



CITIC 1616 HOLDINGS LIMITED

中信1616集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 1883)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

CHAIRMAN'S STATEMENT

I am pleased to present the operating and financial results of the Group for the first six months of 2007. The Group reported stable business growth and substantially improved operating performance during the period.

I. Financial Results

For the first six months of 2007, the Group recorded total turnover of HK\$692.2 million representing an increase of 8.9% as compared to the corresponding period of the previous year. Net profit of the Group was HK\$136.0 million, representing an increase of 34.9% as compared to the corresponding period of 2006. Earnings per share amounted to 7.6 cents, representing an increase of 26.7% as compared to the corresponding period of 2006. The Board has declared an interim dividend of 1 cent per share for 2007.

II. Business Development

China maintained rapid economic growth during the first six months of 2007 and recorded a Gross Domestic Product growth of 11.5% as compared to 2006. Demand for telecommunications services continued to expand as the living standard of the Chinese people improved. In the past six months, individual Chinese tourists visiting Hong Kong had increased and so did the communication between Mainland China and Hong Kong, Macau, Taiwan and the overseas. Coupled with the stable global economic growth and the Group's increase in connection with international telecoms carriers, the Group continued to record good business growth.

The Group worked closely with major telecoms carriers around the world to provide high quality interoperable connections for these carriers. Capitalising on opportunities presented by stable global economic growth and the Group's leading position in China's international hubbing services, the Group sustained its market position as one of China's leading providers of international telecoms hubbing services despite intensifying market competition. Meanwhile, the Group's active overseas marketing efforts were also rewarded by an increase in the number of international customers from

approximately 240 at the end of the prior year to approximately 260 at the end of June, reinforcing its position as a reputable provider of international telecoms hubbing services.

A total of 2.33 billion voice calls minutes were recorded during the first half of the year, representing year-on-year growth of 8.4%. Turnover increased by 4.4% to HK\$554.1 million. In particular, voice calls in and out of Mainland China reached 1.78 billion minutes, an increase of 7.3% as compared to 2006. The volume of SMS carried was 846.0 million, an increase of 38.0% as compared to 2006. Turnover generated by SMS hubbing services for the first half of 2007 increased 71.5% to HK\$84.7 million when compared with the same period of 2006. The turnover of Mobile VAS was HK\$24.4 million for the current period, an increase of 108.5% when compared with the six months ended 30 June 2006.

1. Effective measures adopted to secure stable growth in voice hubbing services

In the first six months, the market had been marred by adverse factors such as the decrease in call rates and network interruption caused by earthquakes in Taiwan. The Group responded pro-actively to such market changes and maintained stable growth in its voice hubbing services with the introduction of effective measures, such as identifying and developing new customers and providing more price-competitive and convenient services.

Moreover, in the first six months, the global trend of switching from fixed-line to mobile services became more apparent and much faster. The Group monitored the market changes closely and took pro-active steps to understand the needs of mobile telecoms carriers. One of the major steps taken to respond to the market changes was to expand the capacity of our mobile voice carrier hubbing services. This resulted in a growth in the volume and turnover of 8.0% and 15.8% respectively for the Group's mobile voice traffic. Turnover from mobile voice services as a percentage of total turnover of voice calls services increased to 55.5% from 50.1% for the same period last year.

The Group was engaged in active efforts to explore new markets for telecoms services. Apart from a framework agreement for full strategic cooperation with Vietnam Telecom International, we have been actively identifying opportunities to gain access to markets in Europe, the U.S. and Singapore through merger and acquisitions or equity investments for controlling stakes.

2. Substantial increase in turnover driven by rapid growth in SMS hubbing services

The application of SMS among mobile phone users became increasingly popular as mobile telecoms operators around the world had adopted aggressive marketing measures to enhance the penetration rate of SMS. In the first six months, the Group met the increased demand for SMS services by expanding its SMS hubbing capacity and the Group entered into an agreement with the Vodafone Group to provide hubbing services for all SMS in-bound to China from mobile telecoms carriers under Vodafone Group in 16 countries and regions. Turnover from the Group's SMS hubbing services registered a 71.5% growth as compared to 2006.

