



中信國際電訊

CITIC TELECOM INTERNATIONAL

STOCK CODE : 1883



CONNECT THE FUTURE
CONNECT THE WORLD
INTERIM REPORT 2022



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 on 3 April 2007. It is an internet-oriented telecommunications enterprise providing comprehensive services.

The Company's services cover international telecommunications services, providing mobile international roaming, international voice, international messaging, international data and international value-added telecommunications services, etc. to global carriers (including mobile operators, fixed line operators, virtual network operators, internet operators and OTT operators). The Company is one of the largest telecommunications hubs in Asia Pacific, with "DataMall 自由行", the world's first mobile trading platform and SIMN as our self-developed products. The Company owns the whole CITIC Telecom Tower (with a floor area of approximately 340,000 sq. ft.) and has established two large-scale data centres in Hong Kong.

The Company's wholly-owned subsidiary, Acclivis Technologies and Solutions Pte. Ltd. ("Acclivis"), is based in Singapore with businesses in Malaysia, Indonesia and Thailand, etc. As one of the leading IT services providers in the region, Acclivis is the trusted advisor to government and enterprise to deliver digital transformation projects and smart solutions that harness our end-to-end ICT capabilities, with focus on Cloud solutions, managed services and enterprise connectivity. It also owns the reputable internet service brand "Pacific Internet" in Singapore, Thailand and Malaysia and has established data centres and Cloud computing centres across key cities in Southeast Asia.

Through its wholly-owned subsidiary, CITIC Telecom International CPC Limited ("CPC"), the Group provides one-stop ICT solutions to multinational and business enterprises, including private network solutions, EPL, SD-WAN, Internet access, Cloud computing, Information security, Cloud data centre and a series of value-added services, etc. CPC is one of the most trusted partners of leading multinational and business enterprises in the

Asia-Pacific region. CPC has gained a foothold in the Mainland China market through its subsidiary, China Enterprise ICT Solutions Limited ("CEC"), providing comprehensive ICT services for sizable multinational and business enterprises in Mainland China. CEC possesses various nationwide licenses in value-added telecommunications services in Mainland China, including nationwide Ethernet VPN, and has established Cloud data centres in various cities such as Beijing, Shanghai and Guangzhou.

The Group holds 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"). CTM is one of the leading integrated telecommunications services providers in Macau, and is the only full telecommunications services provider in Macau (including mobile, internet, fixed line, data centre, enterprise ICT and international telecommunications services), as well as the major smart city operator of "Digital Macau". As a market leader, it has long provided quality telecommunications and ICT services to the residents, government and enterprises of Macau, and plays an important role in the ongoing development of Macau.

"Wisdom and Integrity for Fostering Prosperity" is the core value of the Group. As at 30 June 2022, the Group has established branch organisations in 22 countries and regions, the number of staff is close to 2,500, with over 160 PoPs and business serving more than 150 countries and regions, connecting to over 600 operators globally, and serving over 3,000 MNCs and 40,000 local enterprises. The Group has R&D teams in various cities including Hong Kong, Macau, Zhuhai, Chengdu, etc. The Group has a number of ISO quality and network security accreditations, and we have been recognised as the best employer and green enterprise for years.

CITIC Group Corporation, a large multinational conglomerate headquartered in China, is the ultimate holding company of the Company.



VISION

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

MISSION

- Rooted in Mainland China, taking Hong Kong and Macau as the base and connection, providing communications and ICT services with global coverage.
- Customer-oriented, with an acute observation of their needs, continuing to generate new value for our customers.
- Market-oriented and innovative, continuing to increase the Company's competitiveness.
- With value creation as our goal, providing sustainable return for our shareholders.



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MILESTONES

Month	Events
January 2022	<ul style="list-style-type: none"> China Enterprise ICT Solutions Limited ("CEC")'s Intelligent SD-WAN service won the "Communications Industry Golden Zizhu Award – 2021 Outstanding Product Technology Solution" issued by Communications Weekly CEC's CeOne-CONNECT Private Network Service won the "2021 Best Network Service Solution Award" issued by Communications World Weekly (CWW) CEC won the "Best MPLS Private Network Solution Provider Award" jointly issued by China Enterprise IT Award Committee and D1NET
February 2022	<ul style="list-style-type: none"> CEC's CeOne-CONNECT Hybrid (SD-WAN) won the "2021 Innovative Product Award" jointly issued by B.P Business Partner and 2021 Business Partners of Digital Development Conference Organizing Committee Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM") signed the 5G Application Collaboration Intention Agreement with Macau Live Broadcast Association, through CTM network to create a network platform for live streaming industry, nurture the economic ecology of live broadcasting in Macau
March 2022	<ul style="list-style-type: none"> CEC received the "Guangdong Province Integrity Enterprise" certificate issued by the Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs CEC won the "2021 Remote Intelligent Operations and Maintenance Leading Company" award issued by China ITSS Media Platform CEC received the "2021 Top 100 Intelligent Operations and Maintenance" and "2021 Top 10 Data Center Operations and Maintenance" Certificates of Honor issued by China ITSS Media Platform CEC's CeOne-CONNECT Hybrid (SD-WAN) Infrastructure Service and Value-added Service received the "SD-WAN Ready 2.0" certificates issued by Beijing Main Laboratory of Cloud Computing Standards and Testing Verification, and the Computing and Network Convergence Industry and Standards Promotion Committee of the China Communications Standards Association (CCSA TC621) respectively
April 2022	<ul style="list-style-type: none"> CITIC Telecom International CPC Limited ("CPC") won the "Outstanding ICT Solution Provider 2021" at the "Quamnet Outstanding Enterprise Awards 2021" held by Quamnet CEC won the "Jin Jianbang · Double Carbon Pioneer Award 2022" jointly issued by Cybersecurity & Informatization Magazine and 365Master.com In response to the needs of the COVID-19 normalisation, CTM launched the AI health code application – "Administrative AI" to help enterprises to manage employees' health information intelligently Acclivis Technologies and Solutions Pte. Ltd. ("Acclivis") won the "2021 IBM Innovation Award (Build)" on the back of the partnership with IBM for IBM Cloud Satellite. The partnership helps enterprises manage data sovereignty and compliance in hybrid cloud environments in highly regulated industries Acclivis won the "2021 Commercial Partner of the Year" at "Red Hat's ASEAN Partner Synergy Awards"

MILESTONES

Month	Events
May 2022	<ul style="list-style-type: none">● Global mobile data trading platform – “DataMall自由行”: Application specific data service plan supported by DPI (Deep Packet Inspection) technology was officially launched● Launched bilateral SIMN VOLTE Roaming function between MNOs in Hong Kong and China● CPC won the “Outstanding Network Security Management Service and Cloud Solutions Award” at the “Capital Outstanding E-Commerce Awards 2022” by Capital Magazine● CPC’s DataHOUSE™ AI-AR Remote Hand won the “AI-Data Center Award” at the “Singapore Business Review Technology Excellence Awards 2022” organised by Singapore Business Review● CPC’s AI-driven TrueCONNECT™ Hybrid won the “Telecommunications Award” at “Singapore Business Review International Business Awards 2022” organised by Singapore Business Review● A subsidiary of Acclivis secured an Internet Service Provider (ISP) licence in Indonesia
June 2022	<ul style="list-style-type: none">● CPC won the “Distinguished Innovative Corporate Solutions Provider award” at the “Corporate Brand Awards of Excellence 2022” by Hong Kong Economic Journal● CPC won the “CC-Global Awards 2022 – Best Innovative Valued Added Service Provider” award by Carrier Community● CEC’s Data Science & Innovation Team won the overall 1st Runner-up in the “3rd Alibaba Cloud AI Ops Competition” organised by Alibaba Cloud● CEC’s Research and Development Team won the 1st Runner-up in the “3rd Shandong Provincial Data Application Innovation and Entrepreneurship Competition” with the contest question on “Pedestrian re-recognition and tracking”. The competition was organised by the Shandong Provincial Big Data Bureau

FINANCIAL HIGHLIGHTS

In HK\$ million	Half year ended 30 June		
	2022	2021	
Revenue			
Revenue from telecommunications services	4,393	3,993	Increase 10.0%
Sales of mobile handsets and equipment	584	802	Decrease 27.2%
	4,977	4,795	Increase 3.8%
Profit attributable to equity shareholders of the Company			
	572	534	Increase 7.1%
EBITDA¹			
	1,324	1,254	Increase 5.6%
Earnings per share (HK cents)			
Basic	15.5	14.5	Increase 6.9%
Diluted	15.5	14.5	Increase 6.9%
Dividend per share (HK cents)			
Interim dividend	6.0	5.5	Increase 9.1%

¹ EBITDA represents earnings before interest, taxes, depreciation and amortisation.

Profit Attributable to Equity Shareholders of the Company

HK\$ million



FINANCIAL HIGHLIGHTS

In HK\$ million	30 June 2022	31 December 2021	
Total assets	18,167	18,382	Decrease 1.2%
Total equity attributable to equity shareholders of the Company	10,008	10,095	Decrease 0.9%
Total debt²	5,125	5,446	Decrease 5.9%
Less: Cash and deposits	(1,721)	(1,793)	Decrease 4.0%
Net debt	3,404	3,653	Decrease 6.8%
Net gearing ratio³	25%	27%	Decrease 2.0%

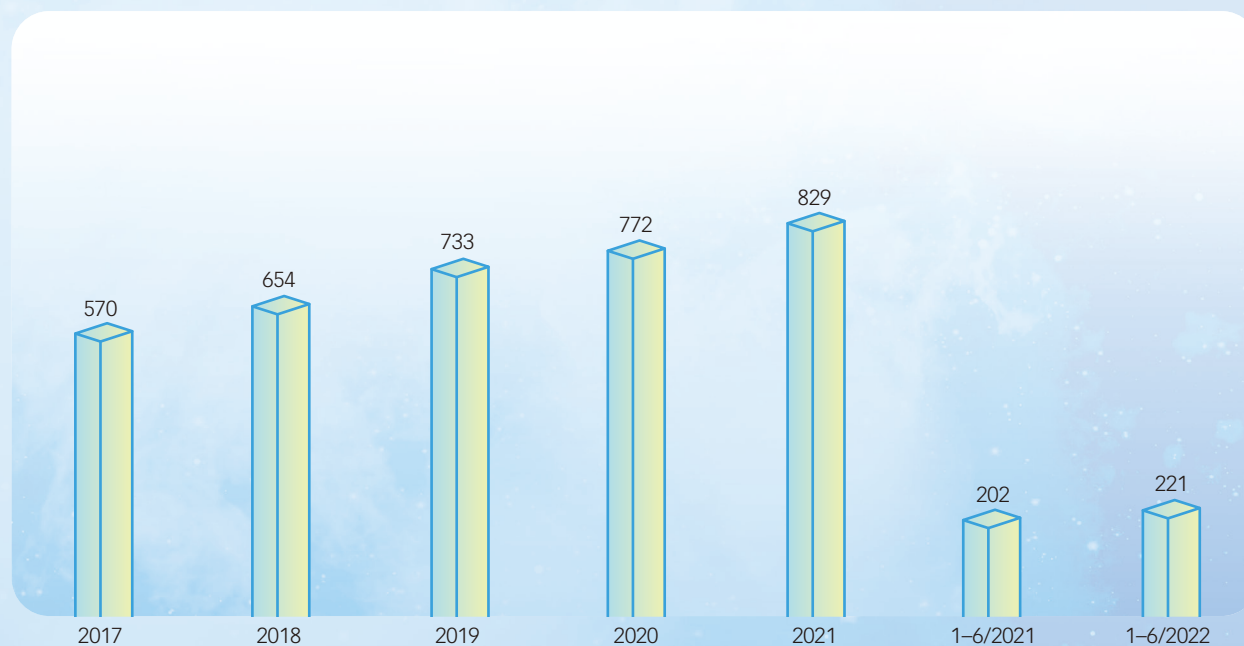
² Total debt includes current and non-current bank and other borrowings.

