



中信國際電訊

CITIC TELECOM INTERNATIONAL

A member of CITIC Group Corporation

STOCK CODE:1883

INTERIM REPORT 2015



CLOUD **LTE** CO-LOCATION **VPN**
NETWORK DATA
SECURITY CENTRE
MOBILE INTERNET ACCESS
INTERNET

CONNECTING THE WORLD
WITH QUALITY SERVICES

About Us

CITIC Telecom International Holdings Limited (“the Company”, and together with its subsidiaries “the Group”) was established in 1997 in Hong Kong and was listed on The Stock Exchange of Hong Kong Limited (“SEHK”) on 3 April 2007.

The Group’s services cover international telecommunications services (including mobile, Internet, voice and data services), integrated telecoms services (in Macau), and through its wholly-owned subsidiary CITIC Telecom International CPC Limited (“CPC”), has established numerous PoPs around the world (especially in the Asia-Pacific region) to provide data and telecoms services (including VPN, Cloud, network security, co-location, Internet access, etc.) to multinational corporations. CPC is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region.

The Group holds 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. (“CTM”). CTM is one of the leading integrated telecoms services providers in Macau, and is the only full telecoms services provider in Macau. It has long provided quality telecoms services to the residents, government and enterprises of Macau, and plays an important role in the ongoing development of Macau.

CITIC Group Corporation, one of the largest commercial organisations in the People’s Republic of China, is the ultimate holding company of the Company.

Vision

To become an Internet-oriented services telecommunications company; enabling connections anytime and anywhere, among people, among things, and among each other; enhancing the driving force for the advancement of society and a higher quality of life.

Mission

- Based in Mainland China, taking Hong Kong and Macau as the base and connection, providing communications services with global coverage.
- Customer-oriented, with an acute observation of their needs, continuing to generate new value for our customers.
- Market-oriented, with a vision to industry trends, continuing to deliver top quality services.
- With value as our goal, providing long-term sustainable return for our shareholders.



MOBILE

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INTERNET

Milestones

January 2015

- Established IPX peering for LTE Roaming and Signaling with an Austria Carrier
- CITIC Telecom International CPC Limited (“CPC”) received “HKACE Customer Service Excellence Award 2014” by Hong Kong Association for Customer Service Excellence: Field & Special Service Individual Award (Bronze Award)
- Companhia de Telecomunicações de Macau, S.A.R.L. (“CTM”) – Wi-Fi hotspot officially landed at the Consulate General of Portugal in Macau and Hong Kong, enabling residents to enjoy the convenience of Wi-Fi service

February 2015

- CPC received the Grand Award and three Product Awards from “Sing Tao Daily IT Square Editors’ Choices 2014” in Hong Kong
 - Grand Award:
 - The Best Telecommunication Services Partner
 - Three Product Awards:
 - The Best Managed Security Services Provider
 - The Best Cloud Infrastructure Service Provider
 - The Best Cloud Backup Solutions Provider
- CTM launched the “Local Data Usage Auto-Alert Service” for all mobile postpaid customers
- CTM won Tetra Communication and large LED contracts from major gaming enterprise on the Cotai Strip in Macau
- CTM launched the new cloud email service and the first phase of migration was successfully conducted for 170,000 email accounts and relevant data

March 2015

- Launched soft SIM data roaming service
- Mobile Virtual Network Operator (MVNO) Roaming coverage extended to Macau
- CTM was awarded a 4G operating licence in Macau and will fully devote in the development of 4G network. 4G service was then officially called “4G+”, meaning that CTM’s service will exceed customers’ general expectations on 4G. It will be promoted using the theme of “Digital Macau”
- Macau Pass, MOME and CTM jointly developed E-Business and network business
- CTM won the contract for supply and installation of CCTV System for major gaming enterprise in Macau

April 2015

- Established the Corporate Venture Capital Plan to attract new projects with innovation and potential within or outside our group
- Macao Federation of Trade Unions and CTM formed a Strategic Partnership to expand the existing cooperation
- CTM launched the “Local Data Usage Auto-Suspension Service” to fulfill the commitment of providing excellent service experience and optimising the protective measures for customers
- CTM completed construction of 127 new racks in CTM’s data centre

May 2015

- Upgraded IPX infrastructure in Europe, and enhanced Inter-IPX SLA
- CPC won “Platinum Brand Election 2015 – Cloud Computing Solution” by PC3 magazine, Hong Kong
- CTM celebrated the 20th anniversary of the Internet service, determining to bring Fiber Broadband to all Macau residents
- CTM hosted the summer activity enrollment for the 14th consecutive year
- CTM won the contract from the Macau Government on the service provision of transmission network of City Surveillance (Phase 1)
- CTM completed the acceptance on the 100G upgrade of the SEA-ME-WE 3 submarine cable

June 2015

- Successfully developed a mobile data roaming solution by means of a soft platform model
- Established a new direct connections with telecoms operator in Uganda
- MVNO Roaming coverage extended to Singapore
- Launched Travel SIM product to overseas market
- CPC won “Best SME Service” at the “Asia Communication Awards 2015” by Total Telecom
- CPC won “Firewall/VPN Solutions” at the “Computerworld Singapore Customer Care Awards 2015” by Executive Network Media in Singapore
- Won “APCSC Customer Relationship Excellence (CRE) Award” 2014 winning categories from Asia Pacific Customer Service Consortium:
 - China Enterprise ICT Solutions Limited
 - Customer Service Team Leader of the Year (Network Communications – Contact Centre)
 - Integrated Support Team of the Year (Network Communications)
 - CPC
 - Customer Service Manager of the Year (Network Communications – Contact Centre)
 - Customer Service Professional of the Year (Technical Centre)
- CPC won “The Distinguished Salesperson Award (DSA)” from Hong Kong Management Association for the 12th consecutive year
- CPC won “Managed Security Services Provider” at the “Computerworld Hong Kong Awards 2015” for the 4th consecutive year by Computerworld in Hong Kong
- CTM’s testings on E-education and M-school were completed in two middle schools in Macau and were targeted to launch in the new school year
- Macau Sports Development Board subscribed CTM’s Cloud Video Streaming service for the Dragon Boat Event. It was the first time to apply alternative channel besides TV for audiences to watch live show using web browsers or smartphones
- Monetary Authority of Macau successfully completed the Commemorative notes registration by using CTM’s IaaS service, with a total of around 280,000 registrations on the first day

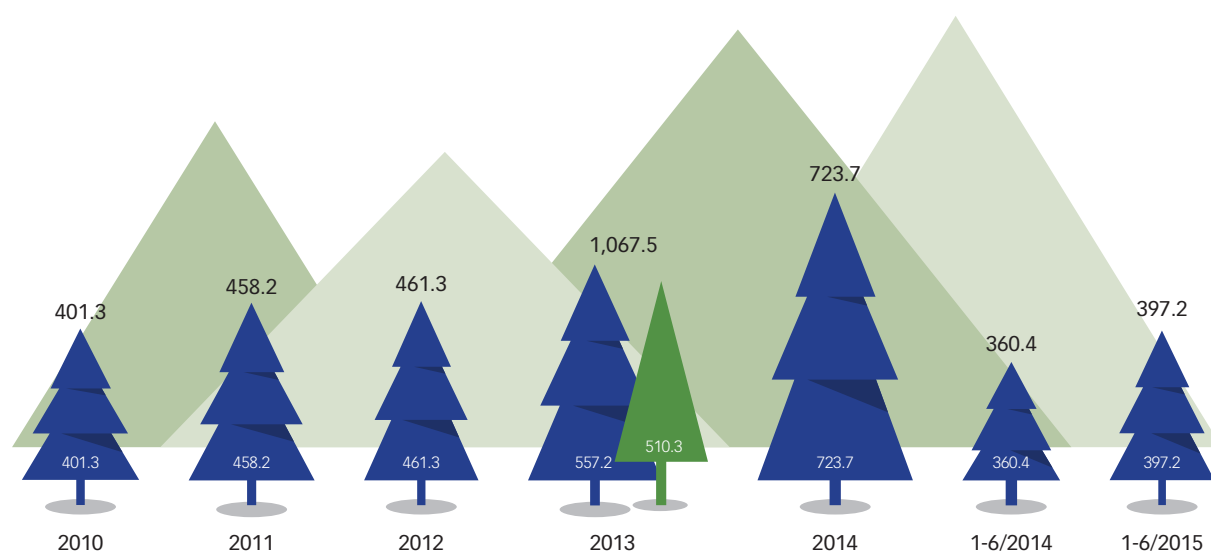
Financial Highlights

In HK\$ million	Half year ended 30 June		
	2015	2014	
Turnover	4,350.3	4,139.1	Increase 5.1%
Profit attributable to equity shareholders of the Company	397.2	360.4	Increase 10.2%
EBITDA[#]	987.0	940.9	Increase 4.9%
Earnings per share (HK cents)			
Basic	11.8	10.8	Increase 9.3%
Diluted	11.7	10.7	Increase 9.3%
Dividend per share (HK cents)			
Interim dividend	2.8	2.7	Increase 3.7%

EBITDA represented earnings before interest, taxes, depreciation and amortisation, and adjusted for gains/losses on disposal of property, plant and equipment.

Profit Attributable to Equity Shareholders of the Company

HK\$ million



▲ Profit attributable to equity shareholders of the Company (excluding exceptional items)

▲ Exceptional items

Note: Exceptional items included items such as gain on deemed disposal of equity interest in an associate, transaction costs related to the acquisition of CTM, impairment losses, finance costs incurred prior to completion of the acquisition of CTM and others.

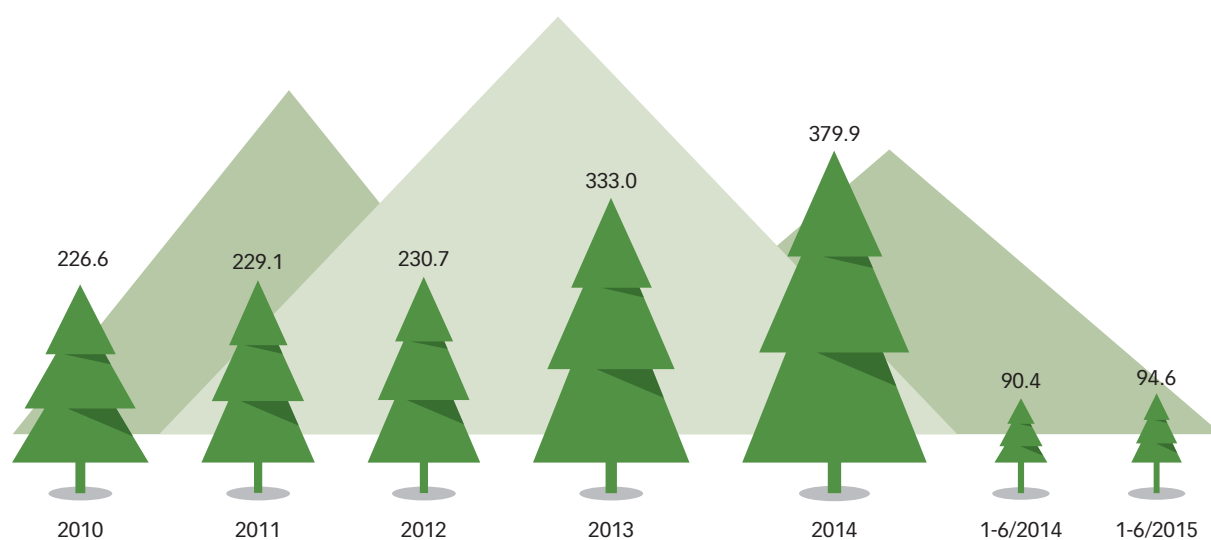
In HK\$ million	30 June 2015	31 December 2014	
Total assets	17,831.6	17,340.5	Increase 2.8%
Total equity attributable to equity shareholders of the Company	6,729.6	6,568.4	Increase 2.5%
Total bank and other borrowings	8,247.9	7,967.6	Increase 3.5%
Less: Cash and bank deposits	(1,944.8)	(1,396.9)	Increase 39.2%
Net debt	6,303.1	6,570.7	Decrease 4.1%
Net gearing ratio*	48%	50%	Decrease 2.0%

* $\text{Net gearing ratio} = \frac{\text{Net debt}}{\text{Total capital}} \times 100\%$

Total capital = Total equity attributable to equity shareholders of the Company + Net debt

Dividends Payable to Equity Shareholders of the Company Attributable to the Year/Interim Period

HK\$ million



Note: The dividends payable to equity shareholders of the Company for the period ended 30 June 2015 includes interim dividend payable based on the number of shares in issue at 30 June 2015 which may differ from the number of shares at the closing date of the register of members.

