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 RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of CITIC Telecom International Holdings Limited (the "Group") for 2015.

In 2015, the Group implemented its development strategy of "rooting in the Mainland market while accelerating expansion and geographic coverage of international market via Hong Kong and Macau as bases and connections" and seized opportunities in the market in active response to changes in international and domestic business landscapes. We completed our tasks in product innovation, business expansion, cost control and risk management in tandem with our objectives in strategic transformation. Solid progress was made in business transformation and service upgrade as we endeavoured to serve the real economy and fulfill consumers' communication needs, resulting in sustained profit growth. The Group reported stable business development in general with sound returns, as evidenced by its record high operating profit.

I. FINANCIAL RESULTS

The Group reported total revenue of HK$8,349.8 million for 2015, representing an increase of 2.0% over the corresponding period of the previous year. Profit attributable to equity shareholders of the Company was HK$802.2 million, increasing by 10.8% compared to the corresponding period of the previous year.

Basic earnings per share amounted to HK23.8 cents, representing a year-on-year growth of 9.7%.

The Board recommended a final dividend of HK9.7 cents per share for 2015. Together with the 2015 interim dividend of HK2.8 cents per share, total dividends per share for 2015 amounted to HK12.5 cents, representing a 10.6% growth over the previous year.

II. REVIEW OF 2015

The Group reported growth in overall turnover, with turnover from its mobile sales & services, Internet services and enterprise solutions increasing by 6.0%, 10.6% and 13.8%, respectively. The Group's VPN business enjoyed a growing competitive advantage in China, while its traditional international telecommunications hubbing business continued to face challenges. The Group achieved initial success in its vigorous drive for transformation to the mobile Internet business, while further inroads were made in internal cost management and credit risk control. All in all, overall net profit of the Group improved on a year-on-year basis.

1. Vigorous deployment of "Three Broadbands" and ancillary commercial systems for the Group's long-term development as well as the building of Digital Macau.

The construction of the "three broadbands" (mobile broadband, optical broadband and wireless WiFi broadband) and related commercial systems of Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM") is a top priority for the Group. The slogan of CTM 4G+ is "Connecting Macau, Connecting the Future". The Group actively planned for the construction of the CTM 4G mobile broadband network as a priority task. Following meticulous construction and diligent efforts, CTM completed its 2G/3G network upgrade and 4G network construction as scheduled on 20 October 2015 and became the first official provider of 4G services in Macau's telecommunications market. The 4G network allowed a download speed of 112 Mbps and boasted full coverage of the entire territory of Macau on its first day of launch with an outdoor coverage ratio of over 99.5%. CTM also made notable progress in the laying of its optical network and WiFi hotspots, as its optical network coverage increased from 86.6% at the beginning of the year to 98.6% at the end of December 2015, and the number of its WiFi hotspots increased from 403 at the beginning of the year to over 1,000 at the end of December 2015, including WiFi hotspots on 340 buses. With a broader coverage of the optical network, the number of optical broadband users increased from 32,500 at the beginning of the year to 60,200 at the end of December 2015, representing an 85.2% growth. Through proper deployment of the three broadband networks and related commercial systems, we have laid a solid foundation for the long-term development of CTM and offered to provide faster, better and higher-quality 4G-equivalent broadband services to Macau, which will enable Macau citizens to enjoy the splendid innovations and diversified features of a digital life and prepare well for the building of a digitalised Macau.

2. Customers' sensory responses to our services as a priority concern in quality in our effort to enhance customers' experience.

In selecting contractors for Macau's 4G network, the Group and the management of CTM had planned for and organised construction work with utmost care and set out high quality standards. We had looked for globally advanced technical expertise and proven experience in network construction and required deliveries according to designated quality, volume and timeframes without affecting the services of existing 2G/3G networks. Following a stringent assessment process, Huawei Technologies Co., Ltd had been selected among numerous international network equipment suppliers participating in the bid, with the hope that our joint effort with Huawei would bring to

Macau further advanced network technologies and superior experience in speedy network transmission. Thanks to the relentless hard work of the project staff overcoming difficulties and challenges in an extremely complicated environment for wireless networks given the high building density in Macau, the largest and technically most complex network construction and upgrade project that had ever been carried out in the history of telecommunications construction in Macau was completed in a relatively short period.

The Group continued to strengthen quality management and back-office support for engineering work, as meetings on quality supervision and management were convened on a regular basis to discuss problems in the quality management work and identify solutions. With the adoption of a series of quality management initiatives adopted at the regular quality control meetings, the construction and management standards of the Group's network building have been enhanced. We conducted network expansion and equipment upgrade in an active and steady manner in response to market development requirements, with constant improvements to our coverage of global IP networks, resulting in stronger transmission capacities for our international networks and higher transmission quality and customer service standards.

3. Active development of new products to fulfill market demands.

The Group has enhanced process management for projects as well as products from identifying and seizing opportunities, to the sale of products, business negotiations, preparations for delivery, and the commencement of operations and customer services. Work planning and scheduled inspections at all stages have been strengthened to ensure implementation of all tasks. On 29 October 2015, CTM announced the launches of "M.wallet+" and "Wi-Fi Bus+" in association with Macau Pass S.A. and MOME, respectively. "MacauPass.NFC" was incorporated in "M.wallet+" to enable cash payment or top-up at more than 3,000 Macau Pass service points. The launch of "M.wallet+" has signified the official commencement of CTM's e-payment services and provided a significant foundation for its future development in e-commerce. The launch of "Wi-Fi Bus+", meanwhile, has brought public buses under the coverage of CTM-WiFi wireless broadband hotspots, giving citizens and tourists a genuine experience of the advantages and convenience of CTM-WiFi. Through constant improvements to our customer services and business systems, enhancements in product development in an effort to fulfill market demands, the standards of our customer services have been further upgraded.

4. New inroads in the enterprise sector as we expanded the market for multinational enterprise services.

The Group has been engaged in vigorous market expansion in Mainland China. In addition to the existing data centres, the Group has also built Macau Data Centre Phase II and a new cloud computing data centre in Baoshan, Shanghai. Optimal products and services are provided according to different needs of customers, supported by active marketing through a dedicated data centre sales team formed by the Group. In addition, sales channels have been well established, focusing not only on direct sales workforce, but also on the development of diversified sales channels and recruitment of different industry solution partners to enlarge the scope of sales. We have also devised specific sales strategies for large customers, with a view to enhancing cross-selling and identifying new business opportunities. Through its subsidiary in China, the Group has leased numerous lines from 中信網絡有限公司 (CITIC Networks Co., Ltd.) ("CITIC Networks") as the backbone of its VPN network. The Group has launched a high speed Ethernet service branded as "EtherCONNECT", with the integration of resources from China Express Network and provided assistance in the completion of installation and testing of service nodes in Beijing, Shanghai, Guangzhou, Wuhan, Hangzhou, Fuzhou and Chengdu, and the market share of China Express Network has been enlarged as a result. Through further application of the existing resources of China Express Network by the Group's VPN network and Internet service, the business development of both parties has been enhanced with stronger competitive edge and notably enhanced synergies. Sales were also monitored by the Group's customer management system in a timely manner. CITIC Telecom International CPC Limited ("CPC") reported stable increase in the number of VPN users by the end of December 2015, as compared to the end of 2014. Through vigorous marketing initiatives and enhanced data centre and network construction, rapid development was sustained in our VPN, Internet, cloud computing and information security services with improved operating efficiency.