³ 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

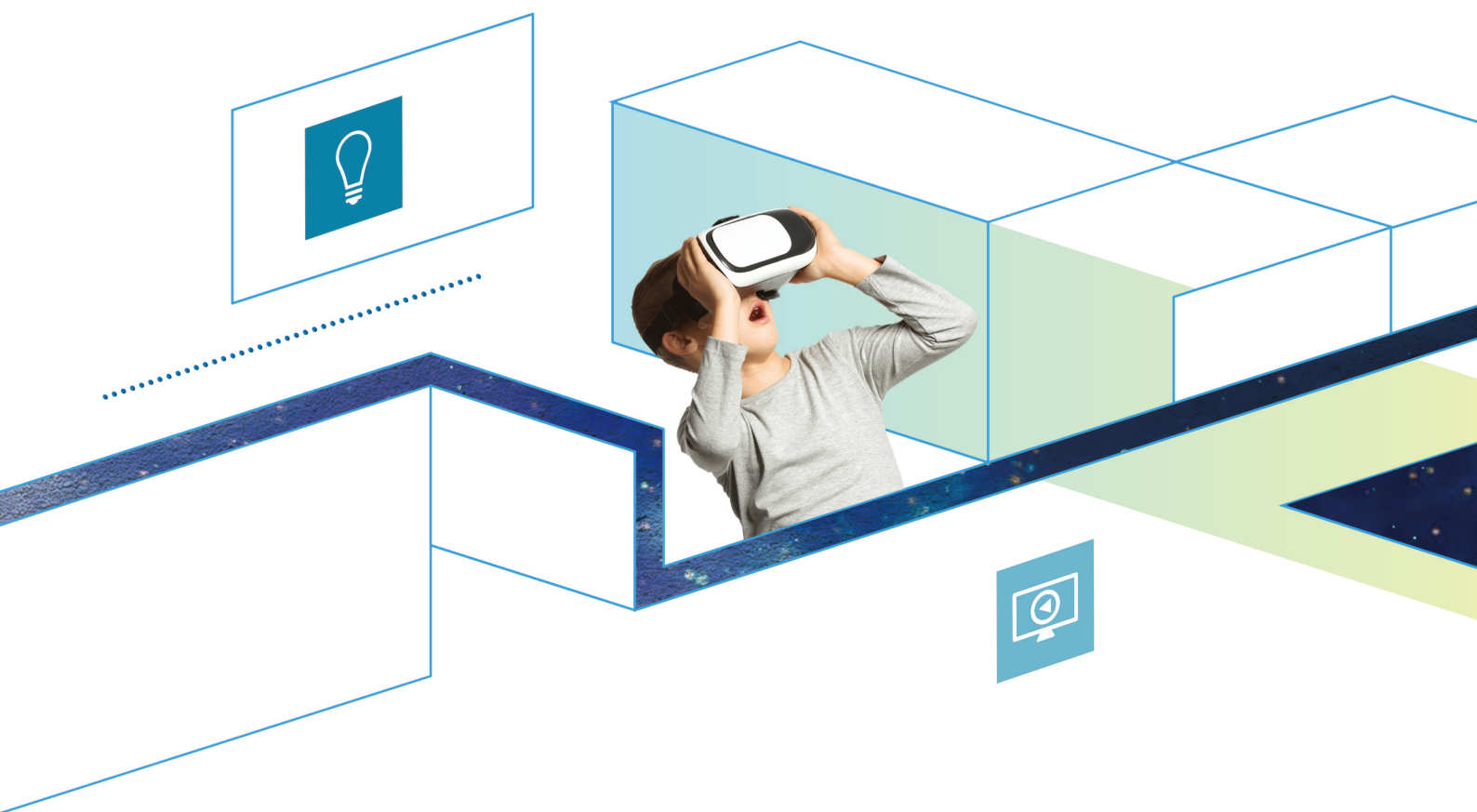
HK\$ million



Note: The dividends payable to equity shareholders of the Company for the period ended 30 June 2022 includes interim dividend payable based on the number of shares in issue as at 30 June 2022 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 2022.

During the first half of the year, against the manifold challenges posed by complicated and austere international situations and the impact of the pandemic, staff members of Company strived forward against adverse conditions in a united effort with confidence and diligence in fulfilment of its mission. We identified customers' requirements according to market trends and seized opportunities for development with an unwavering focus to explore new markets, businesses and customers with our full force, as we took our overall corporate development to a new height and reported yet again record-high operating results.

I. FINANCIAL RESULTS

Profit attributable to equity shareholders of the Company for the first half of 2022 was HK\$572 million, increasing by 7.1% as compared to the corresponding period of the previous year. Excluding the effect of property revaluation, there would have been a year-on-year increase of 7.6%.

The Group's revenue from its principal business of telecommunications services amounted to HK\$4,393 million, increasing by 10.0% when compared to the corresponding period of the previous year. Total revenue amounted to HK\$4,977 million, increasing by 3.8% when compared to the corresponding period of the previous year.

Basic earnings per share for the first half of the year amounted to HK15.5 cents, a 6.9% increase as compared to the corresponding period of the previous year.

The Board declared an interim dividend of HK6.0 cents per share for 2022, an increase of 9.1% as compared to the corresponding period of the previous year.

II. BUSINESS DEVELOPMENT

During the first half of the year, the Group took a new stride in the transformation towards digitalisation and intelligentisation as it advanced qualitative development of the corporation and delivered new outcomes in innovation in adherence to its "14th Five-Year-Plan" blueprint for development in tandem with national strategies such as the "National 14th Five-Year-Plan", development of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") and the "Belt and Road" initiative.

In connection with the mobile sales & services business, Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"), the Group's subsidiary, has **constructed premium networks and enhanced customer experience** on the back of advanced technology, and has attracted users and enlarged its market share with great effect. As at the end of June 2022, CTM had an approximate 46.4% share of Macau's mobile market, an improvement by 0.8 percentage points compared to that at the end of 2021, and 47.5% share of the 4G market in Macau, as it continued to uphold its leading position in the Macau market. **Stable progress has been made in 5G development**, as it completed 5G roaming tests with 68 overseas network carriers in full preparation for the launch of 5G service. **Interconnection of platform services has been enhanced.** We have upgraded our capabilities in cross-border mobile communication servicing platform to support our business partners to launch the new two-way VoLTE roaming service between the Mainland and Hong Kong.

In connection with the internet services business, the Group has chartered new horizons for the internet business on the back of strong efforts to enhance customer satisfaction in response to their demands. **Ongoing efforts have been made to upgrade its broadband servicing capabilities**, as CTM reported a high fibreisation rate of 98.2% among its residential broadband customers, whilst accounting for a 97.2% share of the broadband market and ranking among the top globally in average broadband download speed¹. **We have seized the development opportunity for data centres**, as Phase III (B) of CITIC Telecom Tower Data Centre has launched its service in the market and smoothly commenced business, while the data centre businesses in Beijing, Shanghai and Guangdong have also reported sound progress.

For its enterprise solutions services business, CITIC Telecom International CPC Limited ("CPC") has continued to drive digital and intelligent development of corporations and is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region. **We have optimised the deployment of our global network and infrastructure facilities to build a safe and stable global network**, as we now operate more than 160 PoPs in our global network, with our services covering more than 150 countries and regions, having added new PoPs in Wuhu, Anhui and Zhaoqing, Guangdong. **We have enhanced our competitiveness in the cloud computing market** with the commencement of the public cloud MSP business and the launch of the SmartCLOUD™ Container Services. **Our capability in security products has been strengthened**, as improvements have been made to the performance and servicing coverage of our TrueCONNECT™ SASE secure access service edge solution to enhance our ability in cloud and network security protection. CPC received the "Best Innovative Value Added Service Provider" award at the CC-GLOBAL AWARDS 2022 (CCGA) organised by an authoritative telecoms industry association in recognition of CPC's innovative capability and service standards.

¹ According to a global internet speed survey conducted by U.K. website Cable.co.uk in 2021, the average broadband download speed in Macau was 128.56Mbps, ranking 7th among 224 countries and regions in the world.

CHAIRMAN'S STATEMENT

Acclivis Technologies and Solutions Pte. Ltd., a subsidiary of the Group, was engaged in a full effort to explore new markets in Southeast Asia, as it continued to develop new businesses and reported steady increase in the number of customers served. Thanks to an **effective focus on key projects**, we successfully secured a new contract for the construction of ICT facilities in Malaysia, rendering robust support for the expansion of the Group's business scale in Southeast Asian new markets. **Major efforts have also been made to expand in the cloud service market**, as we successfully delivered innovative private cloud infrastructure facilities that complied with regulatory requirements to a renowned financial institution in Singapore to meet the ever-growing and changing versatile demands of customers. **In our continuous effort to expand into the regional market**, we successfully secured an ISP license in Indonesia. **Our ICT business reported outstanding performance underpinned by a number of major awards**, including the 2021 IBM Innovation Award (Build) in recognition of our supply of the IBM Cloud Satellite service innovative solutions to assist in the effective and compliant operation of customers. Through incessant effort, the Southeast Asian subsidiary has brought forth new business growth for the Group.

In connection with the international telecommunications services business, the Group has enhanced its platform capability, broadened its scope of service and vigorously expanded its customer base on an ongoing basis, with a view to facilitating business development. **Coverage of our products and services has been expanded.** We have developed new functions out of our platform services and upgraded the SIMN and eSIM platform to support the innovative development of CTM's mobile business and enhanced the competitiveness of cross-regional businesses and products in GBA. **Platform applications have been diversified.** The volume of Internet of Things services activated has seen substantial growth on the DataMall platform during the period.

The Group has continued to enhance its technological innovation to guide corporate development. **Our technology and innovation regime has been fortified**, as we nurtured talents in technology and innovation in accordance with the positioning of GBA as a "talent centre and command post for innovation" and built technology and innovation regimes in Guangzhou, Hong Kong, Zhuhai (Macau) to explore innovative applications of technologies and inspire vigour in technological innovation. **We have bolstered our core competence in technology and innovation** and increased our effort in ascertaining intellectual property rights, as we received an invention patent for "SD-WAN analysis system and method of its operation" from the Hong Kong Intellectual Property Department. **We have been driving digital transformation** with the completion of the development of an intelligent application for monitoring network service quality and its trial online operation, precision and efficiency enhancement in 4G/5G core network monitoring through big data and AI technologies. We have provided integrated big data analyses relating to tourist preference for the "Macau Tourism Data plus" platform of the Macao Government Tourism Office, highlighted by our use of a first-of-its-kind scan and AR technology to enrich the amusement and appeal of a drone show organised in Macau.