Chairman's Statement

I am pleased to present the operating and financial results of CITIC Telecom International Holdings Limited (the "Group") for the first half of 2015. During the first half of 2015, the Group proactively responded to changes in the operating environment in Mainland China and the international market, and made corresponding adjustments and took initiative for attaining profit growth, products innovation and structure optimisation, and improving operational transformation and risk management. With a view to serving the real economy and satisfying customers' communication needs, the Group substantially promoted operational transformation and service enhancement, resulting in sustained growth in profit.

I. FINANCIAL RESULTS

For the first half of 2015, the Group recorded a total revenue of HK\$4,350.3 million, representing an increase of 5.1% over the corresponding period of last year. Profit attributable to equity shareholders of the Company was HK\$397.2 million, increasing by 10.2% compared to the corresponding period of last year.

Basic earnings per share amounted to HK11.8 cents for the first half of the year, which was 9.3% higher than that of last year.

The Board declared an interim dividend of HK2.8 cents per share for 2015, increasing by 3.7% as compared to the dividend for the corresponding period of last year.

II. BUSINESS DEVELOPMENT

1. Creating new drivers for profit growth through innovative systems and mechanisms and stepping up research and development of new products.

The Group, leveraging on its years of experience and technological advantages in international roaming service, has developed "DataMall 自由行", the first international transaction platform for mobile data traffic in the world, to cater for the huge demand

for international mobile data traffic and address the issue of expensive fees charged for roaming. Through "DataMall 自由行", operators can directly provide local data services to visiting mobile users from foreign countries without changing their SIM cards, telephone numbers or additional external devices. Local data traffic services can be ordered, paid for and used through the mobile handsets or mobile applications of cooperative partners of "DataMall 自由行" platform. By adopting an open and co-winning cooperation model, "DataMall 自由行" platform can provide support to its cooperative partners including mobile operators, mobile virtual network operators, handset manufacturers, OTT Internet enterprises and finance and traveling related companies. The Group has established the "Corporate Venture Capital Plan" in the first half of the year, aiming to create new drivers for profit growth through innovative systems and mechanisms, and step up the research and development of new products catering to market demand.

While working on new product development, the Group has also actively cooperated with China and overseas operators. In addition to maintaining and developing the existing business, the Group has deepened its cooperation with other enterprises in Mainland China, continued to develop new clients and broadened the scope of cooperation.

2. Through ongoing improvement to its service system, the Group has enhanced its customer service quality and sustained a fast pace of business growth.

In the first half of the year, Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM") has completed the construction of an Integrated Internet NMS (綜合互聯網網絡管理系統) which is already in use by its customer service department. The use of the Integrated Internet NMS has helped to improve the standard and capability of Internet management. With the objective of ongoing improvement to service quality, starting from February, all of CTM's mobile customers who are using monthly service are able to check their total unbilled local mobile data usage through CTM's online services. In addition, customers can enjoy "local data usage alert service (本地數據用量提示服務)" which allows them to feel more at ease when using mobile data service. The e-mail system of CTM has been newly upgraded successfully. The purpose of such upgrade is to enable CTM to provide an e-mail service to customers with greater enhancement in terms of security, convenience, speed and personal customisation. It can also help to pave way for service upgrade and new function plug-ins in the future. Through ongoing improvement to its service system, the Group has enhanced its customers' experience and sustained a fast pace of business growth.

3. The Group has maintained its leading market position in Macau's telecoms market by adopting proactive service and sales strategies.

Endeavoring to drive the development of Macau digital city, the Group has continued to devote more resources to enhance network service. In order to provide more convenient and higher quality WiFi connection service to customers, CTM has established a total number of 552 WiFi hotspots at the end of June this year, which has further enhanced the service coverage. CTM has

also accelerated its pace in fibre network upgrade. Apart from focusing on commercial customers, it has also put more efforts to promote residential broadband service and provided a series of special contractual offers to enhance customers' experience. CTM has launched the highest speed in residential fibre broadband service (1Gbps) in Macau to further strengthen its leading market position in the Internet service industry. At the same time, the commercial marketing department has entered into long-term leased line service contracts with a number of key customers, and discussed with them on the arrangement to enhance the relevant support service. The first phase construction of CTM data centre has been successfully completed which allows it to provide 127 racks for leasing to customers. By adopting proactive service and sales strategies, CTM has continued to maintain its leading market position.

4. The Group is building the 4G mobile communication (LTE) network in full gear and the network will be put in service in the second half of the year.

In June 2015, the Macau SAR Government has officially granted a LTE licence to CTM. CTM is the only mobile telecommunications service provider in Macau with both TDD (時分雙工) and FDD (頻分雙工) technologies at the same time. By obtaining the respective spectrums for TDD and FDD, CTM has been provided with a more extensive development space in the market and is a sign which shows that the mobile communication service of CTM will enter a new stage with huge development potentials.

The Group has gone through the LTE equipment model selection process following stringent assessment on the proposals offered to it. The construction of LTE base station (LTE基站) and network has been started in full scale, and the related base station and wireless network control testing have been performed smoothly. The Group

Chairman's Statement

has paved the way for the launch of roaming service for LTE users. In respect of IPX connection, the Group has negotiated with a number of overseas operators to provide LTE overseas roaming service. Network system testing of the related service has already commenced and all the tests will be completed as scheduled. The new rating and billing system used by 4G mobile communication is also in progress to support real time local mobile data usage and charging. The Group intends to put the 4G mobile communication (LTE) into service in Macau within this year.

5. Proactively developing in the markets of VPN business and Internet access business to achieve higher returns.

The Group has been actively developing the Mainland China market. During the first half of the year, the Group has opened a new data centre in Macau, and CITIC Telecom International CPC Limited ("CPC") has also built up a new cloud computing data centre in Baoshan, Shanghai. The Group has established a specialised data centre sales team to boost sales opportunities. The Group can provide best fit products and services to address various customer needs. In addition, the Group's sales channels are well established, which not only focus on direct sales workforce, but also recruit various sales channels and industry solution partners to expand the scope of sales. Meanwhile, CPC has also focused on cross-selling with the top 100 major customers and explored new business opportunities. The customer management system has helped the Group to monitor the sales performance in a timely manner. As a result of effective marketing activities, the number of VPN end user sites of CPC at the end of June showed a stable growth as compared to the end of 2014.

6. Cooperation with CITIC Networks Co., Limited was further enhanced and synergies have emerged.

Through its subsidiary in China, the Group has subscribed numerous capacity of the circuits of CITIC Networks Co., Limited ("CITIC Networks"), which formed the backbone of its VPN network. Leveraging on the resources of China Express Network, the Group has re-packaged its Ethernet service into "EtherCONNECT", and has assisted to complete the installation and commission of the nodes in Beijing, Shanghai, Guangzhou, Wuhan, Hangzhou, Fuzhou and Chengdu for this service, helping to increase the market share of China Express Network. By further deploying the existing resources of China Express Network on VPN business and Internet services, both parties have strengthened the business development and their market competitiveness. The synergy effect arising therefrom has also been significantly improved. The Group is now in the process of formulating resource integration with CITIC Networks in order to further amplify the synergy effect.

III. OUTLOOK

Currently, the world economy is still at an in-depth adjustment period in the aftermath of the international financial crisis. There are increasing number of factors which bring instability and uncertainty. Risks and challenges are increasing in those emerging market countries and developing countries, where economic growth has begun to slow down. Other countries also face great difficulties and challenges. Despite that the economy in China is facing many challenges, we are still confident in the huge potentials and flexibility of the economy in China.

Due to the declining demand in traditional voice services and SMS services from both international and China operators, and local fixed line services in Macau, the Group has to proactively develop mobile value-added services, LTE services, data centre services, broadband services, VPN services, Internet access services and enterprise solutions services, in order to print a new picture.

The Group has continued to accelerate the integration and synergy-building with CITIC Group's information-related operations for a wider scope of new business cooperation. The Group has adhered to the strategic goal of utilising the market in Mainland China as the base of development for accelerating business expansion into Hong Kong, Macau, Taiwan and the international market. By actively responding to the country's "One Belt, One Road" initiative, international cooperation will be deepened and a sound foundation will be laid for corporate development. To fully support business expansion of the operators in China and overseas, the Group has taken proactive strategies for market development and enhanced marketing activities, and also expanded business presence in Macau's telecoms market and overseas market through development of new businesses and new products. The Group will continue to step up efforts in growing its data business and mobile value-added business, such as VPN, Internet access service and data centre in the Greater China region.

The Group will pay more attention to the construction of CTM's 4G (LTE) mobile communication network and will put it into operations in the second half of this year as planned. The Group will continue to actively support the Macau SAR Government in respect of its policies on the development of the telecoms

industry, and will strive to develop a better and more stable new-generation mobile communication network. With the LTE network of CTM, it will connect the whole Macau as a fine network, firming the network infrastructure facilities for building Macau into a digital city. Based on our experiences and strength in network construction over the past years, the Group will provide local residents with quality and advanced 4G mobile communication services and strive to become a leading 4G mobile communication service provider in Macau.

Looking into the second half of the year, there are new development opportunities despite new conflicts and new problems in the international telecoms industry. We are keenly aware that good preparation will lead to first-move advantages, which can enable us to provide high-quality services and create greater values for the shareholders.

Xin Yue Jiang
Chairman

Hong Kong, 21 August 2015

OUR VARIOUS SOLUTIONS



Financial Review

OVERVIEW

The Group's turnover achieved an increase of 5.1% from HK\$4,139.1 million for the six months ended 30 June 2014 to HK\$4,350.3 million for the first half of 2015. The increase was mainly due to the growth in the Group's mobile sales & services, Internet services and enterprise solutions revenue, which has more than countered the drop in revenue for other services.

Profit attributable to equity shareholders and EPS amounted to HK\$397.2 million and HK11.8 cents respectively which represented a corresponding increase of 10.2% and 9.3% when compared with the same period of 2014.

Summary of financial results

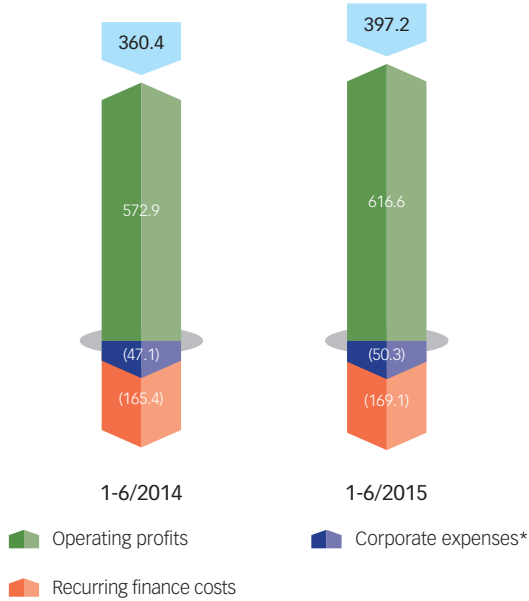
In HK\$ million	Half year ended 30 June		Increase/(Decrease)	
	2015	2014		
Turnover	4,350.3	4,139.1	211.2	5.1%
Other revenue and net gain	14.1	4.0	10.1	252.5%
Cost of sales and services	(2,681.0)	(2,541.2)	139.8	5.5%
Depreciation and amortisation	(326.0)	(328.3)	(2.3)	(0.7%)
Staff costs	(389.6)	(352.5)	37.1	10.5%
Other operating expenses	(301.5)	(306.0)	(4.5)	(1.5%)
Profit from consolidated activities	666.3	615.1	51.2	8.3%
Share of joint venture results	(1.3)	(0.6)	0.7	116.7%
Finance costs	(169.1)	(165.4)	3.7	2.2%
Income tax	(92.6)	(83.4)	9.2	11.0%
Profit for the period	403.3	365.7	37.6	10.3%
Less: Non-controlling interests	(6.1)	(5.3)	0.8	15.1%
Profit attributable to equity shareholders of the Company	397.2	360.4	36.8	10.2%
EBITDA *	987.0	940.9	46.1	4.9%

* EBITDA represents earnings before interest, taxes, depreciation and amortisation, and adjusted for gains/losses on disposal of property, plant and equipment.

