ChinaCache

Content-aware Network Services

Investor Presentation

(NASDAQ: CCIH)
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Investment Thesis

Massive Addressable Market

- CDN technology key to fulfilling promise of broadband, mobile, cloud, OTT, big data
- Technology advancements and market dynamics creating large opportunities in several targeted sectors

CDN Market Leader

- Nation’s largest network with #1 market share in China (1)
- Broad global presence; 19,000 servers and switches in 110+ cities across 4 continents
- Partnerships in place with leading communication providers

Strong Financial Performance

- Revenue 5-year CAGR 33.8% (2008-2013)
- Improving top- and bottom-line

(1) Source: iResearch 2012
Daily Platform Performance

- 760 million desktop and mobile internet users
- 7.8 billion webpage displays
- 780 million video and multimedia files transfer
- 120 million songs transfer
- RMB 2.5 million e-commerce transactions
Critical Need for CDN in China

- English/Roman Characters
- Western Centric
- Open Network Ports
- SSL for “Privacy”
- Publish once to “the world”
- Dominant “Globally Run” Services
- Cooperative (ISP) Peering
- IPv6 & Multicast (mDNS)
- Reliable Global/US Routes

- Chinese Characters
- China Centric
- National & Local Firewalls, ICP (Content Licenses)
- SSL for “Security”
- Publish for China
- Dominant Local Services
- Competitive (ISP) Peering
- IPv4, Unicast (Standard DNS)
- Congested International Routes
Enormous Growth Potential

- CDN Industry in China is still in the early stages of growth.
- China’s size and complex network landscape necessitates CDN for content providers to meet growing demand for new services and better quality.

Customer Needs & Growth Drivers

Internet Penetration

CDN Penetration

* Source: iResearch; Internet World Stats; CNNIC
Favorable Market Dynamics for CDN

- Mobile Internet
- Media Convergence / OTT
- Cloud Adoption
- Strong government initiatives
Global Reach of the ChinaCache Network

- 19,000 servers and 300 nodes
- Across 4 continents with more than 120 cities
- US office, Taiwan office, Hong Kong office and Singapore sales office
Clear Market Leader in China

China Market Share by Revenue

- ChinaCache: 50%
- ChinaNetCenter: 32%
- Dnion: 10%
- FastWeb: 6%
- Others: 2%

Source: iResearch China CDN Industry Research Report 2012

Global Market Share by Revenue

- Akamai: 56%
- Edgecast: 15%
- Amazon: 3%
- Level 3: 10%
- Limelight: 8%
- Others: 17%

Source: Markets and Market 2012 and company financials
Content-aware Network Services

- **Network-Aware**
  - First Mile
  - Cross-Carrier
  - ChinaCache Standard CDN & Dynamic Acceleration

- **Device-Aware**
  - Middle Mile
  - Cross-Region
  - ChinaCache MIDS & Cloud

- **Application-Aware**
  - Last Mile
  - ChinaCache Mobile Internet Solutions
  - Big Data / Data Analytics (CC Index) and Other Value Added Services
Our Business

Network-aware   Device-aware   Application-aware

Standard CDN   Cloud and MIDS   Content-aware Network Services   Application Dynamic Acceleration   Mobile Internet Optimization

Total Network Solutions

Government Agencies   Mobile Internet   Internet and Software Services   Enterprises and E-commerce   Media and Entertainment
Powerful Monetization Model

<table>
<thead>
<tr>
<th>Gb/sec</th>
<th>9am</th>
<th>12noon</th>
<th>3pm</th>
<th>6pm</th>
<th>9pm</th>
<th>We charge peak traffic</th>
</tr>
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<tbody>
<tr>
<td>Software Cust</td>
<td>12</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Enterprise Cust</td>
<td>2</td>
<td>15</td>
<td>6</td>
<td>3</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Mobile Cust</td>
<td>6</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Video Cust</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td>12</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>28</td>
<td>19</td>
<td>23</td>
<td>32</td>
<td>50</td>
</tr>
</tbody>
</table>

- From the example, we can resell 18G of bandwidth, scale effect from broad base of customers.
- We procure more bandwidth than customers. With bigger bargaining power at lower cost
- Higher Utilization. Less wastage.

