

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2018

CHAIRMAN'S STATEMENT

Dear Shareholders,

Year 2018 has been marked by a volatile and fast-changing global economic landscape underpinned by opportunities as well as challenges, constantly putting us under pressure while also providing us the drive to move forward. In the face of challenges and difficulties, CITIC Telecom International Holdings Limited (the "Group") has persisted in innovative development through meticulous analysis of situations in an unbaffled mind, in pursuit of its stated goals of "achieving growth in strength, excellence and scale, achievement of higher standards, and delivery of top-rated results". Under the leadership of CITIC Group, our major shareholder, and our Board, our global staff teams have worked with ferocious effort to gear up on all fronts and deliver record-high operating results. All in all, 2018 struck me as a year of hard-fought progress as well as a year of lucrative harvest for the Group.

I am pleased to present the Group's annual results for 2018.

FINANCIAL RESULTS

Profit attributable to equity shareholders for 2018 amounted to HK\$951.0 million, increasing by 7.9%, or 11.6% if the valuation gain on investment property for the year of HK\$23.7 million were excluded, as compared to the corresponding period of the previous year.

Basic earnings per share for 2018 amounted to HK26.7 cents, representing a 7.2% growth as compared to 2017.

The Board recommended a final dividend of HK14.0 cents per share for 2018. Together with the 2018 interim dividend of HK4.0 cents per share, total dividends per share for 2018 amounted to HK18.0 cents, representing a 12.5% growth over the previous year.

The Group's total revenue amounted to HK\$9,464.0 million, increasing by 27.0% compared to the corresponding period of the previous year. The Group's service revenue (excluding sale of equipment and mobile handsets) showed a growth of 12.6% compared to the corresponding period of the previous year.

REVIEW OF OPERATIONS IN 2018

Ongoing efforts to fortify strengths in network and services to facilitate sound growth in the mobile business

A network of premium quality is fundamental to the sustainable development of our business. The Group has continued to put in resources in order to provide mobile broadband services of international standards in Macau. As at the end of 2018, 4G subscribers of Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM") have reached a total number of over 930,000, representing a 7.6% growth as compared to 864,000 subscribers as at the end of 2017, as it continued to maintain its dominant position in the market. CTM operated the most extensive WiFi network in Macau, with the number of its WiFi hotspots increasing to 2,764. The "Guangdong-Hong Kong-Macau Bay Area Mobile Service" has been immensely popular with customers since its launch. During the year, the Group had also successfully conducted its 5G network testing in Macau, well-prepared for the 5G era.

In view of the unique advantages and excellent services provided by the Group's SIMN platform, a PRC carrier officially transferred all businesses conducted on its own platform to the Group's SIMN platform, in a fine testimony to industry players' trust in and recognition of the Group. The Group has also continued to enhance the research and development of new functions for this platform, in a bid to facilitate the provision of new mobile communications services in the Guangdong-Hong Kong-Macau Bay Area ("Bay Area").

In the international signaling business, the Group achieved a higher growth rate in revenue when compared to last year as it continued to leverage strengths afforded by its specialisation in the business.

Growth in the Internet business driven by increased weighting of the fibre Internet business and faster pace in data centre construction

Following the Group's strong effort to promote fibre broadband services, the number of its fibre customers as at the end of 2018 had grown by 12.9% when compared to the start of the year. Up to 100% (excluding exceptional cases) of our corporate customers for Internet services and 87% of our domestic broadband customers had used fibre Internet, making us a world leader in this respect.

CITIC Telecom Tower Phase III (A) Data Centre has been made available to the market upon successful completion of its construction. CTM has been accredited by the Macau SAR Government to establish a data centre in Hong Kong (ex-Macau) to provide services which are equivalent to those provided by the data centre in Macau to the government and enterprises in Macau. It has become the first government-approved cross-border data centre in the Bay Area, underlining perfectly the Group's unique strengths in bringing synergy in its operations in Hong Kong and Macau.

The Group has also stepped up with the development of its global Cloud data centres, counting 18 centres as at the end of 2018.

Notable progress in the transformation of our traditional business of international telecommunications into an Internet-based operation

The Group has been actively driving the transformation of its traditional businesses into Internet-based operations, underpinned by major efforts to develop its A2P SMS business which reported notable growth as compared to the previous year. “DataMall 自由行”, our Internet-based global dataflow trading platform, continued to report strong growth in 2018 as its revenue exceeded HK\$100 million. On the basis of “DataMall 自由行”, CTM has successfully launched the “CTM 自由行” mobile app to provide customers with a more convenient and cost-friendly platform for the online purchase of overseas mobile data, which has been proven to be much welcomed by the customers. The Group has also made new breakthrough in the development of its Internet-based business system (BSS) with the successful commissioning of the IDD business system, a jointly developed product originating from the Group’s proprietary design.

Corporate services: from Asia Pacific to the world and from CT to ICT

The Group’s multinational corporate service business has continued to grow at a rapid pace. The consolidation of the nodes of CPC Europe (CITIC Telecom CPC Netherlands B.V.) has formed a globalised service network allowing the global sale of CPC Europe’s products and the expansion of the Group’s corporate services from Asia Pacific to the world. The building of its presence along “One Belt One Road”, in particular, has provided a unique advantage. In a consistent effort to upgrade its networks and products, the Group has numerous new backbone lines connecting international nodes and upgraded existing ones, in a bid to meet the demand arising from growth in the volume of customer usage.

While bolstering its strengths in network connection (CT), the Group has continued to seek expansion in services covering information and communications technology (ICT) which commanded greater growth prospect. During the year, the Group made breakthrough in a number of Smart City projects, including the successful bid for and subsequent smooth delivery of a large-scale smart transportation project in Singapore. The successful delivery of the project has laid a solid foundation for the Group’s undertaking of further Smart City construction projects in Singapore and its neighbouring countries.

China Enterprise ICT Solutions Limited, a subsidiary of the Group, entered into official cooperation with a world-leading enterprise in IT services. Leveraging strengths in their respective scopes of business, the two companies will seek business expansion at a higher level by moving from infrastructure to application, in a bid to provide convenient one-stop “ICT+” services to corporate customers.

Enhancing R&D by joining forces with manufacturing, academic and research sectors to seize business opportunities for Smart City construction

To seize the immense business opportunities in Smart City construction and commercialise the deliverables produced by academic and research efforts in a timely

manner, the Group has entered into cooperation agreements with a number of institutions, including University of Macau, for the joint development of Smart City applications. The Group has set up a research and development centre in Zhuhai for the proprietary development of its required software. This will reduce the Group's reliance on outsourced suppliers and enhance its ability to address market demands and rapid changes, while providing a powerful drive to expedite the Group's transformation into a Smart City operator. CTM has also become a preferred partner of Tencent in Macau and exclusive partner from Macau's telecommunications sector, whereby the two parties will launch Tencent's Cloud technology and related Smart City applications in Macau.

OUTLOOK FOR 2019

In 2019, the worldwide market for Internet, IoT, 5G, AI, Cloud computing and corporate services will continue to thrive, while the PRC will have entered a new stage of qualitative growth. Following developments over the years, the Group has built a high-calibre team with expertise and invaluable experience gained through persistent efforts to overcome hurdles and obstacles. Hence, we are well-positioned to seize future opportunities for development, introduce innovative products and services, and make contributions to social advancement.

