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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 2024

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to announce the operating and financial results of CITIC Telecom International Holdings Limited (the "Company", and together with its subsidiaries the "Group") for the first half of 2024.

In response to changes in various external factors, some customers made corresponding adjustments to their businesses since the second half of 2023. In the first half of 2024, there was a significant year-on-year decrease in revenue from messaging services in international telecommunications services, leading to a decrease in profit attributable to equity shareholders of the Company. In view of this, while the Company continues to consolidate its traditional telecommunications business, it is striving to seize the opportunity arising from the in-depth integration of the real economy and the digital economy driven by the next generation reform in information technology, deepen change and innovation, and facilitate business transformation and development through digitalisation and intelligentisation, so as to alleviate the impact.

I. FINANCIAL RESULTS

For the first half of 2024, total revenue of the Group amounted to HK\$4,889 million, decreasing by 8.2% when compared to the corresponding period of the previous year; and the revenue from its principal business of telecommunications services amounted to HK\$4,160 million, decreasing by 11.3% when compared to the corresponding period of the previous year.

Profit attributable to equity shareholders of the Company was HK\$455 million, decreasing by 36.9% as compared to the corresponding period of the previous year. Excluding the effect of investment property revaluation, there would have been a decrease of 36.4% as compared to the corresponding period of the previous year.

Basic earnings per share for the first half of the year amounted to HK12.3 cents, representing a 36.9% decrease as compared to the corresponding period of the previous year.

The Board declared an interim dividend of HK6.0 cents per share for 2024, which is in line with corresponding period for the previous year.

II. BUSINESS REVIEW

In response to the challenges, the Group has expedited its digital transformation, striving to improve capabilities in product R&D and innovation, and enrich its product portfolio. Also, the Group has made efforts to sustain its competitive edge in core businesses, optimise its business structure, and foster the growth of emerging businesses. During the first half of the year, the Group's revenue from mobile services amounted to HK\$510 million, representing a year-on-year increase of 11.6%; revenue from internet services amounted to HK\$737 million, representing a year-on-year increase of 4.5%; and enterprise solutions revenue was HK\$1,608 million, representing a year-on-year increase of 6.8%, alleviating the downward pressure in revenue from international telecommunications services and demonstrating the Company's strong business resilience and growth potential.

Consolidating the scale advantages of “5G+Broadband”, focusing on user value and technology upgrade

Driven by 5G technology, Companhia de Telecomunicações de Macau, S.A.R.L. (“CTM”), the Group's subsidiary, continued to capture more individual mobile users. As at the end of June 2024, CTM's share of the Macau mobile market reached 50.0%, firmly ranking first in the Macau market. The number of 5G users exceeded 620,000, with a penetration rate of 87.9%. In July 2024, CTM launched 5.5G commercial services, propelling Macau into the “5.5G Era” and making Macau become one of the first 5.5G commercialised cities in the world.

As at the end of June 2024, CTM launched bilateral 5G roaming services with 140 overseas network operators (covering 104 countries/regions), bilateral 4G roaming services with 392 overseas network operators (covering 221 countries/regions) and bilateral VoLTE roaming services with 39 overseas network operators (covering 44 countries/regions). By virtue of its high-quality roaming services, CTM serves as a source of assurance, facilitating Macau citizens' travel abroad and attracting visitors from all over the world to Macau.

As for the internet business, CTM has been constantly promoting customer service upgrades with FTTR (Fiber-to-the-room) solutions. As at the end of June 2024, CTM maintained its top ranking in Macau's broadband services with a 97.0% market share. According to the broadband network test report published by an international website cable.co.uk in July 2024, Macau ranked third in the world in terms of average fixed broadband downloading speed at the rate of 234.74Mbps.

Expanding and upgrading smart application scenarios to promote the development of smart city in Macau

CTM has fully committed to promoting the realisation of “Digital Macau” smart city development vision by leveraging the resource advantages offered by the “5G + cloud network” to create smart application scenarios and solutions with rich variety, complete functions and competitive power, empowering customers from various sectors

such as government affairs, enterprises, education, healthcare, and finance in pursuit of digitalisation upgrades.

In the first half of 2024, CTM launched “Dr. Easy”, the one-stop smart healthcare solutions, for medical institutions, to promote the development of smart healthcare in Macau. In the field of smart education, CTM and Pui Ching Middle School Macau have entered a strategic cooperation to jointly build a leading smart campus, which comprehensively strengthens the information and network security of the school, enabling smart campus operation and AI teaching. By the end of June 2024, CTM has launched a total of 9 5G private network solutions and implemented 13 smart application scenarios, continuously contributing to the development of Macau’s smart city. CTM has also actively deployed 50G PON, the next-generation optical network access technology, to support Macau’s transition to the “10-Giga City” era and contribute to the high-quality development of Macau’s digital economy.

Leveraging our position as a hub for international telecommunications services and expanding enterprise customers through changing existing sales model

The Group actively optimised the sales model of messaging services. While continuing to carry out the “wholesale” business, the Group introduced the “B2B direct sales” model to unleash the potential of the Group’s internal enterprise customers, so that a wider range of customer groups can be reached and served more directly. Furthermore, the Group enhanced its platform capabilities through the use of various communication tools including SMS, MMS, RCS, WhatsApp Business, video messaging, 5G messages, etc., to meet the diverse demand of message delivery from customers in different scenarios, thereby enhancing the competitiveness of our products.

Facilitating the integration of “Cloud, Network, Intelligence and Security” and enhancing competitiveness by diversified products

CITIC Telecom International CPC Limited (“CPC”), the Group’s subsidiary, provided customers with highly-integrated, flexible and efficient services by integrating existing network products with security services in an innovative way to improve the cyber security and operational efficiency of its customers’ businesses. CPC facilitated the rapid development of new businesses and developed diversified revenue streams through cross-selling of “Cloud, Network, Intelligence and Security” products to customers.

