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中信國際電訊集團有限公司

CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01883)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

CHAIRMAN'S STATEMENT

I am pleased to announce the operating and financial results of CITIC Telecom International Holdings Limited (the "Group") for the first half of 2023.

During the first half of the year, amid the slow recovery of the global economy as well as various challenges and difficulties in development, the Group actively devoted itself to major national development plans such as "One Country, Two Systems", the development of Guangdong-Hong Kong-Macao Greater Bay Area and "Belt and Road Initiative", and adhered to its strategic positioning of "Root in Chinese mainland market, taking Hong Kong and Macau as the base and connection, and expedite international expansion and coverage". The Group is committed to exploring new markets, developing new businesses, and fully dedicating itself to the development and construction of digital economy, which promoted the high-quality corporate development and continuous growth in its operational performance in reaching new heights.

I. FINANCIAL RESULTS

Profit attributable to equity shareholders of the Company for the first half of 2023 was HK\$721 million, increasing by 26.0% as compared to the corresponding period of the previous year. Excluding the effect of investment property revaluation, there would have been a year-on-year increase of 26.3%.

The Group's revenue from its principal business of telecommunications services amounted to HK\$4,690 million, increasing by 6.8% when compared to the corresponding period of the previous year. Total revenue amounted to HK\$5,326 million, increasing by 7.0% when compared to the corresponding period of the previous year.

Basic earnings per share for the first half of the year amounted to HK19.5 cents, representing a 25.8% increase as compared to the corresponding period of the previous year.

The Board declared an interim dividend of HK6.0 cents per share for 2023, which is in line with corresponding period for the previous year.

II. BUSINESS DEVELOPMENT

With regard to the mobile sales & services, Companhia de Telecomunicações de Macau, S.A.R.L. (“CTM”), the Group’s subsidiary, worked full steam ahead to construct “Digital Macau 3.0” by capitalising on the first-mover advantage in commercial 5G services. As at the end of June 2023, CTM had approximately 624,000 subscribers, capturing 47.5% of Macau’s overall mobile market share, which represents an increase of 1.8 percentage points when compared to that at the end of 2022, among which, 5G customers amounted to approximately 316,000, securing its top position with 78.9 % of 5G market share.

CTM actively empowered 5G applications by promoting the integration of 5G applications into the tourism, exhibition, policing, healthcare and other sectors and industries to establish a 5G cooperative ecosystem. As at the end of June 2023, CTM launched bilateral 5G roaming services with 103 overseas network operators (covering 95 countries/regions), launched bilateral 4G roaming services with 389 overseas network operators (covering 221 countries/regions) and launched bilateral VoLTE roaming services with 17 overseas network operators (covering 21 countries/regions).

As for the internet services, CTM actively promoted FTTR (Fibre-to-the-Room) service and completed the replacement of copper wires for internet broadband access. Fibreisation rate increased from 99.2% (as at the end of December 2022) to 100.0% (as at the end of June 2023), starting a new era of all-fibre network access for CTM’s internet broadband subscribers. As at the end of June 2023, CTM accounted for up to 97.1% market share of the broadband services. The Group’s data centre business achieved ground-breaking development, and its high-grade data centre in Hong Kong has secured a leading internet platform customer.

In relation to the enterprise solutions services, the Group’s subsidiary, CITIC Telecom International CPC Limited (“CPC”) spared no effort to build an integrated platform of “Cloud, Network, Intelligence and Security”. In strengthening its multi-cloud services and applications with high-quality data security and compliance, CPC was recognised as the first accredited partner of VMware Sovereign Cloud in Hong Kong. CPC promoted its expansion in information security managed services market by launching its third Security Operations Centre in Shanghai following Hong Kong and Guangzhou, to propel enterprise fostering from “information security development” to systematic and platform-based “information security operations”. CPC continued to broaden its network coverage, and its virtual private network service covered nearly 160 countries and regions worldwide with over 165 Points-of-Presence and more than 60 SD-WAN gateways as at the end of June 2023.

The Group has been actively expanding into new businesses and markets to optimise its overseas business layout. Acclivis Technologies and Solutions Pte. Ltd., a subsidiary of the Group, provided new data centre managed services to the Singapore government authority, engaged in public cloud projects in Indonesia for multiple corporations including a Southeast Asian financial unicorn, incorporated AI technology to deliver drone AI painting solutions to customers, submitted an ISP licence application in the Philippines, and gradually implemented plans to tap into the Vietnamese market.

As for the international telecommunications services, the Group continued to enhance its platform capability for strengthening its position as a core international telecommunications services hub in the region and expanding its business scale. The Group deepened business collaboration with operators and key partners to establish strategic partnerships, aiming to grow the global IPX market together and expedite the progress of eSIM platform projects for accelerating market penetration. Benefitting from the recovery of cross-border roaming activities, service revenue from “DataMall 自由行” has significantly increased.