Striving to become a principal Smart City by leveraging our Smart City construction for “Digital Macau”

As 5G technologies have brought about the era of Internet of everything, Smart City will become the industry's main direction of development in the future. The promulgation of the “Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area” has also brought new opportunities for the Group's development in the Bay Area. Strategically positioning CTM as an industry leader in Macau poised to expand into Mainland China and overseas markets, the Group will track closely the development of 5G technologies development and make timely investment and business preparations. Zhuhai R&D Centre will play an important role in our effort to step up with the development of “Digital Macau” and raise our standards in Smart City. Comprehensive improvements will be made in the Group's abilities on software development and project delivery as we strive to become a preferred partner in Smart City and corporate ICT services.

Cementing the Group's dominant position in global corporate services to expedite growth into a one-stop ICT service provider in Southeast Asia

The market on corporate services is among one of those with the most vibrant growth in the global telecommunications industry. In line with the principle of “constant innovation”, the Group will speed up the application of cutting-edge technologies such as AI and Big Data in the corporate services sector. Using “IT” to drive the business development of “CT”, the Group will continue to upgrade its products, improve its strength and enlarge its scale. In the meantime, we will extend our outreach to Southeast Asian countries from our base in Singapore, seeking to provide multinational corporations in the region with a rich array of services, such as voice, mobile, Internet, Cloud services, systems integration and system security, in order to speed up the progress of our growth into a one-stop corporate ICT service provider in Southeast Asia.

Ongoing scale expansion of data centres to increase the profitability of the Group's platform business

Data centres and Cloud computing are indispensable basic infrastructures of the general technologies for the next generation such as Big Data, AI and IoT, and they also represent one of the key focuses in the Group's future development. In 2019, the Group will commence the construction of CITIC Telecom Tower Phase III (B) Data Centre to further expand the scale of its data centres in response to market demands. The Group will continue to expand the coverage of its global Cloud computing platform by introducing, at its existing data centres, construction, removal, operation, security and system management services, among others, in connection with the Cloud computing platform, with a view to increasing the profitability of the Group's platform business as one of the new niches for the Group's future growth.

Continuing to speed up the transformation of the business of international telecommunications into an Internet-based operation and cementing the strengths on cross-border communications services

The reform of the telecommunications market has been moving at a faster pace. Challenges and opportunities co-exist side by side while new demands and new opportunities have constantly emerged from the customers. The Group will continue to speed up the transformation of the business of international telecommunications into an Internet-based operation, and will ride on our integrated strengths on cross-border roaming market to upgrade the "DataMall 2.0" services. We will conduct research and development on new models which will be more content-rich such as the "communications mall". We will also cement our strengths on cross-border communications services in the Bay Area and will apply those strengths in many more areas in the world for achieving an Internet-based communications services.

Quality assurance as a matter of high priority in our ongoing effort to enhance corporate competitiveness

Quality in products, research, services and management represents a matter of high priority for the Group, which continues to secure new know-how, technologies and markets in a target-specific manner through enhanced learning and training as well as stronger awareness for accountability and quality, in an ongoing attempt to improve quality and corporate competitiveness. The Group will continue to conduct user interface (UI) re-design, development and integration for products and services in response to customers' requirements using an Internet-based model, in order to offer brand new user experience (UE) to customers on a consistent basis.

Increasing our effort in R&D innovation to accelerate the Group's business upgrade and transformation

Technological innovation and product development form the prime mover behind the Group's development. On top of the results delivered by Zhuhai R&D Centre, the Group will further enhance coordination and planning to build a group-wide R&D regime based on the general strategy of "combining proprietary R&D and third-party cooperation", such that abilities in software development and platform delivery will be cultivated as core abilities for future development and the process of "product-based project development" and "platform-based product development" will gain pace. We will also persist in centralised leadership, close tracking of market developments,

long-term planning, stage-by-stage implementation, gaining experiences, recruiting talents, focusing on effectiveness and the sharing of results. With a strong focus on new technologies such as 5G, Smart City, IoT, AI, Big Data, Cloud computing and software defined networks, among others, the Group will draw on its existing strengths and insist upon the adoption of first-rate standards as it enhances cooperation with universities and other research institutions in its research effort to build an innovative R&D regime and a framework for results-sharing, in an ongoing drive of the Group's innovative development.

I have no doubt that, as an Internet-based integrated telecommunications enterprise, the Group will continue to outperform and closely monitor market opportunities to move up a notch, providing an ideal platform where employees can showcase their worth and abilities and greater value will be delivered to customers, partners and investors on an ongoing basis.

Over the years, the Group has succeeded in achieving continuous growth in operating results thanks to vigorous business development efforts leveraging opportunities in the market and its inherent strengths. The progress and results would not have been possible without the guidance of our Board and the diligent effort of our staff, as well as the support of our shareholders, investors and business partners and all stakeholders concerned with our Group's development. To them, I would like to extend my sincere gratitude and appreciation.

Xin Yue Jiang

Chairman

Hong Kong, 28 February 2019

CONSOLIDATED INCOME STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2018**

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2018</i> \$'000	<i>2017</i> \$'000
Revenue	3	9,464,013	7,450,760
Valuation gain on investment property		23,683	50,641
Other income	4	44,399	46,347
Other net (loss)/gain	5	(25,120)	7,763
		<u>9,506,975</u>	<u>7,555,511</u>
Cost of sales and services		(5,583,843)	(3,852,755)
Depreciation and amortisation	6(c)	(725,440)	(695,646)
Staff costs	6(b)	(1,034,868)	(961,255)
Other operating expenses		(687,573)	(658,917)
		<u>1,475,251</u>	<u>1,386,938</u>
Finance costs	6(a)	(337,067)	(323,669)
Share of profit/(loss) of a joint venture		3,100	(2,036)
Profit before taxation	6	1,141,284	1,061,233
Income tax	7	(173,392)	(165,477)
Profit for the year		<u>967,892</u>	<u>895,756</u>
Attributable to:			
Equity shareholders of the Company		951,039	881,338
Non-controlling interests		16,853	14,418
Profit for the year		<u>967,892</u>	<u>895,756</u>
Earnings per share (HK cents)	9		
Basic		<u>26.7</u>	<u>24.9</u>
Diluted		<u>26.7</u>	<u>24.8</u>

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 2018

(Expressed in Hong Kong dollars)

	2018 \$'000	2017 \$'000
Profit for the year	967,892	895,756
Other comprehensive income for the year (after reclassification adjustments)		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of net defined benefit liability	(43,015)	49,745
Deferred tax recognised on the remeasurement of net defined benefit liability	5,269	(5,877)
Surplus on revaluation of land and buildings held for own use upon change of use to investment property, net of \$Nil tax	52,578	-
	14,832	43,868
<i>Items that 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, net of \$Nil tax	(16,804)	28,368
Other comprehensive income for the year	(1,972)	72,236
Total comprehensive income for the year	965,920	967,992
Attributable to:		
Equity shareholders of the Company	950,202	952,897
Non-controlling interests	15,718	15,095
Total comprehensive income for the year	965,920	967,992

