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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 2009

CHAIRMAN'S STATEMENT

I am pleased to present the operating and financial results of the Group for the six months ended 30 June 2009. In response to changes in the market environment and increasing competitions, the Group implemented a series of improvement measures to enhance our performance. The integration of ChinaMotion NetCom Limited (CMN) was also successfully completed during the period under review. Thereby, the Group continued to maintain steady business growth and delivered satisfactory financial results for the first half of 2009.

I. FINANCIAL RESULTS

For the first half of 2009, the Group recorded total revenue of HK\$1,333.5 million, representing an increase of 18.2% as compared to the corresponding period of the previous year. Net profit of the Group was HK\$177.8 million, representing an increase of 17.7% as compared to the same period of last year.

Earnings per share for the first half of 2009 amounted to HK9.0 cents, representing an increase of 18.4% as compared to the corresponding period of the previous year.

The Board has declared an interim dividend of HK2.4 cents per share for 2009, a growth of 20.0% as compared to the same period of last year.

II. BUSINESS DEVELOPMENT

Growth of the telecoms market slowed down during the first half of the year as the impact of the international financial crisis lingered on while market competitions were intense. Against a challenging operating environment, the Group worked relentlessly to broaden and deepen the business and operational relationships with our key telecoms partners. By providing innovative products and high-quality services, the Group collaborated closely with our telecoms operators and corporate customers at home and abroad. With enhanced marketing efforts, closer ties were developed with telecoms operators and corporate customers for mutually beneficial relationships. The number of telecoms operators serviced by the Group increased from 351 at the end of last year to 453 at the end of June this year, laying a good foundation for the further business growth of the Group.

The Group's integration of ChinaMotion NetCom Limited was successfully completed and CMN reported significant business growth for the first half of 2009 as compared to the corresponding period of the previous year. The Group's Virtual Private Network (VPN) and other data business sustained rapid growth to become a key growth segment and source of profit for the Group. Following the PRC government's issuance of 3G licenses to the three major telecoms operators in China in January this year, which provided the PRC mobile telecoms market with added service varieties, the Group followed closely the 3G development and quickly introduced our new 3G transit and roaming services for the PRC operators covering the three prevailing 3G standards. The Group commenced the construction of our global IP international network to further expand our network capacity and coverage as well as improving the quality of the Group's network, laying a solid foundation for future growth.

In the first half of the year, revenue generated from voice services amounted to HK\$842.6 million, representing an increase of 15.3% as compared to the corresponding period of the previous year. A total of 5.05 billion of voice traffic minutes were recorded, representing a growth of 45.5% as compared to the same period of last year. Revenue generated from SMS services increased 17.9% to HK\$137.8 million when compared with the corresponding period of last year. The volume of SMS carried was 796.0 million messages, a decrease of 19.3% as compared to the corresponding period of the previous year. The growth in SMS revenue despite the decline in traffic was mainly attributable to the phasing out of discount plans offered to Hong Kong mobile operators, which resulted in higher average yield per SMS. Revenue from our Mobile Value-added Services (VAS) business amounted to HK\$56.3 million, representing an increase of 49.7% as compared with the corresponding period of last year. Revenue from VPN and other services amounted to HK\$296.8 million, representing an increase of 22.3% as compared with the same period of the previous year.

1. Sustaining growth in voice services by developing new overseas markets

The Group has been expanding our retail voice services in targeted overseas markets. By streamlining the retail voice product development and enhancing the service platforms as well as building up of retail channels, we secured stable development for the retail phone card business overseas. The Group invested aggressively in the development and roll-out of new 3G products. In this connection, the initial works on video transit service hub in collaboration with telecoms operators in China and overseas telecoms operators had been completed. While enhancing business cooperation with its existing customers, the Group

actively explored new overseas markets and customers, securing stable growth in China inbound voice traffic and increasing the operational efficiency of our voice services.

2. Solid performance of SMS Services driven by stable and faster growth

The Group maintained a leading position in international SMS market. During the first half of the year, the Group commissioned our open connectivity SMS hub and transferred all international SMS to the new hubbing platform, resulting in faster provisioning of SMS services and improved stability of SMS transmission. This also enhanced our ability to meet the increasing and varying demand on SMS services from GSM and CDMA telecoms operators. We achieved good growth in corporate SMS services during the first half of the year as the Group conducted aggressive marketing campaigns on its SMS services in the United States of America, Russia, Middle East and Eastern Europe and entered into service agreements with an increasing number of corporate clients.