5. Development of "DataMall自由行", a global data flow volume trading platform, to maintain our leading position in the international telecommunications market.

The Group places a strong emphasis on the development of new products and the innovation of systems and mechanisms in order to meet ever-changing market demands. In this connection, a global data flow and exchange platform has been developed to strengthen the market position of our international business and seek opportunities for transformation. The Group has named this mobile data roaming product as "DataMall自由行". The popular use of smart phones has resulted in an increasing demand for data roaming services on the part of global roaming customers. The prices for international or cross-border data roaming services, however, remain relatively expensive. Leveraging its experience and technological advantages in supporting the international roaming services of mobile carriers, the Group has developed a brand new soft platform that gives customer the right to choose their roaming data networks by enabling customers to select local data services of the destination through a smart phone application without having to change their SIM cards. The large-scale application of this model will afford enormous convenience for customers and data flow on wireless networks will grow into a globally tradable commodity. It is currently the most convenient and most competitive data roaming service solution in the market which facilitates cost reductions for mobile customers and quality services in quick access to global data roaming. The "DataMall自由行" platform went online on 27 October 2015 to provide mobile data roaming services in Hong Kong, Macau and Taiwan for the users of "jegotrip (無憂行)" offered by China Mobile. Mobile carriers in the Greater China region (Mainland China, Hong Kong, Macau and Taiwan) became the first batch of partners to join the "DataMall自由行" platform and provide online trading of mobile data flow products. While developing new products, the Group was engaged in active cooperation with overseas as well as domestic enterprises to drive collaboration in new products and services, with a view to developing new clients and broadening the scope of cooperation.

6. Striving to alleviate the decline of the traditional telecommunications hubbing voice and SMS transit businesses, while advancing transformation to the mobile Internet business.

The Group made breakthroughs in the development of its mobile SIMN between international destinations. In the first half of the year, we secured the SIMN platform transit business between a Thai mobile carrier and Chinese mobile carriers and commenced the service successfully. As a result of the excellent performance of our "1 SIM 2 Numbers" platform, one of the Chinese telecommunications carriers decided to assign the customer service operations on its "1 SIM 2 Numbers" platform in the Mainland to our Group. In the meantime, we continued to promote our mobile VAS products to mobile carriers with vigorous efforts, leveraging our extensive network connections and outstanding service quality. In line with ongoing growth in the volume of international cross-border roaming by mobile users, the Group's mobile VAS signaling business sustained strong growth and made significant contributions to the Group's results.

7. Advancing the plan for acquisition of equity interests in CITIC Networks in support of its development.

The Group and CITIC Networks have been engaged in a joint effort in resource integration to achieve further synergies. Pursuant to the Management Service Agreement and the Funding and Loan Support Agreement between the Group on the one hand and CITIC Networks on the other, the Group has leased, through its subsidiary in China, numerous lines from CITIC Networks as the backbone of its VPN network. Through further application of the existing resources of China Express Network by the Group's VPN network and Internet service, as well as the integration of sales channels between the Group and CITIC Networks, the business development of both parties has been enhanced with increased synergies and stronger competitive edge. Meanwhile, the Group has been actively driving the acquisition of not more than 39% of the equity interests in CITIC Networks.

III. OUTLOOK FOR 2016

Looking to 2016, the global economy will be subject to complex situations and uncertainties, with increasing risks of a global economic downturn. The Chinese government will be formulating its "13th Five Year Plan" to provide a blueprint for China's development in the next five years. In the course of economic restructuring, China will implement an innovation-driven strategy for development and start initiatives such as "individual business ventures", "innovative ventures for all" and "Internet+" to invigorate the national economy. As such, the Chinese economy is expected to sustain a moderately rapid pace of development.

Seizing historic opportunities presented by China's national economic initiatives and industrial transformation, such as "One Belt, One Road" and "Internet+", the Group will develop innovative products with a strong focus on market demands and make a major effort to expand its mobile business, Internet broadband business and VPN business. With the mobile and Internet sectors providing a major direction for development, we will persist in rooting our position in the Mainland market while accelerating our expansion and geographic coverage of the international market via Hong Kong and Macau as bases and connections. We will sustain stable business growth by exploring new ideas, developing new products and businesses, tapping new markets, and growing new customer bases. The Group will continue to strengthen treasury management, explore new sources of income while reducing costs, engage in prudent investment, and exercise stringent risk control. The Group will carry on with the business integration with CITIC Networks to enhance synergies. The Group will also continue with its effort to transform into an Internet-focused new telecommunications enterprise, leveraging its existing strengths in global network infrastructure, marketing channels, and telecommunications hubbing. In short, the Group will further consolidate its traditional strengths and drive ongoing business development.

1. To identify new ideas, new products and businesses, new markets, and new customers in an active bid to expand our business and broaden our overseas market.

Innovation will be at the core of the Group's development strategy. In particular, we should further incentivise our staff to contribute their energy and creativity through innovations in systems and mechanisms, in order to ensure vigorous and dynamic development of our Group by bringing our talents into full play. We will continue to seek new partners for the "DataMall自由行" platform and expand the scale of online transactions of mobile data flow products. In 2016, the "DataMall自由行" will expand its geographic presence to cover more countries and regions. Through the formulation of effective marketing measures, we will continue to tap new overseas markets and expand new frontiers with our partners. With a co-winning mentality, we should engage in vigorous and effective business cooperation with overseas as well as Chinese carriers in the markets of developing countries, actively seeking opportunities for business expansion in an effort to broaden our overseas market.

2. To maintain the leading position of CTM by further improving its service standards.

We should further enhance CTM's service standards. A strong emphasis should be placed on the building of technical assurance abilities for engineering works. Constant improvements to the technical quality of engineering works should be made with a view to further enhancing overall network stability. Our network management should shift from an NOC (network-oriented) to a SOC (service-oriented) approach, paying closer attention to customers' experience of the network service, in order to fulfill the exacting requirements for service quality in the age of Internet. Staff training in skills and business know-how should be further enhanced. We will endeavor to drive the building of the digital Macau and make contributions by striving for progress in e-money, e-education, online shopping platforms and public transport.

3. To maintain the market leadership of CTM by leveraging its first-mover advantage in the 4G mobile communication (LTE) network.

CTM enjoys a strong reputation in Macau as the territory's leading telecommunications service supplier. It will continue to ensure proper staff training and vigorous marketing for 4G and build a refined 4G network with further improved network coverage and constant enhancements in network quality. It will seek to maintain its leading position in Macau's telecommunications market by swiftly tapping the 4G market with premium services through its existing marketing channels.