Focusing on the strategy of “ICT- MiiND™”, CPC integrates core technologies such as Large Language Model (LLM), AI and data algorithm platforms to enhance the intelligent and automation capabilities of existing core products and thus creates differentiated competitive advantages. By virtue of years of technology accumulation, CPC has developed an AI service platform to provide enterprise customers with comprehensive open services for data processing and model development, helping enterprises to efficiently train and develop AI models.

Opening up new markets with globalisation strategy and fully exploring new business opportunities overseas

Acclivis Technologies and Solutions Pte. Ltd. (“Acclivis”), a subsidiary of the Group, has further accelerated its expansion in the Southeast Asian market. In Singapore, Acclivis entered a partnership with a globally renowned major hardware provider to offer server deployment for local customers. In Malaysia, Acclivis completed several data centre ICT projects.

Moreover, CPC continued to expand the coverage of TrueCONNECT™, an MPLS VPN service, which has covered nearly 170 PoPs (point-of-presence) in 160 countries/regions worldwide. To optimise the arrangement of global resources, in the first half of 2024, CPC deployed the first network PoP in Dubai, UAE, and added the second PoP in Amsterdam, the Netherlands, to address customers’ needs for global connectivity.

New breakthroughs in technological innovation and accelerated formation of new quality productive forces

In the first half of 2024, the Group and CTM officially joined the GSMA Open Gateway Initiative and won the first prize in the Open Gateway Hackathon Competition during the Mobile World Congress Shanghai 2024 (MWC Shanghai), demonstrating the Group’s technological accumulation and innovative capabilities in this field. As a member of International Association of Portuguese-Speaking Communications (AICEP), CTM continued to strengthen exchanges and cooperation with member organisations to help Macau better play its role as an economic and trade platform between China and Portuguese-speaking countries. The “Smart Campus Project of the Macau University of Science and Technology” introduced by CTM was awarded the “Innovative Development” prize by AICEP. CPC’s TrustCSI™ Managed Security Services won the award in the Managed Security Service category and CPC also won in the Most Innovative Cybersecurity Company category in the “2024 Cybersecurity Excellence Awards” organised by Cybersecurity Insiders, demonstrating the innovative ability of the technology team to implement cutting-edge technological concepts into solutions. The Group’s subsidiary, China Enterprise ICT Solutions Limited, achieved the “2023 Digitalisation Service Innovation Leadership Award” by the Anhui Province Association of Chief Information Officer.

The Group continues to increase its investment in research and development and has achieved fruitful results in scientific and technological innovation. In the first half of 2024, the Group was granted 4 newly authorised patents and 12 new software copyrights; as at the end of June 2024, a total of 17 authorised patents and 56 software copyrights were obtained.

Practicing corporate social responsibility and promoting sustainable development

The Group and the Communications Association of Hong Kong (CAHK) jointly organised the “Green Tech ICT Open Day” as part of the “World Telecommunication and Information Society Day Hong Kong 2024”, inviting delegations of secondary school teachers and students from Hong Kong to visit the Group’s Network Operation Centre, Data Centre and Security Operation Centre, showcasing the Group’s

achievements in the field of green technology.

For the 11th consecutive year, CTM organised the “Youth Development Program” to encourage young people to devote themselves to diversified development through a series of internships, training, visits and exchanges, and to cultivate their interest in the communications technology industry, so as to reserve more outstanding talents for the future development of Macau.

CPC always strives for sustainable development initiatives. CPC participated in the “ESG Pledge” campaign organised by the Chinese Manufacturers’ Association of Hong Kong (CMA) for the second consecutive year and was awarded the “15 Years Plus Caring Company” logo by the Hong Kong Council of Social Service for the 15th consecutive year.

III. OUTLOOK

In the first half of 2024, all staff of the Group made concerted efforts to uphold integrity and innovation and forge ahead, demonstrating firm determination and resilience for development. In the future, the Group will continue to adhere to the innovation-driven and market-oriented approach, strengthen its technological leadership, proactively respond to the challenges of the global economic environment, grasp the strategic development opportunities brought about by the new round of technological and industrial revolutions in the information and communications industry, and strive to expand into new domains and new markets, so as to inject a steady stream of impetus for the enterprise’s high-quality development, and to make every effort to develop into a “world-class internet-based integrated digital and intelligent telecommunications enterprise” to create greater values for our shareholders and the society.

In the second half of 2024, the Group will carry out the following key tasks:

Leveraging the leading advantages of 5G and participating in the construction of “Digital Macau 3.0”

Through the application of 5.5G technology and the leading digital base of smart cities, CTM will introduce and create more smart application solutions for Macau, explore diversified and innovative services, and help all sectors in Macau to accelerate the pace of digital transformation and promote the construction of “Digital Macau 3.0”.

Comprehensively deepening digital transformation and upgrade, promoting the development of new quality productive forces

Optimising the intelligence level of core products and promoting the upgrade of intelligent products. Based on the existing integrated platform of “Cloud, Network, Intelligence and Security”, the Group will integrate emerging technologies such as big models, big data algorithms and AI to continuously enrich our digital intelligent services and product portfolio, and help our global customers in their digital transformation and intelligent development. The Group will actively implement the GSMA Open Gateway open development concept, work with global industry partners to create and build a capacity sharing platform and actively participate in Open Gateway industry innovation to promote technological upgrades, enrich application scenarios and create new business

opportunities.

Expanding ecological partners and leveraging resource synergy advantages

We will continue to build an ecosystem of industrial cooperation, deepen cooperation with strategic partners, operators and research institutions, and actively carry out business and R&D collaboration. Capitalising on CITIC Group's comprehensive advantages in industry-finance integration, business diversification, and global presence, we will strengthen the efficient coordination of resource elements and expand new markets and customers.

Strengthening global business presence, and empowering all industries to expand internationally in an intelligent way

Closely adhering to the strategic positioning of “With the backing of the Mainland, Setting a foothold in Hong Kong and Macau, and Connecting to the World”, the Group will expand its global business presence, continue to increase efforts in mature markets such as Hong Kong and Macau, fully implement the “Belt and Road” strategy of high-quality development, and expand into emerging markets such as Southeast Asia and BRIC countries. We are committed to becoming a digital intelligent partner for enterprises to “go global” and “draw in new opportunities”, thereby empowering the global development of all industries.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders, investors, customers, partners and all sectors of the society for their support, and to all of our employees for their continuous efforts and contributions.