3. Substantial increase in revenue attributing to expanded market coverage of mobile VAS

The Group provided signaling transit service to most of the mobile operators in Pacific Asia regions to meet the quality demand on mobile roaming service from mobile operators. Leveraging our technology and operational edge in Mobile VAS business, the Group enhanced our efforts in the development of Mobile VAS business market and continuously improved the quality and functionality of our Mobile VAS applications. The virtual international access number service was launched in the period under review.

4. Data business became one of our core businesses with better operating performances

While IT spending dwindled as multinational corporations have slowed down their overseas development due to the financial tsunami, CPCNet continued to implement aggressive marketing plans to meet the need of our customers with quality services. A number of bundled incentive promotions were offered. In addition, effective cost control was adopted to ensure satisfactory return of its business. In view of the increasingly popular practice among multinational corporations to turn to video conference as a means to shave business travel expenses, CPCNet launched a new video conferencing solution, VC², in the first half of 2009 to carve out a new niche in the application of VPN. With solid development of the business of our VPN services as well as internet access services and information security services, we achieved substantial growth over the corresponding period of last year.

5. Continue to strengthen corporate governance as well as promulgating our corporate culture and philosophy

With the expansion of our business and the growing size of our team, the Group has put more emphasis on corporate governance and the building of our corporate culture. We seek to sustain healthy growth of our business by implementing scientific management in a rigorous manner, and we seek to procure staff solidarity by fostering a guiding corporate culture. We target to be first-rate in team building, management, and technology and business performance. By providing training and development activities to promote our corporate culture and philosophy across the Group as well as strengthening business

training, we strive to upgrade the overall quality of our team as well as imparting dynamism and vitality into everything the Group does.

III. PROSPECTS

While we remain subject to the pressures brought about by the slowdown in global economic growth and increasing market challenges, it is also clear that the PRC economy is sustaining fast as well as stable growth and moving towards the anticipated direction under the pro-active fiscal and monetary policies adopted by the State. This trend is critical to the Group's business development. The Group will continue to develop sound partnerships with domestic and international telecoms operators as well as corporate customers. On 31 July 2009, the Group completed the acquisition of Macquarie Telecom Pte. Ltd.. While further strengthening our business foundations in Singapore, the acquisition will also enable us to expand into the Middle East, Africa and South Asia. Moreover, the synergies achieved through the acquisition are expected to enhance profit contributions to the Group. The Group will also seek to step up with efforts in the development of global markets with a special emphasis on South America, aiming to increase global coverage and market share while sustaining stable growth in our voice services business. Meanwhile, we will endeavour to further grow our SMS and Mobile VAS businesses, as well as develop our VPN and data services into an important profit stream.

The Group is seeing increased opportunities in the Taiwan telecoms market as the cross-strait interactions have greatly enhanced. The Group will proactively expand its presence in the Taiwan telecoms market and leverage its existing business advantages to foster telecom services between Mainland telecoms operators and their counterparts in Taiwan.

Furthermore, we will continue to work pro-actively with the 3G operators in China through the launching of new services, inter alia video phone transit services for 3G networks between PRC telecoms operators and overseas telecoms operators, the 3G international roaming among different standards and the single IMSI multiple number project.

Leveraging our network resource advantages, close working relationships with our customers, solid development strategies and technology, established telecoms hubs and operational experience, we will explore in a prudent manner business development and investment opportunities. To meet the need of long-term development, we plan to set up international telecoms hubs and regional data centres, with a view to expand coverage and improving operating efficiency to deliver greater return to our shareholders.

Last but not least, I would like to express my sincere gratitude on behalf of the Board, for the dedication and contributions of our management and all members of our staff.