4. To sustain the Group's Asia Pacific market share in its traditional telecommunications hubbing business through new product development and marketing enhancement.

The impact of new Internet communication technologies on traditional voice, SMS and mobile VAS services in the international telecommunications market has been apparent, as business volumes continue to decline with prices trending low. Meanwhile, the risk of customer default will also increase as we seek to enlarge market shares and broaden our customer base. The Group will further enhance customer credit management by conducting sound analysis of risks associated with customers' credit and formulating effective risk prevention measures. A stratified customer management strategy will be adopted to facilitate the offering of customised products and services. By launching "DataMall自由行", MVNO, IPX and new mobile VAS services, the Group intends to broaden its range of products and services on an ongoing basis, improve the standard of its services to target customers, increase appeal to new customers, enlarge its customer base and increase the market penetration of its products and services, with a view to sustaining the market share of its traditional telecommunications hubbing business in the Asia Pacific region.

5. To enhance the efficiency of the Group's data centre business by improving the servicing capabilities and standards of the data centres.

With the completion of the construction of Macau Data Centre Phase II, the Group's network of data centres has been further enhanced and the scale of its data centre business has been enlarged. We will ensure diligent marketing for the data centre business, with clear communication among our business units regarding information of their respective telecommunications line leasing and full utilisation of the existing international undersea cables of CTM, so that we could make sound and effective arrangements for investment in equipment and lines. We will also seek to deliver data centre service with unique features to fulfill new requirements of customers, as we strive to enhance the efficiency of the Group's data centre business by improving the servicing capabilities and standards of our data centres.

6. To continue with the active drive for the acquisition of not more than 39% equity interests in CITIC Networks.

Given the positive synergies between CITIC Networks and the Group's VPN business and Internet services, the Group will continue to drive actively the acquisition of not more than 39% equity interests in CITIC Networks, with a view to increasing the application of the existing resources of China Express Network, and further amplifying synergistic effects and enlarging market shares through the integration of sales channels.

In 2016, the Group will benefit from many favourable conditions, while at the same time it will also face numerous difficulties and risks. The Group will adhere firmly to its strategies in various tasks and adopt a proactive approach with stronger efforts and determination to introduce innovative products, improve customer service and enhance implementation capability, in order to provide higher-quality services to the community and delivering greater value to shareholders.

Last but not least, may I express sincere appreciation to our shareholders for their support and to the management and staff of the Group for their dedication and contributions during the past year.

Xin Yue Jiang
Chairman
Hong Kong, 25 February 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Hong Kong dollars)

	Note	*2015* $'000	*2014* $'000
Turnover	3	8,349,811	8,183,607
Other revenue	4	8,372	4,157
Other net gain	5	12,351	9,216
		8,370,534	8,196,980
Cost of sales and services		(4,941,830)	(4,879,929)
Depreciation and amortisation	6(c)	(674,007)	(682,619)
Staff costs	6(b)	(801,632)	(722,378)
Other operating expenses		(596,087)	(663,763)
		1,356,978	1,248,291
Finance costs	6(a)	(346,070)	(334,350)
Share of (loss)/profit of a joint venture		(465)	353
Profit before taxation	6	1,010,443	914,294
Income tax	7	(195,611)	(179,339)
Profit for the year		814,832	734,955
Attributable to:			
Equity shareholders of the Company		802,213	723,734
Non-controlling interests		12,619	11,221
Profit for the year		814,832	734,955
Earnings per share (HK cents)	9		
Basic		23.8	21.7
Diluted		23.6	21.5

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Hong Kong dollars)

	2015 $'000	*2014* $'000
Profit for the year	814,832	734,955
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit obligation:		
J actuarial loss	(15,350)	(33,914)
J deferred tax recognised on the actuarial loss	1,918	4,130
	(13,432)	(29,784)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments:		
J exchange differences on translation of financial statements of operations outside Hong Kong, net of $Nil tax	(24,315)	(10,270)
	(24,315)	(10,270)
Other comprehensive income for the year	(37,747)	(40,054)
Total comprehensive income for the year	777,085	694,901
Attributable to:		
Equity shareholders of the Company	764,584	683,954
Non-controlling interests	12,501	10,947
Total comprehensive income for the year	777,085	694,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

(Expressed in Hong Kong dollars)

	Note	*2015*	*2014*
		$'000	$'000
Non-current assets			
Property, plant and equipment		2,404,952	2,105,909
Intangible assets		2,005,221	2,167,628
Goodwill		9,276,511	9,281,625
Interest in a joint venture		5,541	6,265
Non-current other receivables and deposits	10	163,862	215,612
Deferred tax assets		33,227	33,141
		13,889,314	13,810,180
Current assets			
Inventories		174,163	198,931
Trade and other receivables and deposits	10	1,689,517	1,906,539
Current tax recoverable		6,497	28,005
Cash and bank deposits		1,222,979	1,396,892
		3,093,156	3,530,367
Current liabilities			
Trade and other payables	11	1,767,454	2,088,566
Bank loans		100,000	100,000
Current tax payable		242,206	232,132
		2,109,660	2,420,698
Net current assets		983,496	1,109,669
Total assets less current liabilities		14,872,810	14,919,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015 (CONTINUED)

(Expressed in Hong Kong dollars)

	Note	*2015* $'000	*2014* $'000
Non-current liabilities			
Interest-bearing borrowings		7,372,492	7,867,586
Non-current other payables	11	65,656	73,040
Net defined benefit retirement obligation		117,307	103,729
Deferred tax liabilities		260,297	281,218
		7,815,752	8,325,573
NET ASSETS		7,057,058	6,594,276
CAPITAL AND RESERVES			
Share capital		3,848,565	3,780,941
Reserves		3,180,822	2,787,417
Total equity attributable to equity shareholders of the Company		7,029,387	6,568,358
Non-controlling interests		27,671	25,918
TOTAL EQUITY		7,057,058	6,594,276

Notes

(Expressed in Hong Kong dollars)

1 Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The accounting policies used in the preparation of the financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2014 except for the adoption of all new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2015 (see note 2).

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year end 31 December 2014 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. The adoption of such amendments does not have significant impact on the financial results and financial position of the Group for the years presented.

The Group has not early adopted any new or revised standards, amendments and new interpretations issued by the HKICPA that are not yet effective for the year ended 31 December 2015, and is in the process of assessing their impact on future accounting periods.