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AT 31 DECEMBER 2018**

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2018</i> \$'000	<i>2017</i> \$'000
Non-current assets			
Investment property		629,352	685,969
Other property, plant and equipment		2,767,198	2,625,731
		<u>3,396,550</u>	<u>3,311,700</u>
Intangible assets		1,553,522	1,722,074
Goodwill		9,717,906	9,729,268
Interest in a joint venture		8,924	5,972
Non-current contract assets		41,294	-
Non-current other receivables and deposits	10	119,937	207,509
Deferred tax assets		67,957	81,428
		<u>14,906,090</u>	<u>15,057,951</u>
Current assets			
Inventories and other contract costs		101,069	103,771
Contract assets		530,404	-
Trade and other receivables and deposits	10	1,375,350	1,783,151
Current tax recoverable		3,200	3,701
Cash and bank deposits		1,049,109	1,635,635
		<u>3,059,132</u>	<u>3,526,258</u>
Current liabilities			
Trade and other payables	11	1,496,802	1,739,334
Contract liabilities		156,475	-
Bank and other loans		327,529	284,438
Obligations under finance leases		952	1,541
Current tax payable		165,122	211,453
		<u>2,146,880</u>	<u>2,236,766</u>
Net current assets		<u>912,252</u>	<u>1,289,492</u>
Total assets less current liabilities		<u>15,818,342</u>	<u>16,347,443</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018 (CONTINUED)**

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2018</i> \$'000	<i>2017</i> \$'000
Non-current liabilities			
Interest-bearing borrowings		6,529,947	7,540,698
Obligations under finance leases		895	1,793
Non-current other payables	11	44,487	61,808
Net defined benefit retirement obligation		99,578	68,303
Deferred tax liabilities		247,719	244,643
		<u>6,922,626</u>	<u>7,917,245</u>
NET ASSETS		<u>8,895,716</u>	<u>8,430,198</u>
CAPITAL AND RESERVES			
Share capital		4,402,388	4,280,542
Reserves		4,452,364	4,115,865
Total equity attributable to equity shareholders of the Company		8,854,752	8,396,407
Non-controlling interests		<u>40,964</u>	<u>33,791</u>
TOTAL EQUITY		<u>8,895,716</u>	<u>8,430,198</u>

Notes

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basic 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 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 2017 except for the adoption of all new and revised HKFRSs that are first effective for accounting periods beginning on or after 1 January 2018 (see note 2).

The financial information relating to the years ended 31 December 2018 and 2017 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 2017 to the Registrar of Companies as required by section 662(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 2018 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 new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s consolidated financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

2 Changes in accounting policies (continued)

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has concluded that the initial adoption of HKFRS 9 had no material impact on the opening balance of equity at 1 January 2018.

Details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial assets and financial liabilities of the Group remain the same. The carrying amounts for all financial assets and financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

b. Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables and deposits); and
- contract assets as defined in HKFRS 15.

2 Changes in accounting policies (continued)

c. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated, the information presented for 2017 continues to be reported under HKAS 39.
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has concluded that the initial adoption of HKFRS 15 had no material impact on the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The Group has concluded that the initial adoption of HKFRS 15 in relation to timing of revenue recognition, significant financing benefit obtained from customers and capitalisation of contract costs had no material impact on the opening balances of equity at 1 January 2018. However, in future periods it may have material impact on the Group's financial results.

2 Changes in accounting policies (continued)

Details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised goods or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

b. Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance. It is not common for the Group to receive payments significantly in advance of revenue recognition in the Group's arrangements with its customers.

2 Changes in accounting policies (continued)

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the date when the customer obtains control of the promised goods or service in the contract. This accrual increases the amount of the contract liability during the period, and therefore increases the amount of revenue recognised when control of the promised goods or service is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*.

c. Sales commissions payable related to sales contracts

The Group previously recognised sales commissions payable related to sales contracts as costs of sales and services when they were incurred. Under HKFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related revenue is recognised and are included as costs of sales and services at that time.

d. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances were presented in the consolidated statement of financial position under “non-current other receivables and deposits”, “trade and other receivables and deposits” or “trade and other payables” respectively.

2 Changes in accounting policies (continued)

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

- (i) Amount of \$32,710,000 which was previously included in non-current other receivables and deposits is now included under non-current contract assets;
 - (ii) Amount of \$542,827,000 which was previously included in trade and other receivables and deposits is now included under contract assets; and
 - (iii) Amount of \$170,156,000 which was previously included in trade and other payables is now included under contract liabilities.
- e. Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKASs 18 and 11 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

2 Changes in accounting policies (continued)

	<i>Amounts reported in accordance with HKFRS 15 (A) \$'000</i>	<i>Hypothetical amounts under HKASs 18 and 11 (B) \$'000</i>	<i>Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A) - (B) \$'000</i>
Line items in the consolidated income statement for year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Cost of sales and services	(5,583,843)	(5,590,208)	6,365
Profit before taxation	1,141,284	1,134,919	6,365
Income tax	(173,392)	(172,134)	(1,258)
Profit for the year	967,892	962,785	5,107
Attributable to:			
Equity shareholders of the Company	951,039	947,408	3,631
Non-controlling interests	16,853	15,377	1,476
Earnings per share (HK cents)			
Basic	26.7	26.6	0.1
Diluted	26.7	26.6	0.1
Line items in the consolidated statement of comprehensive income for year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Total comprehensive income for the year	965,920	960,813	5,107
Attributable to:			
Equity shareholders of the Company	950,202	946,571	3,631
Non-controlling interests	15,718	14,242	1,476
Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of HKFRS 15:			
Non-current contract assets	41,294	-	41,294
Non-current other receivables and deposits	119,937	161,231	(41,294)
Inventories and other contract costs	101,069	94,704	6,365
Contract assets	530,404	-	530,404
Trade and other receivables and deposits	1,375,350	1,905,754	(530,404)
Total current assets	3,059,132	3,052,767	6,365
Trade and other payables	1,496,802	1,653,277	(156,475)
Contract liabilities	156,475	-	156,475
Current tax payable	165,122	163,864	1,258
Total current liabilities	2,146,880	2,145,622	1,258
Net current assets	912,252	907,145	5,107
Total assets less current liabilities	15,818,342	15,813,235	5,107
Net assets	8,895,716	8,890,609	5,107
Reserves	4,452,364	4,448,733	3,631
Total equity attributable to equity shareholders of the Company	8,854,752	8,851,121	3,631
Non-controlling interests	40,964	39,488	1,476
Total equity	8,895,716	8,890,609	5,107

The significant differences arise as a result of the changes in accounting policies described above.

2 Changes in accounting policies (continued)

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial results of the Group.

3 Revenue and segment reporting

(a) *Revenue*

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.

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

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2018 \$'000	2017 \$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
Mobile services	1,276,511	1,221,068
Internet services	1,009,680	933,805
International telecommunications services	1,655,703	1,221,184
Enterprise solutions	2,953,618	2,683,895
Fixed line services	243,572	280,618
	<hr/>	<hr/>
Fees from the provision of telecommunications services	7,139,084	6,340,570
Sale of equipment and mobile handsets	2,324,929	1,110,190
	<hr/>	<hr/>
	9,464,013	7,450,760

3 Revenue and segment reporting (continued)

Disaggregation of revenue from external customers by geographical location is disclosed in note 3(b)(iv).

During the years ended 31 December 2018 and 2017, sale of equipment and mobile handsets is recognised at a point-in-time and revenue from the provision of telecommunications services is substantially recognised over time.

- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is \$2,869,255,000. This amount represents revenue expected to be recognised in the future from contracts for products or services entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the service is performed or as the work is completed, which is expected to occur over the next 12 to 84 months.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for products or services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for products or services that had an original expected duration of one year or less.

(b) *Segment reporting*

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:

- Segment assets include all assets, with the exception of investment property, interest in a joint venture, deferred tax assets, current tax recoverable, and other corporate assets. Segment liabilities include trade and other payables, contract liabilities 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.

3 Revenue and segment reporting (continued)

(ii) Reconciliation of reportable segment profit

	2018 \$'000	2017 \$'000
Profit		
Reportable segment profit	2,271,103	2,094,469
Net loss on disposal of other property, plant and equipment	(2,790)	(3,373)
Net foreign exchange (loss)/gain	(22,330)	11,136
Depreciation and amortisation	(725,440)	(695,646)
Finance costs	(337,067)	(323,669)
Share of profit/(loss) of a joint venture	3,100	(2,036)
Interest income	11,498	13,231
Rentals receivable from investment property less direct outgoings	21,155	20,218
Change in fair value of contingent consideration	10,116	9,931
Valuation gain on investment property	23,683	50,641
Unallocated head office and corporate expenses	(111,744)	(113,669)
Consolidated profit before taxation	<u>1,141,284</u>	<u>1,061,233</u>

(iii) Reconciliations of reportable segment assets and liabilities

	2018 \$'000	2017 \$'000
Assets		
Reportable segment assets	17,184,934	17,706,638
Investment property	629,352	685,969
Interest in a joint venture	8,924	5,972
Deferred tax assets	67,957	81,428
Current tax recoverable	3,200	3,701
Unallocated head office and corporate assets	70,855	100,501
Consolidated total assets	<u>17,965,222</u>	<u>18,584,209</u>
Liabilities		
Reportable segment liabilities	1,760,382	1,821,256
Bank and other loans	327,529	284,438
Obligations under finance leases	1,847	3,334
Current tax payable	165,122	211,453
Non-current interest-bearing borrowings	6,529,947	7,540,698
Deferred tax liabilities	247,719	244,643
Unallocated head office and corporate liabilities	36,960	48,189
Consolidated total liabilities	<u>9,069,506</u>	<u>10,154,011</u>

3 Revenue and segment reporting (continued)

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, other 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 investment property and other property, plant and equipment, the location of the operations 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.

	<i>Revenue from external customers</i>		<i>Specified non-current assets</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Hong Kong (place of domicile)	3,262,584	2,789,123	1,719,592	1,682,369
The People's Republic of China	662,489	499,880	208,626	171,288
Macau	4,679,127	3,467,245	12,010,605	12,234,471
Singapore	501,394	430,678	484,179	414,715
Others	358,419	263,834	253,900	266,171
	6,201,429	4,661,637	12,957,310	13,086,645
	9,464,013	7,450,760	14,676,902	14,769,014

4 Other income

	2018 \$'000	2017 \$'000
Interest income from bank deposits	7,918	8,625
Other interest income	3,580	4,606
	<hr/>	<hr/>
Gross rental income from investment property	11,498	13,231
Change in fair value of contingent consideration (note)	22,785	23,185
	<hr/>	<hr/>
	10,116	9,931
	<hr/>	<hr/>
	44,399	46,347
	<hr/>	<hr/>

Note: During the years ended 31 December 2018 and 2017, the Group remeasured the fair value of contingent consideration for the acquisition of subsidiaries during the year ended 31 December 2016 with contingent consideration arrangements based on certain criteria stated in the sale and purchase agreement, and gains of \$10,116,000 and \$9,931,000 were recognised respectively.

5 Other net (loss)/gain

	2018 \$'000	2017 \$'000
Net loss on disposal of other property, plant and equipment	(2,790)	(3,373)
Net foreign exchange (loss)/gain	(22,330)	11,136
	<hr/>	<hr/>
	(25,120)	7,763
	<hr/>	<hr/>

6 Profit before taxation

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

	2018 \$'000	2017 \$'000
(a) Finance costs		
Interest on bank and other borrowings	314,704	306,237
Finance charges on obligations under finance leases	120	210
Other finance charges	20,196	14,136
Other interest expense	2,047	3,086
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	337,067	323,669
	<hr/>	<hr/>

6 Profit before taxation (continued)

	2018 \$'000	2017 \$'000
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution retirement plans	69,730	59,101
Expenses recognised in respect of defined benefit retirement plan	9,062	10,036
Total retirement costs	78,792	69,137
Equity-settled share-based payment expenses	16,780	31,980
Salaries, wages and other benefits	939,296	860,138
	<u>1,034,868</u>	<u>961,255</u>
(c) Other items		
Operating lease charges		
– leased circuits	1,051,441	1,019,410
– land and buildings	143,963	133,000
Depreciation	557,623	525,587
Amortisation	167,817	170,059
	725,440	695,646
Impairment losses		
– trade debtors and contract assets	12,429	2,728
Write off for other receivables	26,207	-
Rentals receivable from investment property less direct outgoings of \$1,630,000 (2017: \$2,967,000)	(21,155)	(20,218)
Auditors' remuneration		
– audit services	7,665	7,881
– non-audit services	1,692	1,450
Transaction costs for the acquisition of subsidiaries	-	1,007

7 Income tax

	2018 \$'000	2017 \$'000
Current tax		
Hong Kong Profits Tax		
– Provision for the year	90,430	63,367
– Over-provision in respect of prior years	(61,908)	(23)
	<u>28,522</u>	<u>63,344</u>
Jurisdictions outside Hong Kong		
– Provision for the year	135,478	129,819
– Over-provision in respect of prior years	(11,684)	(20,031)
	<u>123,794</u>	<u>109,788</u>
Deferred tax		
Origination and reversal of temporary differences	21,076	(7,655)
	<u>173,392</u>	<u>165,477</u>

The provision for Hong Kong Profits Tax for 2018 is calculated at 16.5% (2017: 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 2017/2018 subject to a maximum reduction of \$30,000 for each business (2017: a maximum reduction of \$20,000 was granted for the year of assessment 2016/2017 and was taken into account in calculating the provision for 2017).

The provision for Macau Complementary Tax for 2018 is calculated at 12% (2017: 12%) of the estimated assessable profits for the year. Assessable profits of the first Macau Patacas (“MOP”) 600,000 (equivalent to approximately \$583,000) (2017: MOP600,000 (equivalent to approximately \$583,000)) are exempted from Macau Complementary Tax.

Taxation for jurisdictions outside Hong Kong and Macau 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*

	2018 \$'000	2017 \$'000
Interim dividend declared and paid of HK4.00 cents (2017: HK3.00 cents) per share	142,730	106,303
Final dividend proposed after the end of the reporting period of HK14.00 cents (2017: HK13.00 cents) per share	<u>502,216</u>	<u>460,741</u>
	<u>644,946</u>	<u>567,044</u>

For the interim dividend in respect of the period ended 30 June 2018, there was a difference of \$117,000 between the interim dividend disclosed in 2018 interim report and the amount paid during the year ended 31 December 2018, 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*

	2018 \$'000	2017 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK13.00 cents (2017: HK10.35 cents) per share	<u>463,252</u>	<u>366,503</u>

For the final dividend in respect of the year ended 31 December 2017, there was a difference of \$2,511,000 between the final dividend disclosed in 2017 annual report and the amount paid during the year ended 31 December 2018, which represented dividends attributable to shares issued upon exercise of share options before the closing date of register of members.