Luo Xicheng

Chairman

Hong Kong, 16 August 2024

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(Expressed in Hong Kong dollars)

| | Note | Six months ended 30 June | |
|---------------------------------------|------|-----------------------------------|-----------------------------------|
| | | 2024 (Unaudited) \$ million | 2023 (Unaudited) \$ million |
| Revenue | 2(a) | 4,889 | 5,326 |
| Valuation gain on investment property | | - | 6 |
| Other income | 3 | 46 | 47 |
| Cost of sales and services | 4(a) | (3,078) | (3,037) |
| Depreciation and amortisation | 4(b) | (378) | (452) |
| Staff costs | 4(c) | (537) | (577) |
| Other operating expenses | | (249) | (283) |
| | | <u>693</u> | <u>1,030</u> |
| Finance costs | 4(d) | (125) | (139) |
| Share of profit of a joint venture | | - | 1 |
| | | <u>568</u> | <u>892</u> |
| Profit before taxation | 4 | | |
| Income tax | 5 | (97) | (158) |
| | | <u>471</u> | <u>734</u> |
| Profit for the period | | | |
| Attributable to: | | | |
| Equity shareholders of the Company | | 455 | 721 |
| Non-controlling interests | | 16 | 13 |
| | | <u>471</u> | <u>734</u> |
| Profit for the period | | | |
| Earnings per share (HK cents) | 7 | | |
| Basic | | 12.3 | 19.5 |
| Diluted | | 12.3 | 19.5 |

Details of dividends payable to equity shareholders of the Company are set out in note 6.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(Expressed in Hong Kong dollars)

| | <i>Six months ended 30 June</i> | |
|--|---------------------------------|-------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | \$ million | \$ million |
| Profit for the period | 471 | 734 |
| | ----- | ----- |
| 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 and its related borrowings | (10) | (11) |
| | ----- | ----- |
| Other comprehensive income for the period | (10) | (11) |
| | ----- | ----- |
| Total comprehensive income for the period | 461 | 723 |
| | ===== | ===== |
| Attributable to: | | |
| Equity shareholders of the Company | 445 | 713 |
| Non-controlling interests | 16 | 10 |
| | ----- | ----- |
| Total comprehensive income for the period | 461 | 723 |
| | ===== | ===== |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

(Expressed in Hong Kong dollars)

| | <i>Note</i> | <i>30 June 2024</i> (Unaudited) \$ million | <i>31 December 2023</i> (Audited) \$ million |
|--|-------------|--|--|
| Non-current assets | | | |
| Investment property | | 726 | 726 |
| Property, plant and equipment | | 1,885 | 1,989 |
| Right-of-use assets | | 393 | 454 |
| Intangible assets | | 770 | 824 |
| Goodwill | | 9,711 | 9,717 |
| Interest in a joint venture | | 10 | 11 |
| Non-current contract assets | | 21 | 27 |
| Non-current contract costs | | 22 | 24 |
| Non-current finance lease receivables | | 4 | 5 |
| Non-current other receivables | 8 | 127 | 145 |
| Deferred tax assets | | 60 | 63 |
| | | 13,729 | 13,985 |
| Current assets | | | |
| Inventories | | 48 | 57 |
| Finance lease receivables | | 3 | 5 |
| Contract assets | | 354 | 242 |
| Trade and other receivables | 8 | 1,360 | 1,344 |
| Current tax recoverable | | 19 | 4 |
| Cash and deposits | | 1,561 | 1,726 |
| | | 3,345 | 3,378 |
| Current liabilities | | | |
| Trade and other payables | 9 | 1,600 | 1,606 |
| Contract liabilities | | 194 | 183 |
| Bank and other borrowings | | 3,924 | 421 |
| Lease liabilities | | 98 | 116 |
| Current tax payable | | 268 | 221 |
| | | 6,084 | 2,547 |
| Net current (liabilities)/assets | | (2,739) | 831 |
| Total assets less current liabilities | | 10,990 | 14,816 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (CONTINUED)**

(Expressed in Hong Kong dollars)

| | <i>Note</i> | <i>30 June 2024</i> (Unaudited) \$ million | <i>31 December 2023</i> (Audited) \$ million |
|--|-------------|--|--|
| Non-current liabilities | | | |
| Non-current contract liabilities | | 1 | 1 |
| Non-current bank and other borrowings | | - | 3,513 |
| Non-current lease liabilities | | 186 | 224 |
| Non-current other payables | 9 | 16 | 20 |
| Defined benefit plan obligations | | 46 | 48 |
| Deferred tax liabilities | | 137 | 146 |
| | | <u>386</u> | <u>3,952</u> |
| NET ASSETS | | <u>10,604</u> | <u>10,864</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 4,758 | 4,756 |
| Reserves | | 5,731 | 6,000 |
| Total equity attributable to equity shareholders of the Company | | 10,489 | 10,756 |
| Non-controlling interests | | 115 | 108 |
| TOTAL EQUITY | | <u>10,604</u> | <u>10,864</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 2024 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 16 August 2024.

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

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 2023 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 2023 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.

1 Basis of preparation (continued)

Going concern assumptions

As at 30 June 2024, the current liabilities of the Group exceeded the current assets by \$2,739,000,000. Included in the current liabilities were guaranteed bonds at 6.1% due 2025 of \$3,512,000,000 scheduled to be redeemed on the maturity date (i.e. 5 March 2025). Management of the Group anticipates the net cash inflows from the operations, together with the ability to draw down from available committed bank and other loan facilities of \$7,290,000,000, is sufficient to enable the Group to meet its liabilities as and when they fall due. Accordingly, the unaudited condensed interim financial report has been prepared on a going concern basis.