Individual Customer Bandwidth

Pure-play CDN Bandwidth
Diversified Customer Base

Revenue breakdown, Q1 2014

- **Media & Entertainment**: 28%
- **Enterprises & E-commerce**: 32% (Enterprise: 11%)
- **Internet & Software**: 23%
- **Mobile Internet**: 15%
- **Government Agencies**: 2%
**Competitive Advantages**

**Company Strengths**

- Recognized market leader with premier quality and service
- Proven ability to handle extraordinary demand across devices/media/applications
- Advanced mobile internet technology
- Partnerships and agreements in place to drive expansion in key markets
- Large, diverse customer base demonstrates range of services and e-commerce capabilities

**Barriers to Entry**

- Licenses cover ~100 cities
- Extensive networks and bandwidth resources
- Broad customer base to increase network efficiency
- >19,000 servers
- >1700 customers
- >300 nodes
Multiple Growth Drivers

1. Mobile Internet
2. Cloud
3. Enterprise Customers
4. Carrier Cooperation
1. Under-Developed Web and Mobile Infrastructure Generates CDN Demand

Until Dec 2013, 3G penetration: **35.9%** only

Majority mobile internet users is still on **2G** network

2G Speed: **0.15 Mb/s**
3G Speed: **2.47 Mb/s**, 3G is faster than 2G for > **16 times**
1. ChinaCache’s Multi-Layer Mobile Internet Solutions

- Compression
- Protocol Optimization
- Caching
- Intelligent Traffic Reduction

A snapshot: Radio Caching can save averagely 50% backhaul data

**Graph:**
- Backhaul Data (MB)
- Core Side Data (MB)
- Data not Backhauled

**Data:**
- 4,000 MB per Day
- 8,000 MB per Day
- 12,000 MB per Day

**FlashApp 飞速**
# 1. Mobile Content Aware Network (MCAN)

<table>
<thead>
<tr>
<th>mCAN</th>
<th>Web &amp; Mobile Application Optimization</th>
<th>APP SDK/Plug-in Acceleration</th>
<th>Carrier Solutions</th>
</tr>
</thead>
</table>

Provides device, network and applications with intelligence in storage, distribution and optimization.
2. Cloud Adoption Drives Further CDN Demand

✓ Ongoing growth in cloud creates increased need for intelligent distribution platforms such as CDNs to guarantee quality end-user experience.
✓ ChinaCache is currently offering cloud service to over 100 customers as part of total solutions.
✓ ChinaCache’s self-service CDN platform is on Windows Azure, serving Azure’s clients, with Coca Cola as the first customer.

Public Cloud Services Forecast, China, 2010-2016 (USD in millions)

*Source: Gartner 2012
2. Case Study: Cloud Infrastructure – People.cn Model for Private Digital Real Estate

• For customers:
  – **Complete control** over the infrastructure and operating environment, including access, temperature, etc.
  – **Experienced and certified professionals** lend their expertise of running a cloud infrastructure with high efficiency and high availability
  – **Fixed asset premium**
  – **Bonded zone** to enjoy tax refunds / exemptions for equipment procurement

• For ChinaCache:
  – Targeting existing medium to **large internet customers and MNC**
  – All construction-related expenses to be prepaid by customers, **no capex** (except the land)
  – **Receive income** for management fee
  – **Value-added service** such as **cloud storage, CDN and analytics** to customers.

<table>
<thead>
<tr>
<th>Business Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US</strong></td>
</tr>
<tr>
<td>Companies understand internet more</td>
</tr>
<tr>
<td>Understand outsourcing</td>
</tr>
<tr>
<td>Location more homogeneous</td>
</tr>
</tbody>
</table>
Enterprises increasingly rely on our solutions to improve the performance, speed and scalability of their internal networks, as well as their customer and partner-facing online presence. Enterprise vertical achieved 150% y-o-y revenue increase in Q4.
3. Gain Enterprise Market Share

ChinaCache’s Offerings:

- Hybrid Network Acceleration
- Application Acceleration
- Cloud
- Security
- Traffic Management
- Data analytics
- Mobile network Acceleration
- Big data for e-commerce
- Conference broadcast
4. Partnership With China Telecom for CDN Deployment

- CDN service and technology
- Operating experience<br>  < 100 Enterprise sales team
- Bandwidth costs<br>  Infrastructure, Capex
- Installed customer base<br>  >60,000 sales team
Analyze, adjust and monitor the performance

Optimize the use of pulled-in contents

Maximize bandwidth utilization to save inter-carrier charges
Robust Organic Revenue and Customer Growth

Revenue Growth (in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>USD</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>161.0</td>
<td>21.2</td>
</tr>
<tr>
<td>2008</td>
<td>37.2</td>
<td>257.6</td>
</tr>
<tr>
<td>2009</td>
<td>38.1</td>
<td>259.9</td>
</tr>
<tr>
<td>2010</td>
<td>58.4</td>
<td>395.1</td>
</tr>
<tr>
<td>2011</td>
<td>618.4</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>813.7</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,103.2</td>
<td></td>
</tr>
</tbody>
</table>

5-year CAGR: 33.8%

*Calculation of USD amount is based on the average exchange rate during the corresponding period.