The Group remains steadfast in development through innovation. CPC completed the AR enterprise digital twin platform jointly developed with the Hong Kong Applied Science and Technology Research Institute, and successfully demonstrated the achievements in the Solutions Day activities during CPC’s annual ecosystem conference. The Group completed the development of computer vision-based outdoor object recognition function, which further enhanced the digital solutions by combining with the existing indoor object recognition capability. CTM integrated cutting-edge technologies such as 5G and big data into various industries, and partnered with the University of Macau for the research and development of the “Scenic Spots Evaluation Model”, which established an algorithmic model based on big data to evaluate the attractiveness of scenic spots.

The Group participated in major exhibitions to enhance its brand influence. From 28 to 30 June 2023, the Group, together with its subsidiaries including CTM and CPC, attended “MWC Shanghai 2023”. Themed “Embracing Innovation – Connecting the Future”, the Group presented the latest achievements and practices of its “Cloud, Network, Intelligence and Security” technologies connecting with the “National Strategies”, “Community and Livelihood”, as well as “Industries and Future” with emphasis on innovation in digital technology, industrial transformation and empowerment and ecological cooperation within the industry, contributing to the digitalisation era in China and the prosperity of the global digital economy.

On 10 March and 28 March 2023, CPC organised Solutions Day 2023 in Hong Kong and Shanghai respectively, which were broadcasted on 14 online platforms via livestreaming and received an overwhelming response with more than 2.77 million viewers, further enhancing the brand value of the Group’s expertise in digital transformation.

On 10 May 2023, CTM and its partners co-organised the “BEYOND EXPO 2023 – Building cloud foundation for Smart Macao and deepening industrial digitalisation” forum to facilitate the progress of Smart Macao and Digital Macao by joining hands with various sectors in Macau.

The Group actively fulfills its social responsibilities. It served the interconnection of Guangdong-Hong Kong-Macao Greater Bay Area and facilitated the normal sending and receiving of customs clearance appointment SMS, nucleic acid testing SMS and other messages for cross-boundary residents in Guangdong, Hong Kong and Macau, ensuring the smooth implementation of the arrangement for quarantine-free customs clearance between Chinese mainland and Hong Kong. The Group cooperated with Communications Authority in Hong Kong and Hong Kong’s mobile operators to develop and launch its self-developed “Information Alert Service Platform for Fraud

Prevention of Overseas Spam Call”, which assisted Hong Kong residents in identifying suspicious incoming calls from overseas, safeguarded the property of residents and protected the security of cross-border communications network.

III. OUTLOOK

The international economic environment remained complex and challenging. The uncertain trend on global economic recovery adversely affected traditional businesses to a certain extent. The Group takes innovation and transformation as priority, firmly adheres to its corporate belief of “navigating through headwinds with unwavering persistence in innovative development”, stays vigilant and pursues innovative development. The Group embraces the excellent corporate culture of “Wisdom and Integrity for Fostering Prosperity”, leverages on its distinctive advantages in the internationalisation of markets, customers, teams, networks, services and management, consistently focuses on transformation and innovation to create new highlights and drive its high-quality development.

The Group will actively engage in product, business and model innovation, and has continued to strengthen the business development of “DataMall自由行” and data centres. It is committed to managing and expanding its international telecommunications services, optimising its platform services and consolidating its business scale.

Seizing the opportunity arising from the economic recovery in Macau, the Group will build high-quality 5G network, optical fibre network, WiFi network, cloud platform and other “Cloud-Network Convergence” digital foundations to drive and create demand, enrich the smart city application ecosystem, advance the digital and intelligent development of Macau, and move towards “Digital Macau 3.0”.

The Group will further leverage the domestic and international “dual circulation” bonding, optimise its capabilities in terms of cloud, network, intelligence and security services. By upgrading and building an integrated platform of “Cloud, Network, Intelligence and Security”, it will empower enterprises to “reach out” and “bring in”. It will also take effective measures and make great efforts to accelerate the development of digital economy.

The Group will actively expand its overseas business, keep a keen eye on developing new markets in the Southeast Asia region, enhance its capability to offer digital solutions, deepen its partnerships with government authorities, educational institutions and large corporations, and strive to acquire more quality projects to achieve innovative development.

The Group will attach great importance to quality and adheres to the philosophy of “Quality is the vitality of an enterprise” to provide customers with premium services. The Group also values talents, and is aspired to forging three international first-rate teams to build up reserves of high-calibre talents for corporate development. The Group prioritises scientific research and continues to step up its investment in order to sustain impetus of innovation for its development. Besides, the Group strives to emphasise on safeguarding work safety and health of our staff to cultivate a harmonious and stable environment for internal and external development.

In the first half of 2023, the Group sustained growth in its operating results and delivered stable returns to its shareholders. I would like to express my gratitude to all our employees for their dedication, as well as to shareholders, investors and partners for their care and continued support.