3. Mobile Value Added Services ("Mobile VAS") as new niche for revenue growth

The substantial increase in Chinese tourists visiting overseas destinations and Hong Kong/Macau and visitors from Hong Kong and other parts of the world visiting China for business or leisure had brought an increase in demand for cross-border telecommunications services. The increase in

demand had resulted in good growth of our Single IMSI Multiple Number (“SIMN”) service and Mobile Roaming Call Back service. Through cooperation with PRC mobile telecoms operators, the Group succeeded in growing its Mobile VAS business and extending the service to the two mobile operators in China. Meanwhile, the Group is also vigorously introducing to the Southeast Asian market its international Mobile VAS services. In this connection, contracts had been signed with mobile telecoms operators in the Philippines and Malaysia for the provision of Mobile VAS services. In summary, turnover from the Group’s Mobile VAS services registered a substantial increase of 108.5%, as compared to the same period last year.

III. Business Outlook

Going forward, robust demand for telecommunications services is expected to continue in the global market, particularly in China. The Group intends to capture this unique opportunity to drive its business growth by capitalising on our high quality telecom hub, providing comprehensive telecommunication services, and maintaining extensive and close business connections with customers at home and abroad. Through these measures, we expect the Group to maintain sound growth in business turnover and profit for the full year.

Regarding our voice hubbing services, the peak season is expected to come in during the second half of the year. While the Group may subject to intense market competition and falling unit prices, the Group is expected to maintain stable growth in turnover from the Group’s voice hubbing services for the latter half of the year. Measures such as increase in the penetration of the Europe and U.S. markets will be implemented. For the SMS and Mobile VAS services, the Group is committed to ongoing improvements and upgrades in terms of the quality of services and application technologies and enhancing cooperation with mobile telecoms operators in new markets. As such, it is expected that the growth experienced in the first six months will continue in the latter half of the year. For enterprise solutions, the Group will continue to upgrade its capabilities and services to meet customers’ requirements, to increase customers’ utilisation of its data services and to improve facilities management and systems integration services provided to customers.

The Group will continue to strengthen its international telecoms hub through ongoing improvement in services offered, maintenance quality and technology upgrade.

The Company also looks forward to the huge business opportunities derived from the future issuance of 3G licence in China.

It gives me great pleasure that the Company can count on an experienced and progressive management team and a group of high-calibre staff with utmost dedication in growing the business of the Company. On behalf of the Board, I would like to express gratitude to the management and the staff for their efforts during the period.

Shi Cuiming

Chairman

Hong Kong, 2 August 2007

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE – UNAUDITED

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2007</i>	<i>2006</i>
		HK\$'000	HK\$'000
Turnover	3	692,247	635,676
Other revenue	4	47,155	247
Other net loss	5	<u>(44)</u>	<u>(147)</u>
		739,358	635,776
Network, operations and support expenses		(458,162)	(441,767)
Depreciation		(38,780)	(36,003)
Staff costs		(52,757)	(35,539)
Other operating expenses		<u>(32,278)</u>	<u>(24,536)</u>
Profit from operations and before taxation	6	157,381	97,931
Income tax	7	<u>(21,365)</u>	<u>(16,877)</u>
Profit for the period from continuing operations		136,016	81,054
Discontinued operations			
Profit for the period from discontinued operations		<u>-</u>	<u>19,710</u>
Profit attributable to the equity holders of the Company for the period		136,016	100,764
		=====	=====
Dividends payable to equity holders of the Company attributable to the interim period:			
Interim dividend declared after the balance sheet date	8	18,800	-
		=====	=====
Basic and diluted earnings per share	9		
From continuing and discontinued operations (HK cents)		7.6	6.0
		=====	=====
From continuing operations (HK cents)		7.6	4.8
		=====	=====
From discontinued operations (HK cents)		-	1.2
		=====	=====