9 Earnings per share

	2018 \$'000	2017 \$'000
Profit attributable to equity shareholders of the Company	<u>951,039</u>	<u>881,338</u>

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

	<i>Number of shares</i>	
	2018 '000	2017 '000
Issued ordinary shares at 1 January	3,544,164	3,534,581
Effect of share options exercised	<u>16,388</u>	<u>6,026</u>
Weighted average number of ordinary shares (basic) at 31 December	3,560,552	3,540,607
Effect of deemed issue of shares under the Company's share option plan	<u>2,006</u>	<u>7,638</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>3,562,558</u>	<u>3,548,245</u>
Basic earnings per share (HK cents)	<u>26.7</u>	<u>24.9</u>
Diluted earnings per share (HK cents)	<u>26.7</u>	<u>24.8</u>

10 Trade and other receivables and deposits

	<i>Notes</i>	<i>31 December 2018 \$'000</i>	<i>1 January 2018 \$'000</i>	<i>31 December 2017 \$'000</i>
Trade debtors, net of loss allowance	(i), (ii)	1,003,257	953,025	1,308,256
Other receivables and deposits		492,030	462,098	682,404
		<u>1,495,287</u>	<u>1,415,123</u>	<u>1,990,660</u>

Represented by:

Non-current portion	119,937	174,799	207,509
Current portion	<u>1,375,350</u>	<u>1,240,324</u>	<u>1,783,151</u>
	<u>1,495,287</u>	<u>1,415,123</u>	<u>1,990,660</u>

Notes:

- (i) Upon the adoption of HKFRS 9, no opening adjustment as at 1 January 2018 was made in respect of recognising additional ECLs on trade debtors (see note 2(i)).
- (ii) Upon the adoption of HKFRS 15, certain amounts from customers for international telecommunications services, sales of equipment and mobile handsets bundled with services and business solution projects were reclassified to contract assets.

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

	<i>2018 \$'000</i>	<i>2017 \$'000</i>
Within 1 year	950,613	1,170,488
Over 1 year	<u>52,644</u>	<u>137,768</u>
	<u>1,003,257</u>	<u>1,308,256</u>

Trade debtors are due within 7 to 180 days from the date of billing.

11 Trade and other payables

	<i>31 December 2018 \$'000</i>	<i>1 January 2018 \$'000</i>	<i>31 December 2017 \$'000</i>
Trade creditors	849,349	894,268	895,489
Other payables and accruals	691,940	736,718	905,653
	<u>1,541,289</u>	<u>1,630,986</u>	<u>1,801,142</u>
Represented by:			
Non-current portion	44,487	61,808	61,808
Current portion	1,496,802	1,569,178	1,739,334
	<u>1,541,289</u>	<u>1,630,986</u>	<u>1,801,142</u>

Note: Upon the adoption of HKFRS 15, certain advance payments related to business solution projects and other telecommunications services were reclassified to contract liabilities.

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>2018 \$'000</i>	<i>2017 \$'000</i>
Within 1 year	594,552	690,770
Over 1 year	254,797	204,719
	<u>849,349</u>	<u>895,489</u>

FINANCIAL REVIEW

OVERVIEW

The Group achieved solid financial results for the year ended 31 December 2018 with a net increase in profit of 8.1% to HK\$967.9 million when compared with the corresponding period of 2017. Profit attributable to equity shareholders for the year ended 31 December 2018 increased by 7.9% year-on-year to HK\$951.0 million, whilst basic earnings per share for the year ended 31 December 2018 was up 7.2% year-on-year to HK26.7 cents per share.

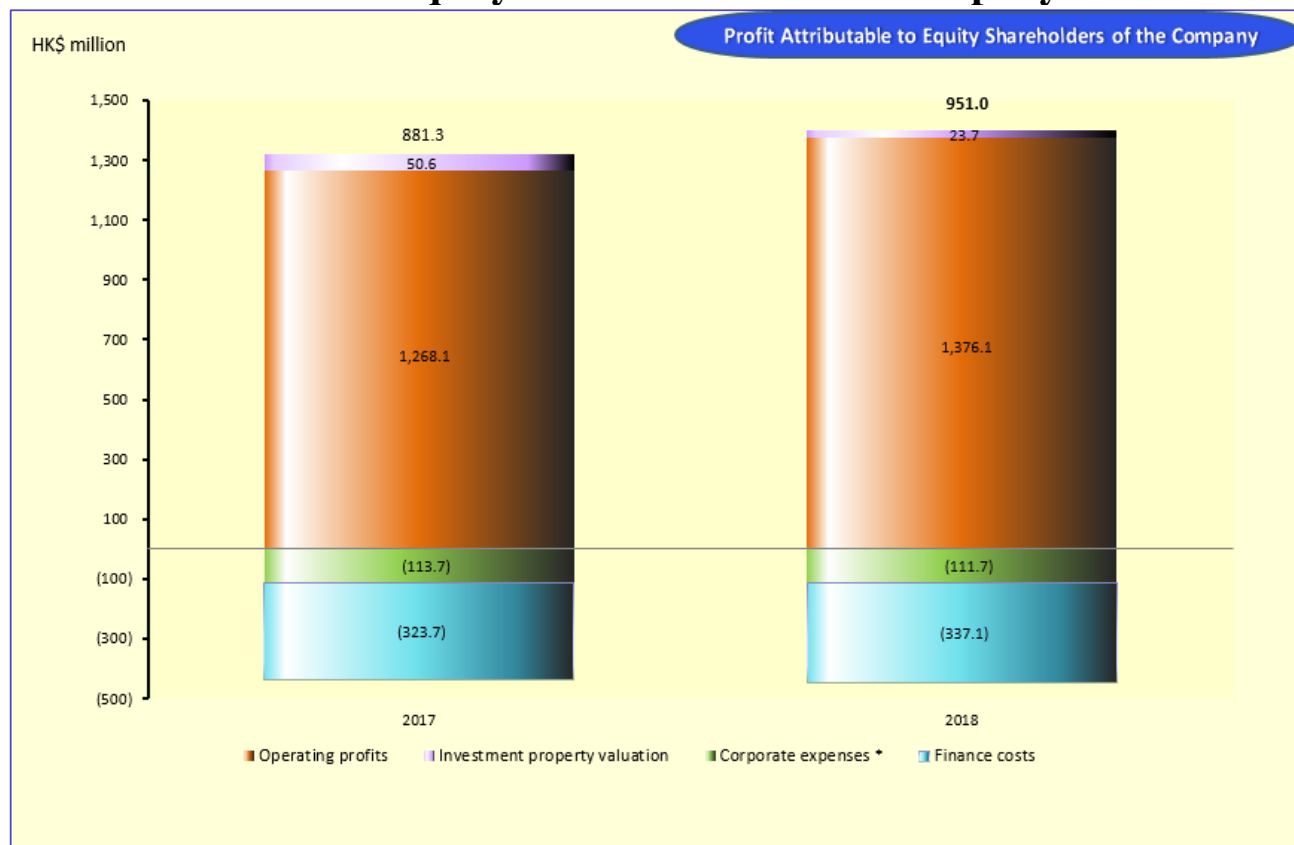
The Group's revenue surged 27.0% from HK\$7,450.8 million for the year ended 31 December 2017 to HK\$9,464.0 million for the year ended 31 December 2018 mainly driven by the significant increase in equipment and mobile handsets sales for the year. Total revenue for telecommunications services (i.e. excluding equipment and mobile handsets sales) increased by 12.6% year-on-year to HK\$7,139.1 million as the Group achieved growth in the majority of its major businesses.