Xin Yue Jiang

Chairman

Hong Kong, 18 August 2023

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in Hong Kong dollars)

		<i>Six months ended 30 June</i>	
	<i>Note</i>	<i>2023</i>	<i>2022</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>\$ million</i>	<i>\$ million</i>
Revenue	3(a)	5,326	4,977
Valuation gain on investment property		6	6
Other income	4	47	17
Cost of sales and services	5(a)	(3,037)	(2,843)
Depreciation and amortisation	5(b)	(452)	(476)
Staff costs	5(c)	(577)	(569)
Other operating expenses		(283)	(257)
		<u>1,030</u>	<u>855</u>
Finance costs	5(d)	(139)	(129)
Share of profit of a joint venture		1	-
		<u>892</u>	<u>726</u>
Profit before taxation	5	892	726
Income tax	6	(158)	(135)
		<u>734</u>	<u>591</u>
Profit for the period		<u><u>734</u></u>	<u><u>591</u></u>
Attributable to:			
Equity shareholders of the Company		721	572
Non-controlling interests		13	19
		<u>734</u>	<u>591</u>
Profit for the period		<u><u>734</u></u>	<u><u>591</u></u>
Earnings per share (HK cents)	8		
Basic		<u>19.5</u>	<u>15.5</u>
Diluted		<u>19.5</u>	<u>15.5</u>

Details of dividends payable to equity shareholders of the Company are set out in note 7.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in Hong Kong dollars)

	<i>Six months ended 30 June</i>	
	2023	2022
	(Unaudited)	(Unaudited)
	\$ million	\$ million
Profit for the period	734	591
	-----	-----
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that are or may be reclassified</i> <i>subsequently to profit or loss:</i>		
Foreign currency translation adjustments:		
– exchange differences on translation of financial statements of operations outside Hong Kong and its related borrowings	(11)	(47)
	-----	-----
Other comprehensive income for the period	(11)	(47)
	-----	-----
Total comprehensive income for the period	723	544
	=====	=====
Attributable to:		
Equity shareholders of the Company	713	528
Non-controlling interests	10	16
	-----	-----
Total comprehensive income for the period	723	544
	=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>30 June 2023 (Unaudited) \$ million</i>	<i>31 December 2022 (Audited) \$ million</i>
Non-current assets			
Investment property		682	676
Property, plant and equipment		2,123	2,323
Right-of-use assets		526	599
Intangible assets		878	932
Goodwill		9,712	9,710
Interest in a joint venture		10	10
Non-current contract assets		26	26
Non-current contract costs		30	28
Non-current finance lease receivables		6	9
Non-current other receivables	9	162	150
Deferred tax assets		73	74
		14,228	14,537
		-----	-----
Current assets			
Inventories		43	132
Finance lease receivables		7	8
Contract assets		242	224
Trade and other receivables	9	1,297	1,293
Current tax recoverable		1	1
Cash and deposits		1,759	1,986
		3,349	3,644
		-----	-----
Current liabilities			
Trade and other payables	10	1,774	2,027
Contract liabilities		193	183
Bank and other borrowings		68	183
Lease liabilities		130	131
Current tax payable		380	276
		2,545	2,800
		-----	-----
Net current assets		804	844
		-----	-----
Total assets less current liabilities		15,032	15,381
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONTINUED)**

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>30 June 2023 (Unaudited) \$ million</i>	<i>31 December 2022 (Audited) \$ million</i>
Non-current liabilities			
Non-current contract liabilities		1	1
Non-current bank and other borrowings		4,016	4,337
Non-current lease liabilities		256	323
Non-current other payables	10	12	16
Net defined benefit retirement obligation		62	61
Deferred tax liabilities		157	172
		<u>4,504</u>	<u>4,910</u>
NET ASSETS		<u><u>10,528</u></u>	<u><u>10,471</u></u>
CAPITAL AND RESERVES			
Share capital		4,754	4,720
Reserves		<u>5,675</u>	<u>5,653</u>
Total equity attributable to equity shareholders of the Company		10,429	10,373
Non-controlling interests		<u>99</u>	<u>98</u>
TOTAL EQUITY		<u><u>10,528</u></u>	<u><u>10,471</u></u>

Notes

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basis of preparation

The interim results set out in this announcement do not constitute the condensed interim financial report for the six months ended 30 June 2023 of CITIC Telecom International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) but are extracted from those financial information.

The 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 18 August 2023.

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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, whose unmodified review report is included in the interim report to be sent to shareholders.

The financial information relating to the financial year ended 31 December 2022 that is included in this announcement of the interim results 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 2022 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 Group has applied the following new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA to the condensed interim financial report for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Incomes taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

HKFRS 17, *Insurance contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

2 Changes in accounting policies (continued)

Amendments to HKAS 12, Incomes taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained profits or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

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.

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	
	2023 (Unaudited) \$ million	2022 (Unaudited) \$ million
Reportable segment profit	1,521	1,381
Net loss on disposal of property, plant and equipment	(1)	-
Gain on surrender of leases	2	-
Net foreign exchange loss	(21)	(5)
Depreciation and amortisation	(452)	(476)
Finance costs	(139)	(129)
Share of profit of a joint venture	1	-
Interest income	35	7
Rental income from investment property less direct outgoings	11	9
Valuation gain on investment property	6	6
Unallocated head office and corporate expenses	(71)	(67)
Consolidated profit before taxation	892	726

(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	
	2023 (Unaudited) \$ million	2022 (Unaudited) \$ million
Interest income from cash and deposits	31	3
Interest income from finance leases and other interest income	4	4
Gross rental income from investment property (note)	12	10
	47	17

Note: The rental income from investment property less direct outgoings of \$1,000,000 (six months ended 30 June 2022: \$1,000,000) for the six months ended 30 June 2023 is \$11,000,000 (six months ended 30 June 2022: \$9,000,000).