Financial Review

Profit Attributable to Equity Shareholders of the Company

HK\$ million

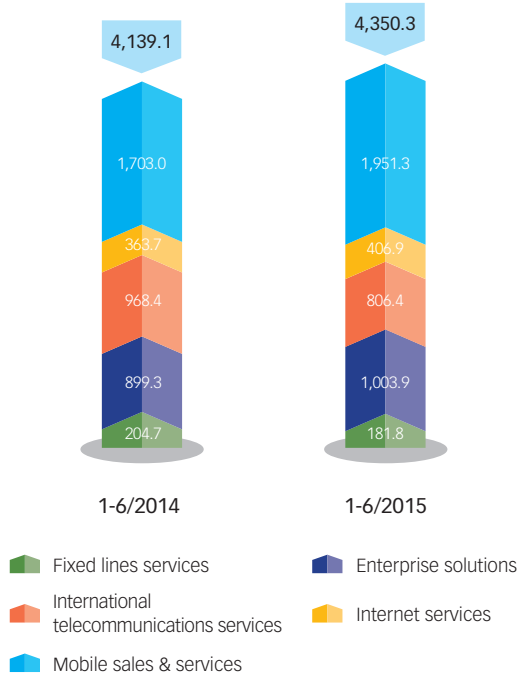


* Corporate expenses included staff cost for corporate function, equity-settled share-based payment expenses, listing fee, unallocated staff bonus and others.

Profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 amounted to HK\$397.2 million, an increase of HK\$36.8 million when compared with the same period of 2014. The increase was mainly due to the significant increase in mobile sales & services and enterprise solutions revenue, and the steady growth in the Group's Internet business.

Turnover by Services

HK\$ million



The Group provides a large spectrum of services which are classified into five major categories: mobile sales & services, Internet services, international telecommunications services, enterprise solutions and fixed line services.

The Group's turnover achieved an increase of 5.1% from HK\$4,139.1 million to HK\$4,350.3 million for the six months ended 30 June 2015. The increase in turnover is mainly contributed by increase in revenue from mobile sales & services, Internet services and enterprise solutions, which has more than offset the decrease in revenue from international telecommunications services and fixed line services.

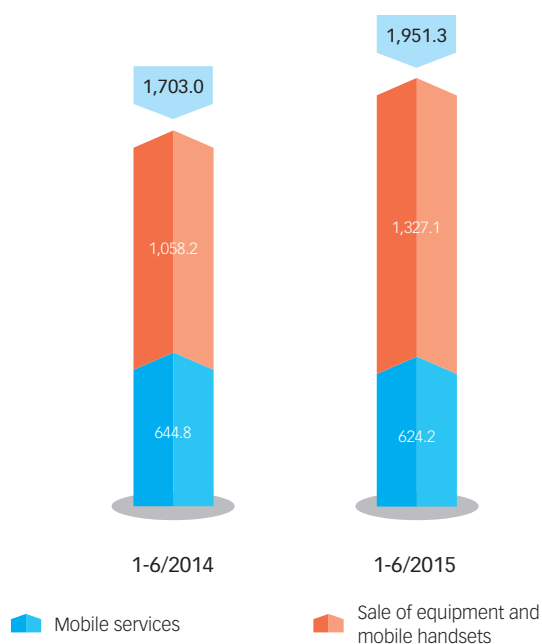
The Group's successful efforts in capitalising on enterprise solutions opportunities has resulted in an increase of HK\$104.6 million or 11.6% in enterprise solutions revenue for the period. In respect of international telecommunications services, the Group has recorded a growth in the corporate SMS business which has partly offset the adverse impact of the continuing decrease in global IDD wholesale traffic, mounting pressures on tariffs, and emerging Internet operations from OTT players.

Mobile sales & services

Mobile sales & services revenue, includes the revenue from equipment and mobile handsets sales, mobile roaming services, and other mobile value-added services. Total mobile sales & services revenue amounted to HK\$1,951.3 million for the first six months of 2015, an increase of 14.6% when compared to the corresponding period of 2014. The increase was mainly due to the growth in mobile handsets sales and mobile data usage, as well as product differentiation, to better satisfy the needs of customers.

Turnover - Mobile Sales & Services

HK\$ million



Postpaid ARPU (excluding inbound roaming and rebates adjustment) was up 4.8% to HK\$218.1 when compared with the corresponding period of 2014, while prepaid ARPU dropped by 14.8% to HK\$14.8 for the first six months of 2015 mainly due to decrease in mobile voice revenue, which offset the growth in mobile data revenue. The overall number of subscribers in June 2015 increased by 7.1% as compared to June 2014 to approximately 820,000 subscribers, and mobile market share in Macau accounted for around 44.0% at 30 June 2015 (30 June 2014: 45.3%).

Internet services

Internet services revenue including the Group's data centre revenue amounted to HK\$406.9 million for the current period which represented an increase of HK\$43.2 million or 11.9% when compared to the corresponding period in 2014. The increase was mainly due to higher revenue from the good uptake of fibre broadband service and increase in data centre revenue. Overall broadband ARPU increased by 5.7% to HK\$311.4 for the first six months of 2015 and the total number of broadband subscribers increased by 4.8% from June 2014 to over 160,000 subscribers. The Group's Internet market share was around 99.9% while broadband market penetration rate in Macau was around 83.0% in June 2015 (June 2014: 82.1%).

International telecommunications services

The Group's international telecommunications services comprised of voice and SMS services.

Voice services revenue decreased by HK\$183.1 million or 23.8% to HK\$586.2 million for the six months ended 30 June 2015 over the same period in 2014, owing to the challenging global voice wholesales market where tariffs and traffic volume are on a decreasing trend. Total traffic of 2.3 billion minutes was handled by the Group, representing a 30.8% reduction compared with corresponding period of 2014. Total China inbound and outbound traffic for the period has decreased by 36.1% and total international traffic dropped by 14.2% when compared to 2014. Despite the intensely competitive market conditions, the Group has continued to focus its efforts in regions with higher profit margins and has managed to achieve an overall revenue per minute of HK\$0.26 which represented a 13.0% increase from the first half of 2014.

Financial Review

SMS services recorded stable performance during the first half of 2015 with turnover at HK\$220.2 million representing an increase of 10.6% as compared to the same period of 2014. Despite that the Group has been impacted by the increasing popularity of social networking applications, the number of Hong Kong domestic and International SMS has increased by 25.8% and 16.5% during the period respectively. The Group has continued its efforts in accelerating the development of corporate SMS which have successfully countered the substitution impact brought by the growing popularity of Internet applications. The number of messages handled by the Group was stable at around 0.8 billion messages which were similar to the corresponding period of 2014, and the average revenue per SMS was HK\$0.26, an increase of 4.0% when compared with the first half of 2014.

Enterprise solutions

Enterprise solutions revenue increased by 11.6% from HK\$899.3 million in the first half of 2014 to HK\$1,003.9 million in the first half of 2015. The increase was contributed by the growth of professional service projects from the government and corporate customers, continuing popularity of VPN services, steady growth in cloud computing services and information security services, as well as the higher demand for leased lines from the carriers and corporate customers. In the first six months of both 2015 and 2014, around 50% and 40% of the enterprise solutions revenue were derived in Mainland China and in Macau respectively.

The Group continued to expand its Points-of-Presence ("PoPs") for VPN services. The Group has global coverage with over 100 PoPs, including new PoPs in QinHuangDao, Nanjing, Shanghai, Tianjin, Xiamen and Wuxi of China, and Jakarta of Indonesia established in 2015.

Fixed line services

Fixed line services revenue was HK\$181.8 million for the first six months in 2015 which represented a decrease of 11.2% when compared to the corresponding period in 2014. The decrease was in-line with the worldwide trends of declining fixed IDD traffic volumes and the decrease in fixed residential lines, which are gradually being replaced by the mobile services. The decrease was partly offset by the increase in business fixed lines as a result of increase in demand during the current period.

Profit for the period

The Group achieved HK\$403.3 million in profit for the period, an increase of HK\$37.6 million when compared with the same period of 2014. The increase was mainly due to the combined impact of the following factors:

Turnover

Turnover for the period increased by HK\$211.2 million or 5.1% when compared with the same period of last year, largely due to the increase in mobile sales & services, Internet services and enterprise solutions revenue which have countered the decrease in the revenue for international telecommunications services and fixed line services.

Cost of sales and services

Cost of sales and services included costs of goods sold, and network and operations and support expenses. Consistent with the increase in turnover, cost of sales and services increased from HK\$2,541.2 million to HK\$2,681.0 million when compared with the corresponding period of last year.

Staff costs

Staff costs for the period increased by 10.5% to HK\$389.6 million compared with the same period of 2014. The increase was mainly due to the increase in staff number and incentive bonuses which was in-line with the expansion of the Group's businesses as well as the equity-settled share-based payment expenses of HK\$9.8 million (six months ended 30 June 2014: \$nil) recognised during the period.

Depreciation and amortisation

Depreciation and amortisation expenses recorded at HK\$326.0 million for the six months ended 30 June 2015. As the Group's construction and upgrading of mobile networks was still in progress, while certain aged network and equipment were fully depreciated in 2014 and the first half of 2015, the Group's depreciation and amortisation expenses were similar to the corresponding period of last year.

Other operating expenses

Other operating expenses for the six months ended 30 June 2015 amounted to HK\$301.5 million, a decrease of 1.5% when compared with the same period of 2014, mainly due to the successful efforts in costs saving, which partly offset the higher utilities charges in relation to the Group's new data centres and an increase in repair and maintenance expenses during the period.

Finance costs

Finance costs for the period increased slightly from HK\$165.4 million to HK\$169.1 million when compared with 2014 as a result of the increase in bank borrowings for the period.

Income tax

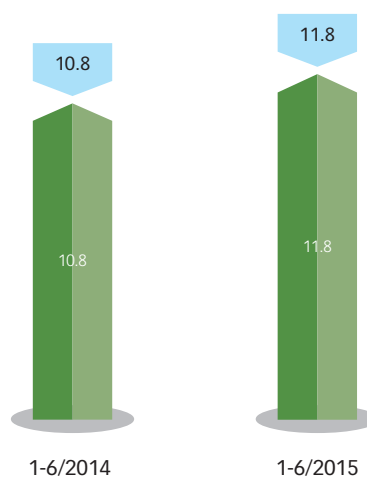
In-line with the increase in profits, the Group's income tax expense for the six months ended 30 June 2015 increased by 11.0% to HK\$92.6 million compared to the corresponding period of 2014. If non-taxable/non-deductible items and unrecognised temporary differences were excluded, the effective tax rate for the six months ended 30 June 2015 and 2014 would be approximately 12.9% and 13.6% respectively.

Earnings per share ("EPS")

Basic EPS and diluted EPS amounted to HK11.8 cents and HK11.7 cents respectively, both representing an increase of around 9.3% when compared with the corresponding period of 2014.

Basic Earnings per Share

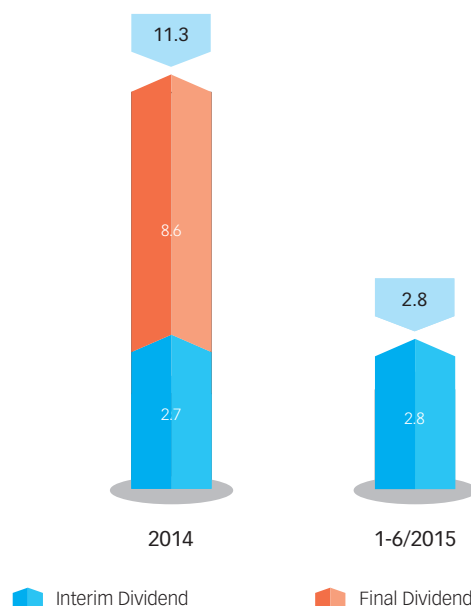
HK cent



Dividends per Share

An interim dividend of HK2.8 cents per share is proposed for the first half of 2015.

HK cent



Financial Review

Cash flows

In HK\$ million	Half year ended 30 June			
	2015	2014	Increase/(Decrease)	
Source of cash:				
Cash inflows from business operations	976.3	935.2	41.1	4.4%
Net cash inflows from borrowings	113.0	45.7	67.3	147.3%
Other cash inflows	49.2	29.3	19.9	67.9%
Sub-total	1,138.5	1,010.2	128.3	12.7%
Use of cash:				
Net capital expenditure*	(288.7)	(345.1)	(56.4)	(16.3%)
Dividends paid to equity shareholders and non-controlling interests	(300.3)	(263.2)	37.1	14.1%
Acquisition of subsidiaries	–	(1.2)	(1.2)	(100%)
Other cash outflows	(61.5)	(2.2)	59.3	N/A
Sub-total	(650.5)	(611.7)	38.8	6.3%
Net increase in cash	488.0	398.5	89.5	22.5%

* Included in the amounts are payment for purchase of property, plant and equipment in respect of both current period additions and prior year unsettled purchases, and proceeds from sale of property, plant and equipment.