Xin Yue Jiang

Chairman

Hong Kong, 18 August 2009

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	<i>Note</i>	<i>Six months ended 30 June</i>	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover	4	1,333,541	1,128,068
Other revenue	5	4,122	10,820
Other net gain	6	<u>778</u>	<u>255</u>
		1,338,441	1,139,143
Network, operations and support expenses	7	(902,586)	(753,927)
Depreciation and amortisation		(52,148)	(56,494)
Staff costs		(102,796)	(86,201)
Other operating expenses		<u>(65,420)</u>	<u>(61,653)</u>
Profit from operations		215,491	180,868
Share of loss of an associate		<u>(1,323)</u>	<u>-</u>
Profit before taxation	7	214,168	180,868
Income tax	8	<u>(36,386)</u>	<u>(29,758)</u>
Profit attributable to the equity holders of the Company for the period		177,782	151,110
		=====	=====
Basic and diluted earnings per share (HK cents)	10	9.0	7.6
		=====	=====

Details of dividends payable to equity holders of the Company are set out in note 9(i).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	<i>Six months ended 30 June</i>	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	177,782	151,110
	-----	-----
Other comprehensive income for the period (after tax):		
Exchange differences on translation of financial statements of overseas subsidiaries	_____ (2,093)	_____ (514)
Total comprehensive income for the period	175,689	150,596
	=====	=====

**CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2009**

	<i>Note</i>	<i>30 June 2009 (Unaudited) HK\$'000</i>	<i>31 December 2008 (Audited) HK\$'000</i>
Non-current assets			
Property, plant and equipment		345,185	363,105
Intangible assets		40,559	34,849
Goodwill		236,280	214,269
Interest in an associate		-	5,163
Non-current other receivables	11	26,093	29,716
Deferred tax assets		<u>23,474</u>	<u>29,907</u>
		671,591	677,009
		-----	-----
Current assets			
Trade and other receivables	11	893,348	864,786
Current tax recoverable		3,277	250
Cash and cash equivalents		<u>841,462</u>	<u>794,988</u>
		1,738,087	1,660,024
		-----	-----
Current liabilities			
Trade and other payables	12	748,284	746,957
Current tax payable		<u>59,042</u>	<u>36,166</u>
		807,326	783,123
		-----	-----
Net current assets		<u>930,761</u>	<u>876,901</u>
		-----	-----
Total assets less current liabilities		1,602,352	1,553,910
		-----	-----
Non-current liabilities			
Deferred tax liabilities		<u>35,527</u>	<u>36,200</u>
		35,527	36,200
		-----	-----
NET ASSETS		<u>1,566,825</u>	<u>1,517,710</u>
		=====	=====

**CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2009 (CONTINUED)**

	<i>Note</i>	<i>30 June 2009 (Unaudited) HK\$'000</i>	<i>31 December 2008 (Audited) HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		197,773	197,773
Reserves		<u>1,369,052</u>	<u>1,319,937</u>
TOTAL EQUITY		1,566,825 =====	1,517,710 =====

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 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. These changes in the accounting policies are set out in note 2.

The interim results for the six months ended 30 June 2009 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 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to HKFRS 2, *Share-based payment - vesting conditions and cancellations*

The adoption of these developments has no material impact on the Group’s operating results.

3 Segment reporting

The Group manages its businesses by business operations and geography. On first-time adoption of HKFRS 8, Operating segments and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has only identified one business segment, i.e. telecommunications operations. Further, the Group's business participates primarily in only one geographical location classified by the location of assets, i.e. Hong Kong.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate, deferred tax assets, current tax recoverable, and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

Revenue generated from the telecommunications segment includes the fees derived from the provision of voice services; provision of short message services; and provision of other telecommunications services. Revenue from the provision of these services to state-controlled entities in the PRC represents more than 10% of the Group's total revenue. The revenue received from this customer amounted to HK\$581,373,000 for the six months ended 30 June 2009 (2008: HK\$533,538,000).

4 Turnover

The Group is principally engaged in the provision of international voice 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>2009</i>	<i>2008</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fees from the provision of voice services	842,615	731,038
Fees from the provision of short message services	137,781	116,930
Fees from the provision of other telecommunications services	<u>353,145</u>	<u>280,100</u>
	1,333,541	1,128,068
	=====	=====

5 Other revenue

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	3,891	10,561
Other interest income	<u>231</u>	<u>259</u>
	4,122	10,820
	=====	=====

6 Other net gain

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit on disposal of property, plant and equipment	(228)	132
Net foreign exchange gain	<u>1,006</u>	<u>123</u>
	778	255
	=====	=====

7 Profit before taxation

Profit before taxation is arrived at after charging:

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Network, operations and support expenses, including:	902,586	753,927
- carrier costs	716,243	613,279
- operating leases - leased circuits	81,798	48,566
- other telecommunications service costs	104,545	92,082
Depreciation	49,298	50,856
Amortisation	2,850	5,638
	=====	=====

