



CITIC Telecom's 2017 Interim Results Record Continued Growth

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Profit Attributable to Equity Shareholders Up 11% to over HK\$450 Million Interim Dividend Up 5.3% Y-o-Y to HK 3.00 Cents per Share

(11 August 2017, Hong Kong) – **CITIC Telecom International Holdings Limited** (“CITIC Telecom” or the “Group”; stock code: 1883), a leading international telecommunications operator and integrated information services provider in Asia, has today announced its interim results for the six months ended 30 June 2017.

During the period under review, profit attributable to equity shareholders of the Group was HK\$454.6 million, increasing by 10.9% compared to the corresponding period of the previous year. Basic earnings per share amounted to HK12.9 cents, representing a rise of 6.6% compared to the corresponding period of the previous year. Turnover amounted to HK\$3,592.2 million. Revenue from principal operations (excluding sale of equipment and mobile handsets) increased by 7.5% compared to the corresponding period of the previous year to HK\$3,157.5 million.

The Board declared of an interim dividend of HK3.00 cents per share for 2017, representing a 5.3% growth over the corresponding period of the previous year.

Mr. Xin Yue Jiang, Chairman of CITIC Telecom, said, “Facing the challenges in the operating environment, the Group confirmed ‘growth in strength and scale, achievement of higher standards, and delivery of top-rated results’ as new objectives for development during the first half of 2017. Through the building of a top-rated management team, top-rated engineering, technical and R&D team and top-rated business team combined with the enhancement of business competitiveness, development of new products, expansion of a new customer base and coverage of new markets, the Group has pursued growth in strength and scale resulting in sound operating results for the first half of the year.”

The Group has a solid financial position, with a stable cash flow. As at 30 June 2017, the Group had cash and bank deposits of approximately HK\$1,374.7 million. The Group has sufficient funds to meet financial obligations and contractual capital commitments in the coming 12 months.

Business Highlights

During the period under review, the Group has benefitted from its sound business in its mobile sales & service business. Its 4G business was growing rapidly, with a market share exceeding 50% in Macau’s 4G market. In June this year, Companhia de Telecomunicações de Macau, S.A.R.L. (“CTM”) launched the “Greater China Data Sharing Plan” on the basis of its existing service for the Mainland, Hong Kong and Macau to extend the geographic reach of its services to Taiwan in full coverage of the Mainland, Taiwan, Hong Kong and Macau, as well as assisting the development of “Guangdong-Hong Kong-Macau Big Bay Area”. CTM achieved new breakthroughs in mobile network technologies, as it introduced Macau’s first VoLTE IDD service in April in collaboration with a Hong Kong mobile carrier to herald market development with innovative products and extend the scope service of advanced VoLTE.

The Group made strong efforts in the development of the “DataMall 自由行” business. DataMall’s coverage of merchants extended its geographic coverage overseas as it expanded to Singapore, Thailand and Korea during the first half of the current year following the commencement of the service in Hong Kong, Macau and Taiwan late last year. This business continued to grow rapidly and more significant advances are expected to come as the Group has been developing new business models. The Group achieved progress in its transformation towards an Internet-based operation from traditional telecommunications services. Its A2P SMS business recorded notable growth compared to the corresponding period of last year to become a growth engine, reversing the declining trend of the SMS business. “CloudSMS”, a new Internet-based SMS service platform developed by the Group, went online during the period, while the Group started to market the “YouCLink” corporate IP phone system, another new development featuring the perfect connection between phone call services and the Internet user interface, in Hong Kong, Singapore and the United States. The commencement of operation of these platform products will drive improvements in the Group’s service standards for development towards a “Communication Platform as a Service” (CPaaS). Moreover, the Group also reported sound growth in its mobile roaming signalling service for carriers. Elsewhere, the Group confirmed cooperation in MVNO with a Hong Kong virtual mobile carrier during the first half of the year.

In connection with the Internet business, CTM has boosted the proportion of optical fibre Internet services for existing residential and business broadband users in addition to the adjustment on the price concessions last year. The number of new users registered for optical broadband as at the end of June increased by 16% as compared to the end of last year. The Group will continue to increase the number of optical users and raise the conversion ratio in order to provide speedier and higher quality data services to customers. As for the data centre business, satisfactory sales were recorded for the CITIC Telecom Tower data centre. The deliberation process of the development plan of the new phase has been completed, and construction is scheduled to begin by the end of this year. The Group’s cloud data centre in Beijing was commissioned in May this year upon completion of construction.