Profit before taxation amounted to HK\$495.9 million for the six months ended 30 June 2015. The Group maintained a strong cash position, where operating cash inflow increased by HK\$41.1 million or 4.4% when compared with the first half of 2014. After accounting for the net changes in working capital and adding back the non-cash items like depreciation and amortisation, the cash inflows from business operations amounted to HK\$976.3 million. The use of cash comprised capital expenditure, dividends distribution to equity shareholders and non-controlling interests and various other payments. In total, the Group generated net cash inflow of HK\$488.0 million for the first half of 2015.

Capital expenditure

In-line with the Group's long term plan, the Group has continued to expand its data centres whereby HK\$12.3 million of fitting-out costs were incurred during the six months ended 30 June 2015.

The Group's total capital expenditure for the period amounted to HK\$370.5 million. Excluding the capital expenditure on data centres, the capital expenditure

for the period amounted to HK\$358.2 million, an increase of 142.0% compared with the same period of 2014. The significant increase was due to more network development and upgrades projects undertaken during the period.

In June 2015, the Group's subsidiary, Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"), was one of four operators being granted the LTE licence in Macau. HK\$91.7 million was incurred during the period as capital expenditure for the development of the LTE network in Macau.

TREASURY POLICY AND RISK MANAGEMENT

General

Managing financial risks to which the Group is exposed is one of the primary responsibilities of the Group's treasury function. To balance the high degree of financial control and cash management efficiency, each business unit within the Group is responsible for its own cash management which is closely monitored by headquarter. In addition, the decision of financing activities is centralised at head office level.

Net debt and liquidity risk management

Debt and leverage

At 30 June 2015, net gearing ratio decreased to 48%, from 50% at 31 December 2014, when the net debt decreased to HK\$6,303.1 million.

At 30 June 2015, total bank and other borrowings and net debt of the Group were as follows:

In HK\$ million equivalents	Denomination					Total
	HKD	USD	MOP	RMB	Others	
Total bank and other borrowings	599.0	7,648.9	–	–	–	8,247.9
Less: Cash and bank deposits	(693.0)	(595.8)	(472.9)	(136.0)	(47.1)	(1,944.8)
Net debt/(cash)	(94.0)	7,053.1	(472.9)	(136.0)	(47.1)	6,303.1

At 30 June 2015, the Group's net gearing ratio was as follows:

In HK\$ million	30 June 2015	31 December 2014
Total bank and other borrowings	8,247.9	7,967.6
Less: Cash and bank deposits	(1,944.8)	(1,396.9)
Net debt	6,303.1	6,570.7
Total equity attributable to equity shareholders of the Company	6,729.6	6,568.4
Total capital	13,032.7	13,139.1
Net gearing ratio	48%	50%

At 30 June 2015, the principal of total outstanding bank and other borrowings amounted to HK\$8,322.0 million, of which HK\$100.0 million will mature in the coming twelve months, against cash and bank deposits of HK\$1,944.8 million.

The maturity profile of the Group's bank and other borrowings in principal amount at 30 June 2015 was as follows:

In HK\$ million	2015	2016	2017	2018	2019	2020 & beyond	Total
Bank borrowings	100.0	1,684.8	505.4	2,521.8	–	–	4,812.0
US\$450 million 6.1% guaranteed bonds	–	–	–	–	–	3,510.0	3,510.0
	100.0	1,684.8	505.4	2,521.8	–	3,510.0	8,322.0

Note: For illustrative purpose, the above analysis is based on the principal amount of bank and other borrowings, rather than the carrying amount adopted in the interim financial report.

Financial Review

Liquidity risk management

Each business unit within the Group is responsible for its own cash management, including predetermined short term investment of its cash surpluses. The raising of loans to cover its expected cash demand must be approved by the finance committee or the board of the Company. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

To minimise refinancing risk, the Group arranged long-term borrowing from capital market, and the term loan with repayment by instalment to meet the funding needs. This ensures that the Group can apply a prudent liquidity risk management approach.

Cash flow is well-planned and reviewed regularly by the management of the Group, so that the Group can meet its funding needs. The strong cash flow from the Group's operating activities can meet its liquidity requirements in the short and longer term.

At 30 June 2015, the type of facilities of the Group was summarised as follows:

In HK\$ million	Total available facilities	Amount utilised	Amount unutilised
Committed facilities:			
Term loans	4,712.0	4,712.0	–
US\$450 million 6.1% guaranteed bonds	3,510.0	3,510.0	–
	8,222.0	8,222.0	–
Uncommitted facilities:			
Short-term facilities	300.0	100.0	200.0
Trade facilities	462.2	145.7	316.5
	762.2	245.7	516.5
Total	8,984.2	8,467.7	516.5

Available sources of financing

The Group aims to maintain the cash balance and undrawn banking facilities at a reasonable level to meet the debt repayments and capital expenditure requirement in the coming twelve months.

The Group's cash balance at 30 June 2015 are more than sufficient to cover the repayments of principal amount of bank loan of HK\$100.0 million in the coming twelve months and contractual capital commitments of HK\$276.4 million at 30 June 2015.

At 30 June 2015, the Group had available trade facilities of approximately HK\$462.2 million. Approximately HK\$145.7 million was utilised as guarantees for performance to customers/the Macau Government, costs payable to telecoms operators and others, and to secure loans extended to a fellow subsidiary by a commercial bank under an offshore-security-onshore-loan arrangement. Around HK\$64.7 million of these utilised facilities were required to be secured by pledged deposits.

Guarantees and pledged assets

CITIC Telecom International Finance Limited, a wholly-owned subsidiary of the Company, issued US\$450 million 6.1% guaranteed bonds due 2025 on 5 March 2013. The bonds were unconditionally and irrevocably guaranteed by the Company.

At 30 June 2015, the Group pledged bank deposits of RMB48.5 million (equivalent to HK\$61.5 million) to secure the bank loans of a fellow subsidiary under the offshore-security-onshore-loan arrangement. In addition, bank deposits of approximately HK\$3.4 million were pledged to secure parts of the trade facilities of the Group.

At 30 June 2015, the Company has provided guarantee to its subsidiary in an amount of HK\$34.4 million to support its performance under a construction contract.

Certain property, plant and equipment of CTM are designated for the provision of basic infrastructure of public telecommunications services. They may need to be shared with other licensed telecommunications operators or the Macau Government with fair compensation, or, upon termination of the concession agreement, assigned in favour of the Macau Government.

Loan covenants

Committed banking facilities contain certain covenants, undertaking, financial covenants, change in control clause and/or events of default customary, which are commonly found in lending arrangement with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. At 30 June 2015, the Group was in compliance with the relevant requirements.

Capital commitments

At 30 June 2015, the Group had outstanding capital commitments of HK\$561.0 million, mainly for the acquisition of telecommunications equipment which had yet to be delivered to the Group and construction costs of the networks. Of these commitments, HK\$276.4 million were outstanding contractual capital commitments and HK\$284.6 million were capital commitments authorised but for which contracts had yet to be entered into.

Contingent liabilities

At 30 June 2015, the Group had no significant contingent liabilities.

Foreign currency risk

The major places of operating companies within the Group are located in Hong Kong and Macau, whose functional currency is Hong Kong dollar or Macau Pataca. The Group is exposed to currency risk primarily from currencies other than the functional currency of the operations to which the transactions relate.

A substantial portion of the Group's turnover and cost of sales and services are denominated in United States dollars, Macau Patacas and Hong Kong dollars. The majority of the Group's assets, liabilities and transactions are denominated in United States dollars, Macau Patacas and Hong Kong dollars. As the Hong Kong dollar is linked to the United States dollar and the Macau Pataca is pegged to the Hong Kong dollar, it will not pose significant foreign currency risk to the Group. However, the exchange linkages between these currencies are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments. Although management considers that the Group's exposure to foreign currency risk is not material, it will continue to monitor closely all possible exchange rate risks and implement the necessary hedging arrangement to mitigate risk from any significant fluctuation in foreign exchange rates.

Financial Review

Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group manages its interest rate risk exposures in accordance with defined policies and regular review to achieve a balance between minimising the Group's overall cost of fund and managing large interest rate movements, as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio.

Interest rate risk is managed by borrowing fixed rate or through use of interest rate swap, if necessary. At 30 June 2015, approximately 57.8% of the Group's borrowings in principal were linked to floating interest rates. During the period, the Group did not enter any interest rate swap arrangement.

Average borrowing costs

At 30 June 2015, the average borrowing costs, which is after the inclusion of amortisation of transaction costs, was approximately 4.0%.

Credit risk

The Group's credit risk is primarily attributable to trade debtors. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 7 to 180 days from the date of billing. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment.

The Group has certain concentration risk in respect of trade debtors due from the Group's five largest customers who accounted for approximately 50.9% and 48.1% of the Group's total trade debtors at 30 June 2015 and 31 December 2014 respectively. The credit risk exposure to trade debtors balance has been and will continue to be monitored by the Group on an ongoing basis.

Counterparty risk

At 30 June 2015, the Group had a significant balance of cash at various financial institutions. To minimise the risk of non-recovery of cash deposits, the Group mainly deals with financial institutions which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor and Fitch Group) or the note issuing banks in Hong Kong, Macau and Mainland China. At 30 June 2015, the Group has approximately HK\$1,932.2 million cash balance in the above-mentioned financial institutions, representing approximately 99.4% of the total cash and bank deposits of the Group. Management does not expect any losses from non-recovery from our financial counterparties.

FORWARD LOOKING STATEMENTS

This Interim Report 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.

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those implied or anticipated in any forward looking statement or assessment of risk.

Human Resources

CITIC Telecom International Group has a strong sense of commitment in fulfilling corporate social responsibility (“CSR”). CSR has always been an integral part of the Group’s corporate business strategy and philosophy.

At 30 June 2015, the Group employed a total of 2,137 employees for its headquarter in Hong Kong and its subsidiaries. Number of employees in Hong Kong was 500. Employees in Mainland China and Macau totalled 1,509. Employees in overseas countries totalled 128.

The Group continues our initiatives in raising operational efficiency whilst maintaining harmonious staff relations, promoting a culture of open communication and investing in human resources to support business growth.

To ensure that the overall compensation for employees 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 provided to its employees. No major amendment was made to the human resources management policy or procedures in the last six months.

The need for a proper balance between work and life is well recognised by the Group as an important contributor to the well being of employees and their work efficiency. The Group organised a variety of employee activities including hiking and ball competitions. It would enhance mutual communication and maintain a positive atmosphere.

The Group actively promotes a culture of open communication. Management collects the opinion of employees through different channels including team meetings and employee suggestion box.