Summary of Financial Results

<i>In HK\$ million</i>	Year ended 31 December		Increase / (Decrease)	
	2018	2017		
Revenue	9,464.0	7,450.8	2,013.2	27.0%
Valuation gain on investment property	23.7	50.6	(26.9)	(53.2%)
Other income and net (loss)/gain	19.3	54.1	(34.8)	(64.3%)
Cost of sales and services	(5,583.8)	(3,852.8)	1,731.0	44.9%
Depreciation and amortisation	(725.4)	(695.6)	29.8	4.3%
Staff costs	(1,034.9)	(961.3)	73.6	7.7%
Other operating expenses	(687.6)	(658.9)	28.7	4.4%
Profit from consolidated activities	1,475.3	1,386.9	88.4	6.4%
Share of profit/(loss) of a joint venture	3.1	(2.0)	N/A	N/A
Finance costs	(337.1)	(323.7)	13.4	4.1%
Income tax	(173.4)	(165.5)	7.9	4.8%
Profit for the year	967.9	895.7	72.2	8.1%
Less: Non-controlling interests	(16.9)	(14.4)	2.5	17.4%
Profit attributable to equity shareholders of the Company	951.0	881.3	69.7	7.9%
EBITDA*	2,192.3	2,067.3	125.0	6.1%

* 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, equity-settled share-based payment expenses, listing fee and others.

Profit attributable to equity shareholders of the Company for the year ended 31 December 2018 amounted to HK\$951.0 million, an increase of HK\$69.7 million or 7.9% when compared with the corresponding period of 2017. Excluding the valuation gain on investment property of HK\$23.7 million (2017: HK\$50.6 million), profit attributable to equity shareholders of the Company for the year would amount to HK\$927.3 million (2017: HK\$830.7 million) which represents a year-on-year increase of 11.6% as the Group strengthened its capabilities in its major businesses.

Revenue by Services

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

The Group's revenue from telecommunications services for the year ended 31 December 2018 amounted to HK\$7,139.1 million, which represented a year-on-year increase of 12.6% or HK\$798.5 million. The Group's total revenue amounted to HK\$9,464.0 million, which represented a year-on-year increase of 27.0% or HK\$2,013.2 million. The increase is mainly contributed by the surge in equipment and mobile handsets sales of HK\$1,214.7 million, growth in international telecommunications services revenue of HK\$434.5 million, growth in enterprise solutions revenue of HK\$269.7 million, growth in Internet services revenue of HK\$75.9 million and growth in mobile services revenue of HK\$55.4 million, but the increase was partly offset by the decrease in fixed line services revenue of HK\$37.0 million during the year.

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\$3,601.4 million for the year ended 31 December 2018, an increase of 54.5% when compared to the corresponding period of 2017. There were growth in both international roaming, as well as prepaid revenue, but the main contributor for the significant increase during the year was the surge in equipment and mobile handsets sales.

The overall number of subscribers as at 31 December 2018 was around 953,000, a decrease of around 1.8% when compared with 31 December 2017 of which approximately 97.7% (31 December 2017: around 89.0%) were 4G subscribers. The Group's mobile market share in Macau was around 43.7% as at 31 December 2018 (31 December 2017: 43.1%), while the Group had around 46.3% market share in the 4G subscribers of Macau mobile market as at 31 December 2018 (31 December 2017: 46.2%).

Internet services

Internet services revenue including the Group's data centre revenue amounted to HK\$1,009.7 million for the year which represented a year-on-year increase of 8.1% or HK\$75.9 million. The increase was mainly due to the increase in data centre revenue as the Group continues to expand its data centre operation and the increase in revenue from fibre broadband service as a result of the 2.8% increase in the number of broadband users to over 187,300 subscribers.

The Group's Internet market share and broadband market penetration rate in Macau was similar to last year at around 97.0% (31 December 2017: 97.6%) and 89.0% (31 December 2017: 88.3%) respectively as at 31 December 2018.

International telecommunications services

Voice services revenue for the year ended 31 December 2018 increased by HK\$284.6 million or 32.7% year-on-year to HK\$1,155.8 million as a result of unusual increases in traffic to regions with relatively higher tariffs during the year.

The Group was able to capitalise on the business opportunities resulting from growing concerns over banking security which has led to increased demand for SMS based services like authentication services and confirmation of transactions. Also, changes in consumer's communication behavior have resulted in more and more enterprises using A2P SMS as a key customer relationship management tool to connect with their customers. SMS revenue was up 37.9% year-on-year to HK\$386.7 million.

The Group's "DataMall 自由行" service has been well received by consumers travelling abroad since its launch in 2016 and with its extended coverage in the second half of 2017 revenue from "DataMall 自由行" service reached HK\$113.2 million for the year ended 31 December 2018 which represented a year-on-year increase of 62.9% or HK\$43.7 million.

Enterprise solutions

Enterprise solutions revenue increased by 10.1% from HK\$2,683.9 million in 2017 to HK\$2,953.6 million for the year ended 31 December 2018 mainly due to the Group's continued growth in enterprise solutions services in Mainland China, but the increase was slightly offset by the lower enterprise solutions revenue in Macau due to the phasing of casinos, resorts and government projects, despite growth in leased lines revenue in Macau.

Fixed line services

In line with global trends of declining fixed IDD traffic volumes and the decrease in fixed residential lines, fixed line services revenue was down by 13.2% year-on-year to HK\$243.6 million for the year ended 31 December 2018.

Profit for the year

The Group achieved HK\$967.9 million in profit for the year, an increase of HK\$72.2 million when compared with the corresponding period of 2017. The increase was mainly due to the combined effect of the following factors:

Revenue

The Group's revenue from telecommunications services amounted to HK\$7,139.1 million, an increase of 12.6% when compared with 2017. Total revenue including equipment and mobile handsets sales amounted to HK\$9,464.0 million for the year, representing a year-on-year increase of 27.0%. This is contributed by the growth in the majority of the Group's major businesses for the year, especially for equipment and mobile handsets sales.

Cost of sales and services

Cost of sales and services included costs of goods sold, and network, operations and support expenses. Cost of sales and services amounted to HK\$5,583.8 million, a year-on-year increase of 44.9% or HK\$1,731.0 million. Despite successful efforts in achieving greater cost efficiency, the increase in cost of sales and services was mainly due to the surge in equipment and mobile handsets sales during the year.

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 31 December 2018 by the Group's independent surveyors with a valuation gain of HK\$23.7 million (2017: HK\$50.6 million).

Staff costs

Due to the increase in headcount as a result of the Group's continuous expansion, staff costs for the year ended 31 December 2018 increased year-on-year by 7.7% or HK\$73.6 million.