The Group undertakes social responsibility in fulfilment of its mission and commitment. **In an active bid to empower the digital society**, CTM endeavoured to enhance the scale and value of the smart ecology and assist in the digital and intelligent transformation of corporations in support of the Macau SAR Government's call for the development of a digital economy aimed at "benefiting the society and increasing speed at reduced tariffs". **In a united effort with the community to fight the pandemic**, the Group has provided uninterrupted network assurance in Hong Kong and transmitted more than 93 million messages containing information on vaccination and PCR tests for Hong Kong citizens, as well as more than 100 million free messages containing information on anti-epidemic and public protection measures for Macau citizens. We managed to install communication services for PCR testing facilities and mobile cabin hospitals in Macau, within 12 hours on an urgent basis, while offering support for the Macau Government's implementation of venue code and health code. In Shanghai, we swiftly organised a network assurance team to provide 7x24 on-site duty service at the server room to safeguard its network operations and to contribute to the safety in Shanghai.

During the first half of the year, the Group endeavoured to forge first-rate management teams, first-rate business teams and first-rate engineering, technical and R&D teams by strengthening team building, enhancing staff quality in general and emphasising the development of talents in technology and innovation in line with the corporate culture of "Wisdom and Integrity for Fostering Prosperity", seeking to implement the national strategic plan of building a national cyber power, digital China and smart society, drive qualitative development of the corporation and consistently deliver value to shareholders and the society.

III. OUTLOOK

In a crucial year for the development of the "14th Five-Year-Plan", the Group will continue to persist in the strategic positioning of "rooted in Mainland China, taking Hong Kong and Macau as the base and connection and expediting expansion to and coverage of the international market", as it seizes opportunities for development and enhances its general management competence for vigorous engagement in the development of the digital economy in active response to market changes, in a bid to become a first-rate internet-based, integrated telecoms corporation in Asia. We will drive commercialisation of the digital sector and digitalisation of the industrial sector as we engage in the development of the digital economy, playing a more significant role in the process of allowing enterprises to "reach out" and "bring in" by consistently enhancing our competitiveness, innovative ability and influence.

Enhancing our platform competence.

The functions of the "cross-border mobile communication service platform", "enterprise messaging service platform" and "global data volume trading platform" have been enriched to strengthen cooperation with strategic partners, seeking global expansion with full force to fortify our position as an international hub for telecoms services.

Advancing 5G construction. The Macau SAR Government published the 5G tender announcement on 30 June 2022. CTM will support the SAR Government with full force and vigorously participate in the 5G tender to ensure the instantaneous launch of 5G commercial services, expedite customer upgrades and improve customer experience to maintain its leading position in Macau's communication industry.

CHAIRMAN'S STATEMENT

Serving global enterprises. CPC will actively empower “cloud, network and security” products with intelligent features with a view to enhancing its global servicing capabilities, aspiring to become a first-rate supplier of global digital and intelligent communication solutions on the back of its premium global integrated solutions as well as operational and quality management.

Enhancing regional expansion. Bearing the responsibility of building the “Digital Macau”, we will enhance the promotion of smart-city applications by actively extending our reach to Guangdong-Macao In-depth Cooperation Zone in Hengqin. We will also seize the opportunity presented by the gradual resumption of business and travel in the Southeast Asian countries, striving to expand our customer base, increasing the recurring revenue from telecoms services and management services, and exploring large-scale ICT projects to further expand our business scale.

Stepping up with development in technology and innovation. The Group will construct a technology research and development regime based on “ICT-MiiND” development strategy with a special focus on innovation in new frontiers such as cloud-net integration, digital transformation and industry applications to enhance the cloudification, internet-based operation and intelligentisation of the corporation through digital transformation, in a full effort to develop a “cloud, network, smart and security” platform and accelerate the deployment and development in corporate digital transformation and economic digitalisation.

Inspiring team vigour. Strong efforts will be devoted to the fostering of an excellent corporate culture underpinned by “Wisdom and Integrity for Fostering Prosperity”, as well as the forging of three internationalised first-rate teams, with a view to providing strong assurance for corporate development through high-standard work in human resources and robust team building.

During the first half of 2022, the Group has made new progress in corporate development and operating results. Such results are attributable to the relentless effort of all staff members, as well as the concern and support of our shareholders, investors, business partners and all stakeholders of the community. To them I extend my sincere gratitude.

Xin Yue Jiang

Chairman

Hong Kong, 17 August 2022

FINANCIAL REVIEW

OVERVIEW

As the COVID-19 pandemic continued to take its toll on the global economy, the Group implemented robust measures to minimise the adverse impact on its business and at the same time capitalised on business opportunities brought by pandemic-related disruptions. Such effective measures have enabled the Group to achieve solid financial results for the six months ended 30 June 2022.

The Group's profit for the period increased by 8.2% to HK\$591 million when compared to the first half of 2021, profit attributable to equity shareholders of the Company increased by 7.1% year-on-year to HK\$572 million, and basic earnings per share was up 6.9% year-on-year to HK15.5 cents per share.

The Group's total revenue was up by 3.8% year-on-year to HK\$4,977 million for the six months ended 30 June 2022. Revenue from telecommunications services totaled HK\$4,393 million which represented a 10.0% increase compared with the first half of 2021.

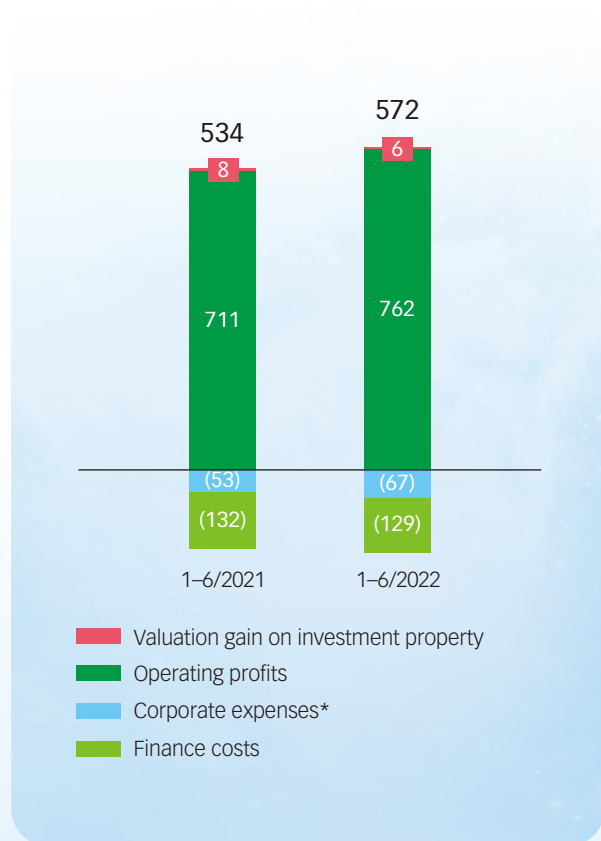
Summary of Financial Results

In HK\$ million	Half year ended 30 June		Increase/(Decrease)	
	2022	2021		
Revenue from telecommunications services	4,393	3,993	400	10.0%
Sales of mobile handsets and equipment	584	802	(218)	(27.2%)
Revenue	4,977	4,795	182	3.8%
Valuation gain on investment property	6	8	(2)	(25.0%)
Other income	17	18	(1)	(5.6%)
Cost of sales and services	(2,843)	(2,803)	40	1.4%
Depreciation and amortisation	(476)	(454)	22	4.8%
Staff costs	(569)	(524)	45	8.6%
Other operating expenses	(257)	(234)	23	9.8%
Profit from consolidated activities	855	806	49	6.1%
Finance costs	(129)	(132)	(3)	(2.3%)
Income tax	(135)	(128)	7	5.5%
Profit for the period	591	546	45	8.2%
Less: Non-controlling interests	(19)	(12)	7	58.3%
Profit attributable to equity shareholders of the Company	572	534	38	7.1%
EBITDA*	1,324	1,254	70	5.6%
Basic earnings per share (HK cents)	15.5	14.5	1.0	6.9%
Dividend per share (HK cents)	6.0	5.5	0.5	9.1%

* EBITDA represents earnings before interest, taxes, depreciation and amortisation.

Profit Attributable to Equity Shareholders of the Company

HK\$ million



* Corporate expenses included staff costs for corporate functions, listing fee, unallocated staff bonus and others.

Profit attributable to equity shareholders of the Company for the six months ended 30 June 2022 increased by 7.1% or HK\$38 million to HK\$572 million when compared to the corresponding period of 2021. Excluding the valuation gain on investment property of HK\$6 million (six months ended 30 June 2021: HK\$8 million), profit attributable to equity shareholders of the Company for the first six months of 2022 would amount to HK\$566 million (six months ended 30 June 2021: HK\$526 million), representing a year-on-year increase of 7.6% as the Group seized new business opportunities under the current volatile and unstable business environment and proactively sorts measures to control its operating costs.

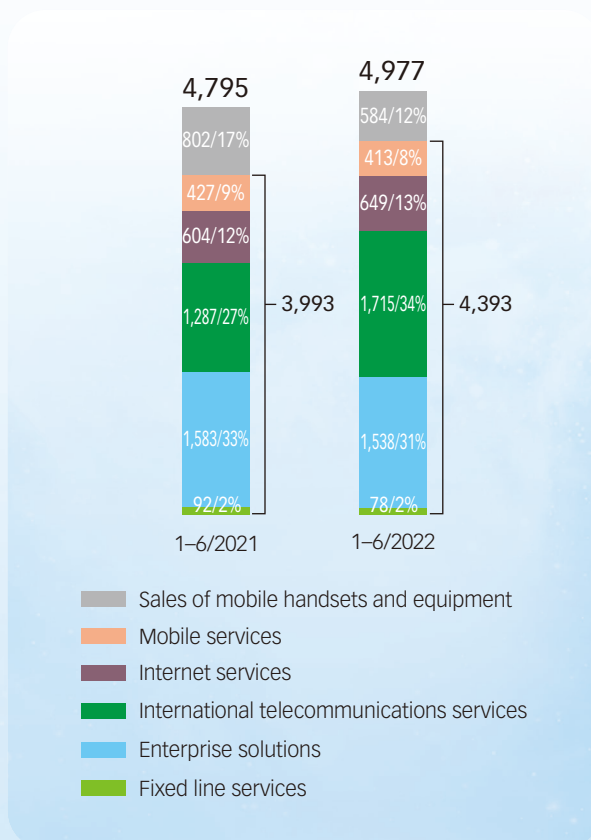
Revenue by Services

The Group is engaged in the provision of telecommunications services and the sales of mobile handsets and equipment.

The Group provides telecommunications services for carriers, corporate clients and individual customers under five major business categories: mobile services, internet services, international telecommunications services, enterprise solutions and fixed line services.

The Group's total revenue including revenue from telecommunications services and the sales of mobile handsets and equipment increased by 3.8% which amounted to HK\$4,977 million.

HK\$ million



Revenue from telecommunications services for the first half of 2022 amounted to HK\$4,393 million, which represented an increase of 10.0% or HK\$400 million when compared to the corresponding period of 2021. The increase was mainly attributed to the growth in international telecommunications services and internet services revenue.