5 Profit before taxation

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

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	(Unaudited)	(Unaudited)
	\$ million	\$ million
(a) Cost of sales and services		
Cost of provision of telecommunications services	2,418	2,269
Cost of sales of mobile handsets and equipment	619	574
	<u>3,037</u>	<u>2,843</u>
(b) Depreciation and amortisation		
Depreciation charge		
- property, plant and equipment	314	315
- right-of-use assets	84	84
Amortisation	54	77
	<u>452</u>	<u>476</u>
(c) Staff costs (including directors' emoluments)		
Contributions to defined contribution retirement plans	44	41
Expenses recognised in respect of defined benefit retirement plan	4	4
	<u>48</u>	<u>45</u>
Total retirement costs	48	45
Salaries, wages and other benefits	529	524
	<u>577</u>	<u>569</u>

5 Profit before taxation (continued)

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	(Unaudited)	(Unaudited)
	\$ million	\$ million
(d) Finance costs		
Interest on bank and other borrowings	127	118
Interest on lease liabilities	9	9
Other finance charges	2	2
Other interest expense	1	-
	<u>139</u>	<u>129</u>
(e) Other items		
Impairment losses for trade debtors and contract assets	7	11
Net loss on disposal of property, plant and equipment	1	-
Gain on surrender of leases	(2)	-
Net foreign exchange loss	<u>21</u>	<u>5</u>

6 Income tax

Taxation in the consolidated income statement represents:

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	(Unaudited)	(Unaudited)
	\$ million	\$ million
Current tax		
- Hong Kong Profits Tax	77	65
- Macau Complementary Tax	63	61
- Jurisdictions outside Hong Kong and Macau	32	28
	<u>172</u>	<u>154</u>
Deferred tax	(14)	(19)
	<u>158</u>	<u>135</u>

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 2022: 16.5%) to the six months ended 30 June 2023.

The provision for Macau Complementary Tax for the six months ended 30 June 2023 is calculated at 12% (six months ended 30 June 2022: 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 2022: 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 Dividends

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

	2023 (Unaudited) \$ million	2022 (Unaudited) \$ million
Interim dividend declared/declared and paid after the interim period of HK6.0 cents (2022: HK6.0 cents) per share	<u>222</u>	<u>221</u>

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.

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

	<i>Six months ended 30 June</i>	
	2023 (Unaudited) \$ million	2022 (Unaudited) \$ million
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK18.5 cents (six months ended 30 June 2022: HK17.0 cents) per share	<u>684</u>	<u>627</u>

For the final dividend in respect of the year ended 31 December 2022, there was a difference of \$2,000,000 between the final dividend disclosed in 2022 annual report and the amount paid during the six months ended 30 June 2023, which represented dividends attributable to shares issued upon exercise of share options before the closing date of the register of members.

8 Earnings per share

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	(Unaudited)	(Unaudited)
	\$ million	\$ million
Profit attributable to equity shareholders of the Company	<u>721</u>	<u>572</u>

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

	<i>Number of shares</i>	
	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	(Unaudited)	(Unaudited)
	million	million
Issued ordinary shares as at 1 January	3,688	3,683
Effect of share options exercised	<u>8</u>	<u>3</u>
Weighted average number of ordinary shares (basic) as at 30 June	3,696	3,686
Effect of deemed issue of shares under the Company's share option plan	<u>2</u>	<u>2</u>
Weighted average number of ordinary shares (diluted) as at 30 June	<u>3,698</u>	<u>3,688</u>
Basic earnings per share (HK cents)	<u>19.5</u>	<u>15.5</u>
Diluted earnings per share (HK cents)	<u>19.5</u>	<u>15.5</u>

9 Trade and other receivables

	<i>30 June</i> 2023 (Unaudited) \$ million	<i>31 December</i> 2022 (Audited) \$ million
Trade debtors	957	956
Less: loss allowance	(51)	(48)
	<u>906</u>	<u>908</u>
Prepayments, deposits and other receivables	553	535
	<u>1,459</u>	<u>1,443</u>
Represented by:		
Non-current portion	162	150
Current portion	1,297	1,293
	<u>1,459</u>	<u>1,443</u>

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

	<i>30 June</i> 2023 (Unaudited) \$ million	<i>31 December</i> 2022 (Audited) \$ million
Within 1 year	889	899
Over 1 year	17	9
	<u>906</u>	<u>908</u>

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.

10 Trade and other payables

	<i>30 June</i> 2023 (Unaudited) \$ million	<i>31 December</i> 2022 (Audited) \$ million
Trade creditors	978	1,202
Other payables and accruals	808	841
	<u>1,786</u>	<u>2,043</u>
Represented by:		
Non-current portion	12	16
Current portion	1,774	2,027
	<u>1,786</u>	<u>2,043</u>

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:

	<i>30 June</i> 2023 (Unaudited) \$ million	<i>31 December</i> 2022 (Audited) \$ million
Within 1 year	776	994
Over 1 year	202	208
	<u>978</u>	<u>1,202</u>

FINANCIAL REVIEW

OVERVIEW

The Group's profit for the six months ended 30 June 2023 increased by 24.2% year-on-year to HK\$734 million, profit attributable to equity shareholders of the Company increased by 26.0% year-on-year to HK\$721 million, and basic earnings per share was up 25.8% to HK19.5 cents when compared to the first half of 2022.