Active Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>USD</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>129</td>
<td>25</td>
</tr>
<tr>
<td>2008</td>
<td>204</td>
<td>21.2</td>
</tr>
<tr>
<td>2009</td>
<td>281</td>
<td>37.2</td>
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<tr>
<td>2010</td>
<td>504</td>
<td>38.1</td>
</tr>
<tr>
<td>2011</td>
<td>775</td>
<td>58.4</td>
</tr>
<tr>
<td>2012</td>
<td>1,265</td>
<td>98.3</td>
</tr>
<tr>
<td>2013</td>
<td>1,697</td>
<td></td>
</tr>
</tbody>
</table>

07-13 CAGR = 53.6%

*Calculation of USD amount is based on the average exchange rate during the corresponding period.
Optimizing Cost Efficiency

1. Build up *Resource Management System* to reduce costs

2. Implement *Internal cloud platform* to optimize internal resources

3. Refine *Pricing strategy* to enhance margins

4. Effective *Operating expense control*
Improving Margins

Stabilizing Gross Margin

30.1% 30.9% 31.3% 31.8% 31.6% 30.3%

Improving Adjusted EBITDA Margin

(2.6%) 4.2% 4.7% 1.4% 6.0% 7.9%
Clear Path to Improving Profitability

Adjusted EBITDA Margin (%)

Adjusted EBITDA Margin (1Q 2013)  4.2%
Decrease in General & Administrative expenses as % of Revenue  2.4%
Decrease in Sales & Marketing expenses as % of Revenue  1.2%
Decrease in Research & Development expenses as % of Revenue  0.4%
Gains in Other Items  0.4%
Increase in Cost of Revenue as % of Revenue  (0.9%)
Adjusted EBITDA Margin (1Q 2014)  7.9%
Financial Summary (Annual)

Revenue (In RMB Million)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>618</td>
<td>814</td>
<td>1,103</td>
</tr>
</tbody>
</table>

Gross Profit & Margin (In RMB Million)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>186</td>
<td>254</td>
<td>347</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>30.0%</td>
<td>31.7%</td>
<td>31.4%</td>
</tr>
</tbody>
</table>

Adj. EBITDA & Margin (In RMB Million)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>106</td>
<td>69</td>
<td>46</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td>17.2%</td>
<td>8.5%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Adj. Net Income & Margin (In RMB Million)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28</td>
<td>3</td>
<td>(16)</td>
</tr>
<tr>
<td>Adj. Net Income</td>
<td>4.5%</td>
<td>0.4%</td>
<td>(1.4%)</td>
</tr>
</tbody>
</table>
Financial Summary (Quarterly)

Revenue (In RMB Million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>182</td>
<td>198</td>
<td>209</td>
<td>225</td>
<td>231</td>
<td>258</td>
<td>275</td>
<td>339</td>
<td>324</td>
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Gross Profit & Margin (In RMB Million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
</tr>
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<tbody>
<tr>
<td>Gross</td>
<td>56</td>
<td>62</td>
<td>68</td>
<td>68</td>
<td>71</td>
<td>81</td>
<td>88</td>
<td>107</td>
<td>98</td>
</tr>
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Adj. EBITDA & Margin (In RMB Million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA &amp; Margin</td>
<td>14.8%</td>
<td>12.3%</td>
<td>11.3%</td>
<td>(2.6%)</td>
<td>4.2%</td>
<td>4.7%</td>
<td>1.4%</td>
<td>6.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Adj. EBITDA &amp; Margin</td>
<td>27</td>
<td>24</td>
<td>24</td>
<td>(6)</td>
<td>10</td>
<td>12</td>
<td>4</td>
<td>20</td>
<td>25</td>
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Adj. Net Income & Margin (In RMB Million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. Net Income</td>
<td>4.9%</td>
<td>3.1%</td>
<td>3.9%</td>
<td>(8.8%)</td>
<td>(3.2%)</td>
<td>4.9%</td>
<td>(5.8%)</td>
<td>(2.1%)</td>
<td>0.8%</td>
</tr>
<tr>
<td>Adj. Net Income</td>
<td>9</td>
<td>6</td>
<td>8</td>
<td>(20)</td>
<td>(7)</td>
<td>13</td>
<td>(16)</td>
<td>(7)</td>
<td>3</td>
</tr>
</tbody>
</table>

30
High Financial Liquidity

✓ Cash and cash equivalents of RMB 582mm\(^{(1)}\)

✓ Liquid investments RMB 25mm

Capex as % of Revenues

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Capex %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q12</td>
<td>6.6%</td>
</tr>
<tr>
<td>2Q12</td>
<td>14.9%</td>
</tr>
<tr>
<td>3Q12</td>
<td>15.0%</td>
</tr>
<tr>
<td>4Q12</td>
<td>7.1%</td>
</tr>
<tr>
<td>1Q13</td>
<td>24.1%(^{(1)})</td>
</tr>
<tr>
<td>2Q13</td>
<td>11.0%</td>
</tr>
<tr>
<td>3Q13</td>
<td>8.2%</td>
</tr>
<tr>
<td>4Q13</td>
<td>9.7%</td>
</tr>
<tr>
<td>1Q14</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Including restricted cash
\(^{(2)}\) Attributable to land use right
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  - CDN technology key to fulfilling promise of broadband, mobile, cloud, OTT, big data
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