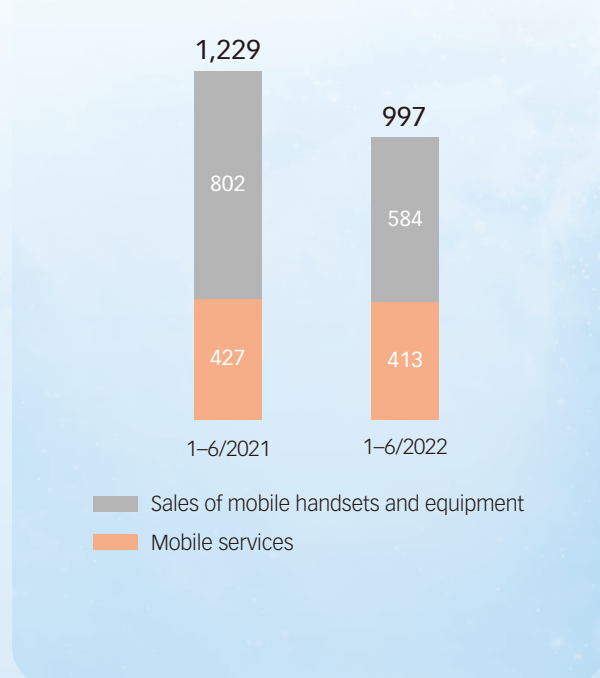
FINANCIAL REVIEW

The Group's sales of mobile handsets and equipment for the six months ended 30 June 2022 amounted to HK\$584 million, which represented a decrease of 27.2% or HK\$218 million when compared to the corresponding period of 2021.

Mobile sales & services

Mobile sales & services revenue includes the revenue from sales of mobile handsets and equipment and mobile services revenue. Sales of mobile handsets and equipment mainly consists of the sales of mobile handsets in Macau. Mobile services revenue broadly includes the revenue from mobile local and roaming services and other mobile value-added services.

HK\$ million



Mobile services revenue dropped 3.3% to HK\$413 million when compared to the corresponding period of 2021. Due to the resurgence and mutations of the COVID-19, various lockdown measures and travel restrictions ordered by many governments around the world in their respective countries/regions persisted throughout the first half of the year, which adversely impacted the

Group's roaming related services revenue. Sales of mobile handsets and equipment dropped 27.2% year-on-year to HK\$584 million.

All mobile subscribers are 4G subscribers. The overall number of subscribers as at 30 June 2022 was approximately 569,000 (30 June 2021: over 564,000) showing an increase of around 0.9% which resulted from the increase in postpaid subscribers of around 13.4% to approximately 433,000 subscribers (30 June 2021: over 382,000 subscribers). The increase was partly offset by the year-on-year decrease in prepaid subscribers of around 25.3% to approximately 136,000 subscribers (30 June 2021: approximately 182,000 subscribers) driven by lower inbound tourists and the requirement of real-name registration for all telecommunications and internet users under the Macau's Cybersecurity Law.

Internet services

Internet services revenue amounted to HK\$649 million for the current period which represented a year-on-year increase of 7.5% or HK\$45 million. The increase was mainly driven by business internet requirements and the increase in revenue from fibre broadband service. The increase in fibre broadband service revenue was the result of the service upgrade by existing customers and the year-on-year increase of around 2.1% in the number of broadband users to over 200,600 subscribers (30 June 2021: over 196,500 subscribers).

Due to the development of digital economy and the advancement of internet technology, there has been an increase in the demand for internet and data centre requirements as certain business activities had shifted online. Also, the pandemic provided the catalyst needed for companies to prioritise and expedite their digital transformation which gave rise to the increased demand in internet services.

As at 30 June 2022, the Group's internet market-share and broadband market penetration rate in Macau were estimated at around 97.2% (30 June 2021: 97.1%) and 89.2% (30 June 2021: 89.6%) respectively.

International telecommunications services

International telecommunications services revenue including revenue from messaging services (including SMS), voice services and "DataMall 自由行" services, increased by 33.3% or HK\$428 million year-on-year to HK\$1,715 million.

For the six months ended 30 June 2022, due to the continued increase in demand from corporate messaging delivery, messaging services revenue surged 44.3% or HK\$370 million to HK\$1,206 million when compared to the corresponding period of 2021, and voice services revenue increased by HK\$64 million or 14.8% over the same period of 2021 to HK\$496 million.

Due to the resurgence and mutations of the coronavirus, lockdown measures ordered by many governments around the world in their corresponding countries/regions in an attempt to contain the spread of the virus has continued throughout the first half of 2022. This virtually restricted the number of people travelling abroad for business or leisure purposes. As a result, revenue from “DataMall 自由行” services decreased by HK\$6 million to HK\$13 million when compared to the corresponding period of 2021.

Enterprise solutions

Enterprise solutions revenue decreased by 2.8% from HK\$1,583 million in the first half of 2021 to HK\$1,538 million for the first six months of 2022. The decrease was mainly due to lower project revenue from government, resorts and other enterprises in Macau as the pandemic-related disruptions continued to adversely impact on the progress of a number of projects. However, the Group experienced encouraging growth in enterprise solutions services in Mainland China and Southeast Asia.

Fixed line services

In line with global trends of declining fixed IDD traffic volumes and the decrease in fixed residential and business lines, fixed line services revenue was down by 15.2% year-on-year to HK\$78 million for the six months ended 30 June 2022.

Results for the year

Profit attributable to equity shareholders of the Company increased by HK\$38 million or 7.1% year-on-year to HK\$572 million mainly due to the combined effect of the following factors:

Revenue

The Group’s revenue from telecommunications services amounted to HK\$4,393 million, an increase of 10.0% when compared to the first half of 2021. Total revenue including mobile handsets and equipment sales amounted to HK\$4,977 million for the year, representing a year-on-year increase of 3.8%.

Valuation gain on investment property

Certain floors of the property held by the Group were leased out to third parties and an affiliate of the Group. These floors were revalued as at 30 June 2022 by the Group’s independent surveyors with a valuation gain of HK\$6 million (six months ended 30 June 2021: HK\$8 million).

Cost of sales and services

Cost of sales and services includes cost of provision of telecommunications services and cost of sales of mobile handsets and equipment. Cost of sales and services increased by HK\$40 million or 1.4% to HK\$2,843 million when compared to the first half of 2021 mainly due to the increase in revenue from telecommunications services with comparatively higher margin.

Depreciation and amortisation

Depreciation and amortisation expenses totaled HK\$476 million for the six months ended 30 June 2022, an increase of HK\$22 million when compared to the first six months of 2021.

Staff costs

Staff costs increased year-on-year by 8.6% or HK\$45 million to HK\$569 million mainly due to the average salary increment in 2022.

Other operating expenses

Other operating expenses for the six months ended 30 June 2022 increased 9.8% or HK\$23 million to HK\$257 million when compared to the corresponding period of 2021. Although the Group has continued to implement robust measures in cost containment, the increase was mainly due to the increased allowance for doubtful debts as the Group considered the impact of the pandemic on its debtors.

FINANCIAL REVIEW

Finance costs

Finance costs decreased by 2.3% or HK\$3 million when compared to the corresponding period of 2021 mainly resulted from the repayment of bank loans at the end of 2021 and early 2022.

Income tax

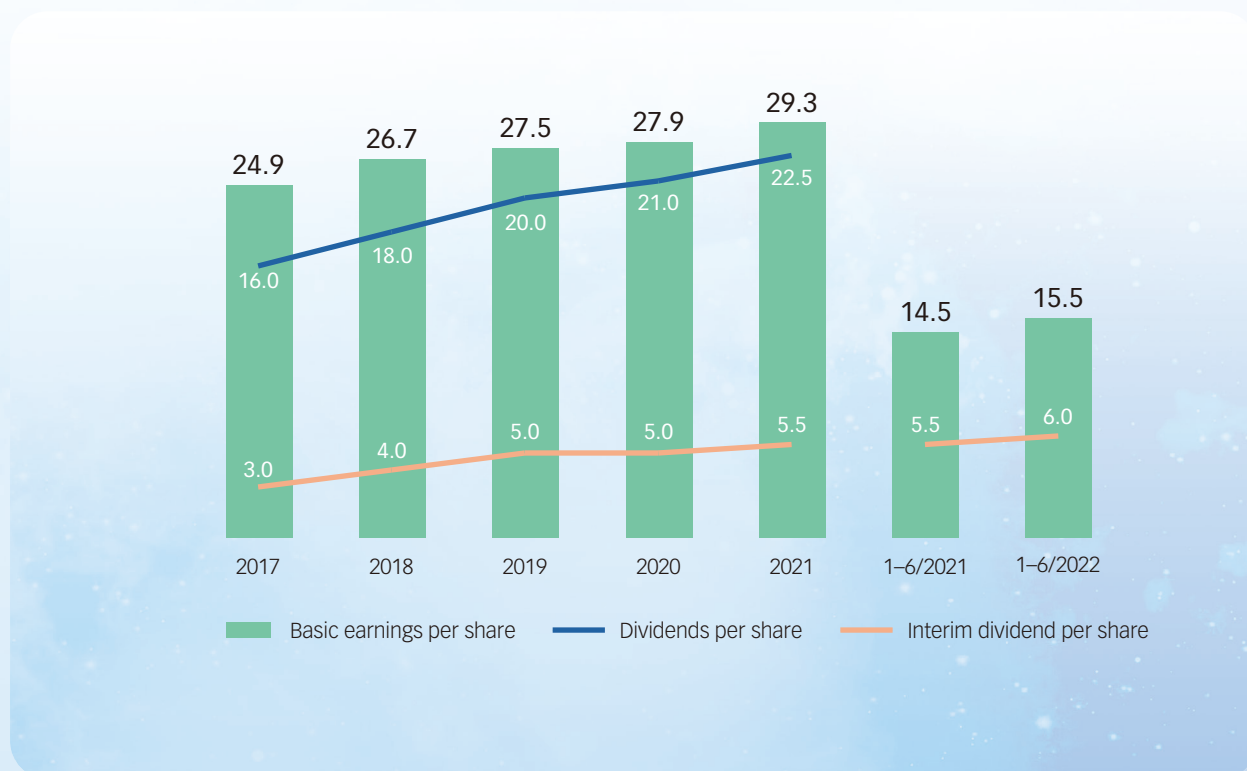
Income tax for the period amounted to HK\$135 million, an increase of HK\$7 million when compared to the first six months of 2021. Excluding finance costs, over or under-provision of taxes and any origination and reversal of temporary differences in relation to prior years, the effective tax rates for the six months ended 30 June 2022 and 2021 were 15.6% and 16.3% respectively.

Earnings and Dividends per share

Both basic and diluted earnings per share were up 6.9% year-on-year to approximately HK15.5 cents for the six months ended 30 June 2022.

The Company's Board of Directors has declared an interim dividend of HK6.0 cents per share for the year ending 31 December 2022, an increase of 9.1% when compared to the corresponding period of 2021.

HK cent



Cash flows

In HK\$ million	Half year ended 30 June		Increase/(Decrease)	
	2022	2021		
<i>Source of cash:</i>				
Cash inflows from business operations	1,239	1,270	(31)	(2.4%)
Other cash inflows	21	44	(23)	(52.3%)
Sub-total	1,260	1,314	(54)	(4.1%)
<i>Use of cash:</i>				
Net capital expenditure*	(157)	(296)	(139)	(47.0%)
Dividends paid to equity shareholders and non-controlling interests	(636)	(598)	38	6.4%
Capital and interest elements of lease rentals paid	(86)	(90)	(4)	(4.4%)
Payment of borrowing costs	(119)	(122)	(3)	(2.5%)
Net cash outflows from borrowings	(312)	(197)	115	58.4%
Sub-total	(1,310)	(1,303)	7	0.5%
Net (decrease)/increase in cash and cash equivalents	(50)	11	N/A	N/A

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

The Group generated HK\$1,239 million cash inflow from its operations, with the use of cash mainly comprised of capital expenditure, net repayment of bank and other borrowings, lease payments, and dividends distributions. In total, the Group recorded a net cash outflow of HK\$50 million for the six months ended 30 June 2022.