8 Income tax

	<i>Six months ended 30 June</i>	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the period	31,638	25,684
Underprovision in respect of prior years	<u>145</u>	<u>-</u>
	31,783	25,684
	-----	-----
Current tax - Overseas		
Provision for the period	2,433	1,304
	-----	-----
Deferred tax		
Origination and reversal of temporary differences	2,170	2,363
Effect on deferred tax balances at 1 January resulting from a change in tax rate	<u>-</u>	<u>407</u>
	2,170	2,770
	-----	-----
	36,386	29,758
	=====	=====

The provision for Hong Kong Profits Tax for the six months ended 30 June 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period.

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

9 Dividends

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

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared and paid after the interim period, of HK2.4 cents per share (2008: HK2.0 cents per share)	47,466	39,555
	=====	=====

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

(ii) 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>	
	<i>2009</i>	<i>2008</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK6.4 cents per share (six months ended 30 June 2008: HK3.1 cents per share)	126,574	61,310
	=====	=====

10 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 2009 of HK\$177,782,000 (six months ended 30 June 2008: HK\$151,110,000) and the weighted average number of 1,977,731,000 ordinary shares (2008: 1,977,780,000 shares) in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares

	<i>Number of shares</i>	
	<i>2009</i>	<i>2008</i>
	'000	'000
Issued ordinary shares at 1 January	1,977,731	1,978,066
Effect of shares repurchased	_____ -	_____ (286)
Weighted average number of ordinary shares at 30 June	1,977,731	1,977,780
	=====	=====

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2009 and 2008 is the same as the basic earnings per share as the potential ordinary shares outstanding during the period ended 30 June 2009 and 2008 were anti-dilutive.

11 Trade and other receivables

	<i>30 June</i> 2009 (Unaudited) HK\$'000	<i>31 December</i> 2008 (Audited) HK\$'000
Trade debtors	879,531	779,622
Less: allowance for doubtful debt	<u>(42,012)</u>	<u>(35,481)</u>
	837,519	744,141
Amount due from an associate	-	23,256
Other receivables	<u>81,922</u>	<u>127,105</u>
	919,441	894,502
	=====	=====
Represented by:		
Non-current portion	26,093	29,716
Current portion	<u>893,348</u>	<u>864,786</u>
	919,441	894,502
	=====	=====

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

	<i>30 June</i> 2009 (Unaudited) HK\$'000	<i>31 December</i> 2008 (Audited) HK\$'000
Within 1 year	800,335	739,035
Over 1 year	<u>79,196</u>	<u>40,587</u>
	879,531	779,622
	=====	=====

Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables 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.

12 Trade and other payables

	<i>30 June</i> 2009 (Unaudited) HK\$'000	<i>31 December</i> 2008 (Audited) HK\$'000
Trade creditors	609,954	600,544
Other payables and accruals	138,330	127,095
Amount due to an associate	<u>-</u>	<u>19,318</u>
	<u>748,284</u>	<u>746,957</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> 2009 (Unaudited) HK\$'000	<i>31 December</i> 2008 (Audited) HK\$'000
Within 1 year	503,089	504,383
Over 1 year	<u>106,865</u>	<u>96,161</u>
	<u>609,954</u>	<u>600,544</u>

FINANCIAL REVIEW AND ANALYSIS

REVIEW OF OVERALL PERFORMANCE

Turnover

The Group's turnover for the six months ended 30 June 2009 was HK\$1,333.5 million, an increase of 18.2%, compared with HK\$1,128.1 million for the same period of 2008.

Profit attributable to the equity holders of the Company

The Group recorded a profit of HK\$177.8 million for the first half of 2009, an increase of 17.7% as compared to the same period of 2008.

Acquisition of subsidiaries

a) Acquisition of 51% interest of ComNet (USA) LLC (formerly known as CM Tel (USA) LLC)

In May 2009, the Group increased its interest in ComNet (USA) LLC from 49% to 100%. The additional 51% interest was transferred from ChinaMotion NetCom Holdings Limited (a wholly-owned subsidiary of China Motion Telecom International Limited) to Pacific Networks Corp.. The consideration paid for the acquisition of the additional 51% interest amounted to HK\$26.0 million.