Sound overall development was reported from the enterprise solutions services. Acclivis Technologies and Solutions Pte. Ltd. (“Acclivis”) and CITIC Telecom CPC Netherlands B.V. (formerly known as Linx Telecommunications B.V.; “CPC Europe”) acquired by the Group have started to contribute revenue, putting it in a strong position to expedite its development by seizing business opportunities presented by the “One Belt One Road” national strategy. Enterprise solutions services represent one of the Group’s core businesses and it is a robust driver for future development.

Development Strategies

Looking at the second half of this year, the Group will seize opportunities presented by national strategies such as the “One Belt One Road” initiative and the development of the “Guangdong-Hong Kong-Macau Big Bay Area” to further develop the Hong Kong, Macau and overseas markets. The robust development of Internet technologies and the extensive application of big data technologies, cloud computing, artificial intelligence, Internet of Things, 5G technologies and other new technologies will also generate outstanding opportunities for the Group to drive business transformation.

The Group will further strengthen the leading position of CTM by maintaining quality traditional telecommunications business, and also actively identifying and exploring new businesses and revenue streams.

To seize opportunities presented by the “One Belt One Road” national strategy, the Group will build new competitive advantages in its enterprise solutions services. Through the two new acquisitions of Acclivis and CPC Europe, the Group will enhance its advantage in product mix, service standard and geographic coverage, providing one-stop, cross-regional and end-to-end integrated corporate ICT services to underpin the Group’s ongoing growth.

The Group will continue to seek new breakthroughs in the Internet business. On the basis of existing regions under its coverage, the Group will continue to enlarge its portfolio of “DataMall 自由行” merchants and partners with ongoing innovations in business models. Active efforts will be made to expand the scale of Internet-based communications products such as “CloudSMS” and “YouCLink”, with a view to continuously fostering new niches for business growth.

In this meantime, the Group will expedite the development of key business segments such as the data centre business, as it procures work relating to the new phase of construction of the CITIC Telecom Tower data centre, in a move for the large-scale development of the data centre business and the nurturing of a new business segment for the Group.

Furthermore, the Group will continue to maintain close strategic partnerships with key customers and upgrade its servicing capability on an ongoing basis. In this connection, the Group will be engaged in actively developing new strategic customer segments such as OTT carriers.

Dr. Lin Zhenhui, Chief Executive Officer of CITIC Telecom, said, “The Group will seize the immense opportunities arising from China’s ‘One Belt One Road’ strategic initiative, ‘the Guangdong-Hong Kong-Macau Big Bay Area’ and the latest developments in technology and the industry in order to build new business drivers and enhance its competitiveness around the world. We are confident that our management and professional team could achieve the objectives of ‘growth in strength and scale, achievement of higher standards, and delivery of top-rated results’ step-by-step as well as continuously create greater value for customers and shareholders.”

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About CITIC Telecom International Holdings Limited (stock code: 1883)

CITIC Telecom International Holdings Limited was established in 1997 in Hong Kong, and it was listed on The Stock Exchange of Hong Kong Limited on 3 April 2007. The Group’s services cover international telecommunications services (including mobile, Internet, voice, data services), integrated telecoms services (in Macau), and through its wholly-owned subsidiary, CITIC Telecom International CPC Limited (“CPC”), has established numerous PoPs around the world (especially in the Asia-Pacific region) to provide data and telecoms services (including VPN, Cloud, network security, co-location, Internet access, etc.) to multinational corporations. CPC is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region. The Group holds 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. (“CTM”). CTM is one of the leading integrated telecoms services providers in Macau, and is the only full telecoms services provider in Macau. It has long provided quality telecom services to the residents, government and enterprises of Macau, and plays an important role in the ongoing development of Macau. CITIC Group Corporation, one of the largest commercial organisations in the People’s Republic of China, is the ultimate holding company of CITIC Telecom.

For more information, please visit: www.citictel.com.

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