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中信國際電訊集團有限公司
CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01883)

CONTINUING CONNECTED TRANSACTION

Provision of Funding Support to China Enterprise ICT Solutions Limited

The Board announces that on 15 September, 2014, CPC (a wholly owned subsidiary of the Company) and CEC-PRC (a non-wholly owned subsidiary of the Company in which CITIC Group holds approximately 45.09% interest) entered into the Funding Support Agreement pursuant to which CPC agreed to provide funding support of not more than RMB50 million (equivalent to approximately HK\$63 million) to CEC-PRC if and when a shortage of funds arises in the operation of the Cloud Data Centre.

As at the date of this announcement, CEC-PRC is a non-wholly owned subsidiary of the Company and also an associate of CITIC Group, the ultimate holding company of the Company as CITIC Group holds an approximately 45.09% equity interest in CEC-PRC. Accordingly, the entering into of the Funding Support Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the Funding Support Agreement are more than 0.1% but less than 5%, the continuing connected transactions thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

CEC-PRC is one of the leading VPN service providers in the PRC and is a VPN service provider holding a nationwide IP-VPN licence granted by the Ministry of Industry and Information Technology of the PRC, which allows CEC-PRC to provide domestic IP-VPN

services throughout China. To satisfy the needs of its current customers and rapidly growing market needs, CEC-PRC intends to establish and operate the Cloud Data Centre in Shanghai.

To provide funding support to CEC-PRC for the initial period of operation of the Cloud Data Centre, CPC (as one of the existing shareholders of CEC-PRC) entered into the Funding Support Agreement with CEC-PRC on 15 September, 2014.

FUNDING SUPPORT AGREEMENT

Principal terms of the Funding Support Agreement

Date:	15 September, 2014
Parties:	(i) CPC, a wholly owned subsidiary of the Company (ii) CEC-PRC, a non-wholly owned subsidiary of the Company in which CITIC Group holds approximately 45.09% interest
Subject matter:	<p>Provision of funds by CPC to CEC-PRC if and when a shortage of funds arises in the operation of the Cloud Data Centre by CEC-PRC at any time during the term of the Funding Support Agreement.</p> <p>Upon receiving a written notification of shortage of funds from CEC-PRC, CPC and CEC-PRC shall enter into specific loan agreements in compliance with applicable laws and regulations in the PRC (including the rules and regulations imposed by the State Administration of Foreign Exchange of the PRC), and CPC shall provide funds by way of shareholder's loans to CEC-PRC.</p> <p>CEC-PRC shall comply with applicable registration, filing and opening of foreign exchange accounts procedures in accordance with the provisions of the specific loan agreements. The interest rate for the funds advanced shall be equivalent to the RMB benchmark interest rates for loans of financial institutions as announced by the People's Bank of China for the same period.</p> <p>CEC-PRC shall arrange funds to repay CPC when there is surplus funds arising from the normal operations.</p>
Term:	Three years from the date of the Funding Support Agreement.
Upper limit of the funding support:	The funding support to be provided by CPC to CEC-PRC during the term of the Funding Support Agreement shall not at any time exceed RMB50 million (approximately HK\$63 million).

Basis of determining the upper limit of funding support to be given

The upper limit of funding support to be given under the Funding Support Agreement was negotiated on an arm's length basis between CPC and CEC-PRC and determined with reference to historical capital need of CEC-PRC and the operation budget of the Cloud Data Centre.

Annual cap amounts

The maximum amount of funding support to be provided by CPC to CEC-PRC for each year during the term of the Funding Support Agreement shall not exceed the amounts set out below:

	<i>RMB (million)</i>	<i>Approximately equivalent to HK\$ (million)</i>
For the period ending 31 December, 2014	50	63
For the year ending 31 December, 2015	50	63
For the year ending 31 December, 2016	50	63
For the period ending 14 September, 2017	50	63

The annual caps set out above represent the maximum amount of funds to be advanced by CPC to CEC-PRC at any time during the term of the Funding Support Agreement.