2 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 are as follows:

| | <i>Six months ended 30 June</i> | |
|--|---------------------------------|--------------------|
| | <i>2024</i> | <i>2023</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | <i>\$ million</i> | <i>\$ million</i> |
| Revenue from contracts with customers | | |
| Disaggregated by major service lines or products: | | |
| Mobile services | 510 | 457 |
| Internet services | 737 | 705 |
| International telecommunications services | 1,237 | 1,951 |
| Enterprise solutions | 1,608 | 1,506 |
| Fixed line services | 68 | 71 |
| | <hr/> | <hr/> |
| Fees from the provision of telecommunications services | 4,160 | 4,690 |
| Sales of mobile handsets and equipment | 729 | 636 |
| | <hr/> | <hr/> |
| | <u>4,889</u> | <u>5,326</u> |

2 Revenue and segment reporting (continued)

(a) Disaggregation of revenue (continued)

| | <i>Six months ended 30 June</i> | |
|--|-----------------------------------|-----------------------------------|
| | 2024 (Unaudited) \$ million | 2023 (Unaudited) \$ million |
| Disaggregated by geographical location of the Group's revenue from external customers: | | |
| Hong Kong (place of domicile) | 1,901 | 2,449 |
| Chinese mainland | 562 | 586 |
| Macau | 1,912 | 1,765 |
| Singapore | 370 | 221 |
| Others | 144 | 305 |
| | 2,988 | 2,877 |
| | <u>4,889</u> | <u>5,326</u> |

During the six months ended 30 June 2024 and 2023, 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.

(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

| | <i>Six months ended 30 June</i> | |
|---|-----------------------------------|-----------------------------------|
| | 2024 (Unaudited) \$ million | 2023 (Unaudited) \$ million |
| Reportable segment profit | 1,059 | 1,521 |
| Net loss on disposal of property, plant and equipment | - | (1) |
| Gain on surrender of leases | - | 2 |
| Net foreign exchange gain/(loss) | 4 | (21) |
| Depreciation and amortisation | (378) | (452) |
| Finance costs | (125) | (139) |
| Share of profit of a joint venture | - | 1 |
| Interest income | 33 | 35 |
| Rentals income from investment property less direct outgoings | 12 | 11 |
| Valuation gain on investment property | - | 6 |
| Unallocated head office and corporate expenses | (37) | (71) |
| Consolidated profit before taxation | <u>568</u> | <u>892</u> |

2 Revenue and segment reporting (continued)

(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.

3 Other income

| | <i>Six months ended 30 June</i> | |
|---|---------------------------------|-------------|
| | <i>2024</i> | <i>2023</i> |
| | (Unaudited) | (Unaudited) |
| | \$ million | \$ million |
| Interest income from deposits | 28 | 31 |
| Interest income from finance leases and other interest income | 5 | 4 |
| | <hr/> | <hr/> |
| | 33 | 35 |
| Gross rentals income from investment property (note) | 13 | 12 |
| | <hr/> | <hr/> |
| | 46 | 47 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note: The rentals income from investment property less direct outgoings of \$1,000,000 (six months ended 30 June 2023: \$1,000,000) for the six months ended 30 June 2024 is \$12,000,000 (six months ended 30 June 2023: \$11,000,000).

4 Profit before taxation

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

| | <i>Six months ended 30 June</i> | |
|--|---------------------------------|-------------|
| | <i>2024</i> | <i>2023</i> |
| | (Unaudited) | (Unaudited) |
| | \$ million | \$ million |
| (a) <i>Cost of sales and services</i> | | |
| Cost of provision of telecommunications services | 2,358 | 2,418 |
| Cost of sales of mobile handsets and equipment | 720 | 619 |
| | <hr/> | <hr/> |
| | 3,078 | 3,037 |
| | <hr/> <hr/> | <hr/> <hr/> |
| (b) <i>Depreciation and amortisation</i> | | |
| Depreciation charge | | |
| - property, plant and equipment | 250 | 314 |
| - right-of-use assets | 75 | 84 |
| Amortisation | 53 | 54 |
| | <hr/> | <hr/> |
| | 378 | 452 |
| | <hr/> <hr/> | <hr/> <hr/> |

4 Profit before taxation (continued)

| | <i>Six months ended 30 June</i> | |
|--|---------------------------------|-------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | \$ million | \$ million |
| (c) Staff costs (including directors' emoluments) | | |
| Contributions to defined contribution retirement plans | 48 | 44 |
| Expenses recognised in respect of defined benefit plans: | | |
| - long service payments | 2 | - |
| - CTM Staff Provident Fund | 3 | 4 |
| Salaries, wages and other benefits | 484 | 529 |
| | <u>537</u> | <u>577</u> |
| (d) Finance costs | | |
| Interest on bank and other borrowings | 116 | 127 |
| Interest on lease liabilities | 7 | 9 |
| Other finance charges | 2 | 2 |
| Other interest expense | - | 1 |
| | <u>125</u> | <u>139</u> |
| (e) Other items | | |
| Impairment losses for trade debtors and contract assets | - | 7 |
| Net loss on disposal of property, plant and equipment | - | 1 |
| Gain on surrender of leases | - | (2) |
| Net foreign exchange (gain)/loss | <u>(4)</u> | <u>21</u> |

5 Income tax

Taxation in the consolidated income statement represents:

| | <i>Six months ended 30 June</i> | |
|---|---------------------------------|-------------|
| | <i>2024</i> | <i>2023</i> |
| | (Unaudited) | (Unaudited) |
| | \$ million | \$ million |
| Current tax | | |
| - Hong Kong Profits Tax | 17 | 77 |
| - Macau Complementary Tax | 70 | 63 |
| - Jurisdictions outside Hong Kong and Macau | 15 | 32 |
| | <u>102</u> | <u>172</u> |
| Deferred tax | (5) | (14) |
| | <u>97</u> | <u>158</u> |

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 June 2024.

The provision for Macau Complementary Tax for the six months ended 30 June 2024 is calculated at 12% (2023: 12%) of the estimated assessable profits for the period. Assessable profits of the first Macau Patacas (“MOP”) 600,000 (equivalent to approximately \$582,000) (2023: 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 jurisdictions.