Capital expenditure

The Group's total capital expenditure for the six months ended 30 June 2022 amounted to HK\$141 million. During the period, HK\$28 million was invested in 5G, HK\$5 million was incurred for the Group's data centres' expansion and the remainder of the capital expenditure were mainly for network systems upgrade and expansion.

Capital commitments

As at 30 June 2022, the Group had outstanding capital commitments of HK\$182 million, mainly for 5G development, data centre development, system upgrades, construction costs of networks, and other telecommunications equipment which had yet to be delivered to the Group. Of these commitments, HK\$70 million was outstanding contractual capital commitments and HK\$112 million was capital commitments authorised but for which contracts had yet to be entered into.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

General

Managing financial risks to which the Group 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 the headquarters. In addition, the decision of financing activities is centralised at head office level.

1. Debt and leverage

As the Group's net debt decreased to HK\$3,404 million, the net gearing ratio decreased from 27% as at 31 December 2021 to 25% as at 30 June 2022.

As at 30 June 2022, total debt and net debt of the Group were as follows:

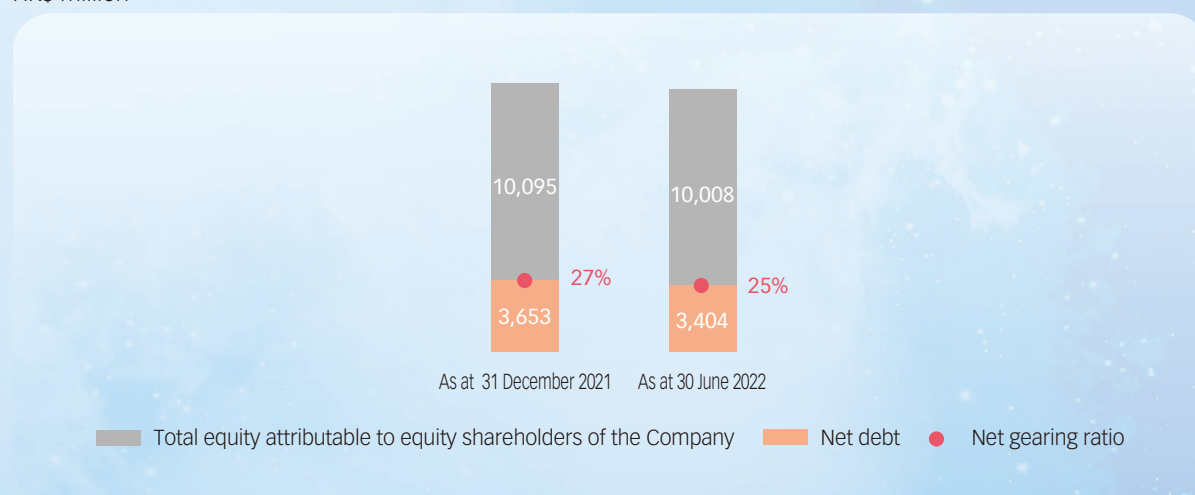
In HK\$ million equivalents	Denomination							Total
	HKD	USD	SGD	MOP	RMB	EUR	Others	
Total debt	1,000	3,588	440	97	–	–	–	5,125
Less: Cash and deposits	(545)	(583)	(27)	(288)	(198)	(26)	(54)	(1,721)
Net debt/(cash)	455	3,005	413	(191)	(198)	(26)	(54)	3,404

As at 30 June 2022 and 31 December 2021, the Group's net gearing ratio was as follows:

In HK\$ million	30 June 2022	31 December 2021
Total debt	5,125	5,446
Less: Cash and deposits	(1,721)	(1,793)
Net debt	3,404	3,653
Total equity attributable to equity shareholders of the Company	10,008	10,095
Total capital	13,412	13,748
Net gearing ratio	25%	27%

Net debt and net gearing ratio

HK\$ million



FINANCIAL REVIEW

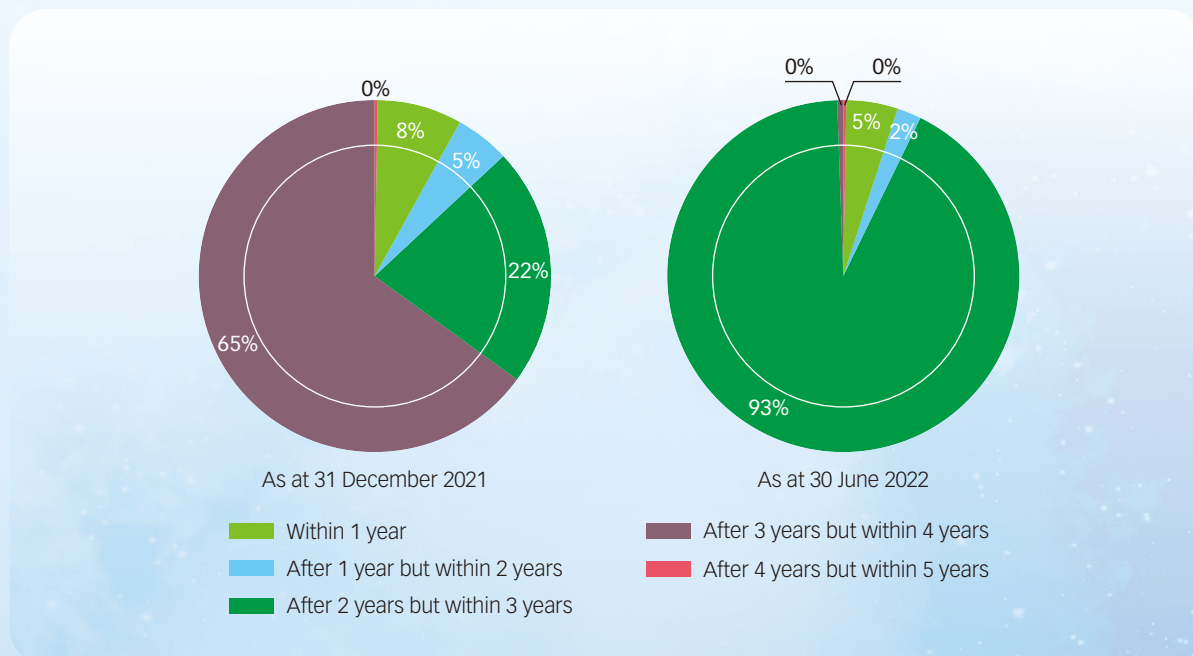
The Group's total debt decreased to HK\$5,125 million which was mainly due to the net repayment of bank and other loans amounted to HK\$312 million from its surplus cash during the period.

As at 30 June 2022, the total debt, excluding interest payable, amounted to HK\$5,056 million, of which HK\$266 million will be matured in the coming twelve months, against cash and deposits of HK\$1,721 million.

The maturity profile of the Group's total debt (including interest payable) as at 30 June 2022 was as follows:

In HK\$ million	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years	Total
Bank and other loans	266	103	1,168	14	4	1,555
US\$450 million 6.1% guaranteed bonds	–	–	3,501	–	–	3,501
	266	103	4,669	14	4	5,056
Interest payable	69	–	–	–	–	69
	335	103	4,669	14	4	5,125

Total debt by maturity



* The above graph excludes the amount of interest payable.

FINANCIAL REVIEW

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 as at 30 June 2022 was more than sufficient to cover the repayments of outstanding amount of total debt (excluding interest payable) of HK\$266 million in the coming twelve months and contractual capital commitments of HK\$70 million as at 30 June 2022.

As at 30 June 2022, the Group had available trading facilities of HK\$220 million. The amount of HK\$103 million was utilised as guarantees for performance to customers/the Macau Government and costs payable to telecoms operators and others.

The utilised facilities of approximately HK\$7 million were required to be secured by pledged deposits as at 30 June 2022.

As at 30 June 2022, the type of facilities of the Group was summarised as follows:

In HK\$ million	Total available facilities	Amount utilised	Amount unutilised
Bank and other loans			
– Committed facilities:			
Term loans	1,323	1,323	–
– Uncommitted facilities:			
Short-term facilities	891	232	659
	2,214	1,555	659
Guaranteed bonds – Committed facility			
US\$450 million 6.1% guaranteed bonds	3,510	3,510	–
Trading facilities – Uncommitted facilities			
	220	103	117
Total	5,944	5,168	776

2. 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 borrowings from the capital market, and term loans 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 stable cash flows from the Group's operating activities enable the Group to meet its liquidity requirements in the short and longer term.

3. Loan covenants

Committed banking facilities contain certain covenants, undertaking, financial covenants, change in control clause and/or events of default provisions, which 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. As at 30 June 2022 and 31 December 2021, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

As at 30 June 2022 and 31 December 2021, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

As at 30 June 2022 and 31 December 2021, performance bonds and other guarantees of the Group were as follows:

In HK\$ million	30 June 2022	31 December 2021
Performance bonds provided to the Macau Government and other customers	101	85
Other guarantees	2	2
Total	103	87

As at 30 June 2022, bank deposits of HK\$6 million (31 December 2021: HK\$6 million) were pledged to secure parts of the facilities of the Group.

On 5 March 2013, CITIC Telecom International Finance Limited, a wholly-owned subsidiary of the Company, issued US\$450 million (approximately HK\$3,510 million) guaranteed bonds with a maturity of twelve years due on 5 March 2025 (the "Guaranteed Bonds") and the Guaranteed Bonds bore interest at 6.1% per annum. The Guaranteed Bonds were unconditionally and irrevocably guaranteed by the Company.

As at 30 June 2022, the Company issued guarantees of HK\$466 million (31 December 2021: HK\$540 million) for its subsidiaries in respect of the various forms of facility lines from financial institutions.

