits	48,566	22,394
- other telecommunications service costs	<u>92,082</u>	<u>7,566</u>
Depreciation	50,856	38,780
Amortisation	5,638	-

7 Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

	<i>Six months ended 30 June</i>	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Current tax - Hong Kong Profits Tax</i>		
Provision for the period	25,684	20,793
Overprovision in respect of prior years	-	(24)
	<u>25,684</u>	<u>20,769</u>
<i>Current tax - Overseas</i>		
Provision for the period	1,304	706
<i>Deferred tax</i>		
Origination and reversal of temporary differences	2,363	(110)
Effect of decrease in tax rate on deferred tax balances at 1 January	<u>407</u>	<u>-</u>
	<u>2,770</u>	<u>(110)</u>
	<u>29,758</u>	<u>21,365</u>

The provision for Hong Kong Profits Tax for the six months ended 30 June 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

Overseas taxation has been calculated on the estimated assessable profit during the period at the appropriate current rates of taxation prevailing in the relevant countries in which the Group operates.

8 Dividends

(a) Dividends payable to equity holders of the Company attributable to the interim period:

	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interim dividend declared after the interim period, of HK2 cents per share (2007: HK1 cent per share)	39,555 =====	18,800 =====

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the interim period:

	<i>Six months ended 30 June</i>	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK3.1 cents per share (year ended 31 December 2006: Nil)	61,310 =====	- =====

9 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the six months ended 30 June 2008 of HK\$151,110,000 (six months ended 30 June 2007: HK\$136,016,000) and the weighted average number of 1,977,780,000 shares (2007: 1,784,442,000 shares) in issue during the six months ended 30 June 2008.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2008 and 2007 are not presented as the potential ordinary shares in respect of outstanding share options were anti-dilutive.

10 Trade and other receivables

	<i>30 June</i> 2008 (Unaudited) HK\$'000	<i>31 December</i> 2007 (Audited) HK\$'000
Trade debtors, net of allowance for doubtful debts	660,638	540,503
Other receivables	<u>85,592</u>	<u>88,512</u>
	746,230	629,015
	=====	=====
Represented by:		
Non-current portion	32,348	34,772
Current portion	<u>713,882</u>	<u>594,243</u>
	746,230	629,015
	=====	=====

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	<i>30 June</i> 2008 (Unaudited) HK\$'000	<i>31 December</i> 2007 (Audited) HK\$'000
Within 1 year	643,616	520,325
Over 1 year	<u>17,022</u>	<u>20,178</u>
	660,638	540,503
	=====	=====

Credit evaluations are performed on all customers requiring credit over a certain amount. These debtors are due within 7 to 180 days from the date of billing. Debtors with balances over 1 year are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

11 Trade and other payables

	<i>30 June</i> 2008 (Unaudited) HK\$'000	<i>31 December</i> 2007 (Audited) HK\$'000
Trade creditors	483,370	396,261
Other payables and accruals	88,792	74,555
Amount due to ultimate holding company	<u>-</u>	<u>1,600</u>
	<u>572,162</u>	<u>472,416</u>

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	<i>30 June</i> 2008 (Unaudited) HK\$'000	<i>31 December</i> 2007 (Audited) HK\$'000
Within 1 year	418,686	349,021
Over 1 year	<u>64,684</u>	<u>47,240</u>
	<u>483,370</u>	<u>396,261</u>

FINANCIAL REVIEW AND ANALYSIS

REVIEW OF OVERALL PERFORMANCE

Turnover

The Group's turnover for the six months ended 30 June 2008 was HK\$1,128.1 million, an increase of 63.0%, compared with HK\$692.2 million for the same period of 2007.

Profit attributable to equity holders of the Company

The Group recorded a profit of HK\$151.1 million for the first half of 2008, an increase of 11.1% as compared to the same period of 2007.

GROUP LIQUIDITY AND CAPITAL RESOURCES

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives. At 30 June 2008, the Group had cash and cash equivalents of HK\$875.3 million, an increase of HK\$94.7 million as compared to the HK\$780.6 million as at 31 December 2007. The increase was mainly due to the Group's net cash generated from operating activities.

Borrowings

At 30 June 2008, the Group had no outstanding borrowings.

Banking facilities

At 30 June 2008, the Group had banking facilities amounting to US\$3.85 million and HK\$100.0 million (equivalent to a total of HK\$130.0 million). Of the total banking facilities, US\$10,000 (equivalent to HK\$78,000) was utilised as guarantees for the Group's purchase from telecoms operators.

Securities and guarantees

At 30 June 2008, the Group had not made any pledge of or created any security over its assets and had not provided any corporate guarantee.

Contingent liabilities

At 30 June 2008, the Group did not have any contingent liability.