3 Turnover and segment reporting

(a) Turnover

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

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

	2015	*2014*
	$'000	$'000
Mobile services	1,244,673	1,319,971
Internet services	832,557	752,916
International telecommunications services	1,554,795	1,877,226
Enterprise solutions	2,107,124	1,851,253
Fixed line services	356,517	400,643
Fees from the provision of telecommunications services	6,095,666	6,202,009
Sale of equipment and mobile handsets	2,254,145	1,981,598
	8,349,811	8,183,607

(b) Segment reporting

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

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified only one operating segment, i.e. telecommunications operations.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segment on the following bases:

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

- Segment assets include all assets, with the exception of interest in a joint venture, deferred tax assets, current tax recoverable, and other corporate assets. Segment liabilities include trade and other payables and net defined benefit retirement obligation attributable to the operating activities of the segment.

- Revenue and expenses are allocated to the reportable segment with reference to sales generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

(ii) Reconciliation of reportable segment profit

	2015	*2014*
	$'000	$'000
Profit		
Reportable segment profit	2,111,230	2,012,075
Net (loss)/gain on disposal of property, plant and equipment	(226)	272
Depreciation and amortisation	(674,007)	(682,619)
Finance costs	(346,070)	(334,350)
Share of (loss)/profit of a joint venture	(465)	353
Interest income	8,372	4,157
Unallocated head office and corporate expenses	(88,391)	(85,594)
Consolidated profit before taxation	1,010,443	914,294

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(iii) Reconciliation of reportable segment assets and liabilities

	2015	*2014*
	$'000	$'000
Assets		
Reportable segment assets	16,863,217	17,194,560
Interest in a joint venture	5,541	6,265
Deferred tax assets	33,227	33,141
Current tax recoverable	6,497	28,005
Unallocated head office and corporate assets	73,988	78,576
Consolidated total assets	16,982,470	17,340,547
Liabilities		
Reportable segment liabilities	1,915,068	2,222,259
Bank loans	100,000	100,000
Current tax payable	242,206	232,132
Non-current interest-bearing borrowings	7,372,492	7,867,586
Deferred tax liabilities	260,297	281,218
Unallocated head office and corporate liabilities	35,349	43,076
Consolidated total liabilities	9,925,412	10,746,271

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(iv) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's property, plant and equipment, intangible assets, goodwill and interest in a joint venture ("specified non-current assets"). The geographical location of revenue is based on the physical location of assets through which the services were provided or the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interest in a joint venture.

	Revenue from external customers		*Specified non-current assets*	
	2015	*2014*	*2015*	*2014*
	$'000	$'000	$'000	$'000
Hong Kong (place of domicile)	2,607,841	2,765,912	986,323	1,063,574
Macau	5,015,893	4,708,046	12,411,793	12,206,892
Others	726,077	709,649	294,109	290,961
	8,349,811	8,183,607	13,692,225	13,561,427

4 Other revenue

	2015	*2014*
	$'000	$'000
Interest income from bank deposits	8,260	3,945
Other interest income	112	212
	8,372	4,157

5 Other net gain

	2015	2014
	$'000	$'000
Net (loss)/gain on disposal of property, plant and equipment	(226)	272
Net foreign exchange gain	12,577	8,944
	12,351	9,216

6 Profit before taxation

Profit before taxation is arrived at after charging:

	2015	2014
	$'000	$'000
(a) Finance costs		
Interest on bank and other borrowings		
J wholly repayable within five years	95,873	93,867
J not wholly repayable within five years	214,110	214,110
	309,983	307,977
Other finance charges	32,704	23,441
Other interest expense	3,383	2,932
	346,070	334,350
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plans	41,225	36,660
Expenses recognised in respect of defined benefits retirement plan	10,011	8,523
Total retirement costs	51,236	45,183
Equity-settled share-based payment expenses	28,120	-
Salaries, wages and other benefits	722,276	677,195
	801,632	722,378

6 Profit before taxation (continued)

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

	2015 $'000	2014 $'000
(c) Other items		
Operating lease charges		
J leased circuits	771,120	723,659
J land and buildings	97,533	94,509
Depreciation	496,838	507,028
Amortisation	177,169	175,591
	674,007	682,619
Impairment losses		
J trade debtors, net	12,447	26,798
Auditors' remuneration		
J audit services	5,639	5,554
J non-audit services	1,343	1,332

7 Income tax

	2015 $'000	2014 $'000
Current tax		
Hong Kong Profits Tax		
J Provision for the year	55,136	50,949
J Under/(over)-provision in respect of prior year	178	(896)
	55,314	50,053
Jurisdictions outside Hong Kong		
J Provision for the year	162,087	155,295
J Over-provision in respect of prior year	(1,717)	(358)
	160,370	154,937
Deferred tax		
Origination and reversal of temporary differences	(20,073)	(25,651)
	195,611	179,339

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2014-15 subject to a maximum reduction of $20,000 for each business (2014: a maximum reduction of $10,000 was granted for the year of assessment 2013-14 and was taken into account in calculating the provision for 2014).

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

8 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2015 $'000	*2014* $'000
Interim dividend declared and paid of HK2.8 cents (2014: HK2.7 cents) per share	94,660	90,363
Final dividend proposed after the end of the reporting period of HK9.7 cents (2014: HK8.6 cents) per share	328,087	288,588
	422,747	378,951

For the interim dividend in respect of the period ended 30 June 2015, there was a difference of $46,000 between the interim dividend disclosed in 2015 interim report and the amount paid during the year ended 31 December 2015, which represented dividends attributable to shares issued upon exercise of share options before the closing date of register of members.

The final 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 year

	2015 $'000	*2014* $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK8.6 cents (2014: HK7.6 cents) per share	289,536	253,474

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

9 Earnings per share

	2015	*2014*
	$'000	$'000
Profit attributable to equity shareholders of the Company	802,213	723,734

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

	Number of shares	
	2015	*2014*
	'000	'000
Issued ordinary shares at 1 January	3,355,674	3,323,242
Effect of share options exercised	16,619	15,742
Weighted average number of ordinary shares (basic) at 31 December	3,372,293	3,338,984
Effect of deemed issue of shares under the Company's share option plan	33,576	32,848
Weighted average number of ordinary shares (diluted) at 31 December	3,405,869	3,371,832
Basic earnings per share (HK cents)	23.8	21.7
Diluted earnings per share (HK cents)	23.6	21.5

10 Trade and other receivables and deposits

	2015	*2014*
	$'000	$'000
Trade debtors	1,247,787	1,608,801
Less: allowance for doubtful debts	(45,567)	(113,347)
	1,202,220	1,495,454
Other receivables and deposits	651,159	626,697
	1,853,379	2,122,151
Represented by:		
Non-current portion	163,862	215,612
Current portion	1,689,517	1,906,539
	1,853,379	2,122,151

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

	2015	*2014*
	$'000	$'000
Within 1 year	1,069,220	1,267,839
Over 1 year	178,567	340,962
	1,247,787	1,608,801

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

11 Trade and other payables

	2015	*2014*
	$'000	$'000
Trade creditors	768,978	1,082,228
Other payables and accruals	1,064,132	1,079,378
	1,833,110	2,161,606
Represented by:		
Non-current portion	65,656	73,040
Current portion	1,767,454	2,088,566
	1,833,110	2,161,606

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:

	2015	*2014*
	$'000	$'000
Within 1 year	506,173	643,509
Over 1 year	262,805	438,719
	768,978	1,082,228

FINANCIAL REVIEW

OVERVIEW

The Group's turnover increased by 2.0% from HK$8,183.6 million for the year ended 31 December 2014 to HK$8,349.8 million for the year ended 31 December 2015. The increase was mainly due to the growth in the Group's mobile sales & services, Internet services and enterprise solutions revenue, which has more than countered the drop in revenue for other more traditional services.