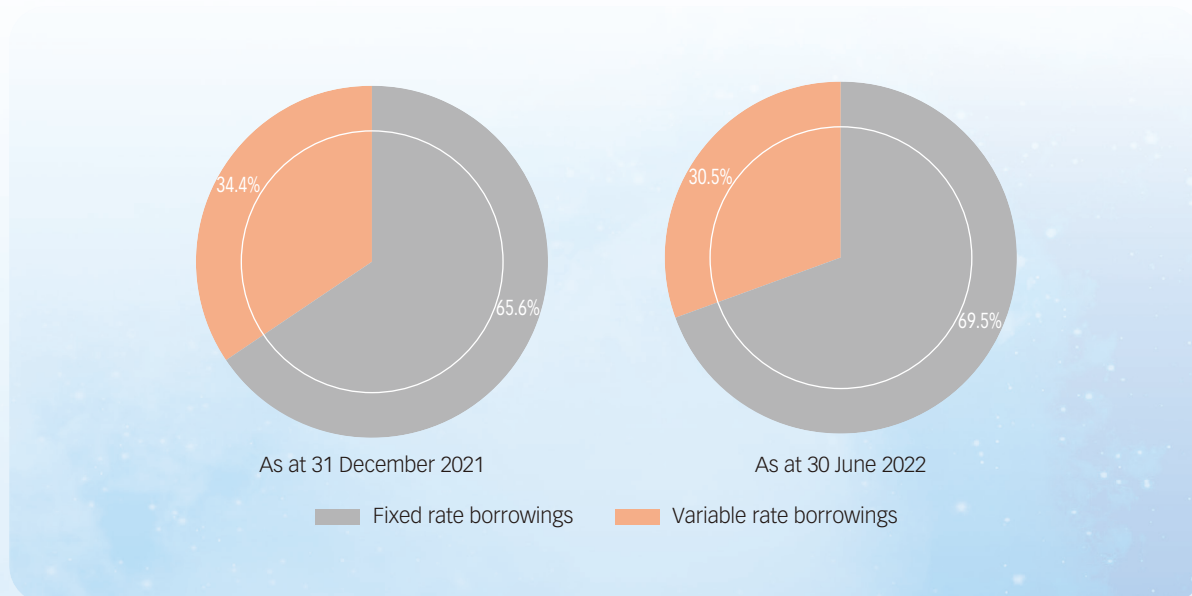
Certain property, plant and equipment of Companhia de Telecomunicações de Macau, S.A.R.L. are designated for the provision of basic infrastructure of public telecommunications services. They may need to be shared with other licensed telecommunications operators or the Macau Government with fair compensation,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

6. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and 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 significant 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 fixed rate borrowing or through use of interest rate swap, if necessary. As at 30 June 2022, approximately 69.5% (31 December 2021: approximately 65.6%) of the Group’s borrowings, excluding interest payable, were linked to fixed interest rates. During the period, the Group did not enter into any interest rate swap arrangement.

Total debt



* The above graph excludes the amount of interest payable.

Effective interest rates

As at 30 June 2022 and 31 December 2021, the effective interest rates, after the inclusion of amortisation of transaction costs, were as follows:

	30 June 2022	31 December 2021
Effective interest rates for fixed rate borrowings	6.1%	6.1%
Effective interest rates for variable rate borrowings	2.4%	1.2%
Effective interest rates for total borrowings	5.0%	4.4%

7. Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The major places of operating companies within the Group are located in Hong Kong and Macau, whose functional currency is either Hong Kong dollars or Macau Patacas.

A substantial portion of the Group's revenue and cost of sales and services are denominated in United States dollars, Macau Patacas, Hong Kong dollars, Renminbi and Singapore dollars. The majority of the Group's current assets, current liabilities and transactions are denominated in United States dollars, Macau Patacas, Hong Kong dollars, Renminbi and Singapore dollars. As the Hong Kong dollars is linked to the United States dollars and the Macau Patacas is pegged to the Hong Kong dollars, it will not pose significant foreign currency risk between Hong Kong dollars, United States dollars and Macau Patacas to the Group. 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 hedging arrangement to mitigate risk from any significant fluctuation in foreign exchange rates if necessary.

8. Credit risk

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

Individual 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. Loss allowances for trade debtors and contract assets are measured based on the expected credit loss model.

The Group has certain concentration risk in respect of trade debtors and contract assets due from the Group's five largest customers who accounted for approximately 10.6% (31 December 2021: approximately 16.3%) of the Group's total trade debtors and contract assets as at 30 June 2022. The credit risk exposure to the balances of trade debtors and contract assets has been and will continue to be monitored by the Group on an ongoing basis.

9. Counterparty risk

The Group's exposure to credit risk arising from cash and deposits is limited because the Group mainly deals with the companies engaged in financing activities which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor's and Fitch Group), or the note-issuing banks in Hong Kong and Macau, or group companies. As at 30 June 2022, the Group maintained cash and deposits of HK\$1,721 million (31 December 2021: HK\$1,793 million), among which HK\$1,714 million (31 December 2021: HK\$1,783 million) was placed in the above-mentioned entities representing approximately 99.6% (31 December 2021: approximately 99.4%) of the total cash and deposits of the Group. To achieve a balance between maintaining the flexibility of the Group's operations and minimising the exposure to credit risk arising from cash and deposits, the Group has a pre-defined policy and regular review on the rest of the cash portfolio. It is considered that the Group is exposed to a low credit risk in this respect.

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 current expectations, beliefs, assumptions or projections concerning future events and involve known and unknown risks and uncertainties 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 expressed, implied or anticipated in any forward looking statement or assessment of risk.

None of the Company, the directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this Interim Report; and (b) any liability arising from any forward looking statements or opinions that do not materialise or otherwise prove to be incorrect.

HUMAN RESOURCES

Corporate social responsibility has always been a vital component of the Group's corporate business philosophy and strategy. Our sustainability vision of "People and Community" constitutes as the foundation of our principle, and is fully infused into our daily operations to drive sustained and continued business growth.

As at 30 June 2022, the Group employed a total of 2,492 employees for its headquarters in Hong Kong and its subsidiaries. Number of employees in Hong Kong was 497. Employees in Mainland China and Macau totalled 1,688. Employees in overseas countries totalled 307.

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.

In order to ensure that the overall remuneration and benefits of employees are competitive, based on the principle that the remuneration package is similar to the level of the industry externally, and can effectively meet the needs of business development, the Group regularly reviews the remuneration and welfare of employees. Moreover, we set up variable remuneration including sales commissions, year-end bonuses, etc. linked to the Group's performance and individual work performance of employees. We aim at attracting and retaining talents with our strategic remuneration measures. 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. In response to the new coronavirus outbreak, the Group under the leadership of the Chairman and "Epidemic Prevention and Control Leading Group" has formulated and continuously implemented effective measures to cope with the outbreak and work deployment. We will do our utmost to continue our preventive and control work so as to protect our employees in different countries and regions around the world.

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.

To adopt our philosophy of committing and making contribution to the community, the Group has participated in community and charitable activities. Moreover, the Group continues to utilise our strength on information technology to support the community.

The Group is committed to conduct business in an environmentally responsible manner. The Group has formulated and regularly reviewed our policies of environmental protection, energy conservation and emission reduction to achieve the goal of sustainable development.



CONDENSED

INTERIM

FINANCIAL

REPORT



CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022 (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022	2021
		(Unaudited) \$ million	(Unaudited) \$ million
Revenue	3(a)	4,977	4,795
Valuation gain on investment property	8(b)	6	8
Other income	4	17	18
Cost of sales and services	5(a)	(2,843)	(2,803)
Depreciation and amortisation	5(b)	(476)	(454)
Staff costs	5(c)	(569)	(524)
Other operating expenses		(257)	(234)
		855	806
Finance costs	5(d)	(129)	(132)
Profit before taxation	5	726	674
Income tax	6	(135)	(128)
Profit for the period		591	546
Attributable to:			
Equity shareholders of the Company		572	534
Non-controlling interests		19	12
Profit for the period		591	546
Earnings per share (HK cents)	7		
Basic		15.5	14.5
Diluted		15.5	14.5

The notes on pages 37 to 56 form part of this condensed interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022 (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Profit for the period	591	546
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation adjustments:		
– exchange differences on translation of financial statements of operations outside Hong Kong	(47)	(2)
Other comprehensive income for the period	(47)	(2)
Total comprehensive income for the period	544	544
Attributable to:		
Equity shareholders of the Company	528	532
Non-controlling interests	16	12
Total comprehensive income for the period	544	544

The notes on pages 37 to 56 form part of this condensed interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Expressed in Hong Kong dollars)

	Note	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Non-current assets			
Investment property	8	673	667
Property, plant and equipment	8	2,438	2,625
Right-of-use assets	9	578	654
Intangible assets		987	1,064
Goodwill		9,700	9,721
Interest in a joint venture		10	11
Non-current contract assets		21	23
Non-current contract costs		24	25
Non-current finance lease receivables		11	5
Non-current other receivables and deposits	10	186	103
Deferred tax assets		70	72
		14,698	14,970
Current assets			
Inventories		60	103
Contract costs		1	2
Finance lease receivables		7	4
Contract assets		181	255
Trade and other receivables and deposits	10	1,494	1,248
Current tax recoverable		5	7
Cash and deposits	11(a)	1,721	1,793
		3,469	3,412
Current liabilities			
Trade and other payables	12	1,803	1,645
Contract liabilities		189	184
Bank and other borrowings	13	335	500
Lease liabilities		122	140
Current tax payable		304	188
		2,753	2,657
Net current assets		716	755
Total assets less current liabilities		15,414	15,725

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
	<i>Note</i>		
Non-current liabilities			
Non-current contract liabilities		1	1
Non-current bank and other borrowings	13	4,790	4,946
Non-current lease liabilities		305	356
Non-current other payables	12	19	23
Net defined benefit retirement obligation		13	12
Deferred tax liabilities		190	211
		5,318	5,549
<hr/>			
NET ASSETS		10,096	10,176
CAPITAL AND RESERVES			
Share capital	14(b)	4,719	4,704
Reserves		5,289	5,391
Total equity attributable to equity shareholders of the Company		10,008	10,095
Non-controlling interests		88	81
TOTAL EQUITY		10,096	10,176

The notes on pages 37 to 56 form part of this condensed interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
		Share capital	Capital reserve	Property revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	<i>Note</i>	(Unaudited) \$ million	(Unaudited) \$ million	(Unaudited) \$ million	(Unaudited) \$ million	(Unaudited) \$ million	(Unaudited) \$ million	(Unaudited) \$ million	(Unaudited) \$ million
Balance as at 1 January 2022		4,704	17	53	13	5,308	10,095	81	10,176
Changes in equity for the six months ended 30 June 2022:									
Profit for the period		-	-	-	-	572	572	19	591
Other comprehensive income for the period		-	-	-	(44)	-	(44)	(3)	(47)
Total comprehensive income for the period		-	-	-	(44)	572	528	16	544
Dividend paid to non-controlling interests		-	-	-	-	-	-	(9)	(9)
Shares issued under share option plan	14(b)(ii)	15	(3)	-	-	-	12	-	12
Dividends approved in respect of the previous financial year	14(a)(ii)	-	-	-	-	(627)	(627)	-	(627)
Release upon lapse of share options		-	(4)	-	-	4	-	-	-
		15	(7)	-	-	(623)	(615)	(9)	(624)
Balance as at 30 June 2022		4,719	10	53	(31)	5,257	10,008	88	10,096

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company							Non-controlling interests (Unaudited) \$ million	Total equity (Unaudited) \$ million
	Share capital (Unaudited) \$ million	Capital reserve (Unaudited) \$ million	Property revaluation reserve (Unaudited) \$ million	Exchange reserve (Unaudited) \$ million	Retained profits (Unaudited) \$ million	Total (Unaudited) \$ million			
	Note								
Balance as at 1 January 2021	4,646	35	53	14	5,003	9,751	58	9,809	
Changes in equity for the six months ended 30 June 2021:									
Profit for the period	–	–	–	–	534	534	12	546	
Other comprehensive income for the period	–	–	–	(2)	–	(2)	–	(2)	
Total comprehensive income for the period	–	–	–	(2)	534	532	12	544	
Dividend paid to non-controlling interests	–	–	–	–	–	–	(9)	(9)	
Shares issued under share option plan	14(b)(ii)	45	(9)	–	–	36	–	36	
Dividends approved in respect of the previous financial year	14(a)(ii)	–	–	–	(589)	(589)	–	(589)	
Release upon lapse of share options	–	(6)	–	–	6	–	–	–	
	45	(15)	–	–	(583)	(553)	(9)	(562)	
Balance as at 30 June 2021	4,691	20	53	12	4,954	9,730	61	9,791	