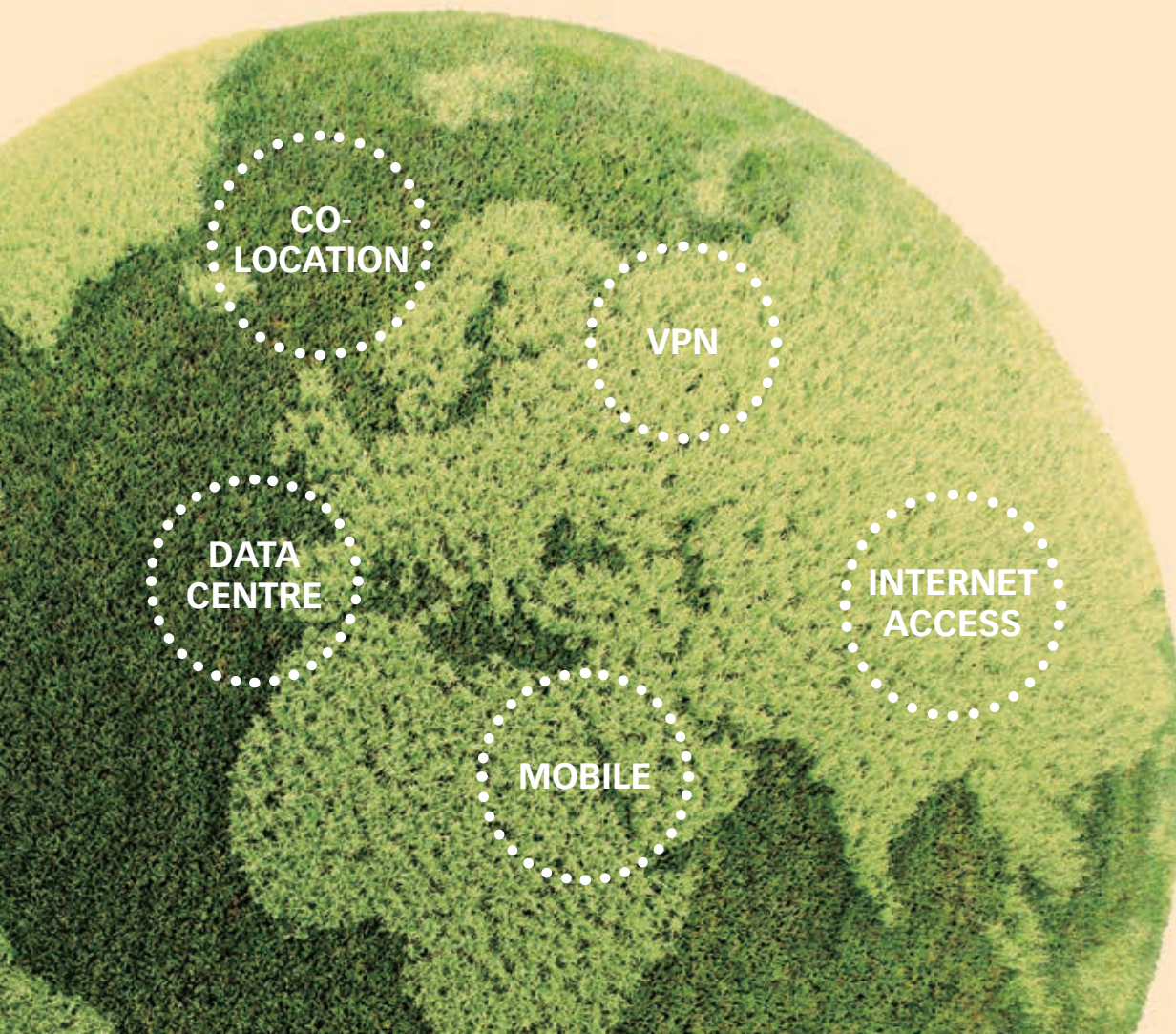
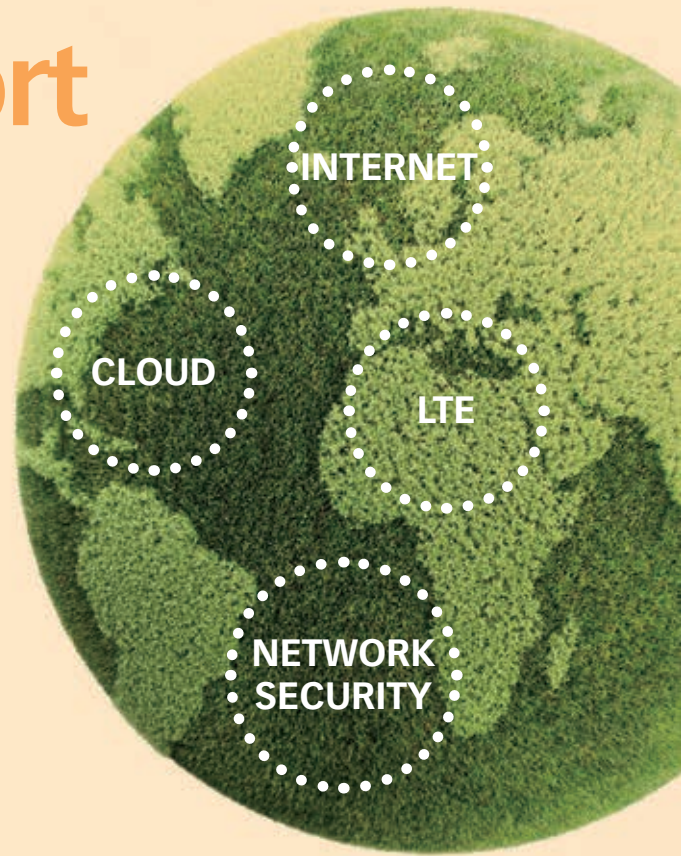
Developing employees to enable them to grow personally and professionally has always been an ongoing priority of the Group. The Group has provided internal training opportunities and training subsidies for outside training courses to our employees to enhance their skills and abilities. This will help employees to be well equipped for the future development of the Group.

The Group continues its effort on quality of working environment, community support, and environmental protection that drives the growth of the Group and community.



Interim Financial Report

The board of directors (the "Board") of CITIC Telecom International Holdings Limited (the "Company") presents herewith the unaudited consolidated income statement, unaudited consolidated statement of comprehensive income, unaudited consolidated statement of changes in equity and unaudited consolidated cash flow statement of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015 and the unaudited consolidated statement of financial position of the Group at 30 June 2015, together with the comparative figures for the six months ended 30 June 2014 and at 31 December 2014 respectively.



Consolidated **Income Statement**

For the six months ended 30 June 2015 (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Turnover	3(a)	4,350,275	4,139,054
Other revenue	4	3,839	1,783
Other net gain	5	10,269	2,180
		4,364,383	4,143,017
Cost of sales and services		(2,681,030)	(2,541,238)
Depreciation and amortisation	6(c)	(326,036)	(328,276)
Staff costs	6(b)	(389,575)	(352,500)
Other operating expenses		(301,546)	(305,835)
		666,196	615,168
Finance costs	6(a)	(169,058)	(165,434)
Share of loss of a joint venture		(1,250)	(589)
Profit before taxation	6	495,888	449,145
Income tax	7	(92,601)	(83,436)
Profit for the period		403,287	365,709
Attributable to:			
Equity shareholders of the Company		397,152	360,385
Non-controlling interests		6,135	5,324
Profit for the period		403,287	365,709
Earnings per share (HK cents)	8		
Basic		11.8	10.8
Diluted		11.7	10.7

The notes on pages 30 to 47 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 15(a).

Consolidated **Statement of Comprehensive Income**

For the six months ended 30 June 2015 (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Profit for the period	403,287	365,709
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside Hong Kong, net of \$nil tax	(2,510)	(149)
Other comprehensive income for the period	(2,510)	(149)
Total comprehensive income for the period	400,777	365,560
Attributable to:		
Equity shareholders of the Company	394,784	360,203
Non-controlling interests	5,993	5,357
Total comprehensive income for the period	400,777	365,560

The notes on pages 30 to 47 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2015 (Expressed in Hong Kong dollars)

	Note	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Non-current assets			
Property, plant and equipment	9	2,223,560	2,105,909
Intangible assets		2,094,033	2,167,628
Goodwill		9,280,958	9,281,625
Interest in a joint venture		5,015	6,265
Non-current other receivables and deposits	10	180,108	215,612
Deferred tax assets		32,056	33,141
		13,815,730	13,810,180
Current assets			
Inventories		117,449	198,931
Trade and other receivables and deposits	10	1,945,149	1,906,539
Current tax recoverable		8,484	28,005
Cash and bank deposits	11(a)	1,944,823	1,396,892
		4,015,905	3,530,367
Current liabilities			
Trade and other payables	12	2,061,432	2,088,566
Bank loans	13	100,000	100,000
Current tax payable		324,178	232,132
		2,485,610	2,420,698
Net current assets		1,530,295	1,109,669
Total assets less current liabilities		15,346,025	14,919,849
Non-current liabilities			
Interest-bearing borrowings	14(a)	8,147,876	7,867,586
Non-current other payables	12	69,348	73,040
Net defined benefit retirement obligation		106,384	103,729
Deferred tax liabilities		271,676	281,218
		8,595,284	8,325,573
NET ASSETS		6,750,741	6,594,276

Consolidated **Statement of Financial Position**

At 30 June 2015 (Expressed in Hong Kong dollars)

	Note	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
CAPITAL AND RESERVES			
Share capital	15(b)	3,840,317	3,780,941
Reserves		2,889,261	2,787,417
Total equity attributable to equity shareholders of the Company		6,729,578	6,568,358
Non-controlling interests		21,163	25,918
TOTAL EQUITY		6,750,741	6,594,276

The notes on pages 30 to 47 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								Non-controlling interests (Unaudited) \$'000	Total equity (Unaudited) \$'000
	Note	Share capital (Unaudited) \$'000	Share premium (Unaudited) \$'000	Capital reserve (Unaudited) \$'000	Capital redemption reserve (Unaudited) \$'000	Exchange reserve (Unaudited) \$'000	Retained profits (Unaudited) \$'000	Total (Unaudited) \$'000		
Balance at 1 January 2014		332,324	3,363,280	71,143	2,034	9,736	2,384,754	6,163,271	24,680	6,187,951
Changes in equity for the six months ended 30 June 2014:										
Profit for the period		-	-	-	-	-	360,385	360,385	5,324	365,709
Other comprehensive income for the period		-	-	-	-	(182)	-	(182)	33	(149)
Total comprehensive income for the period		-	-	-	-	(182)	360,385	360,203	5,357	365,560
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(9,709)	(9,709)
Shares issued under share option plan before 3 March 2014	15(b)(ii)	678	16,371	(3,695)	-	-	-	13,354	-	13,354
Transition to no-par value regime on 3 March 2014	15(b)(iii)	3,381,685	(3,379,651)	-	(2,034)	-	-	-	-	-
Shares issued under share option plan on and after 3 March 2014	15(b)(ii)	18,385	-	(4,139)	-	-	-	14,246	-	14,246
Dividend approved in respect of the previous financial year	15(a)(ii)	-	-	-	-	-	(253,474)	(253,474)	-	(253,474)
Release upon lapse of share options	16(a)	-	-	(207)	-	-	207	-	-	-
		3,400,748	(3,363,280)	(8,041)	(2,034)	-	(253,267)	(225,874)	(9,709)	(235,583)
Balance at 30 June 2014		3,733,072	-	63,102	-	9,554	2,491,872	6,297,600	20,328	6,317,928
Balance at 1 July 2014		3,733,072	-	63,102	-	9,554	2,491,872	6,297,600	20,328	6,317,928
Changes in equity for the six months ended 31 December 2014:										
Profit for the period		-	-	-	-	-	363,349	363,349	5,897	369,246
Other comprehensive income for the period		-	-	-	-	(10,113)	(29,485)	(39,598)	(307)	(39,905)
Total comprehensive income for the period		-	-	-	-	(10,113)	333,864	323,751	5,590	329,341
Shares issued under share option plan	15(b)(ii)	47,869	-	(10,499)	-	-	-	37,370	-	37,370
Release upon lapse of share options	16(a)	-	-	(126)	-	-	126	-	-	-
Dividend approved in respect of the current financial year	15(a)(i)	-	-	-	-	-	(90,363)	(90,363)	-	(90,363)
		47,869	-	(10,625)	-	-	(90,237)	(52,993)	-	(52,993)
Balance at 31 December 2014 (Audited)		3,780,941	-	52,477	-	(559)	2,735,499	6,568,358	25,918	6,594,276

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Exchange reserve	Retained profits	Total			
	(Unaudited) \$'000	(Unaudited) \$'000	(Unaudited) \$'000	(Unaudited) \$'000	(Unaudited) \$'000	(Unaudited) \$'000		
Balance at 1 January 2015	3,780,941	52,477	(559)	2,735,499	6,568,358	25,918	6,594,276	
Changes in equity for the six months ended 30 June 2015:								
Profit for the period	-	-	-	397,152	397,152	6,135	403,287	
Other comprehensive income for the period	-	-	(2,368)	-	(2,368)	(142)	(2,510)	
Total comprehensive income for the period	-	-	(2,368)	397,152	394,784	5,993	400,777	
Dividend paid to non-controlling interests	-	-	-	-	-	(10,748)	(10,748)	
Shares issued under share option plan	15(b)(ii) 59,376	(13,176)	-	-	46,200	-	46,200	
Equity-settled share-based transactions	6(b) -	9,772	-	-	9,772	-	9,772	
Dividend approved in respect of the previous financial year	15(a)(i) -	-	-	(289,536)	(289,536)	-	(289,536)	
Release upon lapse of share options	16(a) -	(198)	-	198	-	-	-	
	59,376	(3,602)	-	(289,338)	(233,564)	(10,748)	(244,312)	
Balance at 30 June 2015	3,840,317	48,875	(2,927)	2,843,313	6,729,578	21,163	6,750,741	

The notes on pages 30 to 47 form part of this interim financial report.