6 Dividends

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

| | 2024 (Unaudited) \$ million | 2023 (Unaudited) \$ million |
|---|-----------------------------------|-----------------------------------|
| Interim dividend declared/declared and paid after the interim period of HK6.0 cents (2023: HK6.0 cents) per share | <u>222</u> | <u>222</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> | |
|--|-----------------------------------|-----------------------------------|
| | 2024 (Unaudited) \$ million | 2023 (Unaudited) \$ million |
| Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK19.3 cents (six months ended 30 June 2023: HK18.5 cents) per share | <u>714</u> | <u>684</u> |

7 Earnings per share

| | <i>Six months ended 30 June</i> | |
|---|---------------------------------|-------------|
| | <i>2024</i> | <i>2023</i> |
| | (Unaudited) | (Unaudited) |
| | \$ million | \$ million |
| Profit attributable to equity shareholders of the Company | <u>455</u> | <u>721</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>2024</i> | <i>2023</i> |
| | (Unaudited) | (Unaudited) |
| | million | million |
| Issued ordinary shares as at 1 January | 3,700 | 3,688 |
| Effect of share options exercised | <u>1</u> | <u>8</u> |
| Weighted average number of ordinary shares (basic) as at 30 June | 3,701 | 3,696 |
| Effect of deemed issue of shares under the Company's share option plan | <u>-</u> | <u>2</u> |
| Weighted average number of ordinary shares (diluted) as at 30 June | <u>3,701</u> | <u>3,698</u> |
| Basic earnings per share (HK cents) | <u>12.3</u> | <u>19.5</u> |
| Diluted earnings per share (HK cents) | <u>12.3</u> | <u>19.5</u> |

8 Trade and other receivables

| | <i>30 June</i> 2024 (Unaudited) \$ million | <i>31 December</i> 2023 (Audited) \$ million |
|--------------------------------|---|---|
| Trade debtors | 1,025 | 1,038 |
| Less: loss allowance | (41) | (45) |
| | <hr/> | <hr/> |
| Prepayments | 984 | 993 |
| Deposits and other receivables | 181 | 163 |
| | 322 | 333 |
| | <hr/> | <hr/> |
| | <u>1,487</u> | <u>1,489</u> |
| Represented by: | | |
| Non-current portion | 127 | 145 |
| Current portion | 1,360 | 1,344 |
| | <hr/> | <hr/> |
| | <u>1,487</u> | <u>1,489</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> 2024 (Unaudited) \$ million | <i>31 December</i> 2023 (Audited) \$ million |
|---------------|---|---|
| Within 1 year | 966 | 986 |
| Over 1 year | 18 | 7 |
| | <hr/> | <hr/> |
| | <u>984</u> | <u>993</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.

9 Trade and other payables

| | <i>30 June</i> 2024 (Unaudited) \$ million | <i>31 December</i> 2023 (Audited) \$ million |
|-----------------------------|---|---|
| Trade creditors | 924 | 920 |
| Other payables and accruals | 692 | 706 |
| | <u>1,616</u> | <u>1,626</u> |
| Represented by: | | |
| Non-current portion | 16 | 20 |
| Current portion | 1,600 | 1,606 |
| | <u>1,616</u> | <u>1,626</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> 2024 (Unaudited) \$ million | <i>31 December</i> 2023 (Audited) \$ million |
|---------------|---|---|
| Within 1 year | 803 | 784 |
| Over 1 year | 121 | 136 |
| | <u>924</u> | <u>920</u> |

FINANCIAL REVIEW

OVERVIEW

The Group's profit for the six months ended 30 June 2024 decreased by 35.8% year-on-year to HK\$471 million, profit attributable to equity shareholders of the Company decreased by 36.9% year-on-year to HK\$455 million, and basic earnings per share was down by 36.9% to HK12.3 cents when compared to the first half of 2023.

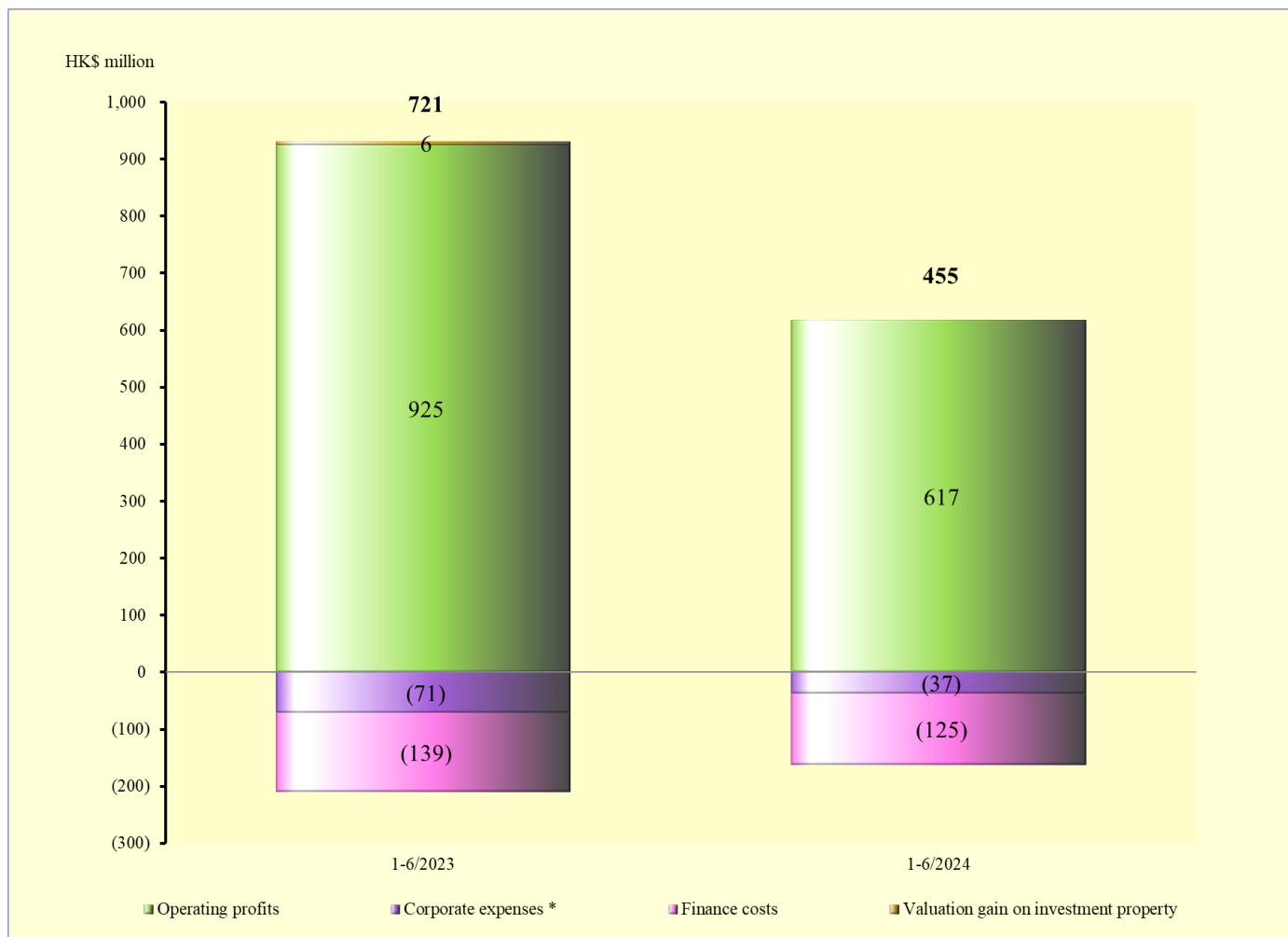
The Group's total revenue decreased by 8.2% year-on-year to HK\$4,889 million while revenue from telecommunications services decreased by 11.3% to HK\$4,160 million when compared to the first half of 2023.

