

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: 1883)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TENANCY AGREEMENTS IN RESPECT OF PREMISES IN AP LEI CHAU

Reference is made to the announcements of the Company dated 24 October 2012 and 25 April 2014 in relation to the (i) First Tenancy Agreement; (ii) Supplemental Tenancy Agreement; and (iii) Second Tenancy Agreement, each entered into between the Tenant, a wholly-owned subsidiary of the Company, and Tendo, a wholly-owned subsidiary of CITIC Limited.

The Board announces that on 21 August 2015, the Tenant exercised its options under the Renewal Option Agreements to renew each of the First Tenancy Agreement, the Supplemental Tenancy Agreement and the Second Tenancy Agreement for the first new term of three (3) years each upon the expiration of such tenancy agreements and entered into the following renewal tenancy agreements with Tendo:

1. the Main Premises Renewal Tenancy Agreement for renewing the leases in respect of the Main Premises; and
2. the Other Premises Renewal Tenancy Agreement for renewing the lease in respect of the Other Premises.

As Tendo is a wholly-owned subsidiary of CITIC Limited, a controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the entering into of the Ap Lei Chau Renewal Tenancy Agreements (i.e. the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement collectively) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps is more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 24 October 2012 and 25 April 2014 in relation to the (i) First Tenancy Agreement; (ii) Supplemental Tenancy Agreement; and (iii) Second Tenancy Agreement, each entered into between the Tenant and Tendo.

The Board announces that on 21 August 2015, the Tenant exercised its options under the Renewal Option Agreements to renew each of the First Tenancy Agreement, the Supplemental Tenancy Agreement and the Second Tenancy Agreement for the first new term of three (3) years each upon the expiration of such tenancy agreements and entered into the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement with Tendo, the principal terms of which are summarised below.

MAIN PREMISES RENEWAL TENANCY AGREEMENT

Date

21 August 2015

Parties

- (1) Tendo, a wholly-owned subsidiary of CITIC Limited, the landlord of the Main Premises
- (2) the Tenant, a wholly-owned subsidiary of the Company, the tenant of the Main Premises

Description of the Main Premises, Term and Monthly Rental

The Main 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 Ap Lei Chau Building with a total gross floor area of approximately 61,584 square feet. The term of the Main Premises Renewal Tenancy Agreement will be three (3) years commencing from 20 September 2015 and expiring on 19 September 2018 (both days inclusive), with an aggregate monthly rental of approximately HK\$774,865. The Tenant shall also pay its share of management fee in respect of the Main Premises, being approximately HK\$69,738 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 Main Premises during the term of the Main Premises Renewal Tenancy Agreement.

The rental payable under the Main Premises Renewal Tenancy Agreement was negotiated on an arm's length basis and was determined with reference to the current rental for the Original Office Space and the Additional Space receivable by Tendo pursuant to the First Tenancy Agreement as supplemented by the Supplemental Tenancy Agreement and prevailing open market rates for similar properties in the vicinity.

The Tenant has paid to Tendo a deposit of approximately HK\$2,621,145 to secure the due observance and performance of its obligations under the Main Premises Renewal Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty days after the expiration of the Main Premises Renewal 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 Main Premises Renewal Tenancy Agreement on the part of the Tenant, whichever is the later.

OTHER PREMISES RENEWAL TENANCY AGREEMENT

Date

21 August 2015

Parties

- (1) Tendo, a wholly-owned subsidiary of CITIC Limited, the landlord of the Other Premises
- (2) the Tenant, a wholly-owned subsidiary of the Company, the tenant of the Other Premises

Description of the Other Premises, Term and Monthly Rental

The Other Premises comprise the Mezzanine floor (including the store room) of the Ap Lei Chau Building with a total gross floor area of approximately 4,182 square feet. The term of the Other Premises Renewal Tenancy Agreement will be three (3) years commencing from 20 September 2015 and expiring on 19 September 2018 (both days inclusive). In addition to a monthly rental of approximately HK\$72,141, the Tenant shall pay its share of management fee as well as air-conditioning charges in respect of the Other Premises during the term of the Other Premises Renewal Tenancy Agreement, being approximately HK\$4,515 per month and HK\$11,000 per month respectively, 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 Other Premises during the term of the Other Premises Renewal Tenancy Agreement.

The rental payable under the Other Premises Renewal Tenancy Agreement was negotiated on an arm’s length basis and was determined with reference to the current rental for the Other Premises receivable by Tendo pursuant to the Second Tenancy Agreement and prevailing open market rates for similar properties in the vicinity.

The Tenant has paid to Tendo a deposit of approximately HK\$268,621 to secure the due observance and performance of its obligations under the Other Premises Renewal Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty days after the expiration of the Other Premises Renewal 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 Other Premises Renewal Tenancy Agreement on the part of the Tenant, whichever is the later.