Consolidated Cash Flow Statement

For the six months ended 30 June 2015 (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Operating activities			
Cash generated from operations	11(d)	966,172	945,449
Tax paid:			
– Hong Kong Profits Tax paid		(304)	(9,423)
– Tax paid for jurisdictions outside Hong Kong		(5,648)	(1,873)
Tax refunded:			
– Hong Kong Profits Tax refunded		16,059	–
– Tax refunded for jurisdictions outside Hong Kong		–	1,054
Net cash generated from operating activities		976,279	935,207
Investing activities			
Payment for the purchase of property, plant and equipment		(288,898)	(345,273)
Proceeds from the sale of property, plant and equipment		245	190
Payment for transaction costs for the acquisitions of subsidiaries		–	(1,167)
Increase in pledged deposits		(61,510)	(2,263)
Interest received		2,973	1,698
Net cash used in investing activities		(347,190)	(346,815)
Financing activities			
Proceeds from new bank loans		270,000	200,000
Proceeds from new shares issued under share option plan	15(b)(ii)	46,200	27,600
Payment for transaction costs on bank loans		(250)	(1,682)
Other borrowing costs paid		(156,724)	(152,608)
Dividend paid to equity shareholders of the Company	15(a)(ii)	(289,536)	(253,474)
Dividend paid to non-controlling interests		(10,748)	(9,709)
Net cash used in financing activities		(141,058)	(189,873)
Net increase in cash and cash equivalents		488,031	398,519
Cash and cash equivalents at 1 January		1,393,486	854,742
Effect of foreign exchange rate changes		(1,610)	(23)
Cash and cash equivalents at 30 June	11(a)	1,879,907	1,253,238

The notes on pages 30 to 47 form part of this interim financial report.

Notes to the Unaudited **Interim Financial Report**

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basis of preparation

This 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”). It was authorised for issue on 21 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and the independent auditor, 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. KPMG’s independent review report to the Board of Directors is included on page 48.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 19, *Employee benefits – Defined benefit plans: Employee contributions*
- *Annual improvements to HKFRSs 2010-2012 Cycle*
- *Annual improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Turnover and segment reporting

(a) Turnover

The Group is principally engaged in the provision of telecommunications services, including mobile services, Internet services, international telecommunications services, enterprise solutions and fixed line services, and sale of equipment and mobile handsets.

Turnover represents fees from the provision of telecommunications services and sale of equipment and mobile handsets. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Mobile services	624,153	644,820
Internet services	406,913	363,785
International telecommunications services	806,352	968,396
Enterprise solutions	1,003,965	899,133
Fixed line services	181,767	204,681
Fees from the provision of telecommunications services	3,023,150	3,080,815
Sale of equipment and mobile handsets	1,327,125	1,058,239
	4,350,275	4,139,054

Notes to the Unaudited **Interim Financial Report**

3 Turnover and segment reporting (Continued)

(b) Segment reporting

The Group manages its businesses by business operations. Starting from the year ended 31 December 2014, the financial results of the Group are reported to the Group's most senior executive management as one operating segment for the purposes of resource allocation and performance assessment.

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 identified only one operating segment, i.e. telecommunications operations.

Reconciliation of reportable segment profit

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Reportable segment profit	1,038,553	988,569
Net gain on disposal of property, plant, and equipment	115	159
Depreciation and amortisation	(326,036)	(328,276)
Finance costs	(169,058)	(165,434)
Share of loss of a joint venture	(1,250)	(589)
Interest income	3,839	1,783
Unallocated head office and corporate expenses	(50,275)	(47,067)
Consolidated profit before taxation	495,888	449,145

(c) Seasonality of operations

The Group's telecommunications services are not significantly impacted by seasonal factors and there were historically no significant seasonal or cyclical trends in the operating results.

4 Other revenue

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Interest income from bank deposits	3,777	1,668
Other interest income	62	115
	3,839	1,783

5 Other net gain

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Net gain on disposal of property, plant and equipment (note 9)	115	159
Net foreign exchange gain	10,154	2,021
	10,269	2,180

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
(a) Finance costs		
Interest on bank and other borrowings	155,388	152,724
Other finance charges	11,978	11,244
Other interest expense	1,692	1,466
	169,058	165,434
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plans	19,616	17,560
Expenses recognised in respect of defined benefits retirement plan	5,006	4,262
Total retirement costs	24,622	21,822
Equity-settled share-based payment expenses (note 16(c))	9,772	–
Salaries, wages and other benefits	355,181	330,678
	389,575	352,500

Notes to the Unaudited **Interim Financial Report**

6 Profit before taxation (Continued)

Profit before taxation is arrived at after charging: (Continued)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	\$'000	\$'000
(c) Other items		
Amortisation	88,650	87,963
Depreciation	237,386	240,313
	326,036	328,276
Net impairment losses for trade debtors	5,113	5,782

7 Income tax

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Current tax		
Hong Kong Profits Tax	22,580	28,726
Taxation for jurisdictions outside Hong Kong	78,905	75,505
	101,485	104,231
Deferred tax		
Origination and reversal of temporary differences	(8,884)	(20,795)
	92,601	83,436

The provision for Hong Kong Profits Tax for the six months ended 30 June 2015 is calculated at 16.5% (six months ended 30 June 2014: 16.5%) of the estimated assessable profits for the period.

Taxation for jurisdictions outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

8 Earnings per share

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Profit attributable to equity shareholders of the Company	397,152	360,385

The weighted average number of ordinary shares in issue during the period, is calculated as follows:

	Number of shares	
	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	'000	'000
Issued ordinary shares at 1 January	3,355,674	3,323,242
Effect of share options exercised	8,117	7,932
Weighted average number of ordinary shares (basic) at 30 June	3,363,791	3,331,174
Effect of deemed issue of shares under the Company's share option plan	28,779	29,942
Weighted average number of ordinary shares (diluted) at 30 June	3,392,570	3,361,116
Basic earnings per share (HK cents)	11.8	10.8
Diluted earnings per share (HK cents)	11.7	10.7

9 Property, plant and equipment

The Group acquired items of property, plant and equipment with a total cost of \$370,514,000 and \$204,370,000 for the six months ended 30 June 2015 and 2014 respectively.

Items of property, plant and equipment with a net book value of \$130,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: \$31,000), resulting in a net gain on disposal of \$115,000 (six months ended 30 June 2014: \$159,000).

Certain property, plant and equipment of the Company's subsidiary, Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"), are designated for the provision of basic infrastructure of public telecommunications services. They may need to be shared with other licensed telecommunications operators or the Macau Government with fair compensation, or, upon termination of the concession agreement, assigned in favour of the Macau Government.

Notes to the Unaudited **Interim Financial Report**

10 Trade and other receivables and deposits

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Trade debtors	1,556,583	1,608,801
Less: allowance for doubtful debts	(116,561)	(113,347)
	1,440,022	1,495,454
Other receivables and deposits	685,235	626,697
	2,125,257	2,122,151
Represented by:		
Non-current portion	180,108	215,612
Current portion	1,945,149	1,906,539
	2,125,257	2,122,151

At the end of the reporting period, the ageing analysis of trade debtors (before allowance for doubtful debts and included in trade and other receivables and deposits), based on the invoice date, is as follows:

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Within 1 year	1,171,954	1,267,839
Over 1 year	384,629	340,962
	1,556,583	1,608,801

Credit evaluations are performed on all customers requiring credit over a certain amount. Trade debtors are due within 7 to 180 days from the date of billing. Impairment losses are recorded for balances where there is objective evidence of impairment.

11 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Cash at bank and in hand	1,207,942	742,534
Time deposits with banks	736,881	654,358
Cash and bank deposits in the consolidated statement of financial position (note (b))	1,944,823	1,396,892
Less: pledged deposits (note (c))	(64,916)	(3,406)
Cash and cash equivalents in the consolidated cash flow statement	1,879,907	1,393,486

(b) Included in cash and bank deposits were \$14,421,000 (31 December 2014: \$65,173,000) placed in financial institutions in the People's Republic of China (the "PRC") and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the PRC Government.

(c) At 30 June 2015, the Group pledged deposits of RMB48,500,000 (equivalent to \$61,503,000) to a commercial bank to secure loans extended to a fellow subsidiary by the commercial bank under an offshore-security-onshore-loan arrangement (see notes 18(c) and 19(a)(iii)).

At 30 June 2015, bank deposits of \$3,413,000 (31 December 2014: \$3,406,000) were pledged to secure parts of the trade facilities of the Group.

(d) Reconciliation of profit before taxation to cash generated from operations:

	Note	Six months ended 30 June 2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Profit before taxation		495,888	449,145
Adjustments for:			
Depreciation and amortisation	6(c)	326,036	328,276
Net gain on disposal of property, plant and equipment	5	(115)	(159)
Share of loss of a joint venture		1,250	589
Finance costs	6(a)	169,058	165,434
Interest income	4	(3,839)	(1,783)
Equity-settled share-based payment expenses	6(b)	9,772	-
Foreign exchange loss		460	4
		998,510	941,506
Changes in working capital:			
Decrease in inventories		81,482	51,188
Increase in trade and other receivables and deposits		(41,658)	(314,108)
(Decrease)/increase in trade and other payables		(73,125)	265,142
Increase in net defined benefit retirement obligation		963	1,721
Cash generated from operations		966,172	945,449

Notes to the Unaudited **Interim Financial Report**

12 Trade and other payables

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Trade creditors	1,001,452	1,082,228
Other payables and accruals	1,129,328	1,079,378
	2,130,780	2,161,606
Represented by:		
Non-current portion	69,348	73,040
Current portion	2,061,432	2,088,566
	2,130,780	2,161,606

At the end of the reporting period, the ageing analysis of trade creditors (included in trade and other payables), based on the invoice date, is as follows:

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Within 1 year	686,809	643,509
Over 1 year	314,643	438,719
	1,001,452	1,082,228

13 Bank loans

At the end of the reporting period, bank loans were repayable and secured as follows:

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Within 1 year or on demand	100,000	100,000
After 1 year but within 2 years	1,922,291	1,896,128
After 2 years but within 5 years	2,747,130	2,494,618
	4,769,421	4,490,746
Represented by:		
Unsecured		
– Current	100,000	100,000
– Non-current (note 14(a))	4,669,421	4,390,746
	4,769,421	4,490,746

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position and financial performance ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. At 30 June 2015 and 31 December 2014, none of the covenants relating to the drawn down facilities had been breached.

14 Non-current interest-bearing borrowings

(a) The analysis of the carrying amount of non-current interest-bearing borrowings is as follows:

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Unsecured bank loans (note 13)	4,669,421	4,390,746
Guaranteed bonds (note (b))	3,478,455	3,476,840
	8,147,876	7,867,586

All of the non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

Notes to the Unaudited **Interim Financial Report**

14 Non-current interest-bearing borrowings (Continued)

- (b) On 5 March 2013, a wholly-owned subsidiary of the Company issued US\$450,000,000 (approximately \$3,510,000,000) bonds with a maturity of twelve years due on 5 March 2025 (the "Guaranteed Bonds"). The Guaranteed Bonds were unconditionally and irrevocably guaranteed by the Company.

The Guaranteed Bonds were issued at 100% of the aggregate principal amount, denominated in United States dollars and bore interest at 6.1% per annum payable semi-annually in arrears. The Guaranteed Bonds would become repayable on demand in case of an event of default.

15 Capital, reserves and dividends

(a) Dividends

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

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Interim dividend declared and paid after the interim period of HK2.8 cents (six months ended 30 June 2014: HK2.7 cents) per share	94,614	90,363

The interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK8.6 cents (six months ended 30 June 2014: HK7.6 cents) per share	289,536	253,474

For the final dividend in respect of the year ended 31 December 2014, there was a difference of \$948,000 between the final dividend disclosed in the 2014 annual report and the amount paid during the six months ended 30 June 2015, which represented dividends attributable to shares issued upon exercise of share options before the closing date of the register of members.

15 Capital, reserves and dividends (Continued)

(b) Share capital

	Note	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
		Number of shares	Amount \$'000	Number of shares	Amount \$'000
Ordinary shares, issued and fully paid:					
At 1 January	(i)	3,355,674,412	3,780,941	3,323,242,358	332,324
Shares issued under share option plan before 3 March 2014	(ii)	–	–	6,776,068	678
Transition to no-par value regime on 3 March 2014	(iii)	–	–	–	3,381,685
Shares issued under share option plan on and after 3 March 2014	(ii)	23,401,623	59,376	25,655,986	66,254
At 30 June/31 December	(i)	3,379,076,035	3,840,317	3,355,674,412	3,780,941

Notes:

- (i) The holders of ordinary shares are entitled to receive dividends as declared from time to time and every member shall have one vote per share on a poll at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.
- (ii) During the six months ended 30 June 2015, 23,401,623 ordinary shares (six months ended 30 June 2014: 14,369,938 ordinary shares) were issued at a weighted average exercise price of \$1.97 (six months ended 30 June 2014: \$1.92) per ordinary share to share option holders who had exercised their options. During the six months ended 31 December 2014, 18,062,116 ordinary shares were issued at a weighted average exercise price of \$2.07 per ordinary share to share option holders who had exercised their options. These shares so issued rank pari passu with the then existing ordinary shares in issue.
- (iii) The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Hong Kong Companies Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Hong Kong Companies Ordinance.