Summary of Financial Results

| <i>In HK\$ million</i> | Half year ended 30 June | | Increase / (Decrease) | |
|--|-------------------------|--------------|-----------------------|----------------|
| | 2024 | 2023 | | |
| Revenue from telecommunications services | 4,160 | 4,690 | (530) | (11.3%) |
| Sales of mobile handsets and equipment | 729 | 636 | 93 | 14.6% |
| Revenue | 4,889 | 5,326 | (437) | (8.2%) |
| Valuation gain on investment property | - | 6 | (6) | N/A |
| Other income | 46 | 47 | (1) | (2.1%) |
| Cost of sales and services | (3,078) | (3,037) | 41 | 1.4% |
| Depreciation and amortisation | (378) | (452) | (74) | (16.4%) |
| Staff costs | (537) | (577) | (40) | (6.9%) |
| Other operating expenses | (249) | (283) | (34) | (12.0%) |
| Profit from consolidated activities | 693 | 1,030 | (337) | (32.7%) |
| Finance costs | (125) | (139) | (14) | (10.1%) |
| Share of profit of a joint venture | - | 1 | (1) | N/A |
| Income tax | (97) | (158) | (61) | (38.6%) |
| Profit for the period | 471 | 734 | (263) | (35.8%) |
| Less: Non-controlling interests | (16) | (13) | 3 | 23.1% |
| Profit attributable to equity shareholders of the Company | 455 | 721 | (266) | (36.9%) |
| EBITDA* | 1,038 | 1,448 | (410) | (28.3%) |
| Basic earnings per share (HK cents) | 12.3 | 19.5 | (7.2) | (36.9%) |
| 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 2024 decreased by 36.9% or HK\$266 million to HK\$455 million when compared to the corresponding period of 2023. Excluding the valuation gain on investment property for the six months ended 30 June 2023 of HK\$6 million, profit attributable to equity shareholders of the Company for the first half of 2024 decreased 36.4% year-on-year or HK\$260 million to HK\$455 million.

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 decreased by 8.2% year-on-year to HK\$4,889 million.

Revenue from telecommunications services for the six months ended 30 June 2024 amounted to HK\$4,160 million, which represented a decrease of 11.3% or HK\$530 million when compared to the corresponding period of 2023. The decrease was largely due to the drop in revenue from messaging services in international telecommunications services, but it was partially offset by increase in revenue for mobile services, internet services and enterprise solutions.

The Group's sales of mobile handsets and equipment for the six months ended 30 June 2024 amounted to HK\$729 million, which represented an increase of 14.6% or HK\$93 million when compared to the corresponding period of 2023. The increase was due to more stable supply of mobile handsets during the period and other factors such as the increasing 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 11.6% to HK\$510 million when compared to the first half of 2023 mainly due to the increase in roaming revenue and the increase in number of mobile subscribers. Sales of mobile handsets and equipment increased by 14.6% to HK\$729 million when compared to the corresponding period of 2023.

The Group's overall number of mobile subscribers as at 30 June 2024 was over 710,000 (30 June 2023: approximately 624,000) subscribers representing an increase of around 13.8% year-on-year resulting from the increase in postpaid subscribers of around 12.8% year-on-year to approximately 539,000 (30 June 2023: approximately 478,000) subscribers and the increase in prepaid subscribers of around 17.1% year-on-year to over 171,000 (30 June 2023: approximately 146,000) subscribers.

As at 30 June 2024, total number of 5G mobile subscribers was over 624,000 subscribers (30 June 2023: 316,000 subscribers), representing 87.9% (30 June 2023: 50.6%) of the Group's total number of mobile subscribers.

Internet services

Sustained growth in the demand for internet and data centre services has led to a year-on-year increase of 4.5% or HK\$32 million in revenue from internet services which amounted to HK\$737 million. Service upgrade by existing customers and around 1.0% year-on-year increase in the number of broadband users to over 206,000 (30 June 2023: over 204,000) subscribers, also contributed to the increase in revenue from fibre broadband service.

As at 30 June 2024, the Group's internet market share and broadband market penetration rate in Macau were around 97.0% (30 June 2023: 97.1%) and 91.0% (30 June 2023: 91.7%) respectively.

