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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: 1883)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 24 October 2012, the Tenant, a wholly-owned subsidiary of the Company, entered into the following tenancy agreements:

1. the Ap Lei Chau Tenancy Agreement regarding the leasing of the Ap Lei Chau Premises to the Tenant by Tendo; and
2. the CITIC Tower Tenancy Agreement regarding the leasing of the CITIC Tower Premises to the Tenant by Goldon Investment.

Tendo is a wholly-owned subsidiary of CITIC Pacific, the controlling shareholder of the Company, and therefore is a connected person of the Company. Accordingly, the entering into of the Ap Lei Chau Tenancy Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the Ap Lei Chau Tenancy Agreement are more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Goldon Investment is an associate of CITIC Pacific and therefore is a connected person of the Company. Accordingly, the entering into of the CITIC Tower Tenancy Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the CITIC Tower Tenancy Agreement are more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

AP LEI CHAU TENANCY AGREEMENT

Date

24 October 2012

Parties

- (1) Tendo, a wholly-owned subsidiary of CITIC Pacific, the landlord of the Ap Lei Chau Premises
- (2) the Tenant, a wholly-owned subsidiary of the Company, the tenant of the Ap Lei Chau Premises

Description of the Ap Lei Chau Premises, Term and Monthly Rental

The Ap Lei Chau Premises comprise the whole of the 5th floor, a portion of the ground floor, a portion of the 3rd floor podium, a portion of the roof floor, and an area for cable duct and trunking at the building located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong (the “**Building**”) with a total gross floor area of approximately 55,000 square feet. The term of the tenancy in respect of the Ap Lei Chau Premises will be no more than three (3) years commencing from the earlier of 20 September 2012 or the delivery of vacant possession of the Ap Lei Chau Premises to the Tenant and expiring on 19 September 2015, with an aggregate monthly rental of approximately HK\$553,920. The Tenant shall also pay its share of management fee in respect of the Ap Lei Chau Premises, being approximately HK\$57,740 per month, subject to revision. The Tenant shall also be responsible for the payment of its own utility charges and government rates and government rent in respect of the Ap Lei Chau Premises during the term of the Ap Lei Chau Tenancy Agreement.

The rentals payable under the Ap Lei Chau Tenancy Agreement were negotiated on an arm’s length basis and were determined with reference to the current rental for the Ap Lei Chau Premises receivable by Tendo and prevailing market rates for similar properties.

The Tenant has, on the date of this announcement, paid to Tendo (i) a deposit of approximately HK\$1,893,000 to secure the due observance and performance of its obligations under the Ap Lei Chau Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty days after the expiration of the Ap Lei Chau Tenancy Agreement and delivery of vacant possession to Tendo or within thirty days of settlement of the last outstanding claim by Tendo against the Tenant in respect of any breach or non-observance or non-performance of the Ap Lei Chau Tenancy Agreement on the part of the Tenant, whichever is the later; and (ii) a lump-sum of HK\$4,600,000 to cover the expenses incurred by Tendo in relation to the removal, relocation and reinstallation of the existing chiller plants at the portion of the roof floor of the Building, and the removal and demolition of the existing fixtures and fittings at the portion of the ground floor of the Building, which are necessary to make room for the equipment required for the establishment of a data centre at the Ap Lei Chau Premises.

Annual Caps for the Ap Lei Chau Tenancy Agreement

The expected maximum amounts (including rentals, expenses associated with the removal and/or reinstallation of fixtures at the Ap Lei Chau Premises, management fees and other outgoings such as rentals for car parking spaces to be leased by Tendo to the Tenant from time to time) payable under the Ap Lei Chau Tenancy Agreement to Tendo for the period from the earlier of 20 September 2012 or the delivery of vacant possession of the Ap Lei Chau Premises to the Tenant to 31 December 2012, the two financial years ending 31 December 2013 and 2014, and the period from 1 January 2015 to 19 September 2015 will be approximately HK\$6,300,000, HK\$7,500,000, HK\$7,600,000 and HK\$5,500,000, respectively. The annual caps were determined with reference to the rentals stipulated in the Ap Lei Chau Tenancy Agreement, the expenses associated with the removal and/or reinstallation of fixtures at the Ap Lei Chau Premises, the management fee currently payable, the expected increment to the management fee over the term of the Ap Lei Chau Tenancy Agreement, and the estimated outgoings in respect of the Ap Lei Chau Premises.