Notes to the Unaudited **Interim Financial Report**

16 Equity-settled share-based transactions

- (a) On 24 March 2015, options to subscribe for a total of 87,512,500 shares (the "Options") were granted to employees, officers and directors of the Company and its subsidiaries under the Company's share option plan adopted on 17 May 2007. Each option gives the holder the right to subscribe for one ordinary share of the Company. The first 50% of the Options will be vested on 24 March 2016 and is exercisable from 24 March 2016 to 23 March 2021. The remaining 50% of the Options will be vested on 24 March 2017 and is exercisable from 24 March 2017 to 23 March 2022. The exercise price is \$2.612 per share. The closing price of the Company's ordinary shares on the date of grant of the Options was \$2.61 per share. All options granted on 24 March 2015 were accepted except for options for 398,000 shares which were cancelled during the six months ended 30 June 2015.

Details of the fair value of the Options and assumptions are set out in note 16(b).

During the six months ended 30 June 2015, 31 December 2014 and 30 June 2014, options for 23,401,623 shares, 18,062,116 shares and 14,369,938 shares were exercised respectively. The weighted average closing prices at the date of exercise of share options exercised during the six months ended 30 June 2015, 31 December 2014 and 30 June 2014 were \$3.27, \$3.11 and \$2.83 respectively.

Save as disclosed above, during the six months ended 30 June 2015, 31 December 2014 and 30 June 2014, no options were cancelled.

During the six months ended 30 June 2015, options for 591,783 shares (six months ended 30 June 2014: 370,417 shares; six months ended 31 December 2014: 229,170 shares) have lapsed. The value of vested options lapsed during the six months ended 30 June 2015 was \$198,000 (six months ended 30 June 2014: \$207,000; six months ended 31 December 2014: \$126,000) and was released directly to retained profits.

(b) Fair value of share options and assumptions

The average fair value of an Option on one ordinary share of the Company measured at the date of grant of 24 March 2015 was \$0.673 based on the following assumptions using the binomial option pricing model:

- Taking into account the probability of early exercise behaviour, the average expected term of the grant for directors and employees was determined to be 6.0 years and 4.1 years respectively;
- Expected volatility of the Company's share price at 40% per annum (based on historical movements of the Company's share prices);
- Expected annual dividend yield of 4.0%;
- Expected post-vesting exit rate of 0% per annum for directors and 15.0% per annum for employees;
- Early exercise assumption for directors and employees to exercise their options when the share price is at least 250% and 161% of the exercise price respectively; and
- Risk-free interest rate of 1.18% and 1.30% for the first 50% and the remaining 50% of the Options respectively (based on linearly interpolated yields of the Hong Kong Exchange Fund Notes at the grant date).

The result of the binomial option pricing model can be materially affected by changes in these assumptions so an option's actual value may differ from the estimated fair value of the options due to limitations of the model.

- (c) The total expense recognised in the consolidated income statement for the six months ended 30 June 2015 in respect of options granted by the Company is \$9,772,000 (six months ended 30 June 2014: \$Nil).

17 Capital commitments

Capital commitments of the Group outstanding at 30 June 2015 and not provided for in the interim financial report were as follows:

	30 June 2015 (Unaudited) \$'000	31 December 2014 (Audited) \$'000
Contracted for	276,367	348,558
Authorised but not contracted for	284,597	276,422

18 Performance bonds and guarantees

- (a) At 30 June 2015, performance bonds provided to the Macau Government and other customers for which no provision has been made in the interim financial report amounted to \$80,984,000 (31 December 2014: \$67,874,000). At 30 June 2015, the directors do not consider it probable that a claim will be made against the Group under any of the performance bonds. The maximum liability of the Group at the end of the reporting period is the total amount guaranteed by the performance bonds of \$80,984,000 (31 December 2014: \$67,874,000).
- (b) At 30 June 2015, the Group issued a guarantee of \$34,366,000 (31 December 2014: \$34,366,000) to a contractor for the performance under a construction contract. At 30 June 2015, the directors do not consider it probable that a claim will be made against the Group under this guarantee. The maximum liability of the Group at the end of the reporting period is the guaranteed amount of \$34,366,000 (31 December 2014: \$34,366,000).
- (c) At 30 June 2015, the Group pledged deposits of RMB48,500,000 (equivalent to \$61,503,000) to a commercial bank to secure loans extended to a fellow subsidiary of the Group by the commercial bank under an offshore-security-onshore-loan arrangement (see notes 11(c) and 19(a)(iii)). At 30 June 2015, the directors do not consider it probable that a claim will be made against the Group for the pledged deposits. The maximum liability of the Group at the end of the reporting period equals to the amount of the pledged deposits.

Notes to the Unaudited **Interim Financial Report**

19 Material related party transactions

(a) Transactions with affiliates of the Group and its holding companies

(i) Recurring transactions

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Management consultancy and technical services fee received/receivable from a fellow subsidiary	3,455	–
Telecommunications services and related expenses paid/payable to		
– a fellow subsidiary	7,560	5,622
– an associate of the ultimate holding company	4,370	4,858
Professional fees paid/payable to a controlling shareholder for the provision of internal audit and company secretarial services	2,275	2,275
Operating lease charges, building management fees, air conditioning charges and car parking spaces rental paid/payable to fellow subsidiaries	11,923	12,358

(ii) Trade and other receivables and deposits

	30 June	31 December
	2015 (Unaudited) \$'000	2014 (Audited) \$'000
Advance payment paid to the ultimate holding company for the acquisition of the remaining equity interest in a subsidiary	78,606	78,576
Management consultancy and technical services fee receivable from a fellow subsidiary	3,698	–

19 Material related party transactions (Continued)

(a) Transactions with affiliates of the Group and its holding companies (Continued)

(iii) Commitments under funding and loan support agreement to a fellow subsidiary

On 25 April 2014, the Company and a fellow subsidiary of the Group entered into a funding and loan support agreement (the "Funding and Loan Support Agreement") pursuant to which the Company agreed to provide funds of not more than RMB200,000,000 (equivalent to approximately \$250,000,000) to the fellow subsidiary at any time during the two years commencing on the date of the Funding and Loan Support Agreement if and when a shortage of funds arises in the operation of a network in the PRC. The funding support may be provided by other means of financial assistance as agreed between the parties in order to comply with the prevalent laws and regulations in the PRC. The aforementioned two-year period was extended to three years pursuant to a supplemental agreement to the Funding and Loan Support Agreement entered into between the Company and the fellow subsidiary on 22 April 2015. During the six months ended 30 June 2015, the Company entered into an offshore-security-onshore-loan arrangement with a commercial bank whereby loans were extended to the fellow subsidiary by the commercial bank under the security of the Group's pledged deposits of RMB48,500,000 (equivalent to \$61,503,000) (see notes 11(c) and 18(c)).

(b) Transactions with other government-related entities

The Group is a government-related enterprise and has transactions with entities directly or indirectly controlled by the PRC Government through government authorities, agencies, affiliates and other organisations (collectively referred to as "government-related entities").

Apart from transactions with the affiliates of the Group as disclosed above, the Group has collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- rendering and receiving services; and
- financial services arrangements.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are government-related entities or not.

Notes to the Unaudited **Interim Financial Report**

19 Material related party transactions (Continued)

(b) Transactions with other government-related entities (Continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the interim financial report, the directors are of the opinion that the following transactions with other government-related entities require disclosure:

(i) Transactions with other government-related entities including state-controlled banks in the PRC

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Interest income from bank deposits	2,312	1,539
Interest expenses on interest-bearing borrowings	(11,959)	(8,915)
Fees received/receivable from the provision of telecommunications services	595,558	631,922
Fees paid/payable for network, operations and support services	(483,471)	(463,970)

(ii) Balances with other government-related entities including state-controlled banks in the PRC

	30 June	31 December
	2015 (Unaudited) \$'000	2014 (Audited) \$'000
Bank deposits	540,694	536,796
Trade debtors	775,988	796,680
Trade and other payables	(345,553)	(316,019)
Interest-bearing borrowings	(926,756)	(924,725)

The interest-bearing borrowings from state-controlled banks at 30 June 2015 bore interest at the prevailing market rates.

19 Material related party transactions (Continued)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid/payable to the Company's directors, is as follows:

	Six months ended 30 June	
	2015 (Unaudited) \$'000	2014 (Unaudited) \$'000
Short-term employee benefits	11,011	10,375
Share-based payments	3,128	–
Post-employment benefits	327	385
	14,466	10,760

20 Non-adjusting event after the reporting period

After the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 15(a)(i).

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 June 2015

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments and new standards which are not yet effective for the period ended 30 June 2015 and which have not been adopted in this interim financial report. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Independent Review Report



**Independent review report to the board of directors of
CITIC Telecom International Holdings Limited**
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 23 to 47 which comprises the consolidated statement of financial position of CITIC Telecom International Holdings Limited (the "Company") as at 30 June 2015 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 August 2015

Statutory Disclosure

DIVIDEND AND CLOSURE OF REGISTER

The board of directors of the Company has declared an interim dividend of HK2.8 cents (2014: HK2.7 cents) per share for the year ending 31 December 2015 payable on Wednesday, 30 September 2015 to shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2015. The Register of Members of the Company will be closed from Friday, 11 September 2015 to Thursday, 17 September 2015, 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 Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 September 2015.

SHARE OPTION PLAN

The share option plan of the Company (the "Plan") was adopted on 17 May 2007 and the Company has no other share option scheme currently in force. Under the Plan, the board may offer to grant an option over the Company's shares to any person employed by the Company or any of its subsidiaries and any person who is an officer or director (whether executive or non-executive) of the Company or any of its subsidiaries as the board may, in its absolute discretion, select. HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option. The subscription price determined by the board will not be less than the higher of (i) the closing price of the Company's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

As approved at the annual general meeting held on 25 April 2014, the mandate limit is refreshed so that taking into account the overriding limit of the Plan, the total number of shares which may be issued upon the exercise of all options to be granted under the Plan, together with all outstanding options granted and yet to be exercised as at 25 April 2014, shall not exceed 333,505,276 shares, being 10% of the number of shares in issue as at the date of approval of the refreshment of the mandate limit.

Statutory Disclosure

SHARE OPTION PLAN (Continued)

Since the adoption of the Plan, the Company has granted the following share options:

Date of grant	Number of share options	Exercise period	Exercise price per share HK\$
23.5.2007	18,720,000	23.5.2007 to 22.5.2012	3.26
17.9.2009	17,912,500	17.9.2010 to 16.9.2015	2.10
17.9.2009	17,912,500	17.9.2011 to 16.9.2016	2.10
19.8.2011	24,227,500	19.8.2012 to 18.8.2017	1.54
19.8.2011	24,227,500	19.8.2013 to 18.8.2018	1.54
26.6.2013	81,347,000	26.6.2013 to 25.6.2018	2.25
24.3.2015	43,756,250	24.3.2016 to 23.3.2021	2.612
24.3.2015	43,756,250	24.3.2017 to 23.3.2022	2.612

The share options granted on 23 May 2007 have expired at the close of business on 22 May 2012. The remaining options granted and accepted under the Plan can be exercised in whole or in part within 5 years from the date of commencement of the exercise period.

Upon completion of the rights issue of the Company on 7 June 2013, the exercise price and the number of shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding share options of the Company as at 6 June 2013 have been adjusted (the "Adjustments") in the following manner:

Date of grant	Before Adjustments		After Adjustments	
	Number of outstanding share options	Exercise price per share HK\$	Number of outstanding share options	Exercise price per share HK\$
17.9.2009	19,451,000	2.10	21,438,072	1.91
19.8.2011	32,332,500	1.54	35,635,462	1.40

The closing price of the Company's shares immediately before the grant on 24 March 2015 was HK\$2.59.