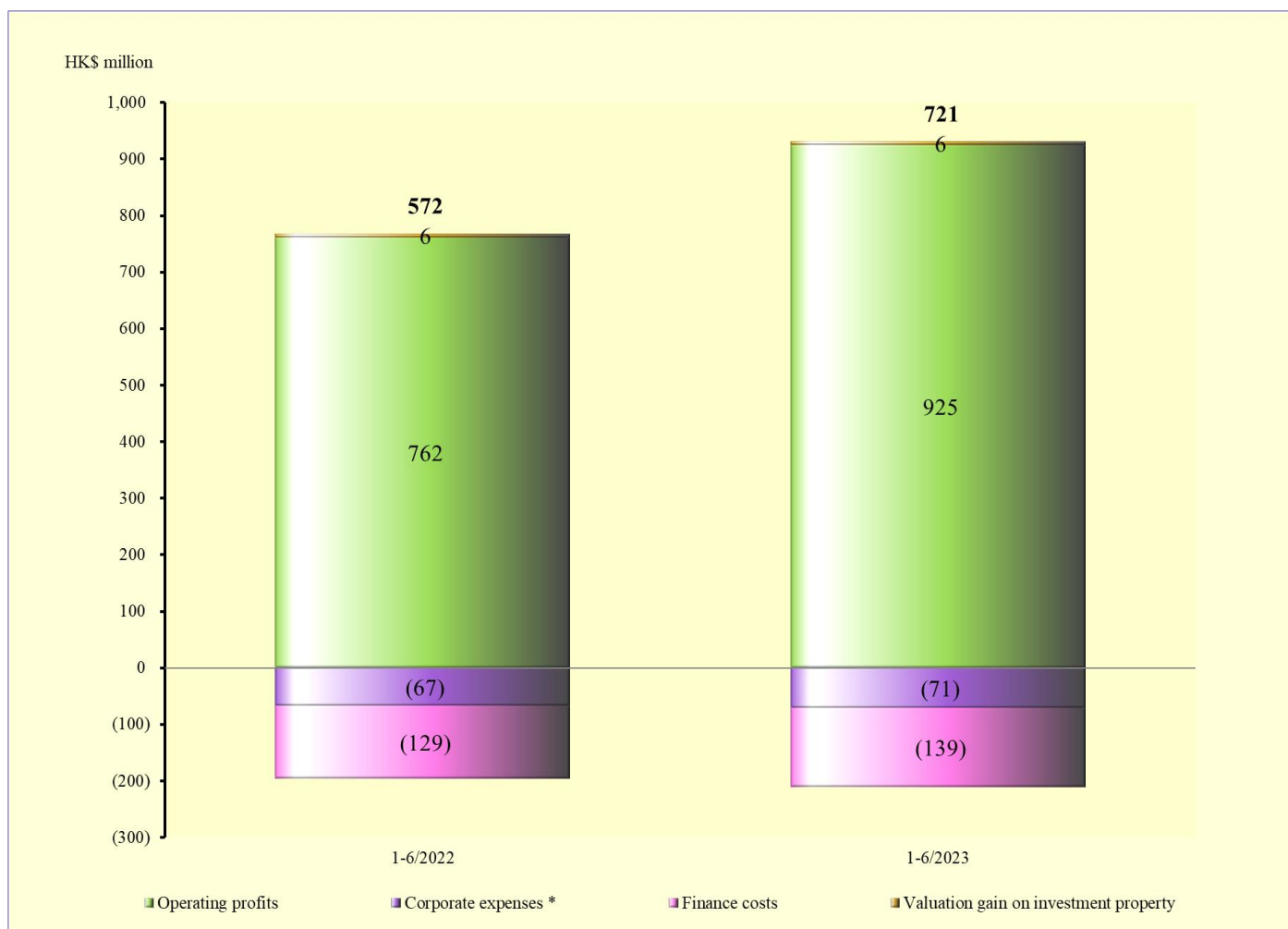
The Group's total revenue increased by 7.0% year-on-year to HK\$5,326 million while revenue from telecommunications services increased by 6.8% to HK\$4,690 million when compared to the first half of 2022.

Summary of Financial Results

<i>In HK\$ million</i>	Half year ended 30 June		Increase / (Decrease)	
	2023	2022		
Revenue from telecommunications services	4,690	4,393	297	6.8%
Sales of mobile handsets and equipment	636	584	52	8.9%
Revenue	5,326	4,977	349	7.0%
Valuation gain on investment property	6	6	-	-
Other income	47	17	30	>100%
Cost of sales and services	(3,037)	(2,843)	194	6.8%
Depreciation and amortisation	(452)	(476)	(24)	(5.0%)
Staff costs	(577)	(569)	8	1.4%
Other operating expenses	(283)	(257)	26	10.1%
Profit from consolidated activities	1,030	855	175	20.5%
Finance costs	(139)	(129)	10	7.8%
Share of profit of a joint venture	1	-	1	N/A
Income tax	(158)	(135)	23	17.0%
Profit for the period	734	591	143	24.2%
Less: Non-controlling interests	(13)	(19)	(6)	(31.6%)
Profit attributable to equity shareholders of the Company	721	572	149	26.0%
EBITDA*	1,448	1,324	124	9.4%
Basic earnings per share (HK cents)	19.5	15.5	4.0	25.8%
Dividend per share (HK cents)	6.0	6.0	-	-