Right of First Refusal

The Tenant shall have the right to, during the term of the Ap Lei Chau Tenancy Agreement, take a lease of the whole of the 3rd and/or 4th floors of the Building.

Option to Renew

Incidental to the Ap Lei Chau Tenancy Agreement, Tendo and the Tenant also entered into a supplemental agreement on 24 October 2012 pursuant to which Tendo has granted to the Tenant three (3) consecutive options to renew the Ap Lei Chau Tenancy Agreement for a further term of three (3) years each upon the expiration of the Ap Lei Chau Tenancy Agreement. In the event that the Tenant shall have duly exercised its option to renew for the first new term, the Ap Lei Chau Tenancy Agreement will be renewed at the then current open market rent. In the event that the Tenant shall have duly exercised its options to renew for the second and the third new terms, the Ap Lei Chau Tenancy Agreement will be renewed at a new rent to be mutually agreed by the parties.

The Company will comply with the relevant requirements of the Listing Rules as appropriate if and when the Tenant exercises an option to renew the Ap Lei Chau Tenancy Agreement.

CITIC TOWER TENANCY AGREEMENT

The Company has been leasing the whole of the 8th floor of CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong (“**CITIC Tower**”) from Goldon Investment under an existing tenancy agreement, which will expire on 15 November 2012. As the Tenant intends to continue to lease certain portion of the 8th floor of CITIC Tower upon expiration of the existing tenancy agreement, the parties entered into the CITIC Tower Tenancy Agreement.

Date

24 October 2012

Parties

- (1) Goldon Investment, an associate of CITIC Pacific, the landlord of the CITIC Tower Premises
- (2) the Tenant, a wholly-owned subsidiary of the Company, the tenant of the CITIC Tower Premises

Description of the CITIC Tower Premises, Term and Monthly Rental

The CITIC Tower Premises comprise all those suites 811-16 on the 8th floor of CITIC Tower with a total gross floor area of approximately 8,000 square feet. The term of the tenancy in respect of the CITIC Tower Premises will be two (2) years commencing from 16 November 2012 and expiring on 15 November 2014, with a monthly rental of approximately HK\$576,960. The Tenant shall also pay its share of service charge (for maintenance and supply of central air-conditioning during normal business hours and management services), being approximately HK\$52,530 per month (subject to revision), and charges for extension of chilled water supply, which are based on actual usage, in respect of the CITIC Tower Premises. The Tenant shall also be responsible for the payment of its own utility charges and government rates and government rent in respect of the CITIC Tower Premises during the term of the CITIC Tower Tenancy Agreement.

The rentals payable under the CITIC Tower Tenancy Agreement were negotiated on an arm's length basis and were determined with reference to the current rental for the CITIC Tower Premises receivable by Goldon Investment and prevailing market rates for similar properties in the vicinity.

The Tenant has, on the date of this announcement, paid to Goldon Investment a deposit of approximately HK\$2,029,600 to secure the due observance and performance of its obligations under the CITIC Tower Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty days after (i) the expiration or determination of the CITIC Tower Tenancy Agreement; (ii) delivery of vacant possession to Goldon Investment; and (iii) settlement of the last outstanding claim by Goldon Investment against the Tenant in respect of any outstanding rent or sums payable or any breach or non-observance or non-performance of the CITIC Tower Tenancy Agreement on the part of the Tenant, whichever is the latest.

Annual Caps for the CITIC Tower Tenancy Agreement

The expected maximum amounts (including rentals, service charge, charges for extension of chilled water supply and other outgoings) payable under the CITIC Tower Tenancy Agreement to Goldon Investment for the period from 16 November 2012 to 31 December 2012, the financial year ending 31 December 2013 and the period from 1 January 2014 to 15 November 2014 will be approximately HK\$1,200,000, HK\$9,300,000 and HK\$8,200,000, respectively.

The annual caps were determined with reference to the rentals stipulated in the CITIC Tower Tenancy Agreement, the service charge currently payable, the expected increment to the service charge over the term of the CITIC Tower Tenancy Agreement, and the estimated charges for extension of chilled water supply and other outgoings in respect of the CITIC Tower Premises.

