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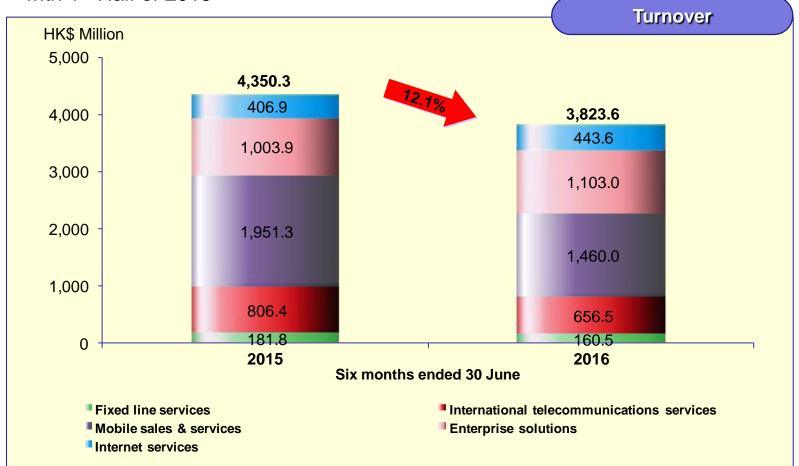
Highlights for the Six Months Ended 30 June 2016

- Turnover decreased 12.1% to **HK\$3,823.6 million** as compared against the corresponding period of last year due to the drop in weak mobile handset sales in 2016
- Profit attributable to equity shareholders of the Company was up 3.2% to HK\$410.0 million when compared against the corresponding period of last year
- Excluding the one-off refinancing costs of HK\$23.4 million and reversal of the overprovision of tax in respect of prior years of \$14.5 million (2015: HK\$0.5 million), profit attributable to equity shareholders of the Company will amount to HK\$418.9 million (2015: HK\$396.7 million), representing an increase of 5.6% from the corresponding period of last year
- At 30 June 2016, net debt was HK\$6,014.4 million (Dec 2015: HK\$6,249.5 million), including cash and bank deposits of HK\$1,158.4 million (Dec 2015: HK\$1,223.0 million)
- Interim dividend of **HK2.85 cents** (2015 Interim: HK2.80 cents)



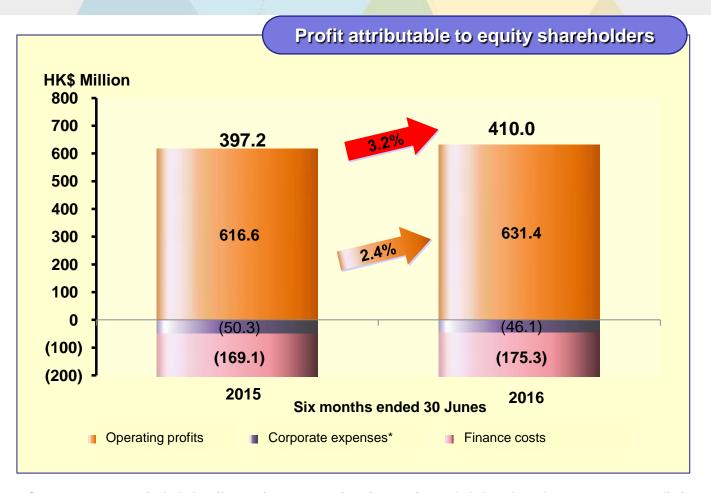
Turnover by Services

Turnover decreased by 12.1% to HK\$3,823.6 million when compared with 1st Half of 2015