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

Profit attributable to equity shareholders of the Company



* 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 2023 increased by 26.0% or HK\$149 million to HK\$721 million when compared to the corresponding period of 2022. Excluding the valuation gain on investment property of HK\$6 million (six months ended 30 June 2022: HK\$6 million), profit attributable to equity shareholders of the Company for the first half of 2023 would amount to HK\$715 million (six months ended 30 June 2022: HK\$566 million), representing a year-on-year increase of 26.3%.

Revenue

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 7.0% year-on-year to HK\$5,326 million.

Revenue from telecommunications services for the six months ended 30 June 2023 amounted to HK\$4,690 million, which represented an increase of 6.8% or HK\$297 million when compared to the corresponding period of 2022. The increase was mainly attributed to the growth in international telecommunications services and internet services revenue.

The Group's sales of mobile handsets and equipment for the six months ended 30 June 2023 amounted to HK\$636 million, which represented an increase of 8.9% or HK\$52 million when compared to the corresponding period of 2022. The increase was due to the increase in the supply of mobile handsets during the period and other factors such as the trend in 5G upgrade.

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, other mobile value-added services and others.

Mobile services revenue was up 10.7% to HK\$457 million when compared to the first half of 2022 as a result of the recovery from the COVID-19 pandemic and the increase in number of mobile subscribers. Sales of mobile handsets and equipment increased 8.9% year-on-year to HK\$636 million.

The Group's overall number of mobile subscribers as at 30 June 2023 was approximately 624,000 (30 June 2022: approximately 569,000) subscribers representing an increase of around 9.7% year-on-year resulting from the increase in postpaid subscribers of around 10.4% year-on-year to approximately 478,000 (30 June 2022: approximately 433,000) subscribers and the increase in prepaid subscribers of around 7.4% year-on-year to approximately 146,000 (30 June 2022: approximately 136,000) subscribers.

The Group launched its 5G mobile service in Macau in mid-November 2022. As at 30 June 2023, total number of 5G mobile subscribers was approximately 316,000 subscribers, representing 50.6% of the Group's total number of mobile subscribers.

Internet services

The development of digital economy and the advancement of internet technology has continued to drive higher business internet requirements and greater demand for internet and data centre services. This has led to a year-on-year increase of 8.6% or HK\$56 million in revenue from internet services which amounted to HK\$705 million. Service upgrade by existing customers and around 1.7% year-on-year increase in the number of broadband users to approximately 204,000 (30 June 2022: over 200,600) subscribers, also contributed to the increase in revenue from fibre broadband service.

As at 30 June 2023, the Group's internet market share and broadband market penetration rate in Macau were around 97.1% (30 June 2022: 97.2%) and 91.7% (30 June 2022: 89.2%) 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 13.8% year-on-year or HK\$236 million.

For the six months ended 30 June 2023, due to increasing demand from corporate messaging delivery, messaging services revenue surged 14.4% or HK\$174 million to HK\$1,380 million in the first half of 2023, and voice services revenue increased by 3.8% or HK\$19 million over the corresponding period of 2022 to HK\$515 million.

Revenue from “DataMall 自由行” services increased by HK\$43 million to HK\$56 million when compared to the corresponding period of 2022 due to the lifting of lockdown measures and travel restrictions by certain governments around the world in their corresponding countries/regions in 2023.

Enterprise solutions

For the six months ended 30 June 2023, enterprise solutions revenue decreased by 2.1% year-on-year to HK\$1,506 million. Although economies are recovering from the pandemic, there are other factors such as high interest rate and inflation rate that posed a challenge to enterprises across the globe. This has adversely impacted on the Group’s enterprise solutions revenue both in Macau and Chinese mainland. However, the Group continued to experience encouraging growth in 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 9.0% year-on-year to HK\$71 million for the six months ended 30 June 2023.

Results for the period

Profit attributable to equity shareholders of the Company increased by 26.0% year-on-year or HK\$149 million to HK\$721 million mainly due to the combined effect of the following factors:

Revenue

The Group's revenue from telecommunications services increased by 6.8% year-on-year or HK\$297 million to HK\$4,690 million. Total revenue including mobile handsets and equipment sales amounted to HK\$5,326 million for the period, representing a year-on-year increase of 7.0%.

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 2023 by the Group's independent surveyors with a valuation gain of HK\$6 million (six months ended 30 June 2022: HK\$6 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 6.8% or HK\$194 million to HK\$3,037 million when compared to the corresponding period of 2022 mainly due to the increase in revenue from telecommunications services with comparatively higher margin.