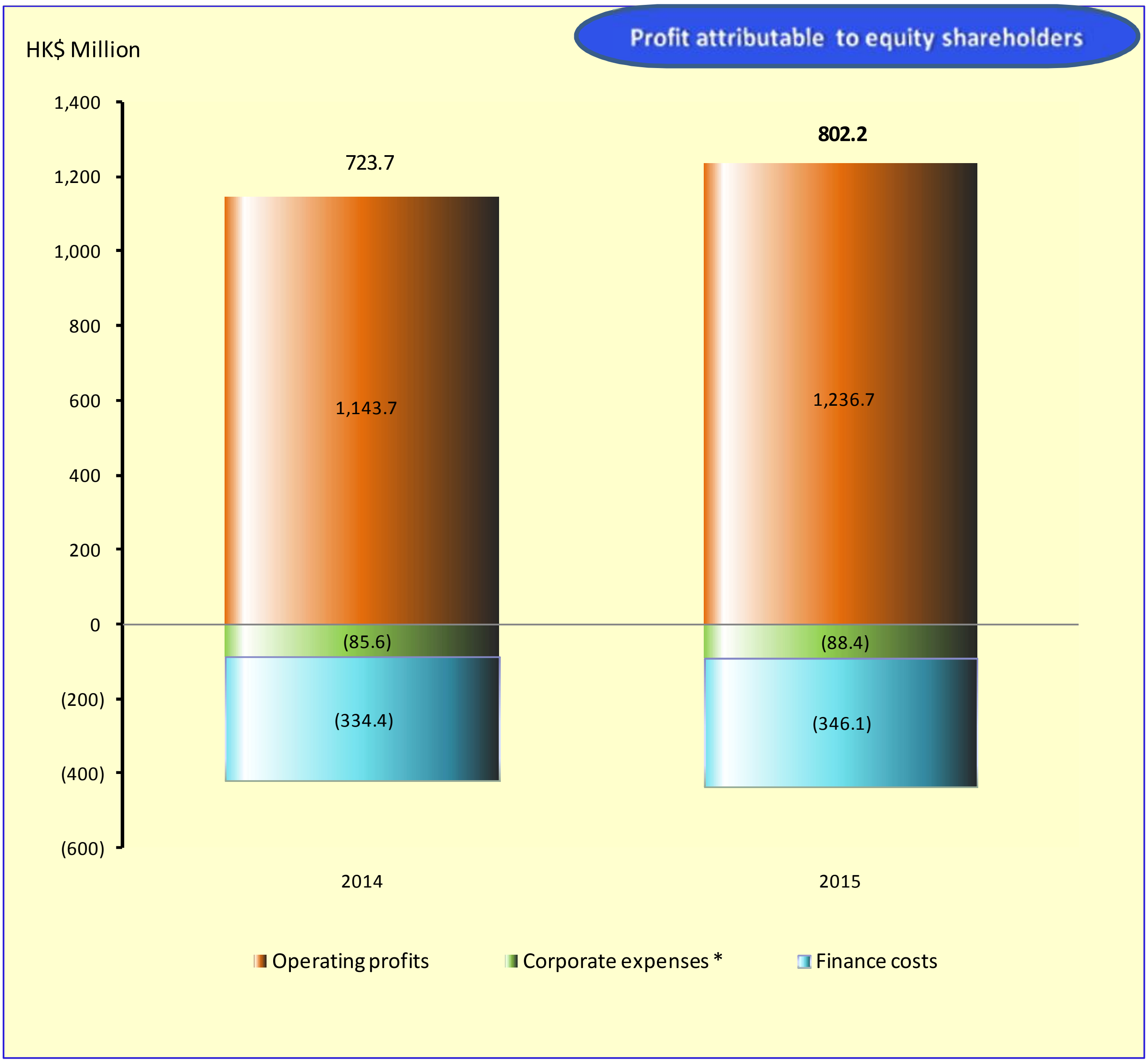
Profit attributable to equity shareholders and basic EPS amounted to HK$802.2 million and HK23.8 cents respectively which represented a year-on-year increase of 10.8% and 9.7% when compared with 2014.

Summary of Financial Results

	Year ended 31 December		**Increase/(Decrease)**	
In HK$ million	**2015**	2014		
Turnover	**8,349.8**	8,183.6	166.2	2.0%
Other revenue and net gain	**20.7**	13.4	7.3	54.5%
Cost of sales and services	**(4,941.8)**	(4,879.9)	61.9	1.3%
Depreciation and amortisation	**(674.0)**	(682.6)	(8.6)	(1.3%)
Staff costs	**(801.6)**	(722.4)	79.2	11.0%
Other operating expenses	**(596.1)**	(663.9)	(67.8)	(10.2%)
Profit from consolidated activities	**1,357.0**	1,248.2	108.8	8.7%
Share of joint venture results	**(0.5)**	0.4	N/A	N/A
Finance costs	**(346.1)**	(334.4)	11.7	3.5%
Income tax	**(195.6)**	(179.3)	16.3	9.1%
Profit for the year	**814.8**	734.9	79.9	10.9%
Less: Non-controlling interests	**(12.6)**	(11.2)	1.4	12.5%
Profit attributable to equity shareholders of the Company	**802.2**	723.7	78.5	10.8%
EBITDA *	**2,022.4**	1,926.8	95.6	5.0%

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

Profit attributable to equity shareholders of the Company



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

Profit attributable to equity shareholders of the Company for the year ended 31 December 2015 amounted to HK$802.2 million, an increase of HK$78.5 million when compared with 2014. The increase was mainly due to the significant increase in mobile sales & services and enterprise solutions revenue, and the steady growth in the Group's Internet services.

Turnover by Services

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

The Group's turnover achieved an increase of 2.0% from HK$8,183.6 million to HK$8,349.8 million for the year ended 31 December 2015. The increase in turnover is mainly contributed by increase in revenue from mobile sales & services, Internet services and enterprise solutions, which has more than offset the decrease in revenue from international telecommunications services and fixed line services.

The Group's enterprise solutions continued to perform well in both China and Macau markets and have achieved an increase of HK$255.8 million or 13.8% in enterprise solutions revenue for the year. In respect of international telecommunications services, the Group has continued to sustain growth in the corporate SMS business which has partly offset the adverse impact of the continuing decrease in global IDD wholesale traffic, mounting pressures on tariffs, and emerging Internet operations from OTT players.