Profit Attributable to Equity Shareholders



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



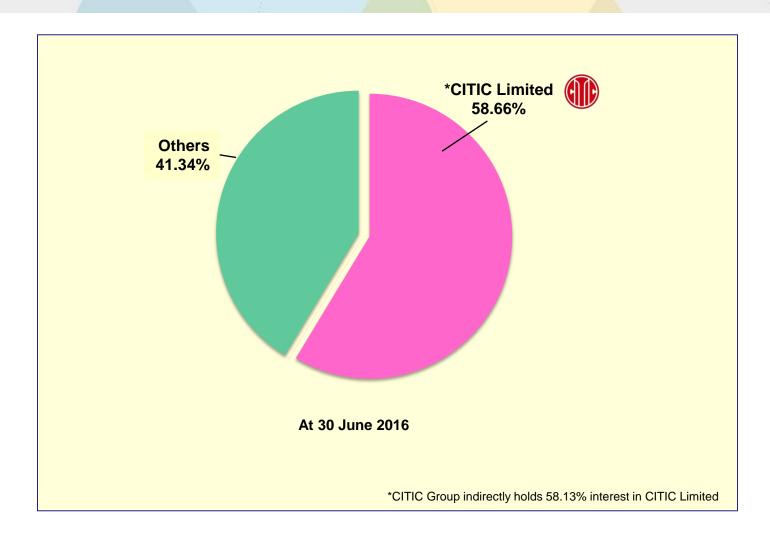
Liquidity and Capital Structure

HK\$m	For the six months ended 30 June	
Net cash generated from consolidated activities	976.3	1,019.8
Payment for acquisitions	-	32.4
Capital expenditure for Data Centre Network, mobile systems upgrade and others	12.3 358.2	8.0 164.1

HK\$m	At 31 December	At 30 June
Cash and bank deposits	1,223.0	1,158.4
Bank and other borrowings	7,472.5	7,172.8
Net debt	6,249.5	6,014.4
Net gearing ratio	47%	46%



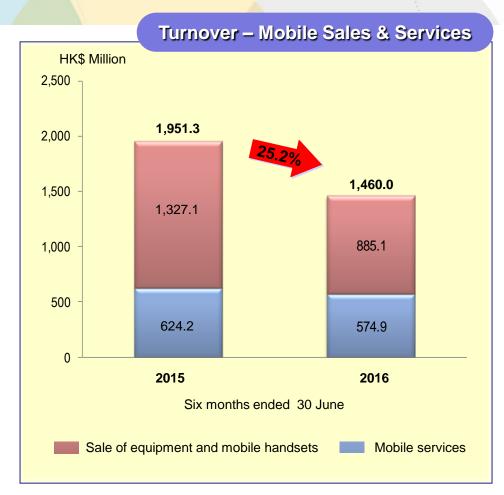
Shareholding Structure





Major Business Operation Mobile sales and services

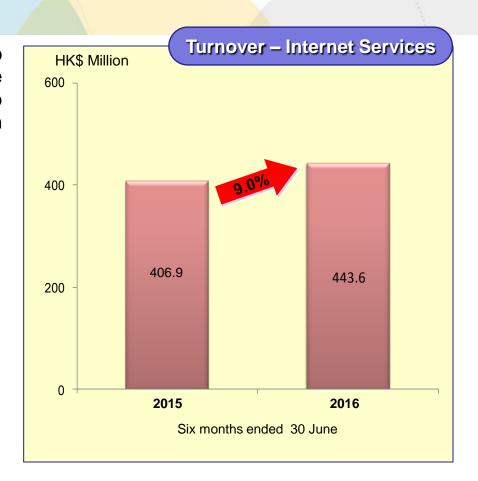
- Mobile sales and services revenue decreased 25.2% to HK\$1,460.0 million due to economic downturn and drop in mobile handset sales
- Adjusted postpaid average revenue per User ("ARPU") up 2.9% to HK\$235.6 when compared to the corresponding period of 2015
- Prepaid ARPU dropped by 31.9% to HK\$10.1 due to increase in comparatively lower ARPU tourist customers
- Overall number of subscribers increased by 1.3% to over 831,000 subscribers
- Market share for June 2016 and December 2015 was 44.3% and 43.3% respectively
- CTM collaborated with Hong Kong Telecom to launch the pioneer 4G+ "City Link Plan (Macau & HK)" Service Plan which provides customers with savings in roaming data and international calls, and easy access to more than 16,000 Wi-Fi hotspots located in both cities





Major Business Operation Internet Services

- Internet service revenue increased 9.0% to HK\$443.6 million as compared to the corresponding period of 2015 mainly due to good fibre broadband uptake and increase in data centre revenue
- Overall broadband ARPU increased 3.1% to HK\$321.0
- Total broadband subscribers increased 1.2% from December 2015 to around 171,000 subscribers in June 2016
- Market penetration rate in Macau was around 87.5% increase from 86.4% in December 2015
- Fibre coverage reached 100% while internet market share was close to 99%





