

CHAIRMAN'S LETTER TO SHAREHOLDERS

The Group recorded a net profit of HK\$201.5 million for the year 2006, a 106.0% increase from 2005. Turnover for 2006 rose 39.2% to HK\$1,364.2 million.

Business Overview

The Group operates an international telecoms hub which is one of the leading independent telecoms hubs in Asia, providing interoperable connections between approximately 240 customers (mainly telecoms operators) in approximately 50 countries/areas. Building on the Group's advanced and well-established technology platform, the Group has developed the following core services to telecoms operators worldwide: Fixed-Lined/Hybrid Carrier Voice Hubbing Services; Mobile Carrier Voice Hubbing Services; SMS Hubbing Services; as well as Mobile Value Added Services and Enterprise Solutions. These services are supported by the Group's application development skills and its established extensive connectivity network.

During the last three years, the Group handled a substantial volume of China's in-bound and out-bound international voice traffic and a large majority of the in-bound and out-bound international messages for one of the largest mobile telecoms operators in China.

Most of the Group's Mobile Value Added Services are designed to be utilized by the subscribers of the mobile telecoms operators that connect to the Group's telecoms hub. These Mobile Value Added Services increase existing traffic volume and create new revenue stream. The Group in turn benefits from increasing in traffic volume. The availability of Mobile Value Added Services also makes the Group's hub more attractive to telecoms operators.

Business Strategies

The Group's mission is to become one of the leading independent telecoms hub based service providers in the world, and the Group intends to achieve this leadership position by pursuing the following business strategies:

- further develop and strengthen the Group's established, long-standing relationships with major telecoms operators, in particular, its relationship with telecoms operators in China;
- maintain and expand the Group's leadership in hub based telecoms services by providing interoperable interconnections for multiple types of traffic between multiple types of networks;
- maintain growth in core business, in particular by expanding the scale of the Group's interoperability capabilities and providing an increasing amount of Mobile Value Added Services so as to enhance its network coverage and telecoms traffic and to expand its global customer base;
- selectively expand into high potential new businesses, such as 3G applications, and enhance its existing service portfolio through continuous technology improvements developed in cooperation with existing customers;

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- maintain leadership and growth in rolling out time-to-market integrated solutions for customers, which keep pace with the rapid and new technology development in the telecoms market;
- aggressively pursue expansion opportunities; and
- leverage on the Group's existing customer base by marketing additional services to existing customers.

Global Offering

The Group's parent company, CITIC Pacific has considered that the Group's business has grown to a size sufficient to command a separate listing and that such listing will also be beneficial to the Group for the following reasons:

- it provides flexibility to the Group in raising future funds from the capital markets to support its growth through continuing organic expansion as well as acquisitions; and
- it enables the Group to take advantage of the significant global growth potential by attracting new investors who are seeking investment opportunities in a pure-play international telecoms hubbing service provider.

The public offer of the Company was well received by the local and international investors. Approximately 938.3 million of the Group's shares (included over-allotment) were successfully placed internationally and offered to the public of Hong Kong at the top of the price range with substantial over-subscriptions. The Group's shares were listed on the Hong Kong Stock Exchange on 3 April 2007.

The Future

I am confident of the future developments of the Group. In light of the relative low penetration of mobile telecoms in the Asia Pacific region, and as the economies in the region thrive, more and more consumers will use mobile telecoms services, a market with enormous potential is taking shape. China is the biggest telecoms market in the world and is also about to issue 3G licences. Hence, the Group's target markets have immense growth potentials.

CITIC 1616 has a strong management team with all-round knowledge of the telecoms industry. We will focus on our core strategies, strive for excellence and endeavour to capture business opportunities to achieve higher returns for our investors.

Acknowledgement

Mr. Peter Chan Kwong Choi has resigned as Managing Director of the Group in December 2006. On behalf of the Board, I would like to express my gratitude to the contributions made by Mr. Chan during his employment.

On behalf of the Board, I would like to express my heart felt thanks to everyone at the Group in these years for their hard work and to our shareholders, customers and partners for their trust and support.

Shi Cuiming
Chairman

Hong Kong, 20 April 2007