Capital commitments

At 30 June 2008, the Group had outstanding capital commitments of HK\$32.2 million, mainly for the acquisition of network equipment which had yet to be delivered to the Group of which HK\$22.9 million were outstanding contractual capital commitments and HK\$9.3 million were capital commitments authorised but for which contracts had yet to be entered into.

Exchange rate risk

A substantial portion of the Group's sales revenue and its cost of sales are denominated in US dollar, to which the Hong Kong dollar is pegged. The Group has not been exposed nor anticipates itself being exposed to material risks due to changes in exchange rates. The Group will continue to monitor closely all possible exchange rate risk and implement the necessary hedging arrangement to mitigate the possible foreign exchange risk.

Credit risk

Credit evaluations are performed on all customers with credit level over a certain amount. At 30 June 2008, the accounts receivable are due within 7 to 180 days from the date of billing. Debtors with balances over 1 year are requested to settle all outstanding balances before any further credit is granted.

The Group has a certain concentration of credit risk of the trade receivable due from the Group's 5 largest customers and customers from China, with the 5 largest customers accounting for approximately 55% and 46% of the Group total trade receivable at 30 June 2008 and 31 December 2007, respectively. The credit risk exposure to these customers in China and the remaining trade receivable balance has been and will be monitored by the Group on an ongoing basis and the impairment losses on bad and doubtful debts have been within management's expectations.

HUMAN RESOURCES

As at the end of June 2008, the Group employed 355 staff in its headquarter of Hong Kong and its subsidiaries. The employees of Hong Kong and Mainland China were respectively 326 and 8. The other 21 were employed in subsidiaries of Taiwan, Japan and Singapore.

The Group continued our initiatives to raise operational efficiency whilst maintaining harmonious staff relations, promoting culture of open communication and to invest in human resources to support business growth.

To ensure that overall compensation is internally equitable, in line with local norms, and in support of the business strategy, the Group conducts regular review on the cash remuneration and benefits package of its employees. No major amendment was made to the human resources management policy or procedures in the last 6 months.

The need for a proper balance between work and life is well recognized by the Group as an important contributor to the well being of employees and their work efficiency. Starting from January 2007, the Group has implemented the 5-day work. The Group held the staff activity for helping employee relax. It would enhance mutual communication and maintain positive atmosphere.

The Group actively promotes a culture of open communication. Through employee opinion survey, employee suggestion box and tea break section with Corporate Management, employees could express ideas and concerns to the management. The Group shared the findings and the action plans after collecting the feedback.

Developing employees to enable them to grow personally and professionally has always been an ongoing priority at the Group. Employees have been given internal training opportunities and training subsidy for outside training courses to enhance their skills and abilities. This will be well equipped for the Group and employees for upcoming challenges.

CORPORATE GOVERNANCE

CITIC 1616 is committed to ensuring high standards of corporate governance and first class business practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Details of our corporate governance practices can be found on page 32 of the 2007 annual report and the Company's website www.citic1616.com.

Throughout the six months ended 30 June 2008, CITIC 1616 has complied with all code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Audit Committee has reviewed the Interim Report with management and the Company's internal and external auditors and recommended its adoption by the Board.

The interim financial report, which is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting", has been reviewed by the Company's independent auditors KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

DIVIDEND AND CLOSURE OF REGISTER

The Directors have declared an interim dividend of 2 cents (2007: 1 cent) per share for the year ending 31 December 2008 payable on Wednesday, 27 August 2008 to shareholders whose names appear on the Register of Members of the Company on Friday, 22 August 2008. The Register of Members of the Company will be closed from Monday, 18 August 2008 to Friday, 22 August 2008, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 August 2008.

SHARE CAPITAL

During the six months ended 30 June 2008, the Company made the following repurchases of its own shares on The Stock Exchange of Hong Kong Limited for the purpose of enhancing its earnings per share :

<u>Month/Year</u>	<u>Number of Shares Repurchased</u>	<u>Price Per Share</u>		<u>Aggregate Price Paid (HK\$)</u>
		<u>Highest (HK\$)</u>	<u>Lowest (HK\$)</u>	
January 2008	160,000	1.60	1.52	249,600
February 2008	175,000	1.70	1.66	293,900

These repurchased shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against retained profits. An amount equivalent to the nominal value of the shares cancelled of approximately HK\$34,000 was transferred from retained profits to capital redemption reserve.

Save as disclosed above, neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the six months ended 30 June 2008 and the Company has not redeemed any of its shares during the period ended 30 June 2008.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

By Order of the Board
Shi Cuiming
Chairman

Hong Kong, 31 July 2008

A copy of the announcement will be found on the Company's website (www.citic1616.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk). As at the date of this announcement, the following persons are directors of the Company:

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent Non-executive Directors:</i>
Shi Cuiming	Chau Chi Yin	Yang Xianzu
Xin Yue Jiang	Kwok Man Leung	Liu Li Qing
Yuen Kee Tong		Kwong Che Keung, Gordon
Chan Tin Wai, David		