Major Business Operation International Telecommunications Services

- Global voice wholesale market remains challenging with tariffs and traffic volume on a declining trend
- With focus on regions with higher profit margins, average voice revenue per minute was stable at HK\$0.26 per minute
- Increasing popularity of social networking applications continue to have an adverse impact on the SMS business
- Efforts are placed in accelerating the development of corporate SMS ("A2P")

Turnover - International Telecommunications Services HK\$ Million 1,000 806.4 800 656.5 220.2 103.8 600 400 586.2 552.7 200 0 2015 2016 Six months ended 30 June Voice services SMS services



Major Business Operation Enterprise Solutions

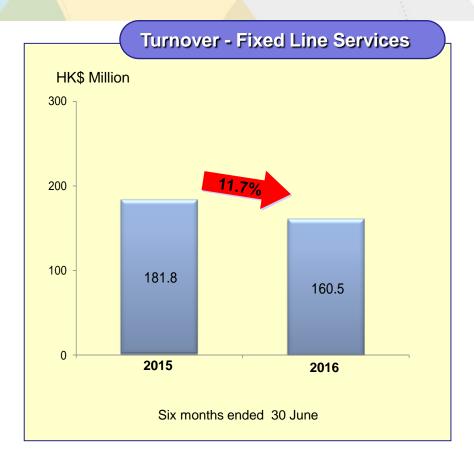
- Enterprise solutions revenue increased by 9.9% to HK\$1,103.0 million
- Several large projects implemented for the casino, hotel and government sectors
- Higher demand for leased lines from carriers and corporates
- Steady growth in cloud computing and information security services
- Around 50% and 40% of revenue were derived from Mainland China and Macau, respectively, for the first half of both 2016 and 2015
- Continuing popularity of VPN services with global coverage over 100 Points-of-Presence (PoPs). 3 new PoPs established in Taiwan, Urumqi and Yangzhou, China in 2016.



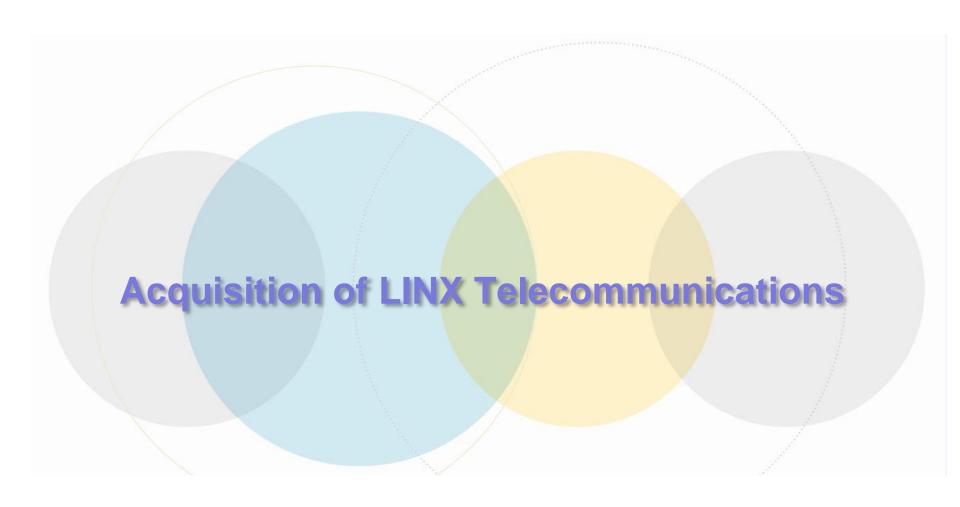


Major Business Operation Fixed Lined Services

- Fixed line services revenue decreased 11.7% to HK\$160.5 million
- Gradual replacement of fixed residential lines by mobile services







Acquisition of LINX Telecommunications

Acquisition of Linx Telecommunications B.V.

- On 28 Apr 2016, CITIC Telecom signed the Share Sale and Purchase Agreement with the seller to acquire the telecommunications business of Linx Telecommunications B.V. ("Linx"), including Linx's 470 kilometer optical fiber network in the Baltic Sea, and its network operations centers (NOCs) in Moscow and Tallinn. The acquisition also includes Linx's data centre in Tallinn, which serves as Estonia's largest Internet Exchange (TLL-IX). Linx has extensive telecommunications infrastructure and business operations to service customers across Western Europe, Central and Eastern Europe, as well as Central Asia.
- CITIC Telecom is now in process of preparation for completion, e.g. obtaining the approval from relevant government authorities and restructuring of Linx's telecommunications businesses. The whole process is expected to be completed by the end of 2016.



