



【 For Immediate Release 】

CITIC Telecom Announces 2011 Interim Results
Net Profit Up Nearly 30% to HK\$233.8 Million

All Business Segments Sustain Growth
Active Product Innovation

Financial Highlights

For the Six Months Ended 30 June

	<u>2011</u>	<u>2010</u>	<u>Change (%)</u>
Turnover (HK\$ million)	1,491.6	1,291.2	+15.5
Net profit (HK\$ million)	233.8	180.1	+29.8
Basic earnings per share (HK cents)	9.8	8.6	+14.0
Interim dividend per share (HK cents)	2.4	2.4	

Business Highlights

- The Group sustained stable growth in its voice, SMS, Mobile VAS and data businesses during the first half of the year, as it continued to strengthen its business relationships with various major telecoms operators in China and overseas:
 - Turnover from Voice Services increased by 17.0% to HK\$924.4 million
 - Turnover generated by SMS Services increased by 11.0% to HK\$168.0 million
 - Turnover from Mobile VAS Services rose by 17.2% to HK\$77.1 million
 - Turnover from Data Services increased by 13.5% to HK\$322.1 million
- Integration of China Enterprise Communications Ltd. (“CEC”) enables the Group to offer a strong sales and servicing network for the virtual private networks (“VPN”) market in Mainland China
- Companhia de Telecomunicacoes de Macau S.A.R.L. (“CTM”) recorded strong business growth since the Group’s acquisition of a 20% equity interest in CTM, offering positive synergies to the Group’s business. For the six months ended 30 June 2011, the Group’s 20% share of profit of CTM amounted to HK\$77.0 million

(Hong Kong, 12 August 2011) **CITIC Telecom International Holdings Limited** (“CITIC Telecom” or the “Group”; stock code: 1883), a leading telecoms services provider in Asia, announced today its interim results for the six months ended 30 June 2011. During the period under review, the Group reported growth in turnover and net profit. Its turnover increased by 15.5% to HK\$1,491.6 million and net profit rose by 29.8% to HK\$233.8 million, as compared with the same period in 2010. Basic earnings per share rose by 14.0% to 9.8 HK cents. The Board has declared payment of an interim dividend of 2.4 HK cents per share, in line with the same amount last year.

Mr Xin Yue Jiang, Chairman of CITIC Telecom, said, “The Group’s business was subject to new challenges during the first half of 2011 amidst intense competition in the international telecommunications market. We addressed the highly competitive environment in a proactive manner, employing effective measures and diligent efforts in market development both overseas as well as within China in order to sustain stable growth.

“During the period under review, the Group made headway in the integration of recently acquired CEC, forging a strong sales and servicing network for the VPN market in Mainland China. With the completion of the Group’s acquisition of the subsidiary of CEC in Hong Kong, China Enterprise Netcom Corporation Limited, a solid foundation has also been provided for the further growth of CEC’s overseas business. Moreover, the CTM acquisition has generated synergies with the Group’s businesses, delivering significant profit contributions to CITIC Telecom and spurring development of voice, SMS and Mobile VAS businesses”, he continued.

The Group maintains a healthy financial position, with each business segment generating strong cash flow to the Group. As at 30 June 2011, it had cash and bank deposits of approximately HK\$309.4 million, and no bank borrowings.

Business Review

Turnover from **Voice Services** amounted to HK\$924.4 million, an increase of 17.0% when compared with the same period of 2010 and accounting for 62.0% of the Group’s total turnover. China outbound minutes and international minutes rose by 13.5% and 4.9% respectively, yet, China inbound traffic dropped by 18.6% as compared with the corresponding period of 2010, resulting in a decrease of 11.9% in total traffic to 4.32 billion minutes.

Turnover contribution from overseas subsidiaries increased by 10.2% compared to the corresponding period of 2010, while their operating profitability also showed remarkable improvement over the corresponding period of the previous year. Profitability of the Group’s international voice business improved as CITIC Telecom made further advances in the development of its overseas premium-quality routing. Meanwhile, the Group’s marketing initiatives for 3GTV and Wi-Fi roaming, etc, started to deliver positive results. In a move to open up new markets, the Group commenced services for the provincial headquarters of PRC telecoms operators based on the Group’s existing Single IMSI Multiple Number (“SIMN”) service platforms for inter-provincial roaming. Efforts were made to further enhance the Group’s SIMN service for use in China and its neighbouring countries and regions in support of PRC telecoms operators.