International telecommunications services

International telecommunications services revenue including revenue from messaging services (including SMS), voice services and “DataMall 自由行” services decreased by 36.6% or HK\$714 million year-on-year to HK\$1,237 million.

Since the latter half of 2023, certain customers had made corresponding adjustments to their businesses in response to changes in various external factors that led to an adverse impact on our messaging services revenue. In response, the Group’s successful efforts in increasing its voice services revenue by 74.6% or HK\$384 million year-on-year to HK\$899 million has partly offset the drop in messaging services revenue.

Revenue from “DataMall 自由行” services continued its growth momentum and achieved an increase of 19.6% or HK\$11 million to HK\$67 million when compared to the corresponding period of 2023.

Enterprise solutions

For the six months ended 30 June 2024, enterprise solutions revenue increased by 6.8% or HK\$102 million year-on-year to HK\$1,608 million. The increase is mainly due to more projects awarded to the Group by the government and enterprises in Macau and Southeast Asian countries (including Singapore, Malaysia, Thailand and Indonesia) which has offset the Group’s decrease in enterprise solutions revenue in the Chinese mainland market.

Fixed line services

As a result of the decrease in fixed residential and business lines, fixed line services revenue was down by 4.2% year-on-year to HK\$68 million for the six months ended 30 June 2024.

Results for the period

Profit attributable to equity shareholders of the Company decreased by 36.9% year-on-year or HK\$266 million to HK\$455 million mainly due to the combined effect of the following factors:

Revenue

The Group's revenue from telecommunications services decreased by 11.3% year-on-year or HK\$530 million to HK\$4,160 million. Total revenue including mobile handsets and equipment sales amounted to HK\$4,889 million for the period, representing in a year-on-year decrease of 8.2%.

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 2024 by the Group's independent surveyors with no change in the total value for the six months ended 30 June 2024 (six months ended 30 June 2023: a gain of 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 1.4% or HK\$41 million to HK\$3,078 million when compared to the corresponding period of 2023 mainly due to the increase in sales of mobile handsets and equipment which have comparatively lower margins.

Depreciation and amortisation

Depreciation and amortisation expenses totaled HK\$378 million for the six months ended 30 June 2024, representing a year-on-year decrease of 16.4%. The decrease was mainly due to certain aged networks and equipment being fully depreciated in 2023.

Staff costs

Staff costs was similar to the corresponding period of 2023 and amounted to HK\$537 million for the six months ended 30 June 2024.

Other operating expenses

Other operating expenses for the six months ended 30 June 2024 decreased by 12.0% or HK\$34 million to HK\$249 million when compared to the corresponding period of 2023. This was mainly due to the net exchange gain during the period whereas it was an exchange loss for the corresponding period of 2023.

Finance costs

As the Group has repaid certain bank loans in 2023, it has countered the impact from the enduring high general bank's borrowing rates. As a result, finance costs decreased by 10.1% year-on-year to HK\$125 million (six months ended 30 June 2023: HK\$139 million).

Income tax

Income tax for the period amounted to HK\$97 million, a decrease of HK\$61 million when compared to the first half of 2023. 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 2024 and 2023 were 14.0% and 14.5% respectively.

Earnings and Dividends per share

Both basic and diluted earnings per share were down by HK7.2 cents year-on-year to approximately HK12.3 cents for the six months ended 30 June 2024.

The Company's Board of Directors has declared an interim dividend of HK6.0 cents per share for the year ending 31 December 2024.

Cash flows

| <i>In HK\$ million</i> | Half year ended 30 June | | Increase / (Decrease) | |
|--|-------------------------|---------|-----------------------|---------|
| | 2024 | 2023 | | |
| Source of cash: | | | | |
| Cash inflows from business operations | 891 | 1,228 | (337) | (27.4%) |
| Decrease in pledged and other deposits | 130 | 56 | 74 | >100% |
| Other cash inflows | 36 | 61 | (25) | (41.0%) |
| Sub-total | 1,057 | 1,345 | (288) | (21.4%) |
| Use of cash: | | | | |
| Capital expenditure* | (170) | (147) | 23 | 15.6% |
| Dividends paid to equity shareholders of the Company and non-controlling interests | (723) | (693) | 30 | 4.3% |
| Capital and interest elements of lease rentals paid | (78) | (87) | (9) | (10.3%) |
| Payment of borrowing costs | (116) | (128) | (12) | (9.4%) |
| Net cash outflows from borrowings | - | (454) | (454) | N/A |
| Sub-total | (1,087) | (1,509) | (422) | (28.0%) |
| Net decrease in cash and cash equivalents | (30) | (164) | (134) | (81.7%) |

* 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\$891 million cash inflow from its operations, with the use of cash mainly comprised of capital expenditure, lease payments and dividends distributions. In total, the Group recorded a net cash outflow of HK\$30 million for the six months ended 30 June 2024.

Capital expenditure

The Group's total capital expenditure for the six months ended 30 June 2024 amounted to HK\$149 million. During the period, HK\$46 million was invested in 5G, HK\$15 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 2024, the Group had outstanding capital commitments of HK\$229 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\$84 million was outstanding contractual capital commitments and HK\$145 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 increased to HK\$ 2,363 million, the net gearing ratio increased slightly from 17% as at 31 December 2023 to 18% as at 30 June 2024.