Mobile sales & services

Mobile sales & services revenue includes the revenue from equipment and mobile handsets sales, mobile roaming services, and other mobile value-added services. Total mobile sales & services revenue amounted to HK$3,498.8 million for the year ended 31 December 2015, an increase of 6.0% when compared to last year. The increase was mainly due to the growth in mobile handsets sales and mobile data usage, as well as product differentiation, to better satisfy the needs of customers.

Postpaid ARPU (excluding inbound roaming and rebates adjustment) was up 8.1% to HK$234.2 when compared with last year, while prepaid ARPU dropped by 19.0% to HK$13.9 for 2015 mainly due to the intense price competition in mobile voice revenue, which offset the growth in mobile data revenue. The overall number of subscribers in December 2015 increased by 0.9% as compared to December 2014 to over 821,000 subscribers, and the Group's mobile market share in Macau was around 43.3% at 31 December 2015 (31 December 2014: 43.8%).

Internet services

Internet services revenue including the Group's data centre revenue amounted to HK$832.6 million for the year which represented an increase of HK$79.7 million or 10.6% when compared with 2014. The increase was mainly due to higher revenue from the good uptake of fibre broadband service and increase in data centre revenue. Overall broadband ARPU increased by 5.0% to HK$316.1 for 2015 and the total number of broadband subscribers increased by 4.6% from December 2014 to around 169,000 subscribers. The Group's Internet market share in Macau was around 99.4% while broadband market penetration rate in Macau was around 86.4% in December 2015 (December 2014: 83.3%).

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

Voice services revenue decreased by HK$213.3 million or 14.7% to HK$1,237.5 million for the year ended 31 December 2015 over the same period in 2014, owing to the challenging global voice wholesales market where tariffs and traffic volume are on a decreasing trend. Total traffic of 4.8 billion minutes was handled by the Group, representing a 21.3% reduction compared with 2014. Total China inbound and outbound traffic for the year has decreased by 24.2% and total international traffic dropped by 12.8% when compared to 2014. Despite the intensely competitive market conditions, the Group has continued to focus its efforts in regions with higher profit margins and has managed to achieve a revenue per minute of HK$0.26 which represented an 8.3% increase from 2014.

Overall the SMS market has continued to be adversely impacted by the increasing popularity of social networking applications. With the Group's successful efforts in tailoring its services to customers' needs, the number of Hong Kong domestic and International SMS handled by the Group in 2015 increased by 18.0% and 13.7% respectively. The Group also stepped up its efforts in accelerating the development of corporate SMS which have partly cushioned the substitution impact brought by the growing popularity of Internet applications. SMS services revenue totaled HK$317.3 million and average revenue per SMS was HK$0.21, a decrease of 25.6% and 16.0% respectively when compared with 2014.

Enterprise solutions
Enterprise solutions revenue increased by 13.8% from HK$1,851.3 million in 2014 to HK$2,107.1 million for the year ended 31 December 2015. The increase was contributed by the growth of professional service projects from the government and corporate customers, continuing popularity of VPN services, steady growth in cloud computing services and information security services, as well as the higher demand for leased lines from the carriers and corporate customers. In both 2015 and 2014, around 50% and 40% of the enterprise solutions revenue were derived in Mainland China and in Macau respectively.

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

Fixed line services
Fixed line services revenue was HK$356.5 million for 2015 which represented a decrease of 11.0% when compared to 2014. The decrease was in-line with the worldwide trends of declining fixed IDD traffic volumes and the decrease in fixed residential lines, which are gradually being replaced by the mobile services. The decrease was partly offset by the increase in business fixed lines revenue.

Profit for the year

The Group achieved HK$814.8 million in profit for the year, an increase of HK$79.9 million when compared with 2014. The increase was mainly due to the combined impact of the following factors:

Turnover

Turnover for the year increased by HK$166.2 million or 2.0% when compared with the same period of last year, largely due to the increase in mobile sales & services, Internet services and enterprise solutions revenue which have countered the decrease in the revenue for international telecommunications services and fixed line services.

Cost of sales and services

Cost of sales and services included costs of goods sold, and network, operations and support expenses. Consistent with the increase in turnover, cost of sales and services amounted to HK$4,941.8 million, an increase of HK$61.9 million when compared with 2014.

Staff costs

Staff costs for the year increased 11.0% to HK$801.6 million compared with 2014. The increase was mainly due to the increase in staff number and incentive bonuses which was in-line with the expansion of the Group's businesses as well as the equity-settled share-based payment expenses of HK$28.1 million (2014: $nil) recognised during the year.

Depreciation and amortisation

Depreciation and amortisation expenses totaled HK$674.0 million for the year ended 31 December 2015, a decrease of HK$8.6 million or 1.3%. The decrease was mainly contributed by certain aged networks and equipment being fully depreciated in 2014 and 2015.

Other operating expenses

Other operating expenses for the year amounted to HK$596.1 million, a decrease of 10.2% when compared with 2014, mainly due to the successful efforts in costs saving, which has more than offset the higher utilities charges in relation to the Group's new data centres and the increase in repair and maintenance expenses during the year.

Finance costs

Finance costs for the year increased slightly from HK$334.4 million to HK$346.1 million when compared with 2014 due to the write-off of the prepaid front end fee in relation to the loans that were refinanced during the year.

Income tax

In-line with the increase in profits, the Group's income tax expense for the year ended 31 December 2015 increased by 9.1% to HK$195.6 million compared to last year. If non-taxable / non-deductible items and unrecognised temporary differences were excluded, the effective tax rate for both years ended 31 December 2015 and 2014 would be around 13%.

Earnings per share ("EPS")

Basic EPS and diluted EPS amounted to HK23.8 cents and HK23.6 cents respectively, both representing an increase of around 10% when compared with last year.

Dividends per share

Final dividend of HK9.7 cents per share is proposed for the year ended 31 December 2015.

Cash flows

	Year ended 31 December		Increase/(Decrease)	
In HK$ million	**2015**	2014		
Source of cash:				
Cash inflows from business operations	**1,775.8**	1,627.9	147.9	9.1%
Other cash inflows	**57.9**	68.9	(11.0)	(16.0%)
Sub-total	**1,833.7**	1,696.8	136.9	8.1%
Use of cash:				
Net capital expenditure*	**(734.2)**	(717.8)	16.4	2.3%
Dividends paid to equity shareholders and non-controlling interests	**(394.9)**	(353.5)	41.4	11.7%
Acquisitions of equity investment	**-**	(1.2)	(1.2)	(100.0%)
Net cash outflows from borrowings	**(870.5)**	(79.7)	790.8	N/A
Other cash outflows	**(146.1)**	(2.1)	144.0	N/A
Sub-total	**(2,145.7)**	(1,154.3)	991.4	85.9%
Net (decrease)/increase in cash	**(312.0)**	542.5	N/A	N/A

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

Profit before taxation amounted to HK$1,010.4 million for the year ended 31 December 2015. The Group maintained a strong cash position, where HK$1,775.8 million cash inflow was generated from operations, an increase of HK$147.9 million or 9.1% when compared with 2014. The use of cash comprised capital expenditure, loans and repayments, dividends distribution to equity shareholders and non-controlling interests and various other payments. In total, the Group generated net cash outflow of HK$312.0 million for the year ended 31 December 2015 as the Group early repaid a loan with its excess cash during the year.