Turnover from **SMS Services** amounted to HK\$168.0 million, rising 11.0% as compared with the same period in 2010 and accounting for 11.3% of the Group’s total turnover. During the period, the Group handled 978.0 million messages, an increase of 10.0% as compared to 2010. The Group’s expansion in international network coverage successfully enabled it to secure additional China inbound and outbound traffic which grew by 13.0% over last year. For the Hong Kong market, the Group recorded a 7.6% growth in traffic during the first half of 2011. The Group continued to secure its leading market position by enhancing service quality and effective pricing strategy. Furthermore, the Group is determined to expand into new markets. CITIC Telecom’s market competitiveness in the international SMS business has been enhanced by the signing of an agreement with a major telecoms company in Southeast Asia, for which the Group will act as the international SMS gateway in Asia. In Mainland China, the Group established its stronger cooperation with PRC telecoms operators.

Mobile Value-added Services (VAS) generated good growth momentum. Turnover amounted to HK\$77.1 million, an increase of 17.2% as compared with the same period in 2010, accounting for 5.2% of the Group's total turnover. The Group's strategy to provide bundled services continued to be well accepted by its customers. In addition, the Group succeeded in broadening its market base through various marketing initiatives.

Data Services consisting of managed VPN services and other services such as resale of lease lines recorded a turnover of HK\$322.1 million, an increase of 13.5% as compared with the corresponding period last year and accounting for 21.5% of total turnover. The Group sought to broaden its business scope by developing cloud computing and information security solutions as well as a data centre. In connection with the data centre business, a solid foundation has been formed with the completion of the first phase of the Group's data centre and the commencement of related marketing activities.

The integration of CEC is bearing fruit with initial success in the completion of the integration of networks, network management and operating/ maintenance systems and product sales teams. CeOneConnect, the Group's unified VPN brand, has also been officially launched. The Group has also made progress in the development of its VPN business in China. During the period under review, CEC has signed an agreement with the Shanghai Branch of Great Wall Broadband Network Service Co., Ltd., a subsidiary of the Group's parent company CITIC Group. Under the agreement, the two companies are to consolidate their resources and complement each other in cooperation to develop the corporate communications market in China.

Prospects

To address new challenges arising from market dynamics, the Group will step up efforts to develop international voice markets in the second half of the year. Furthermore, the Group will expand into new markets in the Asian Pacific region, the Middle East and South America. These strategic directions will sustain a stable international voice business and generate positive synergies with the Group's voice business in Mainland China. Research and development of new products in SMS and Mobile VAS will be escalated, and the Group will also expand its market coverage to sustain rapid growth in these businesses

The Group will continue to facilitate the integration of CITIC Telecom International CPC Limited ("CPC") and CEC in terms of marketing, business and assets to generate greater synergies. The marketing of the Group's VPN and Internet access services will be further enhanced with the timely launch of new products, so that CPC will become a brand with greater influence in both domestic and international enterprise markets. The Group will also continue setting up data centres to provide a solid foundation for future development. Meanwhile, positive growth is expected from the business of CTM, offering synergies as well as significant profit contributions to the Group.

The 26th Universiade, to be held in Shenzhen, the PRC in August, presents the Group with a good business growth opportunity given the requirement for China-based telecoms services for that event. Staff deployment, equipment, network capacity, customer service and technical requirements have already been fully prepared. The Group is also working closely with PRC operators to adopt communications security measures for the Universiade, so that the event will be supported by top-rate telecoms hub services and that all voice, SMS and Mobile VAS services facilitated through the Group will be delivered in a smooth and seamless manner.

Mr Xin Yue Jiang concluded, “Through the global outreach of our telecoms marketing network, the Group has been expanding both its coverage and the number of its customers, realising a more diversified cooperation on the international front. The Group is also implementing effective measures in response to changing market conditions and the competitive landscape. These steps, plus an excellent team and superior services enable CITIC Telecom to generate sound economic benefits and investment returns for our shareholders. We are continuing to grow our business in Mainland China and exploring new overseas markets, while gearing up our efforts in cost control, technology upgrades, product innovation and process optimisation”.

– End –

About CITIC Telecom International Holdings Limited

CITIC Telecom is Asia’s leading telecoms services provider, specialising in hub-based services. In addition to serving its key markets in China and Hong Kong, the Group is actively expanding its services to international telecom operators. The Group has 4 main business segments, namely Voice Services, SMS Services, Mobile VAS and Data Business. Its independent hub connects over 556 telecom operators in 69 countries or areas. Additional news and information about the company is available at www.citictel.com

Media enquiries:

Strategic Financial Relations Limited

Veron Ng	+852 2864 4831	veron.ng@sprg.com.hk
Keris Leung	+852 2864 4863	keris.leung@sprg.com.hk
Agnes Luo	+852 2864 4851	agnes.luo@sprg.com.hk
Fax:	+852 2527 1196	
Website:	www.sprg.com.hk	