The notes on pages 37 to 56 form part of this condensed interim financial report.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Operating activities			
Cash generated from operations	11(e)	1,271	1,286
Tax paid:			
– Hong Kong Profits Tax paid		(11)	–
– Tax paid for jurisdictions outside Hong Kong		(24)	(16)
Tax refunded:			
– Tax refunded for jurisdictions outside Hong Kong		3	–
Net cash generated from operating activities		1,239	1,270
Investing activities			
Payment for the purchase of property, plant and equipment		(157)	(296)
Decrease in pledged deposits		–	2
Decrease in other deposits		2	–
Interest received		7	6
Net cash used in investing activities		(148)	(288)

CONSOLIDATED CASH FLOW STATEMENT

	Note	Six months ended 30 June	
		2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Financing activities			
Proceeds from new bank and other borrowings		203	122
Proceeds from new shares issued under share option plan		12	36
Repayment of bank and other borrowings		(515)	(319)
Other borrowing costs paid		(119)	(122)
Capital element of lease rentals paid		(77)	(82)
Interest element of lease rentals paid		(9)	(8)
Dividends paid to equity shareholders of the Company		(627)	(589)
Dividend paid to non-controlling interests		(9)	(9)
Net cash used in financing activities		(1,141)	(971)
Net (decrease)/increase in cash and cash equivalents		(50)	11
Cash and cash equivalents as at 1 January		1,426	1,510
Effect of foreign exchange rate changes		(20)	(3)
Cash and cash equivalents as at 30 June	11(a)	1,356	1,518

The notes on pages 37 to 56 form part of this condensed interim financial report.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This condensed 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 17 August 2022.

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of a condensed 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 condensed 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 2021 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 condensed interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and the independent auditor, PricewaterhouseCoopers, 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. PricewaterhouseCoopers’s independent review report to the Board of Directors is included on page 57.

The financial information relating to the financial year ended 31 December 2021 that is included in the condensed 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong 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 407(3) of the Hong Kong Companies Ordinance.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. 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 in this condensed interim financial report.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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 sales of mobile handsets and equipment.

Revenue represents fees from the provision of telecommunications services and sales of mobile handsets and equipment.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines or products and geographical location of the Group's revenue from external customers is as follows:

	Note	Six months ended 30 June	
		2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Revenue from contracts with customers			
Disaggregated by major service lines or products:			
Mobile services	(i)	413	427
Internet services	(ii)	649	604
International telecommunications services	(iii)	1,715	1,287
Enterprise solutions	(iv)	1,538	1,583
Fixed line services	(v)	78	92
Fees from the provision of telecommunications services		4,393	3,993
Sales of mobile handsets and equipment		584	802
		4,977	4,795

Notes:

- (i) Mobile services broadly include mobile local and roaming services, other mobile value-added services and others.
- (ii) Internet services broadly include internet access services, data centre services and others.
- (iii) International telecommunication services broadly include voice services, messaging services and “DataMall 自由行” services.
- (iv) Enterprise solutions broadly include enterprise solutions services, business solution projects, virtual private network services, sales of related products and others.
- (v) Fixed line services broadly include domestic and international fixed telephony services and others.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Disaggregated by geographical location of the Group's revenue from external customers:		
Hong Kong (place of domicile)	2,343	1,930
Mainland China	573	527
Macau	1,685	1,962
Singapore	224	223
Others	152	153
	2,634	2,865
	4,977	4,795

During the six months ended 30 June 2022 and 2021, fees from the provision of telecommunications services is substantially recognised over time and sales of mobile handsets and equipment is recognised at a point-in-time.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, which has been identified as being the chief operating decision maker, 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	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Reportable segment profit	1,381	1,286
Net foreign exchange (loss)/gain	(5)	2
Depreciation and amortisation	(476)	(454)
Finance costs	(129)	(132)
Interest income	7	6
Rental income from investment property less direct outgoings	9	11
Valuation gain on investment property	6	8
Unallocated head office and corporate expenses	(67)	(53)
Consolidated profit before taxation	726	674

(c) Seasonality of operation

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 INCOME

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Interest income from deposits	3	2
Interest income from finance leases and other interest income	4	4
	7	6
Gross rental income from investment property (<i>note</i>)	10	12
	17	18

Note: The rental income from investment property less direct outgoings of \$1,000,000 (six months ended 30 June 2021: \$1,000,000) for the six months ended 30 June 2022 is \$9,000,000 (six months ended 30 June 2021: \$11,000,000).

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
(a) Cost of sales and services		
Cost of provision of telecommunications services	2,269	2,012
Cost of sales of mobile handsets and equipment	574	791
	2,843	2,803
(b) Depreciation and amortisation		
Depreciation charge		
– property, plant and equipment	315	284
– right-of-use assets	84	90
Amortisation	77	80
	476	454

5 PROFIT BEFORE TAXATION (CONTINUED)

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
(c) Staff costs (including directors' emoluments)		
Contributions to defined contribution retirement plans	41	37
Expenses recognised in respect of defined benefit retirement plan	4	4
Total retirement costs	45	41
Salaries, wages and other benefits	524	483
	569	524
(d) Finance costs		
Interest on bank and other borrowings	118	121
Interest on lease liabilities	9	8
Other finance charges	2	4
	129	133
Less: interest expense capitalised into construction in progress	–	(1)
	129	132
(e) Other items		
Impairment losses for trade debtors and contract assets	11	2
Net foreign exchange loss/(gain)	5	(2)

6 INCOME TAX

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Current tax		
– Hong Kong Profits Tax	65	54
– Macau Complementary Tax	61	62
– Jurisdictions outside Hong Kong and Macau	28	19
	154	135
Deferred tax	(19)	(7)
	135	128

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 June 2021: 16.5%) to the six months ended 30 June 2022.

The provision for Macau Complementary Tax for the six months ended 30 June 2022 is calculated at 12% (six months ended 30 June 2021: 12%) of the estimated assessable profits for the period. Assessable profits of the first Macau Patacas ("MOP") 600,000 (equivalent to approximately \$582,000) (six months ended 30 June 2021: MOP600,000 (equivalent to approximately \$582,000)) are exempted from Macau Complementary Tax.

Taxation for jurisdictions outside Hong Kong and Macau is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant cities or countries.

7 EARNINGS PER SHARE

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Profit attributable to equity shareholders of the Company	572	534

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

	Number of shares Six months ended 30 June	
	2022 (Unaudited) million	2021 (Unaudited) million
Issued ordinary shares as at 1 January	3,683	3,665
Effect of share options exercised	3	6
Weighted average number of ordinary shares (basic) as at 30 June	3,686	3,671
Effect of deemed issue of shares under the Company's share option plan	2	2
Weighted average number of ordinary shares (diluted) as at 30 June	3,688	3,673
Basic earnings per share (HK cents)	15.5	14.5
Diluted earnings per share (HK cents)	15.5	14.5

8 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of \$141,000,000 (six months ended 30 June 2021: \$236,000,000) and had no material disposal of property, plant and equipment.

(b) Valuation

The valuation of investment property carried at fair value was updated as at 30 June 2022 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2021 valuation. As a result of the update, a gain of \$6,000,000 (six months ended 30 June 2021: \$8,000,000) has been recognised in profit or loss for the period.

(c) Certain property, plant and equipment of the Company's subsidiary, Companhia de Telecomunicações de Macau S.A.R.L., 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.

9 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group entered into a number of lease agreements mainly for use of offices, retail stores, cell sites and data centres, and therefore recognised the additions to right-of-use assets of \$23,000,000 (six months ended 30 June 2021: \$43,000,000).

10 TRADE AND OTHER RECEIVABLES AND DEPOSITS

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Trade debtors	1,060	787
Less: loss allowance	(37)	(29)
	1,023	758
Other receivables and deposits	657	593
	1,680	1,351
Represented by:		
Non-current portion	186	103
Current portion	1,494	1,248
	1,680	1,351

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables and deposits) based on the invoice date and net of loss allowance is as follows:

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Within 1 year	1,010	749
Over 1 year	13	9
	1,023	758

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 on trade debtors are measured based on the expected credit loss model.

11 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Cash at bank and in hand	1,182	1,203
Time deposits with banks	180	229
Other deposits (<i>note 11(d)</i>)	359	361
Cash and deposits in the consolidated statement of financial position (<i>note 11(b)</i>)	1,721	1,793
Less: pledged deposits (<i>note 11(c)</i>)	(6)	(6)
Less: other deposits (<i>note 11(d)</i>)	(359)	(361)
Cash and cash equivalents in the consolidated cash flow statement	1,356	1,426

- (b) Included in cash and deposits were \$172,000,000 (31 December 2021: \$214,000,000) placed in financial institutions in Mainland China and the remittance of these funds out of Mainland China is subject to exchange restrictions imposed by the Government of the People's Republic of China (the "PRC Government").
- (c) As at 30 June 2022, bank deposits of \$6,000,000 (31 December 2021: \$6,000,000) were pledged to secure parts of the banking facilities of the Group.
- (d) As at 30 June 2022, other deposits of \$359,000,000 (31 December 2021: \$361,000,000) were deposited in CITIC Finance International Limited, a fellow subsidiary of the Group which is principally engaged in the provision of treasury management services. These unsecured cash deposits carry interest at market rates and can be withdrawn by the Group on demand or in accordance with the terms of agreement.

11 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

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

	Note	Six months ended 30 June	
		2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Profit before taxation		726	674
Adjustments for:			
Depreciation and amortisation	5(b)	476	454
Valuation gain on investment property	8(b)	(6)	(8)
Finance costs	5(d)	129	132
Interest income	4	(7)	(6)
Foreign exchange gain		(8)	–
		1,310	1,246
Changes in working capital:			
Decrease/(increase) in inventories		43	(21)
Decrease/(increase) in contract costs		2	(19)
Increase in trade and other receivables and deposits		(323)	(72)
Increase in finance lease receivables		(9)	(11)
Decrease in contract assets		76	72
Increase in trade and other payables		166	71
Increase in contract liabilities		5	19
Increase in net defined benefit retirement obligation		1	1
Cash generated from operations		1,271	1,286

12 TRADE AND OTHER PAYABLES

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Trade creditors	1,039	1,023
Other payables and accruals	783	645
	1,822	1,668
Represented by:		
Non-current portion	19	23
Current portion	1,803	1,645
	1,822	1,668

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

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Within 1 year	833	794
Over 1 year	206	229
	1,039	1,023

13 BANK AND OTHER BORROWINGS

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Bank and other loans	1,555	1,877
Guaranteed bonds at 6.1% due 2025 (note 13(b))	3,501	3,500
	5,056	5,377
Interest payable	69	69
	5,125	5,446

At the end of the reporting period, bank and other borrowings were unsecured and repayable as follows:

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Within 1 year or on demand	335	500
After 1 year but within 2 years	103	235
After 2 years but within 5 years	4,687	4,711
	4,790	4,946
	5,125	5,446

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

- (a) 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. As at 30 June 2022 and 31 December 2021, the Group was in compliance with the relevant requirements.
- (b) On 5 March 2013, a wholly-owned subsidiary of the Company issued US\$450,000,000 (equivalent to 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.