Capital expenditure

In-line with the Group's long term plan, the Group has continued to expand its data centres whereby HK$20.3 million of fitting-out costs were incurred during the year ended 31 December 2015.

The Group's total capital expenditure for the year amounted to HK$818.7 million. Excluding the capital expenditure on data centres, the capital expenditure for the year amounted to HK$798.4 million, an increase of 27.4% compared with 2014. The significant increase was due to more network development and upgrades projects undertaken during the year.

In June 2015, the Group's subsidiary, Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"), was one of four operators being granted the LTE licence in Macau. In October 2015, CTM officially launched its LTE service in Macau. Over HK$200 million was incurred during the year as capital expenditure for the development of CTM's LTE network.

Net debt

At 31 December 2015, total bank and other borrowings and net debt of the Group were as follows:

	Denomination						
In HK$ million equivalents	HKD	USD	MOP	RMB	Others	**2015**	2014
Total bank and other borrowings	1,488.8	5,983.7	-	-	-	**7,472.5**	7,967.6
Less: Cash and bank deposits	(558.4)	(242.7)	(167.8)	(194.9)	(59.2)	**(1,223.0)**	(1,396.9)
Net debt/(cash)	**930.4**	**5,741.0**	**(167.8)**	**(194.9)**	**(59.2)**	**6,249.5**	6,570.7

As a result of the stable cash flow from the operating activities, the Group's net debt decreased from HK$6,570.7 million at 31 December 2014 to HK$6,249.5 million at 31 December 2015.

Capital commitments

At 31 December 2015, the Group had outstanding capital commitments of HK$202.1 million, mainly for the acquisition of telecommunications equipment which had yet to be delivered to the Group and construction costs of the networks. Of these commitments, HK$110.3 million were outstanding contractual capital commitments and HK$91.8 million were capital commitments authorised but for which contracts had yet to be entered into.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

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 headquarter. In addition, the decision of financing activities is centralised at head office level.

1. Debt and leverage

As net debt decreased to HK$6,249.5 million, net gearing ratio decreased from 50% at 31 December 2014 to 47% at 31 December 2015 as illustrated below:

In HK$ million	31 December 2015	31 December 2014
Total bank and other borrowings	**7,472.5**	7,967.6
Less: Cash and bank deposits	**(1,223.0)**	(1,396.9)
Net debt	**6,249.5**	6,570.7
Total equity attributable to equity shareholders of the Company	**7,029.4**	6,568.4
Total capital	**13,278.9**	13,139.1
Net gearing ratio	**47%**	50%

At 31 December 2015, the principal of total outstanding bank and other borrowings amounted to HK$7,537.2 million, of which HK$100.0 million will mature in the coming year, against cash and bank deposits of HK$1,223.0 million.

The maturity profile of the Group's bank and other borrowings in principal amount at 31 December 2015 was as follows:

In HK$ million	2016	2017	2018	2019	2020	2021 & beyond	Total
Bank borrowings	100.0	505.4	2,521.8	312.0	588.0	-	4,027.2
US$450 million 6.1% guaranteed bonds	-	-	-	-	-	3,510.0	3,510.0
	100.0	**505.4**	**2,521.8**	**312.0**	**588.0**	**3,510.0**	**7,537.2**

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

To equilibrate the Group's bank and other borrowings denominated in Hong Kong dollars and United States dollars and reduce the cost of funding, the Group entered into a facility agreement with a group of banks in aggregate amount of HK$3,430.0 million (the "HK$3,430.0 million facility") in December 2015 to refinance the borrowings under a facility agreement entered in 2013 (the "US$540.0 million facility").

During the year, the Group early repaid US$100.0 million (approximately HK$780.0 million), being part of the US$540.0 million facility from its surplus cash. In addition, the Group refinanced part of the US$540.0 million facility for the sum of US$116.0 million (approximately HK$904.8 million) during the year. On 21 January 2016, the Group refinanced the remaining part of the US$540.0 million facility, which amounted to US$324.0 million (approximately HK$2,527.2 million).

Following the above arrangements, the principal of total outstanding bank and other borrowings at 21 January 2016 was HK$7,540.0 million, of which HK$4,030.0 million was denominated in Hong Kong dollars while HK$3,510.0 million (approximately US$450.0 million) was denominated in United States dollars, and the maturity profile of the Group's bank and other borrowings in principal amount was as follows:

In HK$ million	**2016**	**2017**	**2018**	**2019**	**2020**	**2021 & beyond**	**Total**
Bank borrowings	100.0	-	500.0	312.0	3,118.0	-	4,030.0
US$450 million 6.1% guaranteed bonds	-	-	-	-	-	3,510.0	3,510.0
	100.0	**-**	**500.0**	**312.0**	**3,118.0**	**3,510.0**	**7,540.0**

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 year.

The Group's cash balance at 31 December 2015 are more than sufficient to cover the repayments of principal amount of bank loan of HK$100.0 million in the coming year and contractual capital commitments of HK$110.3 million at 31 December 2015.

At 31 December 2015, the Group had available trade facilities of approximately HK$451.3 million. Approximately HK$231.1 million was utilised as guarantees for performance to customers / the Macau Government, costs payable to telecoms operators and others, and to secure loans extended to a fellow subsidiary by a commercial bank under an offshore-security-onshore-loan arrangement. Around HK$149.1 million of these utilised facilities were required to be secured by pledged deposits.

At 31 December 2015, the type of facilities of the Group was summarised as follows:

In HK$ million	**Total available facilities**	**Amount utilised**	**Amount unutilised**
Committed facilities:			
Term loans	6,457.2	3,927.2	2,530.0
US$450 million 6.1% guaranteed bonds	3,510.0	3,510.0	-
	9,967.2	7,437.2	2,530.0
Uncommitted facilities:			
Short-term facilities	300.0	100.0	200.0
Trade facilities	451.3	231.1	220.2
	751.3	331.1	420.2
Total	**10,718.5**	**7,768.3**	**2,950.2**

2. Liquidity risk management

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

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

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

3. Loan covenants

Committed banking facilities contain certain covenants, undertaking, financial covenants, change in control clause and/or events of default customary, which are commonly found in lending arrangement with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2015, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

At 31 December 2015, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

At 31 December 2015, performance bonds provided to the Macau Government and other customers for which no provision has been made in the consolidated financial statements amounted to approximately HK$82.0 million.

On 5 March 2013, CITIC Telecom International Finance Limited, a wholly-owned subsidiary of the Company, issued US$450 million (approximately HK$3,510.0 million) guaranteed bonds with a maturity of twelve years due on 5 March 2025 and the bonds bore interest at 6.1% per annum. The bonds were unconditionally and irrevocably guaranteed by the Company.