Source of funds

The funding support to be provided under the Funding Support Agreement will be funded by CPC's internal funding resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FUNDING SUPPORT AGREEMENT

Data centre business represents a strategic focus in the Group's future business development. The establishment of the Cloud Data Centre by CEC-PRC is in line with the Group's development of the cloud computing and big data businesses, and the growth in demand from Internet customers. The Directors consider that by entering into the Funding Support Agreement, the Group can provide the necessary funding support for the operation of the Cloud Data Centre, with the aim of leveraging CPC and CEC-PRC's synergies and enriching their cloud computing services, so that corporate customers looking to expand and manage their

businesses could enjoy data centre infrastructure facilities with premium quality and comprehensive cloud computing services. It is expected that following the development of the Cloud Data Centre, the overall operating efficiency and profitability of CEC-PRC will be improved, which will also contribute to the profitability of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Funding Support Agreement (including the maximum amount of funding support to be given by CPC to CEC-PRC) are fair and reasonable, and that the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Group and the shareholders of the Company as a whole.

None of the Directors has a material interest in the Funding Support Agreement or is required to abstain from voting on the board resolutions for considering and approving the Funding Support Agreement. However, in order to avoid the perception of a conflict of interest and as a matter of good corporate governance practice, Mr. Yuen Kee Tong who is a Vice Chairman of CEC-PRC, Mr. Luo Ning who is the Chairman of CEC-PRC and Dr. Chan Tin Wai, David who is also a director of CEC-PRC abstained from voting on the board resolutions for considering and approving the Funding Support Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CEC-PRC is a non-wholly owned subsidiary of the Company and also an associate of CITIC Group, the ultimate holding company of the Company as CITIC Group holds an approximately 45.09% equity interest in CEC-PRC. Accordingly, the entering into of the Funding Support Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the Funding Support Agreement are more than 0.1% but less than 5%, the continuing connected transactions thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is a reputable telecoms operator in Asia and is listed on the Stock Exchange.

The Group owns and operates a telecoms hub with its key markets in China and Hong Kong. The Group is actively expanding its business internationally by providing interoperability and interconnection services to global telecoms operators. The Group's main businesses cover Voice Services, SMS Services, Mobile VAS and Data Services. It also provides a full range of Information and Communications Technology (ICT) solutions through CPC across the Asia Pacific region. CPC is a preferred partner of leading multinational corporations and business enterprises.

The Company holds 99% interest in Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"), one of Macau's leading integrated telecoms services providers. CTM, the only full telecoms service provider in Macau, is a long-time leader in providing excellent telecoms services to Macau residents and enterprises while playing a major role in the ongoing development of Macau.

CEC-PRC is one of the leading VPN service providers in the PRC and is a VPN service provider holding a nationwide IP-VPN licence granted by the Ministry of Industry and Information Technology of the PRC since January 2008 and renewed in June 2012, which allows CEC-PRC to provide domestic IP-VPN services throughout China. CEC-PRC was founded in 2000 and has since built an extensive network in the PRC with its headquarters in Beijing.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

"associate"; "connected person"; "connected transaction"; "continuing connected transaction"; and "subsidiary"	each has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CEC-PRC"	中企網絡通信技術有限公司 (China Enterprise ICT Solutions Limited), a company incorporated and existing under the laws of the PRC and a non-wholly owned subsidiary of the Company

“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), a state-owned enterprise established under the laws of the PRC, the ultimate holding company of the Company holding a beneficial interest of approximately 59.38% in the Company through CITIC Limited
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), formerly known as CITIC Pacific Limited (中信泰富有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00267), and a non-wholly owned subsidiary of CITIC Group
“Cloud Data Centre”	the cloud data centre to be established by CEC-PRC in Shanghai
“Company”	CITIC Telecom International Holdings Limited (中信國際電訊集團有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 01883)
“CPC”	CITIC Telecom International CPC Limited (中信國際電訊(信息技術)有限公司), a company incorporated with limited liability under the laws of Hong Kong and a wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Funding Support Agreement”	the Funding Support Agreement dated 15 September, 2014 entered into between CPC and CEC-PRC in relation to the provision of funding support by CPC to CEC-PRC in respect of the operation of the Cloud Data Centre
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP-VPN”	internet protocol virtual private network
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC” or “China”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VPN”	virtual private network
“%”	per cent.

For the purpose of this announcement, the exchange rate RMB1.00 = HK\$1.26 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.

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

Hong Kong, 15 September, 2014

The Directors of the Company as at the date of this announcement are: Executive Directors: Xin Yue Jiang (Chairman), Yuen Kee Tong, Luo Ning and Chan Tin Wai, David; Non-Executive Director: Liu Jifu; and Independent Non-Executive Directors: Liu Li Qing, Kwong Che Keung, Gordon and Zuo Xun Sheng.