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007

	<i>Note</i>	<i>30 June 2007</i> (Unaudited) HK\$'000	<i>31 December 2006</i> (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		275,685	278,073
Non-current other receivables	10	36,986	37,891
Deferred tax assets		<u>4,947</u>	<u>7,478</u>
		317,618	323,442
		-----	-----
Current assets			
Trade and other receivables	10	503,860	459,701
Current tax recoverable		277	277
Cash and cash equivalents		<u>629,773</u>	<u>43,432</u>
		1,133,910	503,410
		-----	-----
Current liabilities			
Trade and other payables	11	377,572	373,061
Amount due to ultimate holding company		-	2,237
Current tax payable		<u>56,287</u>	<u>41,187</u>
		433,859	416,485
		-----	-----
Net current assets		700,051	86,925
		-----	-----
Total assets less current liabilities		1,017,669	410,367
		-----	-----
Non-current liabilities			
Deferred tax liabilities		<u>34,809</u>	<u>37,450</u>
		34,809	37,450
		-----	-----
NET ASSETS		982,860	372,917
		=====	=====

**CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007 (CONTINUED)**

	<i>Note</i>	<i>30 June 2007 (Unaudited) HK\$'000</i>	<i>31 December 2006 (Audited) HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		188,000	1
Reserves		<u>794,860</u>	<u>372,916</u>
Total equity attributable to equity holders of the Company		982,860	372,917
Minority interests		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>982,860</u>	<u>372,917</u>

Notes:

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, including compliance with 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 2006 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and by the auditors, KPMG, in accordance with Hong Kong Standards on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the HKICPA.

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 only one geographical location classified by the location of assets, i.e. Hong Kong, accordingly, no segmental analysis is provided.

3 Turnover

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

Turnover recognised during the period may be analysed as follows:

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
Fees from the provision of voice hubbing services	554,167	530,511
Fees from the provision of short message services	84,664	49,393
Fees from the provision of other telecommunication services	<u>53,416</u>	<u>55,772</u>
	692,247	635,676
<i>Discontinued operations</i>		
Gross rental income from discontinued operations	<u>-</u>	<u>2,845</u>
	<u>692,247</u>	<u>638,521</u>
	=====	=====

The direct outgoings of the gross rental income from investment property for the six months ended 30 June 2007 amounted to HK\$Nil (six months ended 30 June 2006: HK\$436,000).

4 Other revenue

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
Bank interest income	46,869	247
Other interest income	<u>286</u>	<u>-</u>
	47,155	247
<i>Discontinued operations</i>		
Interest income	<u>-</u>	<u>17</u>
	<u>47,155</u>	<u>264</u>
	=====	=====

5 Other net (loss)/gain

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
Net loss on disposal of other property, plant and equipment	(6)	(37)
Net foreign exchange loss	<u>(38)</u>	<u>(110)</u>
	(44)	(147)
<i>Discontinuing operations</i>		
Surplus on revaluation of investment property	<u>-</u>	<u>23,000</u>
	<u>(44)</u>	<u>22,853</u>
	=====	=====

6 Profit before taxation

Profit before taxation is arrived at after charging:

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs:		
<i>Discontinued operations</i>		
Interest on loan from ultimate holding company	-	5,499
	=====	=====
(b) Other items:		
<i>Continuing operations</i>		
Network, operations and support expenses, including:		
- carrier costs	458,162	441,767
- operating leases - international leased circuits	428,202	394,048
- other telecommunications service costs	22,394	22,964
	7,566	24,755
	=====	=====

7 Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
<i>Current tax - Hong Kong Profits Tax</i>		
Provision for the period	20,793	20,213
Overprovision in respect of prior years	<u>(24)</u>	<u>-</u>
	20,769	20,213
<i>Current tax – Outside Hong Kong</i>		
Provision for the period	<u>706</u>	<u>1,103</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	<u>(110)</u>	<u>(4,439)</u>
	<u>21,365</u>	<u>16,877</u>
	=====	=====

The provision for Hong Kong Profits Tax for the six months ended 30 June 2007 is calculated at 17.5% (six months ended 30 June 2006: 17.5%) of the estimated assessable profits for the period.

Taxation outside Hong Kong has been calculated on the estimated assessable profit during the period at the appropriate current rates of taxation ruling at the relevant countries in which the Group operates.

Discontinued operations

No provision for Hong Kong Profits Tax was made for the discontinued operations as the companies comprising the discontinued operations either have no assessable profit during the period or have unrelieved tax losses carried forward which are not likely to be crystallised in the future.