At 31 December 2015, the Company has provided guarantee to its subsidiary in an amount of HK$34.4 million to support its performance under a construction contract.

At 31 December 2015, the Group pledged bank deposits of RMB122.4 million (equivalent to HK$146.1 million) to secure the bank loans of a fellow subsidiary under the offshore-security-onshore-loan arrangement. In addition, bank deposits of approximately HK$3.2 million were pledged to secure parts of the trade facilities of the Group.

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

6. Interest rate risk

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

Interest rate risk is managed by borrowing fixed rate or through use of interest rate swap, if necessary. At 31 December 2015, approximately 53.4% of the Group's borrowings in principal were linked to floating interest rates. During the year, the Group did not enter into any interest rate swap arrangement.

Average borrowing costs

At 31 December 2015, the average borrowing costs, which is after the inclusion of amortisation of transaction costs, was approximately 4.2%.

7. Foreign currency risk

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

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

8. Credit risk

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

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

The Group has certain concentration risk in respect of trade debtors due from the Group's five largest customers who accounted for approximately 39.3% and 48.1% of the Group's total trade debtors at 31 December 2015 and 31 December 2014 respectively. The credit risk exposure to trade debtors balance has been and will continue to be monitored by the Group on an ongoing basis.

9. Counterparty risk

At 31 December 2015, the Group had a significant balance of cash at various financial institutions. To minimise the risk of non-recovery of cash deposits, the Group mainly deals with financial institutions which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor and Fitch Group) or the note issuing banks in Hong Kong, Macau and Mainland China. At 31 December 2015, the Group has approximately HK$1,210.3 million cash balance in the above-mentioned financial institutions, representing approximately 99.0% of the total cash and bank deposits of the Group. Management does not expect any losses from non-recovery from our financial counterparties.

SUSTAINABILITY REPORT

CITIC Telecom International Group has a strong sense of commitment in fulfilling corporate social responsibility ("CSR") and ensuring that it is part of our core corporate value in our daily operation. The Group has continued to emphasis on staff development and mental health of its staff. The Group also concerns on community involvement and environmental protection. CSR on all these aspects has always been an integral part of the Group's corporate business strategy and philosophy.

As at the end of December 2015, the Group employed a total of 2,184 employees (2014: 2,110) for its headquarters in Hong Kong and its subsidiaries. The number of employees was increased in line with business need of this year.

The Group is an equal opportunity employer and adheres to non-discriminatory employment practices and procedures in recognising and respecting individuals' rights. The Group promotes equal opportunities to applicants and existing employees, determining staff promotion and development in accordance with individual performance and job requirements. Discrimination is prohibited. The Group's compensation strategy is to cultivate a pay-for-performance culture to incentivise and reward employee performance that will lead to long-term enhancement of the overall calibre of the Group.

The Group upholds a high standard of business ethics and personal conduct of its employees. There are a series of mechanism to govern our employee to ensure them strictly complying with the Code of Conduct and related policies. The mechanism includes report on compliance of Code of Conduct, Whistle-blowing policy and Declaration of Interest, etc.

As a responsible entity to fulfill CSR, the Group has been active in supporting volunteer services and making our effort to promote education, environmental protection. The Group encourages its staff to support voluntary services and community activities through various means. In 2015, the Group made charitable donations approximately HK$1.2 million. The volunteer service of the Group was over 960 hours. The Group was honored different awards in recognition of our commitment and contribution through caring for the community, employees and environment.

The Group always takes into account of the environmental protection. The Group is committed to conduct business in an environmentally responsible manner. The Group has continued its effort to support the reduction of greenhouse gas emissions to maintain a sustainable environment.

The Group strives to ensure that our staff enjoy a healthy, safe and positive environment in which to work and interact with others. The Group supports and organises various kinds of outdoor sports activities and ball games competitions to enhance communication and to promote the importance of physical exercise.

Our staff is our greatest asset. The Group continues its effort in staff training and development to support the needs of its business and staff. In 2015, the Group provided training to employees over 39,500 hours.

All board directors also participate in continuous professional training to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The board of directors of the Company (the "Board") believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. At CITIC Telecom, we attach importance to our people, our code of conduct, and our corporate policies and standards, which together form the basis of our corporate governance practices. We respect the laws, rules and regulations of each country and area in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. We endeavour to contribute to the sustainable development of the Company, with particular focus on our accountability to shareholders and stakeholders. A full description of the Company's corporate governance will be set out in the section of "Corporate Governance" contained in the 2015 annual report.

Save as disclosed below, the Company has fully complied with the applicable code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year of 2015. In respect of the code provision A.6.7 of the Code, Mr. Luo Ning was unable to attend the annual general meeting of the Company held on 21 April 2015 and Messrs. Luo Ning, Liu Jifu, Liu Li Qing and Zuo Xunsheng were unable to attend the extraordinary general meeting of the Company held on 23 October 2015 as they had other engagements.

The Audit Committee of the Board, consisting of three independent non-executive directors, has reviewed the 2015 financial statements with management and the external auditors and recommended its adoption by the Board.

DIVIDEND AND CLOSURE OF REGISTER

The Directors have resolved to recommend to shareholders the payment of a final dividend of HK9.7 cents (2014: HK8.6 cents) per share, which together with the interim dividend of HK2.8 cents (2014: HK2.7 cents) per share already paid makes a total dividend of HK12.5 cents (2014: HK11.3 cents) per share for the year ended 31 December 2015.

The proposed final dividend of HK9.7 cents per share, the payment of which is subject to approval of the shareholders at the forthcoming annual general meeting (the "AGM") of the Company to be held on Monday, 16 May 2016, is to be payable on Thursday, 2 June 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 24 May 2016.

The Register of Members of the Company will be closed from Thursday, 12 May 2016 to Monday, 16 May 2016 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 May 2016. In addition, the Register of Members of the Company will be closed from Friday, 20 May 2016 to Tuesday, 24 May 2016 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Thursday, 19 May 2016. During such periods, no share transfer will be effected.

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 year ended 31 December 2015 and the Company has not redeemed any of its shares during the year ended 31 December 2015.

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.

ANNUAL REPORT AND FURTHER INFORMATION

A copy of the announcement will be found on the Company's website (www.citictel.com) and the website of the Stock Exchange (www.hkexnews.hk). The full Annual Report will be made available on the website of the Company and the Stock Exchange around 17 March 2016.

By Order of the Board
Xin Yue Jiang
Chairman

Hong Kong, 25 February 2016

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

Executive Directors:	*Non-executive Director:*	*Independent Non-executive Directors:*
Xin Yue Jiang (Chairman)	Liu Jifu	Liu Li Qing
Lin Zhenhui		Kwong Che Keung, Gordon
Luo Ning		Zuo Xunsheng
Chan Tin Wai, David		