Depreciation and amortisation

Depreciation and amortisation expenses totaled HK\$725.4 million for the year ended 31 December 2018, an increase of 4.3% when compared with the corresponding period of 2017.

Other income and net (loss)/gain

Included in other income and net (loss)/gain were mainly the net foreign exchange loss of HK\$22.3 million (2017: net foreign exchange gain of HK\$11.1 million), interest income of HK\$11.5 million (2017: HK\$13.2 million) and rental income of HK\$22.8 million (2017: HK\$23.2 million) as certain floors of the property held by the Group were leased out to third parties and an affiliate of the Group.

Other operating expenses

Other operating expenses for the year ended 31 December 2018 amounted to HK\$687.6 million, an increase of HK\$28.7 million or 4.4% when compared with the corresponding period of 2017. Included in the amount is an exceptional item, being the write off for other receivables of HK\$26.2 million (2017: HK\$Nil).

Finance costs

The Group's effective variable interest rate increased by approximately 19.2% from 2.6% p.a. as at 31 December 2017 to 3.1% p.a. as at 31 December 2018 as a result of the increases in the general borrowing rates. However, with the implementation of the Group's effective policies to manage its interest rate risks, finance costs increased by only 4.1% year-on-year to HK\$337.1 million for the year.

Income tax

Income tax for the year amounted to HK\$173.4 million representing an effective tax rate of 15.2% (2017: 15.6%). The total tax expense included the reversal of the over-provision of tax of HK\$73.6 million (2017: HK\$20.1 million) and the additional tax arising from the tax effect of temporary differences previously not recognised of HK\$33.3 million (2017: tax credit of HK\$6.3 million) for the year ended 31 December 2018. Excluding finance costs and the net impact from the reversal of the over-provision of tax and the tax effect from the recognition of temporary differences in relation to prior years, the effective tax rate was around 14.5% and 13.9% for the year ended 31 December 2018 and 2017 respectively.

Earnings per share (“EPS”)

Both basic EPS and diluted EPS amounted to approximately HK26.7 cents which represents an increase of 7.2% and 7.7% respectively when compared with the corresponding period of 2017.

Dividends per share

Final dividend of HK14.0 cents per share is proposed for the year ended 31 December 2018.

Cash flows

	Year ended 31 December		Increase / (Decrease)	
<i>In HK\$ million</i>	2018	2017		
Source of cash:				
Cash inflows from business operations	1,815.6	1,853.9	(38.3)	(2.1%)
Decrease in pledged deposits	219.6	-	219.6	N/A
Other cash inflows	111.0	26.6	84.4	> 100%
Sub-total	2,146.2	1,880.5	265.7	14.1%
Use of cash:				
Net capital expenditure*	(603.2)	(548.9)	54.3	9.9%
Dividends paid to equity shareholders and non-controlling interests	(614.5)	(483.3)	131.2	27.2%
Acquisitions of subsidiaries	-	(241.6)	(241.6)	N/A
Net cash outflows on loan repayments & borrowing costs	(1,282.7)	(456.4)	826.3	> 100%
Increase in pledged deposits	-	(53.0)	(53.0)	N/A
Other cash outflows	-	(1.1)	(1.1)	N/A
Sub-total	(2,500.4)	(1,784.3)	716.1	40.1%
Net (decrease) / increase in cash	(354.2)	96.2	N/A	N/A

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

Profit before taxation amounted to HK\$1,141.3 million for the year ended 31 December 2018. The Group maintained a strong cash position, where HK\$1,815.6 million cash inflow was generated from operations. 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 had net cash outflow of HK\$354.2 million for the year ended 31 December 2018 as the Group utilised part of its excess cash to settle HK\$1,370.9 million of its outstanding bank and other loans during the year.

Capital expenditure

The Group's total capital expenditure increased from HK\$524.9 million for the year ended 31 December 2017 to HK\$575.8 million for the year ended 31 December 2018. As the Group continued to expand its data centres, HK\$45.8 million fitting-out costs were incurred in 2018 with the remainder of the capital expenditure mainly for network development and upgrade projects.

Capital commitments

As at 31 December 2018, the Group had outstanding capital commitments of HK\$142.7 million, mainly for the data centre development, system upgrades, construction costs of networks and purchase of telecommunications equipment which had yet to be delivered to the Group. Of these commitments, HK\$54.4 million were outstanding contractual capital commitments and HK\$88.3 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 headquarters. In addition, the decision of financing activities is centralised at head office level.

1. Debt and leverage

As the Group's net debt decreased to HK\$5,810.2 million, the net gearing ratio decreased from 42% as at 31 December 2017 to 40% as at 31 December 2018.

As at 31 December 2018, total debt and net debt of the Group were as follows:

	Denomination							
<i>In HK\$ million equivalents</i>	HKD	USD	SGD	EUR	RMB	MOP	Others	Total
Bank and other borrowings	2,699.0	3,508.0	480.3	170.2	-	-	-	6,857.5
Obligations under finance leases	-	-	1.8	-	-	-	-	1.8
Total debt	2,699.0	3,508.0	482.1	170.2	-	-	-	6,859.3
Less: Cash and bank deposits	(291.2)	(286.9)	(60.6)	(35.4)	(141.7)	(167.1)	(66.2)	(1,049.1)
Net debt/(cash)	2,407.8	3,221.1	421.5	134.8	(141.7)	(167.1)	(66.2)	5,810.2

As at 31 December 2018, the Group's net gearing ratio was as follows:

<i>In HK\$ million</i>	31 December 2018	31 December 2017
Bank and other borrowings	6,857.5	7,825.1
Obligations under finance leases	1.8	3.3
Total debt	6,859.3	7,828.4
Less: Cash and bank deposits	(1,049.1)	(1,635.6)
Net debt	5,810.2	6,192.8
Total equity attributable to equity shareholders of the Company	8,854.8	8,396.4
Total capital	14,665.0	14,589.2
Net gearing ratio	40%	42%

As at 31 December 2018, the principal of total debt amounted to HK\$6,890.7 million, of which HK\$328.5 million will be matured in the coming year, against cash and bank deposits of HK\$1,049.1 million.

The maturity profile of the Group's total debt in principal amount as at 31 December 2018 was as follows:

<i>In HK\$ million</i>	2019	2020	2021	2022	2023	2024 & beyond	Total
Bank and other loans	327.5	2,311.6	739.8	-	-	-	3,378.9
Obligations under finance leases	1.0	0.8	-	-	-	-	1.8
US\$450 million 6.1% guaranteed bonds	-	-	-	-	-	3,510.0	3,510.0
	328.5	2,312.4	739.8	-	-	3,510.0	6,890.7

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.

The Group's total debt in principal decreased to HK\$6,890.7 million which was mainly due to the early repayment of bank loans amounted to HK\$1,000.0 million from its surplus cash during the year.

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 as at 31 December 2018 was more than sufficient to cover the repayments of principal amount of total debt of HK\$328.5 million in the coming year and contractual capital commitments of HK\$54.4 million as at 31 December 2018.

As at 31 December 2018, the Group had available trading facilities of HK\$299.0 million. The amount of HK\$83.4 million was utilised as guarantees for performance to customers / the Macau Government and costs payable to telecoms operators and others.

Around HK\$14.5 million of the utilised facilities were required to be secured by pledged deposits or other property, plant and equipment as at 31 December 2018.