Depreciation and amortisation

Depreciation and amortisation expenses totaled HK\$452 million for the six months ended 30 June 2023, representing a year-on-year decrease of 5.0%. The decrease was mainly due to the net impact from certain aged networks and equipment being fully depreciated in 2022 and the increase in depreciation from 5G related equipment since the launch of the Group's 5G mobile service in Macau from mid-November 2022.

Staff costs

Staff costs increased by 1.4% year-on-year or HK\$8 million to HK\$577 million mainly due to the average salary increment and the increase in headcount.

Other operating expenses

Other operating expenses for the six months ended 30 June 2023 increased by 10.1% or HK\$26 million to HK\$283 million when compared to the corresponding period of 2022. This was mainly due to a net exchange loss and the increase in utility charges during the period.

Finance costs

General bank's borrowing rates have continued to increase since the second half of 2022, but the impact of the increase on the Group's finance costs was partly offset by the repayment of bank loans at the end of 2022 and during the period. As a result, finance costs increased by 7.8% year-on-year to HK\$139 million (six months ended 30 June 2022: HK\$129 million).

Income tax

Income tax for the period amounted to HK\$158 million, an increase of HK\$23 million when compared to the first half of 2022. 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 2023 and 2022 were 14.5% and 15.6% respectively.

Earnings and Dividends per share

Both basic and diluted earnings per share were up 25.8% year-on-year to approximately HK19.5 cents for the six months ended 30 June 2023.

The Company's Board of Directors has declared an interim dividend of HK6.0 cents per share for the year ending 31 December 2023.

Cash flows

<i>In HK\$ million</i>	Half year ended 30 June		Increase / (Decrease)	
	2023	2022		
Source of cash:				
Cash inflows from business operations	1,228	1,239	(11)	(0.9%)
Decrease in pledged and other deposits	56	2	54	>100%
Other cash inflows	61	19	42	>100%
Sub-total	1,345	1,260	85	6.7%
Use of cash:				
Capital expenditure*	(147)	(157)	(10)	(6.4%)
Dividends paid to equity shareholders of the Company and non-controlling interests	(693)	(636)	57	9.0%
Capital and interest elements of lease rentals paid	(87)	(86)	1	1.2%
Payment of borrowing costs	(128)	(119)	9	7.6%
Net cash outflows from borrowings	(454)	(312)	142	45.5%
Sub-total	(1,509)	(1,310)	199	15.2%
Net decrease in cash and cash equivalents	(164)	(50)	114	>100%

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

The Group generated HK\$1,228 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\$164 million for the six months ended 30 June 2023.

Capital expenditure

The Group's total capital expenditure for the six months ended 30 June 2023 amounted to HK\$120 million. During the period, HK\$15 million was invested in 5G, HK\$5 million was incurred for the Group's data centre development and the remainder of the capital expenditure were mainly for network systems upgrade and expansion.

Capital commitments

As at 30 June 2023, the Group had outstanding capital commitments of HK\$157 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\$44 million was outstanding contractual capital commitments and HK\$113 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\$2,325 million, the net gearing ratio decreased from 20% as at 31 December 2022 to 18% as at 30 June 2023.

As at 30 June 2023, total debt and net debt of the Group were as follows:

<i>In HK\$ million equivalents</i>	Denomination							Total
	HKD	USD	SGD	MOP	RMB	EUR	Others	
Total debt	150	3,590	344	-	-	-	-	4,084
Less: Cash and deposits	<u>(632)</u>	<u>(480)</u>	<u>(38)</u>	<u>(376)</u>	<u>(152)</u>	<u>(41)</u>	<u>(40)</u>	<u>(1,759)</u>
Net debt/ (cash)	<u>(482)</u>	<u>3,110</u>	<u>306</u>	<u>(376)</u>	<u>(152)</u>	<u>(41)</u>	<u>(40)</u>	<u>2,325</u>

As at 30 June 2023 and 31 December 2022, the Group's net gearing ratio was as follows:

<i>In HK\$ million</i>	30 June 2023	31 December 2022
Total debt	4,084	4,520
Less: Cash and deposits	<u>(1,759)</u>	<u>(1,986)</u>
Net debt	2,325	2,534
Total equity attributable to equity shareholders of the Company	<u>10,429</u>	<u>10,373</u>
Total capital	<u>12,754</u>	<u>12,907</u>
Net gearing ratio	<u>18%</u>	<u>20%</u>

The Group's total debt decreased to HK\$4,084 million which was mainly due to the repayment of bank and other loans amounted to HK\$454 million from its surplus cash during the period.

As at 30 June 2023, the total debt, excluding interest payable, amounted to HK\$4,016 million. None of these will be matured in the coming twelve months.

The maturity profile of the Group's total debt which includes interest payable as at 30 June 2023 was as follows:

<i>In HK\$ million</i>	Within 1 year	After 1 year but within 2 years	Total
Bank and other loans	-	495	495
US\$450 million 6.1% guaranteed bonds	-	3,521	3,521
Interest payable	68	-	68
	<u>68</u>	<u>4,016</u>	<u>4,084</u>

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 of HK\$1,759 million as at 30 June 2023 was more than sufficient to cover the repayments of outstanding amount of total debt (including interest payable) of HK\$68 million in the coming twelve months and contractual capital commitments of HK\$44 million as at 30 June 2023.