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Interim dividend declared/declared and paid after the interim period of HK6.0 cents (2021: HK5.5 cents) per share	221	202

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	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK17.0 cents (six months ended 30 June 2021: HK16.0 cents) per share	627	589

For the final dividend in respect of the year ended 31 December 2021, there was a difference of \$1,000,000 between the final dividend disclosed in 2021 annual report and the amount paid during the six months ended 30 June 2022, which represented dividends attributable to shares issued upon exercise of share options before the closing date of the register of members.

14 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

	Note	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
		Number of shares	Amount \$ million	Number of shares	Amount \$ million
Ordinary shares, issued and fully paid:					
As at 1 January	(i)	3,683,012,882	4,704	3,664,616,882	4,646
Shares issued under share option plan	(ii)	4,884,000	15	18,396,000	58
As at 30 June/31 December	(i)	3,687,896,882	4,719	3,683,012,882	4,704

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 2022, 4,884,000 ordinary shares (six months ended 30 June 2021: 14,141,000 ordinary shares) were issued at a weighted average exercise price of \$2.52 (six months ended 30 June 2021: \$2.54) 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.

15 CAPITAL COMMITMENTS

Capital commitments outstanding at the end of reporting period not provided for in the condensed interim financial report were as follows:

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Contracted for	70	67
Authorised but not contracted for	112	86
	182	153

16 PERFORMANCE BONDS

At the end of the reporting period, performance bonds of the Group were as follows:

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Performance bonds provided to customers of business solutions projects	93	77
Performance bonds provided to others	8	8
	101	85

In respect of above, no provision has been made by the Group in the condensed interim financial report. As at 30 June 2022, 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 \$101,000,000 (31 December 2021: \$85,000,000).

17 MATERIAL RELATED PARTY TRANSACTIONS

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

(i) Recurring transactions

	Six months ended 30 June 2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Internet data centre services fee received/receivable from fellow subsidiaries	5	5
Virtual private network services fee received/receivable from fellow subsidiaries	13	12
Internet access services fee received/receivable from fellow subsidiaries	3	3
Telecommunications services and related expenses paid/payable to		
– a fellow subsidiary	(12)	(12)
– an associate of the ultimate holding company	(6)	(5)
Professional fees paid/payable to a controlling shareholder for the provision of internal audit and company secretarial services	(3)	(3)
Building management fees, water and electricity fees, air conditioning charges and car parking spaces rental paid/payable to fellow subsidiaries	(7)	(7)
Rental income and building management charges received/receivable from a fellow subsidiary	8	8
Finance costs on bank and other borrowings paid/payable to fellow subsidiaries	10	–

17 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

(ii) Balances with affiliates of the Group and its holding company

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
Advance payment paid to the ultimate holding company for the acquisition of the remaining equity interest in a subsidiary included in:		
– Trade and other receivables and deposits	72	76
Lease liabilities due to fellow subsidiaries	(24)	(29)
Balance of deposits with fellow subsidiaries	361	363
Bank and other borrowings from fellow subsidiaries	(1,393)	(1,560)

(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.

17 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 condensed 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	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Fees received/receivable from the provision of telecommunications services	583	650
Fees paid/payable for cost of sales and services	(1,186)	(1,025)

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

	30 June 2022 (Unaudited) \$ million	31 December 2021 (Audited) \$ million
	Bank deposits	438
Trade debtors	146	94
Contract assets	16	51
Trade and other payables	(386)	(334)

(c) Key management personnel emoluments

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

	Six months ended 30 June	
	2022 (Unaudited) \$ million	2021 (Unaudited) \$ million
Short-term employee benefits	11	10

18 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 14(a)(i).

19 IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties to the world. The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include adopting safety and health measures for staff (including social distancing requirement and working from home). At this stage, the impact on the Group's businesses and results was not significant. The Group will keep the contingency measures under review as the situation evolves.

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2022

A number of new and amended standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing this condensed interim financial report.

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 consolidated financial statements.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL REPORT



羅兵咸永道

**To the board of directors of
CITIC Telecom International Holdings Limited**
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed interim financial report set out on pages 29 to 56, which comprises the consolidated statement of financial position of CITIC Telecom International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 of the Company are responsible for the preparation and presentation of this condensed interim financial report in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial report based on our review 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 condensed interim financial report consists of making inquiries, 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 condensed interim financial report of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 August 2022

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

STATUTORY DISCLOSURE

DIVIDEND AND CLOSURE OF REGISTER

The board of directors of the Company has declared an interim dividend of HK6.0 cents (2021: HK5.5 cents) per share for the year ending 31 December 2022 payable on Friday, 30 September 2022 to shareholders whose names appear on the Register of Members of the Company on Friday, 16 September 2022. The Register of Members of the Company will be closed from Friday, 9 September 2022 to Friday, 16 September 2022, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 September 2022.

SHARE OPTION PLAN

The share option plan of the Company (the "Plan") was adopted on 17 May 2007 and was valid and effective till 16 May 2017. 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.

Particulars of the outstanding share options granted under the Plan and their movements during the six months ended 30 June 2022 are as follows:

Date of grant	Number of share options	Exercise period	Exercise price per share HK\$
24 March 2015	43,756,250	24 March 2017 to 23 March 2022	2.612
24 March 2017	45,339,500	24 March 2018 to 23 March 2023	2.45
24 March 2017	45,339,500	24 March 2019 to 23 March 2024	2.45

The share options granted on 24 March 2015 have expired at the close of business on 23 March 2022. The above outstanding 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. No options were granted nor cancelled during the six months ended 30 June 2022.

STATUTORY DISCLOSURE

SHARE OPTION PLAN (CONTINUED)

A summary of the movements of the share options during the six months ended 30 June 2022 is as follows:

A. Directors of the Company

Name of director	Date of grant	Exercise period	Number of share options				Percentage to the number of issued shares %
			Balance as at 1.1.2022	Exercised during the six months ended 30.6.2022	Lapsed during the six months ended 30.6.2022	Balance as at 30.6.2022	
Xin Yue Jiang	24.3.2015	24.3.2017 – 23.3.2022	500	–	500	–	
	24.3.2017	24.3.2018 – 23.3.2023	500	–	–	500	
	24.3.2017	24.3.2019 – 23.3.2024	500	–	–	500	
						1,000	0.00003
Liu Jifu	24.3.2017	24.3.2019 – 23.3.2024	1,000,000	–	–	1,000,000	
						1,000,000	0.027
Fei Yiping	24.3.2017	24.3.2018 – 23.3.2023	500,000	–	–	500,000	
	24.3.2017	24.3.2019 – 23.3.2024	500,000	–	–	500,000	
						1,000,000	0.027

STATUTORY DISCLOSURE

SHARE OPTION PLAN (CONTINUED)

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

Date of grant	Exercise period	Number of share options			
		Balance as at 1.1.2022	Exercised during the six months ended 30.6.2022 (Note 1)	Lapsed during the six months ended 30.6.2022 (Note 2)	Balance as at 30.6.2022
24.3.2015	24.3.2017 – 23.3.2022	8,009,750	2,205,000	5,804,750	–
24.3.2017	24.3.2018 – 23.3.2023	8,347,000	1,157,000	38,500	7,151,500
24.3.2017	24.3.2019 – 23.3.2024	11,917,000	1,522,000	58,500	10,336,500

Notes:

1. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$2.83.
2. These are in respect of options i) granted to some employees under continuous contracts who have subsequently resigned; or ii) lapsed upon the expiry of the relevant share options.

DIRECTORS' INTERESTS IN SECURITIES

The interests of the director 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 2022 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

	Number of Shares Personal interests	Percentage to the number of issued shares %
CITIC Limited, an associated corporation		
Liu Jifu	840,000	0.003

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".

Save as disclosed above, as at 30 June 2022, 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") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

STATUTORY DISCLOSURE

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the interests of the substantial shareholders, other than the directors of the Company or their respective associates, 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	2,129,345,175	57.74
CITIC Polaris Limited	2,129,345,175	57.74
CITIC Glory Limited	2,129,345,175	57.74
CITIC Limited	2,129,345,175	57.74
CITIC Corporation Limited	2,129,345,175	57.74
CITIC Investment (HK) Limited	2,129,345,175	57.74
Silver Log Holdings Ltd.	2,129,345,175	57.74
CITIC Pacific Limited ("CITIC Pacific")	2,129,345,175	57.74
Crown Base International Limited	2,129,345,175	57.74
Effectual Holdings Corp.	2,129,345,175	57.74
CITIC Pacific Communications Limited	2,129,345,175	57.74
Douro Holdings Inc.	2,129,345,175	57.74
Ferretti Holdings Corp.	2,129,345,175	57.74
Ease Action Investments Corp.	2,129,345,175	57.74
Peganin Corp.	2,129,345,175	57.74
Richtone Enterprises Inc.	2,129,345,175	57.74

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, inter alia, 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 2022 and the Company has not redeemed any of its shares during the period ended 30 June 2022.

During the six months ended 30 June 2022, a total of 4,884,000 shares of the Company were issued upon the exercise of share options granted under the Plan as mentioned in the section of "Share Option Plan".

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 49 of the 2021 annual report and the Company's website www.citictel.com.

Saved 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 2022. Following the retirement of Mr. Liu Li Qing on 9 December 2021, Mr. Wen Ku was appointed as an independent non-executive director on 1 February 2022. As disclosed in the 2021 Annual Report of the Company, the total number of independent non-executive directors during this period was below three and less than one-third of the board of directors of the Company and also the Nomination Committee did not comprise a majority of independent non-executive directors. In this respect, the Company had actively tried to identify a suitable candidate with appropriate background and qualification to fill the vacancy. Following the appointment of Mr. Wen Ku as an independent non-executive director, there are three independent non-executive directors, representing one-third of the Board. The Nomination Committee then comprises a majority of independent non-executive directors and therefore the relevant requirements have been fulfilled.

The Audit Committee has reviewed the interim report with management and the external auditors and recommended its adoption by the board. The Committee consists of three independent non-executive directors and a non-executive director.

The condensed 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, PricewaterhouseCoopers, 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. 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 2022.

STATUTORY DISCLOSURE

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Luan Zhenjun, an executive director of the Company, ceased to be a director of:

- a) CITIC Pacific;
- b) CITIC Pacific Special Steel Group Co., Ltd. (a fellow subsidiary of the Company and listed on Shenzhen Stock Exchange);
- c) certain member companies of CITIC Pacific involved in special steel and tunnel management, etc.; and
- d) certain member companies of CITIC Limited involved in property and holding interests in McDonald's mainland China and Hong Kong businesses, etc..

Mr. Lam Yiu Kin, an independent non-executive director of the Company, ceased to be the independent non-executive director of WWPKG Holdings Company Limited (listed on the Growth Enterprise Market of the Stock Exchange).

Mr. Wen Ku, an independent non-executive director of the Company, has been appointed as the Chairman and ceased to be the Vice Chairman and Secretary General of China Communications Standards Association.

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 the Company'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, 17/F, Far East Finance Centre, 16 Harcourt Road, 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:	9 September 2022 to 16 September 2022
Interim Dividend Payable:	30 September 2022

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 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.

Shareholders having 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.

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.