8 Dividends

Dividend payable to equity holders of the Company attributable to the interim period:

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared after the interim period of 1 cent per share (six months ended 30 June 2006: Nil)	18,800	-
	=====	=====

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

9 Earnings per share

(a) Basic earnings per share

From continuing and discontinued operations

The basic earnings per share from continuing and discontinued operations for the six months ended 30 June 2007 is calculated based on the profit attributable to the equity holders of the Company of HK\$136,016,000 (six months ended 30 June 2006: HK\$100,764,000) and the weighted average number of shares in issue during the six months ended 30 June 2007 of 1,784,442,000 shares (six months ended 30 June 2006: 1,692,000,000 shares), calculated as follows:

Weighted average number of ordinary shares

	<i>Number of shares</i>	
	<i>2007</i>	<i>2006</i>
	<i>'000</i>	<i>'000</i>
Issued ordinary shares at 1 January #	1,692,000	1,692,000
Effect of shares issued pursuant to the placing and public offering	<u>92,442</u>	<u>-</u>
Weighted average number of ordinary shares at 30 June	<u>1,784,442</u>	<u>1,692,000</u>
	=====	=====

Issued share capital at 1 January 2006 represented shares of the Company in issue after the reorganisation, as if the shares had been outstanding since 1 January 2006.

9 Earnings per share (continued)

(a) Basic earnings per share (continued)

From continuing operations

The basic earnings per share from continuing operations for the six months ended 30 June 2007 is calculated based on the profit for the period from continuing operations of HK\$136,016,000 (six months ended 30 June 2006: HK\$81,054,000) and the weighted average number of shares in issue during the six months ended 30 June 2007 of 1,784,442,000 shares (six months ended 30 June 2006: 1,692,000,000 shares as if the shares in issue after the reorganisation had been outstanding since 1 January 2006).

From discontinued operations

The basic earnings per share from discontinued operations for the six months ended 30 June 2006 is calculated based on the profit for the period from discontinued operations of HK\$19,710,000 and the weighted average number of shares in issue during the six months ended 30 June 2006 of 1,692,000,000 shares, as if the shares in issue after the reorganisation had been outstanding since 1 January 2006.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2007 is the same as the basic earnings per share as the potential ordinary shares outstanding during the six months ended 30 June 2007 were anti-dilutive. There were no dilutive potential ordinary shares during the six months ended 30 June 2006 presented and, therefore, diluted earnings per share are not presented.

10 Trade and other receivables

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

	<i>30 June</i> 2007 (Unaudited) HK\$'000	<i>31 December</i> 2006 (Audited) HK\$'000
Within 1 year	461,459	411,488
Over 1 year	<u>7,114</u>	<u>12,146</u>
Trade receivables, net of impairment losses	468,573	423,634
Other receivables, prepayments and deposits	<u>72,273</u>	<u>73,958</u>
	540,846	497,592
	=====	=====
<i>Represented by:</i>		
Non-current portion	36,986	37,891
Current portion	<u>503,860</u>	<u>459,701</u>
	540,846	497,592
	=====	=====

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.

11 Trade and other payables

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

	<i>30 June</i> 2007 (Unaudited) HK\$'000	<i>31 December</i> 2006 (Audited) HK\$'000
Within 1 year	278,001	279,451
Over 1 year	<u>45,646</u>	<u>50,288</u>
Total trade payable	323,647	329,739
Other payables and accruals	<u>53,925</u>	<u>43,322</u>
	<u>377,572</u>	<u>373,061</u>

FINANCIAL REVIEW AND ANALYSIS

REVIEW OF OVERALL PERFORMANCE

Turnover

The Group's turnover for the six months ended 30 June 2007 was HK\$692.2 million, an increase of 8.9% compared with HK\$635.7 million for the same period of 2006. This increase was principally due to the growth in Voice Hubbing Services, SMS Hubbing Services, and Mobile VAS.

Profit attributable to equity holders of the Company

The Group recorded a profit of HK\$136.0 million for the first half of 2007, an increase of HK\$35.2 million, compared with HK\$100.8 million for the same period of 2006.