As at 30 June 2023, the Group had available trading facilities of HK\$218 million. The amount of HK\$63 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 2023.

As at 30 June 2023, the type of facilities of the Group was summarised as follows:

<i>In HK\$ million</i>	Total available facilities	Amount utilised	Amount unutilised
Bank and other loans			
- Committed facilities:			
Term loans	495	495	-
- Uncommitted facilities:			
Short-term facilities	894	-	894
	1,389	495	894
Guaranteed bonds - Committed facility			
US\$450 million 6.1% guaranteed bonds	3,527	3,527	-
Trading facilities - Uncommitted facilities	<u>218</u>	<u>63</u>	<u>155</u>
Total	<u>5,134</u>	<u>4,085</u>	<u>1,049</u>

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 demands must be approved by the finance committee or the Board of Directors 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 2023 and 31 December 2022, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

As at 30 June 2023 and 31 December 2022, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

As at 30 June 2023 and 31 December 2022, performance bonds and other guarantees of the Group were as follows:

<i>In HK\$ million</i>	30 June 2023	31 December 2022
Performance bonds provided to the Macau		
Government and other customers	61	87
Other guarantees	2	2
Total	63	89

As at 30 June 2023, bank deposits of HK\$5 million (31 December 2022: 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\$3,527 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 2023, the Company issued guarantees of HK\$383 million (31 December 2022: HK\$436 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 borrowings or through use of interest rate swap, if necessary. As at 30 June 2023, approximately 87.7% (31 December 2022: approximately 78.7%) 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.

Effective interest rates

As at 30 June 2023 and 31 December 2022, the effective interest rates, after the inclusion of amortisation of transaction costs, were as follows:

	30 June 2023	31 December 2022
Effective interest rate for fixed rate borrowings	6.1%	6.1%
Effective interest rate for variable rate borrowings	5.3%	5.5%
Effective interest rate for total borrowings	6.0%	6.0%

7. 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 currency risk between Hong Kong dollars, United States dollars and Macau Patacas to the Group. Although management considers that the Group's exposure to 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 debtors who accounted for approximately 22.3% (31 December 2022: approximately 21.2%) of the Group's total trade debtors and contract assets as at 30 June 2023. 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 its group companies. As at 30 June 2023, the Group has maintained cash and deposits of HK\$1,759 million (31 December 2022: HK\$1,986 million), among which HK\$1,756 million (31 December 2022: HK\$1,982 million) was placed in the above-mentioned entities, representing approximately 99.8% (31 December 2022: approximately 99.8%) 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.

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 2023, the Group employed a total of 2,523 employees for its headquarters in Hong Kong and its subsidiaries. Number of employees in Hong Kong was 506. Employees in Chinese mainland and Macau totalled 1,703. Employees in overseas countries totalled 314.

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 that are linked to the Group's performance and individual work performance of employees including sales commissions, year-end bonuses, etc. 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.

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. We have 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. We continue to utilise our strength on information technology to support the community.

The Group is committed to conduct business in an environmentally responsible manner. We have formulated and regularly reviewed our policies of environmental protection, energy conservation and emission reduction. Moreover, we are concerned about the opportunities and risks brought by climate change to our operations. We will continue to do our utmost to promote sustainable development.

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 45 of the 2022 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2023. In respect of the code provision C.1.6 of the Code, Messrs. Wang Guoquan and Liu Jifu were unable to attend the annual general meeting of the Company held on 24 May 2023 due to other business commitments. Also, following the resignation of Mr. Cai Dawei with effect from 31 March 2023, the Company is in the process of identifying a suitable person to fill the position of Chief Executive Officer and shall make further announcement as appropriate. Until the appointment of new Chief Executive Officer, the management team, including the executive directors, of the Company continue to oversee the day-to-day management of the business and operations of the Company and its subsidiaries.

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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors of the Company have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

DIVIDEND AND CLOSURE OF REGISTER

The board of directors of the Company has declared an interim dividend of HK6.0 cents (2022: HK6.0 cents) per share for the year ending 31 December 2023 payable on Friday, 29 September 2023 to shareholders whose names appear on the Register of Members of the Company on Friday, 15 September 2023. The Register of Members of the Company will be closed from Tuesday, 12 September 2023 to Friday, 15 September 2023, 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 Monday, 11 September 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

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 2023 and the Company has not redeemed any of its shares during the period ended 30 June 2023.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's 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.

INTERIM REPORT AND FURTHER INFORMATION

A copy of the announcement will be posted on the Company's website (www.citictel.com) and the website of the Stock Exchange (www.hkexnews.hk). The full interim report will be made available on the websites of the Company and the Stock Exchange around 12 September 2023.

By Order of the Board
CITIC Telecom International Holdings Limited
Xin Yue Jiang
Chairman

Hong Kong, 18 August 2023

As at the date of this announcement, the following persons are directors of the Company:

<i>Executive Directors:</i>	<i>Non-Executive Directors:</i>	<i>Independent Non-Executive Directors:</i>
Xin Yue Jiang (Chairman)	Wang Guoquan	Zuo Xunsheng
Luan Zhenjun	Liu Jifu	Lam Yiu Kin
	Fei Yiping	Wen Ku