Extensive Network PresenceFurther expansion with LINX

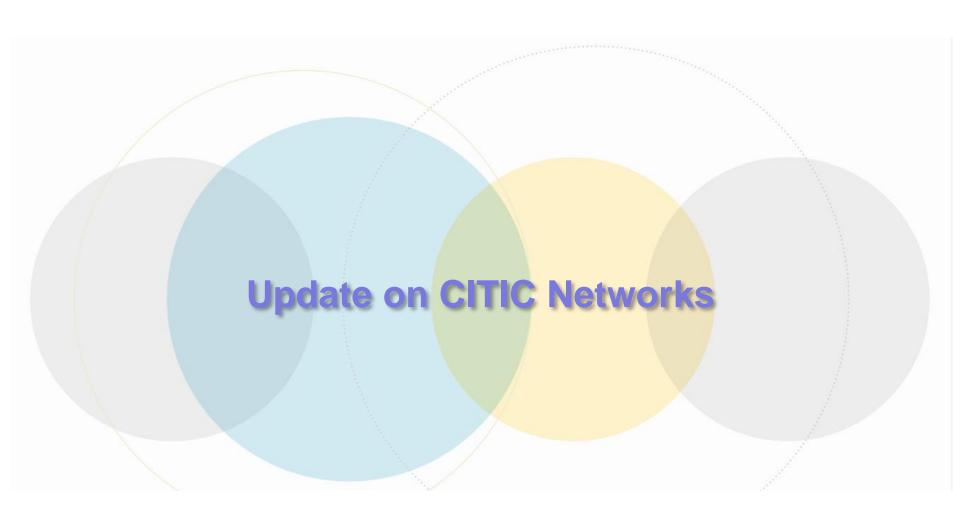
- On completion of Linx acquisition, it will boost the network service coverage with additional 13 countries (including Netherlands, Sweden, Kazakhstan, Russia and Poland) and 24 PoPs across Europe and Asia.
- In addition to expanded network reach, Linx acquisition enhances CITIC Telecom CPC's Russian language market capabilities and access to underserved markets, for itself and for its customers.



Extensive Network PresenceFurther expansion with LINX







Update on CITIC Networks

Establish Powerful New Strategic Partnership with CITIC Networks and ChinaCache International Holdings Ltd

- On 18 Feb 2016, CITIC Telecom signed the Strategic Partnership Framework Agreement with CITIC Networks and ChinaCache International Holdings Ltd. The strategic partnership sets forth a framework for the parties to collaborate in the areas of data transmission and communications, content delivery network services, data centre development and operation, and other value-added offerings including innovative cloud products and services.
- The partnership also places an important role in optimizing overall service efficiency, accelerating its content delivery network service to global reach, and improving the parties' competitiveness in the global market.

Enhanced the cooperation with CITIC Networks and synergies emerged

We coordinated with CITIC Networks to enhance EtherCONNECT product portfolio with 3 options: OTN, Premium and Lite, and extend the network coverage via interconnections with other platforms. There are 15 EtherCONNECT PoPs currently and it is targeted to expand to 18 PoPs in 2H 2016