GENERAL

The Group is one of Asia's leading telecoms service providers specialising in hub-based services. In addition to serving its key markets in China and Hong Kong, the Group is actively expanding its business to international telecoms operators. The Group has four main types of business, namely Voice Services, SMS Services, Mobile VAS and Data Services. Its independent hub connects over 621 telecoms operators in 75 countries or regions.

CITIC Pacific's operational focus is on China, both the mainland and Hong Kong. Its major businesses are special steel manufacturing, iron ore mining and property development in mainland China. Other businesses include energy and civil infrastructure. CITIC Pacific also holds controlling interests in the Company and Dah Chong Hong Holdings Limited. Tendo and Goldon Investment are both engaged in property investment.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENTS

The Ap Lei Chau Premises under the Ap Lei Chau Tenancy Agreement will be primarily used as a data centre to support the Group's provision of telecommunications services to its customers. The Group has been leasing the CITIC Tower Premises in the past.

The Directors (including the independent non-executive Directors) consider that the terms of the Ap Lei Chau Tenancy Agreement (including the monthly rental, the expenses associated with the removal and/or reinstallation of fixtures at the Ap Lei Chau Premises, the management fee and other outgoings such as rentals for car parking spaces to be leased by Tendo to the Tenant from time to time) and the annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the CITIC Tower Tenancy Agreement (including the monthly rental, the service charge and other outgoings) and the annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

None of the Directors has a material interest in the Tenancy Agreements. However, Mr. Liu Jifu is a non-executive director of the Company and an executive director of CITIC Pacific and Mr. Fei Yiping is a non-executive director of the Company and the group financial controller of CITIC Pacific. Therefore, they have abstained from voting on the Board resolutions approving the Tenancy Agreements.

LISTING RULES IMPLICATIONS

Tendo is a wholly-owned subsidiary of CITIC Pacific, the controlling shareholder of the Company, and therefore is a connected person of the Company. Accordingly, the entering into of the Ap Lei Chau Tenancy Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the Ap Lei Chau Tenancy Agreement are more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Goldon Investment is an associate of CITIC Pacific and therefore is a connected person of the Company. Accordingly, the entering into of the CITIC Tower Tenancy Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the CITIC Tower Tenancy Agreement are more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Ap Lei Chau Premises”	certain units of the building located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong leased to the Tenant by Tendo under the Ap Lei Chau Tenancy Agreement, the details of which are set out in the section headed “Ap Lei Chau Tenancy Agreement - Description of the Ap Lei Chau Premises, Term and Monthly Rental” in this announcement;
“Ap Lei Chau Tenancy Agreement”	the tenancy agreement dated 24 October 2012 entered into between the Tenant and Tendo in relation to the leasing of the Ap Lei Chau Premises to the Tenant by Tendo;
“associate”; “connected person”; “continuing connected transaction”; “controlling shareholder”; and “subsidiary”	each has the meaning ascribed to it by the Listing Rules;
“Board”	the board of Directors;

“CITIC Pacific”	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: 267);
“CITIC Tower Premises”	certain units of CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong leased to the Tenant by Goldon Investment under the CITIC Tower Tenancy Agreement, the details of which are set out in the section headed “CITIC Tower Tenancy Agreement - Description of the CITIC Tower Premises, Term and Monthly Rental” in this announcement;
“CITIC Tower Tenancy Agreement”	the tenancy agreement dated 24 October 2012 entered into between the Tenant and Goldon Investment in relation to the leasing of the CITIC Tower Premises to the Tenant by Goldon Investment;
“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: 1883);
“Directors”	the directors of the Company;
“Goldon Investment”	Goldon Investment Limited (金蓬投資有限公司), an associate of CITIC Pacific;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	the Ap Lei Chau Tenancy Agreement and the CITIC Tower Tenancy Agreement;
“Tenant”	CITIC Telecom International Limited (中信國際電訊有限公司), a wholly-owned subsidiary of the Company;

“Tendo” Tendo Limited, a wholly-owned subsidiary of CITIC Pacific; and
“%” per cent.

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

Hong Kong, 24 October 2012

The Directors as at the date of this announcement are: Executive Directors: Xin Yue Jiang (Chairman), Yuen Kee Tong and Chan Tin Wai, David; Non-Executive Directors: Liu Jifu and Fei Yiping; and Independent Non-Executive Directors: Yang Xianzu, Liu Li Qing and Kwong Che Keung, Gordon.