As at 31 December 2018, the type of facilities of the Group was summarised as follows:

<i>In HK\$ million</i>	Total available facilities	Amount utilised	Amount unutilised
Bank and other loans			
- Committed facilities:			
Term loans	3,073.6	3,073.6	-
- Uncommitted facilities:			
Short-term facilities	<u>799.0</u>	<u>305.3</u>	<u>493.7</u>
	3,872.6	3,378.9	493.7
Obligations under finance leases - Committed facilities	1.8	1.8	-
Guaranteed bonds - Committed facility			
US\$450 million 6.1% guaranteed bonds	3,510.0	3,510.0	-
Trading facilities - Uncommitted facilities	<u>299.0</u>	<u>83.4</u>	<u>215.6</u>
Total	<u>7,683.4</u>	<u>6,974.1</u>	<u>709.3</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 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 provisions, 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. As at 31 December 2018, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

As at 31 December 2018, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

As at 31 December 2018, performance bonds provided to the Macau Government and other customers for which no provision has been made in the consolidated financial statements amounted to HK\$78.5 million. In addition, HK\$4.9 million was utilised as guarantees for the Group's purchases from telecoms operators, utilities deposits and others.

As at 31 December 2018, bank deposits of HK\$11.3 million and other property, plant and equipment of HK\$2.7 million were pledged to secure parts of the facilities of the Group.

On 5 March 2013, CITIC Telecom International Finance Limited, a wholly-owned subsidiary of the Company, issued US\$450 million (approximately HK\$3,510.0 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.

As at 31 December 2018, the Company issued guarantees of HK\$880.3 million for its subsidiaries in respect of the various forms of facility lines from financial institutions.

Certain other property, plant and equipment of Companhia de Telecomunicações de Macau, S.A.R.L. (“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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group manages its interest rate risk exposures in accordance with defined policies and regular review to achieve a balance between minimising the Group’s overall cost of fund and managing significant interest rate movements, as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio.

Interest rate risk is managed by fixed rate borrowing or through use of interest rate swap, if necessary. As at 31 December 2018, approximately 51.4% of the Group’s borrowings were linked to fixed interest rates. During the year, the Group did not enter into any interest rate swap arrangement.

Average borrowing costs

As at 31 December 2018, the average borrowing costs, after the inclusion of amortisation of transaction costs, was approximately 4.6%.

7. Foreign currency risk

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

A substantial portion of the Group's revenue and cost of sales and services are denominated in United States dollars, Macau Patacas, Hong Kong dollars, Renminbi and Singapore dollars. The majority of the Group's current assets, current liabilities and transactions are denominated in United States dollars, Macau Patacas, Hong Kong dollars, Renminbi and Singapore dollars. As the Hong Kong dollars is linked to the United States dollars and the Macau Patacas is pegged to the Hong Kong dollars, it will not pose significant foreign currency risk between Hong Kong dollars, Macau Patacas and United States dollars to the Group. Although management considers that the Group's exposure to foreign currency risk is not material, it will continue to monitor closely all possible exchange rate risks and implement 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 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 expected credit loss model.

The Group has certain concentration risk in respect of trade debtors and contract assets due from the Group's five largest customers who accounted for approximately 32.9% and 39.8% of the Group's total trade debtors and contract assets as at 31 December 2018 and 31 December 2017 respectively. 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 bank 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, Macau and Mainland China, or its group companies. As at 31 December 2018, the Group has maintained a cash balance of HK\$1,025.5 million in the above-mentioned financial institutions, representing approximately 97.8% of the total cash and bank 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 bank 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.

SUSTAINABILITY REPORT

The Group has a strong sense of commitment in fulfilling corporate social responsibility (“CSR”) and ensuring that it is part of our core corporate values in daily operation. It is our belief that a responsible business creates a win-win situation for the Group, its shareholders, customers, employees, business partners, and the community. Therefore, CSR has always been an integral part of the Group’s corporate business strategy and philosophy that drives the Group’s continued growth.

The provision of high-quality and reliable services to customers underlies the core value of the Group. We charge ourselves with the mission of providing quality communication services to customers in a stable and uninterrupted manner, while leveraging our inherent strengths to serve the community in different ways.

Corporate governance is a matter of top priority for the Group, which places a strong emphasis on staff training and development as well as environmental protection, in a bid to drive corporate development and social progress in a joint effort to realise its corporate vision and sustainable development of the society.

As at the end of December 2018, the Group employed a total of 2,568 employees, a 4.2% increase from 2017 mainly due to organic growth. Apart from this, there was no significant variation in employee numbers.

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, determines staff promotion and development in accordance with individual performance and job requirements. Discrimination is prohibited in all aspects. 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 employees 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. The Group emphasises on Integrity Conduct Policy. There are training sessions to remind our employees on awareness of integrity behavior and anti-corruption as well as to strengthen overall corporate governance.

The Group was committed to comply with the policies and procedures of our supply chain management during all purchasing activities. In return, the Group could serve our customers with best quality of products and services. The Group always takes into account of the environmental protection, energy saving and corporate social responsibility during our supply chain management. Great care should be taken to fulfill our environmental responsibility and to achieve better results for energy efficiency and conservation.

As a responsible entity to fulfill CSR, the Group has been active in supporting volunteer services and making our effort to promote education and environmental protection. The Group encourages its staff to support voluntary services and community activities through various means. The Group made charitable donations in excess of HK\$1.40 million in 2018. The Group spent more than 610 hours in volunteer service in 2018. 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 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 2018, the Group provided a variety of training courses to employees, total accumulated approximate to 50,000 hours of training.

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 2018 annual report.

Save as disclosed below, the Company has fully complied with the applicable code provisions in the Corporate Governance 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 2018. Messrs. Luo Ning and Liu Li Qing were unable to attend the annual general meeting of the Company held on 14 May 2018 as they had other engagements. Also, for the sake of good corporate governance, the Chairman of the Company had held a meeting with the independent non-executive directors without the presence of the other directors during the year.

The Audit Committee of the Board, consisting of three independent non-executive directors and a non-executive director, has reviewed the 2018 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 HK14.00 cents (2017: HK13.00 cents) per share, which together with the interim dividend of HK4.00 cents (2017: HK3.00 cents) per share already paid makes a total dividend of HK18.00 cents (2017: HK16.00 cents) per share for the year ended 31 December 2018.

The proposed final dividend of HK14.00 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 Wednesday, 15 May 2019, is to be payable on Tuesday, 4 June 2019 to shareholders whose names appear on the Register of Members of the Company on Thursday, 23 May 2019.

The Register of Members of the Company will be closed from Thursday, 9 May 2019 to Wednesday, 15 May 2019 (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 Registrar, 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, 8 May 2019. In addition, the Register of Members of the Company will be closed from Tuesday, 21 May 2019 to Thursday, 23 May 2019 (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 Registrar, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Monday, 20 May 2019. 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 2018 and the Company has not redeemed any of its shares during the year ended 31 December 2018.

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.

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 26 March 2019.

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

Hong Kong, 28 February, 2019

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

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent Non-executive Directors:</i>
Xin Yue Jiang (Chairman)	Liu Jifu	Liu Li Qing
Lin Zhenhui	Fei Yiping	Zuo Xunsheng
Luo Ning		Lam Yiu Kin
Chan Tin Wai, David		