Update on CITIC Networks

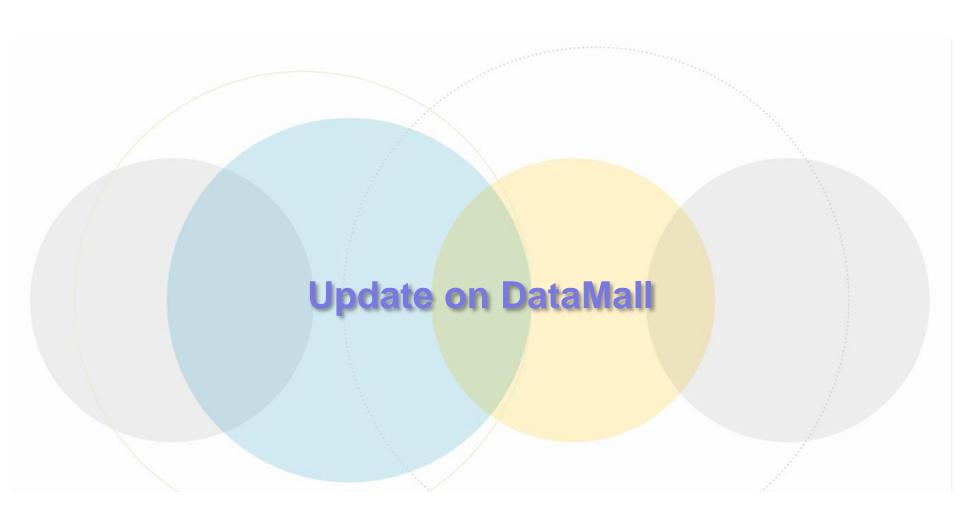
- © CITIC Networks' China Express Network can provide reliable and cost effective support to CITIC Telecom in delivering stable and secure data transmission services
- China Express Network is also a vital alternative to CITIC Telecom's reliance on network infrastructure operated by 3rd parties



Update on CITIC Networks

- © CITIC Telecom commenced providing Management Consultancy and Technical Services to CITIC Networks since first half of 2015. Improvement in financial results of CITIC Networks:
- Turnover slightly up 1% to RMB53.9 million for the first half of 2016 when compared with the corresponding period in 2015
- EBITDA (loss) improved by 12% to (RMB21.8 million) for the first half of 2016 when compared with the corresponding period of 2015





DataMall Business Partners

























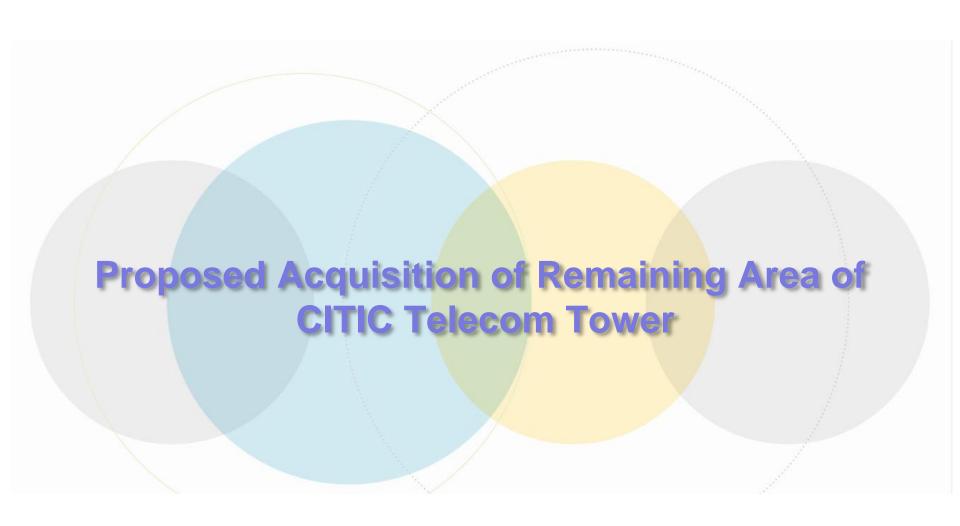


DataMall Coverage Plan









Proposed Acquisition of Remaining Area of CITIC Telecom Tower

- Strong demand for data centre space
- Available rack space at our Data Centre at CITIC Telecom Tower < 9%</p>
- On 16 August 2016, CITIC Telecom announced their proposed acquisition of the remaining area of CITIC Telecom Tower at a consideration of HK\$850 million. Around half of the consideration will be settled in cash and the remaining consideration will be settled by the issue of new shares in CITIC Telecom at HK\$3 per share.
- The Acquisition will allow the Group to design and build, by phases, high tier Data Centre to meet customer's need. It will strengthen Group's competitive edge in Data Centre business, and act as a pivot in transformation to Internet services globally.
- Available rack space to increase to approximately 4,000 racks.
- Signed letter of intent with a strategic partner covered 20% of the rack space. Potential partner in advanced stage of discussion will cover another 20% of the rack space.
- Expected rate of return on investment > 10%.
- Constitute a connected transaction under Hong Kong Listing Rules and is subject to the Company's independent shareholders' approval, and fulfillment of certain conditions pursuant to the acquisition agreement.