The transaction resulted in ComNet (USA) LLC, ceasing to be an associate and becoming a subsidiary of the Group effective from May 2009. ComNet (USA) LLC is engaged in providing wholesale and retail international direct dialing (IDD) services in North America.

b) Acquisition of Macquarie Telecom Pte. Ltd.

On 30 July 2009, the Company entered into an agreement with Macquarie Telecom Group Limited in relation to the acquisition of its wholly-owned subsidiary Macquarie Telecom Pte. Ltd. for cash consideration of SGD10.5 million (subject to adjustment). Macquarie Telecom Pte. Ltd. is engaged in the provision of telecommunications services to corporate customers in Singapore. The said transaction was completed on 31 July 2009.

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 2009, the Group had cash and cash equivalents in the consolidated balance sheet of HK\$841.5 million, an increase of HK\$46.5 million as compared to the HK\$795.0 million at 31 December 2008. The increase was mainly due to the Group's net

cash generated from operating activities amounted to HK\$237.0 million, which was partially offset by the HK\$126.6 million 2008 final dividend paid during the interim period.

Borrowings

At 30 June 2009, the Group had no outstanding borrowings.

Banking facilities

At 30 June 2009, 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, approximately HK\$1.1 million was utilised as guarantees for the Group's purchase from telecoms operators and approximately HK\$2.0 million was utilised as guarantees for the Group's performance to the customers.

Securities and guarantees

At 30 June 2009, 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 2009, the Group did not have any contingent liability.

Capital commitments

At 30 June 2009, the Group had outstanding capital commitments of HK\$43.1 million, mainly for the acquisition of network equipment which had yet to be delivered to the Group, of which HK\$33.2 million were outstanding contractual capital commitments and HK\$9.9 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 United States dollar, to which the Hong Kong dollar is pegged. In addition, the Group's other assets, liabilities and transactions are mainly denominated either in Hong Kong dollar or United States dollar. Management considers that the Group's exposure to foreign currency risk is not material and will continue to monitor closely all possible exchange rate risk and implement the necessary hedging arrangement to mitigate any significant foreign exchange risk.

Credit risk

Credit evaluations are performed on all customers with credit level over a certain amount. Trade receivables 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 receivables due from the Group's five largest customers who accounted for approximately 46% and 49% of the Group's total trade receivables at 30 June 2009 and 31 December 2008 respectively. The credit risk exposure to trade receivables balance has been and will be monitored by the Group on an ongoing basis and the impairment loss on bad and doubtful debts have been within management's expectations.

HUMAN RESOURCES

As at the end of June 2009, the Group employed 450 staff in its headquarter of Hong Kong and its subsidiaries. The distribution of the employees will be : Hong Kong 378, Mainland China 9, Taiwan 17, Singapore 13, Japan 6, USA 17, Canada 9 & UK 1.

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. 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 help employees to be well equipped for the future development of the Group.

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. The Board will continue to review its corporate governance practices to meet the latest local and international

standards. Details of our corporate governance practices can be found on page 32 of the 2008 annual report and the Company's website www.citic1616.com.

The revised terms of reference of the Audit Committee have been adopted by the Board on 9 March 2009 in line with the latest requirements of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") relating to the annual review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, including their training programmes and budget.

Throughout the six months ended 30 June 2009, CITIC 1616 has complied with all code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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 HK2.4 cents (2008: HK2.0 cents) per share for the year ending 31 December 2009 payable on Tuesday, 15 September 2009 to shareholders whose names appear on the Register of Members of the Company on Thursday, 10 September 2009. The Register of Members of the Company will be closed from Friday, 4 September 2009 to Thursday, 10 September 2009, 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 Thursday, 3 September 2009.

SHARE CAPITAL

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 2009 and the Company has not redeemed any of its shares during the period ended 30 June 2009.

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.

INTERIM REPORT AND FURTHER INFORMATION

A copy of the announcement will be found on the Company's website (www.citic1616.com) and the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The additional information including a full financial analysis will be posted on the Company's website as soon as possible and the full Interim Report will be made available on the website of the Company and The Stock Exchange of Hong Kong Limited around 2 September 2009.

By Order of the Board
Xin Yue Jiang
Chairman

Hong Kong, 18 August 2009

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>
Xin Yue Jiang (Chairman)	Kwok Man Leung	Yang Xianzu
Yuen Kee Tong	Chan Chui Sheung, Stella	Liu Li Qing
Chan Tin Wai, David		Kwong Che Keung, Gordon