SHARE OPTION PLAN (Continued)

A summary of the movements of the share options during the six months ended 30 June 2015 is as follows:

A. Directors of the Company (Note 1)

Name of director	Date of grant	Number of share options			Percentage to the number of issued shares %	
		Balance as at 1.1.2015	Granted during the six months ended 30.6.2015	Exercised during the six months ended 30.6.2015		Balance as at 30.6.2015
Xin Yue Jiang	17.9.2009	991,944	–	991,000 (Note 2)	944	
	17.9.2009	991,945	–	–	991,945	
	19.8.2011	1,377,701	–	–	1,377,701	
	19.8.2011	1,377,701	–	–	1,377,701	
	26.6.2013	3,575,000	–	–	3,575,000	
	24.3.2015	–	1,787,500	–	1,787,500	
	24.3.2015	–	1,787,500	–	1,787,500	
					10,898,291	0.323
Lin Zhenhui	24.3.2015	–	1,573,000	–	1,573,000	
	24.3.2015	–	1,573,000	–	1,573,000	
					3,146,000	0.093
Luo Ning	26.6.2013	400,000	–	–	400,000	
	24.3.2015	–	500,000	–	500,000	
	24.3.2015	–	500,000	–	500,000	
					1,400,000	0.041
David Chan Tin Wai	17.9.2009	771,512	–	–	771,512	
	17.9.2009	771,513	–	–	771,513	
	19.8.2011	1,047,052	–	–	1,047,052	
	19.8.2011	1,047,053	–	–	1,047,053	
	26.6.2013	2,717,000	–	–	2,717,000	
	24.3.2015	–	1,358,500	–	1,358,500	
	24.3.2015	–	1,358,500	–	1,358,500	
					9,071,130	0.268
Liu Jifu	24.3.2015	–	1,000,000	–	1,000,000	
	24.3.2015	–	1,000,000	–	1,000,000	
					2,000,000	0.059

Statutory Disclosure

SHARE OPTION PLAN (Continued)

A. Directors of the Company (Note 1) (Continued)

Name of director	Date of grant	Number of share options				Percentage to the number of issued shares %
		Balance as at 1.1.2015	Granted during the six months ended 30.6.2015	Exercised during the six months ended 30.6.2015	Balance as at 30.6.2015	
Liu Li Qing	24.3.2015	–	200,000	–	200,000	0.012
	24.3.2015	–	200,000	–	200,000	
					400,000	
Gordon Kwong Che Keung	26.6.2013	400,000	–	–	400,000	0.024
	24.3.2015	–	200,000	–	200,000	
	24.3.2015	–	200,000	–	200,000	
					800,000	
Zuo Xunsheng	24.3.2015	–	200,000	–	200,000	0.012
	24.3.2015	–	200,000	–	200,000	
					400,000	

B. Employees of the Company working under continuous contracts (as defined in the Employment Ordinance), other than the Directors

Date of grant	Number of share options					
	Balance as at 1.1.2015	Granted during the six months ended 30.6.2015	Exercised during the six months ended 30.6.2015 (Note 3)	Cancelled during the six months ended 30.6.2015	Lapsed during the six months ended 30.6.2015 (Note 5)	Balance as at 30.6.2015
17.9.2009	7,304,571	–	2,833,053	–	2,179	4,469,339
19.8.2011	15,123,980	–	2,919,570	–	58,080	12,146,330
26.6.2013	48,729,817	–	12,157,000	–	115,000	36,457,817
24.3.2015	–	73,574,500	–	398,000 (Note 4)	235,000	72,941,500

SHARE OPTION PLAN (Continued)

C. Others (Note 6)

Date of grant	Number of share options					Balance as at 30.6.2015
	Balance as at 1.1.2015	Granted during the six months ended 30.6.2015	Exercised during the six months ended 30.6.2015 (Note 7)	Cancelled during the six months ended 30.6.2015	Lapsed during the six months ended 30.6.2015 (Note 5)	
17.9.2009	1,880,210	–	1,762,000	–	1,021	117,189
19.8.2011	2,645,689	–	2,439,000	–	503	206,186
26.6.2013	3,326,000	–	300,000	–	180,000	2,846,000
24.3.2015	–	300,000	–	–	–	300,000

Notes:

- These are in respect of options granted to the directors of the Company. None of these options was cancelled or lapsed during the six months ended 30 June 2015.
- The weighted average closing price of the shares immediately before the date on which Mr. Xin Yue Jiang exercised the options was HK\$2.90.
- The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$3.24.
- These are in respect of options granted to employees under continuous contracts who had not accepted the options. These options had been cancelled during the six months ended 30 June 2015.
- These are in respect of options granted to some employees under continuous contracts who have subsequently resigned. Such options have lapsed during the six months ended 30 June 2015.
- These are in respect of options granted to i) some employees under continuous contracts who subsequently retired before 1 January 2015, including a former director who now serves as senior consultant of the Company; ii) some employees under continuous contracts who have subsequently resigned in 2014; and iii) an officer who is not an employee under continuous contract of the Company.
- The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$3.25.

Statutory Disclosure

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors of the Company in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 30 June 2015 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in the Company and associated corporations

	<u>Number of Shares</u>	
	Personal interests (unless otherwise stated)	Percentage to the number of issued shares
		%
CITIC Telecom International Holdings Limited		
David Chan Tin Wai	2,750	0.0001
CITIC Limited, an associated corporation		
David Chan Tin Wai	40,000	0.0002
Liu Jifu	840,000	0.0034
Gordon Kwong Che Keung	70,000 (Note 1)	0.0003
Dah Chong Hong Holdings Limited, an associated corporation		
David Chan Tin Wai	5,279	0.0003
China CITIC Bank Corporation Limited (H shares), an associated corporation		
David Chan Tin Wai	3,000 (Note 2)	0.00002

Notes:

- 20,000 shares are in respect of personal interests and 50,000 shares are in respect of corporate interests.
- These 3,000 shares are in respect of family interests.

2. Share options in the Company

The interests of the directors of the Company in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are stated in detail in the preceding section of "Share Option Plan".

DIRECTORS' INTERESTS IN SECURITIES (Continued)

Save as disclosed above, as at 30 June 2015, none of the directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the interests of the substantial shareholders, other than the directors of the Company or their respective associate(s), in the shares of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

Name	Number of shares of the Company	Percentage to the number of issued shares %
CITIC Group Corporation	1,987,678,508	58.82
CITIC Polaris Limited	1,987,678,508	58.82
CITIC Glory Limited	1,987,678,508	58.82
CITIC Limited	1,987,678,508	58.82
CITIC Corporation Limited	1,987,678,508	58.82
CITIC Investment (HK) Limited	1,987,678,508	58.82
Silver Log Holdings Ltd.	1,987,678,508	58.82
CITIC Pacific Limited ("CITIC Pacific")	1,987,678,508	58.82
Crown Base International Limited	1,987,678,508	58.82
Effectual Holdings Corp.	1,987,678,508	58.82
CITIC Pacific Communications Limited	1,987,678,508	58.82
Douro Holdings Inc.	1,987,678,508	58.82
Ferretti Holdings Corp.	1,987,678,508	58.82
Ease Action Investments Corp.	1,987,678,508	58.82
Peganin Corp.	1,987,678,508	58.82
Richtone Enterprises Inc.	1,987,678,508	58.82

CITIC Group Corporation is the direct holding company of CITIC Polaris Limited and CITIC Glory Limited, which in turn hold CITIC Limited. CITIC Limited is the direct holding company of CITIC Corporation Limited and CITIC Pacific. CITIC Corporation Limited is the direct holding company of CITIC Investment (HK) Limited, which in turn holds Silver Log Holdings Ltd.. CITIC Pacific is the direct holding company of Crown Base International Limited, which is the direct holding company of Effectual Holdings Corp.. Effectual Holdings Corp. in turn holds CITIC Pacific Communications Limited, which is then the direct holding company of Douro Holdings Inc.. Douro Holdings Inc. is the direct holding company of Ferretti Holdings Corp. and Peganin Corp.. Ferretti Holdings Corp. is the direct holding company of Ease Action Investments Corp. and Peganin Corp. is the direct holding company of Richtone Enterprises Inc.. Accordingly, the interests of CITIC Group Corporation in the Company and the interests in the Company of all its direct and indirect subsidiaries as described above duplicate each other.

Statutory **Disclosure**

SUBSTANTIAL SHAREHOLDERS (Continued)

On 18 December 2012, CITIC Investment (HK) Limited entered into an agreement (the “Sale and Purchase Agreement”) with CITIC Limited and Onway Assets Holdings Ltd. (a wholly-owned subsidiary of CITIC Limited) for acquiring 444,500,000 shares of the Company by acquiring the entire issued share capital of Silver Log Holdings Ltd. and on 21 February 2013, Ease Action Investments Corp., Richtone Enterprises Inc. and Silver Log Holdings Ltd. entered into a management rights agreement (the “Management Rights Agreement”) to regulate their relationship with each other in respect of their shareholdings in the Company. The Sale and Purchase Agreement and the Management Rights Agreement constitute agreements under section 317 of the SFO. For the purposes of the duty of disclosure, in the case of an agreement to which section 317 applies, each party to the agreement is deemed to be interested in any shares comprised in the relevant share capital in which any other party to the agreement is interested apart from the agreement.

SHARE CAPITAL

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the six months ended 30 June 2015 and the Company has not redeemed any of its shares during the period ended 30 June 2015.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the requirements under Rule 13.21 of the Listing Rules, the directors of the Company report below details of loan facilities, which existed during the six months ended 30 June 2015 and included conditions relating to specific performance of the controlling shareholder of the Company:

On 12 December 2013, the Company entered into the facility agreement (the “Facility Agreement”) with a group of banks for term loan facilities in an aggregate amount of up to US\$540 million. A tranche of the loan facilities in the aggregate amount of up to US\$216 million will mature and become payable on 12 December 2016 and another tranche of the loan facilities in the aggregate amount of up to US\$324 million will be repayable in four instalments, the last instalment of which will mature and become payable on 12 December 2018.

The Facility Agreement includes, inter alia, an undertaking by the Company to procure CITIC Group Corporation to hold, legally and beneficially (directly and/or indirectly) the largest percentage of the issued share capital of the Company. A breach of such undertaking may constitute an event of default under the Facility Agreement, whereby the lenders may, inter alia, cancel the loan facilities and declare that all sums accrued or outstanding (including accrued interest) under the Facility Agreement be immediately due and payable.

As at 30 June 2015, there was no breach of the covenants.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The board of directors of the Company believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. Looking ahead, we will keep our corporate governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. Details of our corporate governance practices can be found on page 70 of the 2014 annual report and the Company's website www.citictel.com.

Save as disclosed below, the Company has fully complied with the applicable code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015. In respect of the code provision A.6.7 of the Code, Mr. Luo Ning was unable to attend the annual general meeting of the Company held on 21 April 2015 as he had other engagements.

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 Committee consists of three independent non-executive directors.

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 auditor, 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.

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors of the Company have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

Corporate Information

HEADQUARTERS AND REGISTERED OFFICE

25th Floor, CITIC Telecom Tower
93 Kwai Fuk Road
Kwai Chung
New Territories
Hong Kong
Tel: 2377 8888
Fax: 2376 2063

WEBSITE

www.citictel.com contains a description of CITIC Telecom International's business, copies of the reports to shareholders, announcements, press releases and other information.

STOCK CODES

The Stock Exchange of Hong Kong: 01883
Bloomberg: 1883 HK
Reuters: 1883.HK

SHARE REGISTRAR

Shareholders should contact our Registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at 2980 1333, or by fax: 2810 8185, on matters such as transfer of shares, change of name or address, or loss of share certificates.

ANNUAL AND INTERIM REPORTS

Shareholders may obtain printed copies of annual and interim reports from the Company's Share Registrar. Others should contact the Company Secretary at 2377 8888, or by fax: 2376 2063 or by email: contact@citictel.com for a printed report.

FINANCIAL CALENDAR

Closure of Register: 11 September 2015 to 17 September 2015
Interim Dividend Payable: 30 September 2015

The Interim Report is also available on our website at www.citictel.com. Shareholders may choose to receive the Interim Report in printed form or by electronic means. Shareholders who have chosen to receive the Interim Report using electronic means and who for any reason have difficulty in receiving or gaining access to the Interim Report will, promptly upon request to the Company's Share Registrar, be sent a printed copy free of charge.

Shareholders may at any time change their choice of means of receipt of the Interim Report by notice in writing to the Company's Share Registrar.

Non-shareholders who wish to receive a copy of the Interim Report are requested to write to the Company Secretary, CITIC Telecom International Holdings Limited, 25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong, or by fax: 2376 2063 or by email: contact@citictel.com.