As at 30 June 2024, total debt and net debt of the Group were as follows:

| | Denomination | | | | | | | |
|------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|--------------------|--------------------|-----------------------|
| <i>In HK\$ million equivalents</i> | HKD | USD | SGD | MOP | RMB | EUR | Others | Total |
| Total debt | - | 3,581 | 343 | - | - | - | - | 3,924 |
| Less: Cash and deposits | <u>(558)</u> | <u>(363)</u> | <u>(31)</u> | <u>(368)</u> | <u>(150)</u> | <u>(45)</u> | <u>(46)</u> | <u>(1,561)</u> |
| Net debt/ (cash) | <u>(558)</u> | <u>3,218</u> | <u>312</u> | <u>(368)</u> | <u>(150)</u> | <u>(45)</u> | <u>(46)</u> | <u>2,363</u> |

As at 30 June 2024 and 31 December 2023, the Group's net gearing ratio was as follows:

| <i>In HK\$ million</i> | 30 June 2024 | 31 December 2023 |
|---|-----------------------|------------------|
| Total debt | 3,924 | 3,934 |
| Less: Cash and deposits | <u>(1,561)</u> | <u>(1,726)</u> |
| Net debt | 2,363 | 2,208 |
| Total equity attributable to equity shareholders of the Company | <u>10,489</u> | <u>10,756</u> |
| Total capital | <u>12,852</u> | <u>12,964</u> |
| Net gearing ratio | <u>18%</u> | <u>17%</u> |

The maturity profile of the Group's total debt which includes interest payable as at 30 June 2024 was as follows:

| <i>In HK\$ million</i> | Within 1 year | Total |
|---------------------------------------|----------------------|---------------------|
| Bank and other loans | 343 | 343 |
| US\$450 million 6.1% guaranteed bonds | <u>3,512</u> | <u>3,512</u> |
| | 3,855 | 3,855 |
| Interest payable | <u>69</u> | <u>69</u> |
| | <u>3,924</u> | <u>3,924</u> |

Available sources of financing

The Group aims to maintain the cash balance and undrawn bank and other loans 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\$1,561 million and undrawn committed bank and other loans facilities of HK\$7,290 million as at 30 June 2024 were more than sufficient to cover the repayments of outstanding amount of total debt (excluding interest payable) of HK\$3,855 million in the coming twelve months and contractual capital commitments of HK\$84 million as at 30 June 2024.

As at 30 June 2024, the Group had available trading facilities of HK\$228 million. The amount of HK\$78 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\$1 million were required to be secured by pledged deposits as at 30 June 2024.

As at 30 June 2024, 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: | | | |
| Bank loans | 3,780 | - | 3,780 |
| Other loans | <u>3,853</u> | <u>343</u> | <u>3,510</u> |
| | 7,633 | 343 | 7,290 |
| | | | |
| - Uncommitted facilities: | | | |
| Short-term facilities | <u>882</u> | <u>-</u> | <u>882</u> |
| | 8,515 | 343 | 8,172 |
| | | | |
| Guaranteed bonds - Committed facility | | | |
| US\$450 million 6.1% guaranteed bonds | 3,514 | 3,514 | - |
| | | | |
| Trading facilities - Uncommitted facilities | <u>228</u> | <u>78</u> | <u>150</u> |
| | | | |
| Total | <u><u>12,257</u></u> | <u><u>3,935</u></u> | <u><u>8,322</u></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 (with certain predetermined levels of authority) 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 bank and other loans facilities to meet its liquidity requirements in the short and longer term.

Cash flow is well-planned and reviewed regularly by the management of the Group, so that the Group can meet its funding needs. The cash flows from the Group's operating activities together with the undrawn bank and other loans facilities 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 2024 and 31 December 2023, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

As at 30 June 2024 and 31 December 2023, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

As at 30 June 2024 and 31 December 2023, performance bonds and other guarantees of the Group were as follows:

| <i>In HK\$ million</i> | 30 June 2024 | 31 December 2023 |
|---|------------------|------------------|
| Performance bonds provided to the Macau | | |
| Government and other customers | 76 | 81 |
| Other guarantees | <u>2</u> | <u>2</u> |
| Total | <u>78</u> | <u>83</u> |

As at 30 June 2024, bank deposits of HK\$2 million (31 December 2023: HK\$2 million) were pledged to secure part 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\$3,514 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 2024, the Company issued guarantees of HK\$376 million (31 December 2023: HK\$381 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 2024, approximately 91.1% (31 December 2023: approximately 90.9%) 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 2024 and 31 December 2023, the effective interest rates, after the inclusion of amortisation of transaction costs, were as follows:

| | 30 June 2024 | 31 December 2023 |
|--|---------------------|------------------|
| Effective interest rate for fixed rate borrowings | 6.1% | 6.1% |
| Effective interest rate for variable rate borrowings | 5.0% | 5.0% |
| 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 27.1% (31 December 2023: approximately 24.7%) of the Group's total trade debtors and contract assets as at 30 June 2024. 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 financial institutions 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 2024, the Group has maintained cash and deposits of HK\$1,561 million (31 December 2023: HK\$1,726 million), among which HK\$1,559 million (31 December 2023: HK\$1,721 million) was placed in the above-mentioned entities, representing approximately 99.9% (31 December 2023: approximately 99.7%) 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 2024, the Group employed a total of 2,519 employees for its headquarters in Hong Kong and its subsidiaries. Number of employees in Hong Kong was 514. Employees in Chinese mainland and Macau totalled 1,692. Employees in overseas countries totalled 313.

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 47 of the 2023 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 Part 2 of Appendix C1 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 2024. In respect of the code provision C.1.6 of the Code, Mr. Liu Jifu was unable to attend the annual general meeting of the Company held on 20 May 2024 due to other business commitments. Also, as disclosed in the 2023 Annual Report of the Company, 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 will 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 C3 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 2024.

DIVIDEND AND CLOSURE OF REGISTER

The board of directors of the Company has declared an interim dividend of HK6.0 cents (2023: HK6.0 cents) per share for the year ending 31 December 2024 payable on Friday, 27 September 2024 to shareholders whose names appear on the Register of Members of the Company on Friday, 13 September 2024. The Register of Members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024, 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, 9 September 2024.

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 2024 and the Company has not redeemed any of its shares during the period ended 30 June 2024.

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 10 September 2024.

By Order of the Board
CITIC Telecom International Holdings Limited
Luo Xicheng
Chairman

Hong Kong, 16 August 2024

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> |
| Luo Xicheng (Chairman) | Liu Jifu (Sui Chen as his alternate) | Zuo Xunsheng |
| Luan Zhenjun | Zhang Bo | Lam Yiu Kin |
| | Wang Hua | Wen Ku |