Group Liquidity and capital resources

As at 30 June 2007, the Group had cash and cash equivalents of HK\$629.8 million, an increase of HK\$586.4 million compared with same period of 2006. The increase was mainly due to the Group's net proceeds of HK\$461.0 million from the initial public offer in April 2007, and Group's net cash generated from operating activities of HK\$109.5 million during the review period.

Borrowings

As at 30 June 2007, the Group had no outstanding borrowings.

Banking facilities

As at 30 June 2007, 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\$130,000 (equivalent to HK\$1,014,000) was utilised as guarantees for the Group's purchase from telecom operators.

Securities and guarantees

As at 30 June 2007, the Group had not made any pledge of or created any securities over its assets and had not provided any corporate guarantee.

Contingent liabilities

As at 30 June 2007, the Group did not have any contingent liabilities.

Capital commitments

As at 30 June 2007, the Group had outstanding capital commitments of HK\$19.3 million which comprised mainly the network equipments ordered or authorised but not yet ordered for capacity expansion.

Exchange rate risk

Currently, 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. Accordingly, the Group does not have any hedging policies in place in respect of exchange rate risk.

Credit risk

In respect of trade and other receivables, 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.

The Group has a certain concentration of credit risk of the trade and other receivables due from the Group's 5 largest customers which accounts for approximately 53% and 49% of the Group trade and other receivables as at 30 June 2007 and 31 December 2006 respectively. The credit risk exposure to these customers in China and the remaining trade receivables balance has been and will be monitored by the Group on an ongoing basis and the historical impairment losses on bad and doubtful debts have been within management's expectations.

HUMAN RESOURCES

As at the end of June 2007, the Group employed 177 staff in its headquarter of Hong Kong and its subsidiary. The number of employees of Hong Kong and Mainland China are 161 and 16 each respectively.

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 to let our employees with better rest time arrangement and to enhance work productivity.

The Group actively promotes a culture of open communication. Through Employee Opinion Survey and the Employee Suggestion Box, 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 of the Group. Employees have been given internal training opportunities and training subsidy for outside training courses to enhance their skills and abilities. The Group and employees will be well equipped for upcoming challenges.

Under the share option plan of the Company (“the Plan”) adopted on 17 May 2007, the Board may offer to grant an option over the Company’s shares to any person employed by the Company or any subsidiary and any person who is an officer or director (whether executive or non-executive) of the Company or any subsidiary as the Board may in its absolute discretion select.

On 23 May 2007, options to subscribe for a total of 18,720,000 shares in the Company, at the exercise price of HK\$3.26 per share, were granted under the Plan. All options granted and accepted can be exercised in whole or in part within 5 years from the date of grant. All were accepted, and none were exercised, cancelled or lapsed during the six months ended 30 June 2007.

The grant-date fair value of options granted during the six months ended 30 June 2007 was HK\$12,917,000. The amount was recognised as share-based compensation expenses for the six months ended 30 June 2007 for share options granted, with a corresponding increase in capital reserve.

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.

Throughout the period from 3 April 2007 (on which the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited) to 30 June 2007, 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 are prepared in accordance with HKAS 34 "Interim Financial Reporting", have 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 HKICPA.

DIVIDEND AND CLOSURE OF REGISTER

The Directors have declared an interim dividend of 1 cent per share for the year ending 31 December 2007 payable on Tuesday, 28 August 2007 to shareholders whose names appear on the Register of Members of the Company on Friday, 24 August 2007. The Register of Members of the Company will be closed from Monday, 20 August 2007 to Friday, 24 August 2007, 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, 17 August 2007.

SHARE CAPITAL

Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the period from 3 April 2007 (on which the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited) to 30 June 2007 and the Company has not redeemed any of its shares during the aforesaid period.

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, 2 August 2007

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

Executive Directors:

Shi Cuiming

Yuen Kee Tong

Li Bin

Chan Tin Wai, David

Non-executive Directors:

Lee Chung Hing

Kwok Man Leung

Independent Non-executive Directors:

Yang Xianzu

Liu Li Qing

Kwong Che Keung, Gordon