OPTION TO RENEW

Incidental to the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement, Tendo and the Tenant also entered into two further agreements on 21 August 2015 pursuant to which (i) by entering into these agreements, each of the First Renewal Option Agreement, the Supplemental Renewal Option Agreement and the Second Renewal Option Agreement entered into between Tendo and the Tenant was terminated with immediate effect; and (ii) Tendo has granted to the Tenant two (2) consecutive options to renew the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement respectively for a further term of three (3) years each upon the expiration of the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement (as the case may be). In the event that the Tenant shall have duly exercised its option to renew for the first and second new terms, the Main Premises Renewal Tenancy Agreement and/or the Other Premises Renewal 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 Main Premises Renewal Tenancy Agreement and/or the Other Premises Renewal Tenancy Agreement.

ANNUAL CAPS

The expected maximum amounts (including the rentals, the management fees, the air-conditioning charges and other outgoings such as rentals for car parking spaces to be leased by Tendo to the Tenant from time to time) payable by the Tenant to Tendo under the (i) Main Premises Renewal Tenancy Agreement; and (ii) Other Premises Renewal Tenancy Agreement for the financial year ending 31 December 2015, the two financial years ending 31 December 2016 and 2017 and the period from 1 January 2018 to 19 September 2018 will be approximately HK\$3.5 million, HK\$12.0 million, HK\$12.0 million and HK\$8.5 million, respectively.

The amounts paid by the Tenant to Tendo in respect of lease of the Original Office Space under the First Tenancy Agreement for the period from 20 September 2012 to 31 December 2012 and the financial year ended 31 December 2013 were approximately HK\$6.2 million and HK\$7.3 million, respectively. The amounts paid by the Tenant to Tendo in respect of leases of the Original Office Space, the Additional Space and the Other Premises under (i) the First Tenancy Agreement as supplemented by the Supplemental Tenancy Agreement; and (ii) the Second Tenancy Agreement for the financial year ended 31 December 2014 and the period from 1 January 2015 to 31 July 2015 were approximately HK\$8.6 million and HK\$5.0 million, respectively.

The Annual Caps were determined with reference to (i) historical amounts payable by the Tenant to Tendo; (ii) the rentals, the management fees and the air-conditioning charges stipulated in the Ap Lei Chau Renewal Tenancy Agreements; (iii) the expected increment to the management fees and/or the air-conditioning charges over the term of the Ap Lei Chau Renewal Tenancy Agreements; and (iv) the estimated outgoings in respect of the Main Premises and the Other Premises.

GENERAL

The Company was established in 1997 in Hong Kong and was listed on the Stock Exchange on 3 April 2007.

The Group's services cover international telecommunications services (including mobile, Internet, voice and data services), integrated telecoms services (in Macau), and through its wholly-owned subsidiary, CITIC Telecom International CPC Limited ("CPC"), has established numerous PoPs (Points of Presence) around the world (especially in the Asia-Pacific region) to provide data and telecoms services (including VPN, Cloud, network security, co-location, Internet access, etc.) to multinational corporations. CPC is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region.

The Group holds 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"). CTM is one of the leading integrated telecoms services providers in Macau, and is the only full telecoms services provider in Macau. It has long provided quality telecoms services to the residents, government and enterprises of Macau, and plays an important role in the ongoing development of Macau.

CITIC Limited is China's largest conglomerate. Its businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure and other businesses in China and overseas. With its leading market positions in sectors well matched to China's development, and with strong expertise in the industries in which it operates, CITIC Limited is well-equipped to capture opportunities arising from China's continued growth. The company, whose majority shareholder is CITIC Group Corporation in Beijing, is a constituent of the Hang Seng Index. Tendo is a wholly-owned subsidiary of CITIC Limited and engages in property investment.

REASONS FOR AND BENEFITS OF THE AP LEI CHAU RENEWAL TENANCY AGREEMENTS

The Original Office Space and the Additional Space has been and will continue to be primarily used as a data centre to support the Group's provision of telecommunications services to its customers. The Other Premises has been and will continue to be primarily used as a business continuity centre of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Ap Lei Chau Renewal Tenancy Agreements (including the rentals, the management fees, the air-conditioning charges 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 Ap Lei Chau Renewal Tenancy Agreements or is required to abstain from voting on the board resolutions for considering and approving the Ap Lei Chau Renewal Tenancy Agreements. However, in order to avoid the perception of a conflict of interest and as a matter of good corporate governance practice, each of Mr. Luo Ning, an executive director of the Company and an Assistant President of CITIC Limited; and Mr. Liu Jifu, a non-executive director of the Company and a director of

CITIC Pacific, being a wholly-owned subsidiary of CITIC Limited and the intermediate holding company of Tendo, abstained from voting on the board resolution for considering and approving the Ap Lei Chau Renewal Tenancy Agreements.

LISTING RULES IMPLICATIONS

As Tendo is a wholly-owned subsidiary of CITIC Limited, a controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the entering into of the Ap Lei Chau Renewal Tenancy Agreements (i.e. the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement collectively) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps is more than 0.1% but less than 5%, such continuing connected transactions are 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:

“Additional Space”	a certain portion of the 3rd floor podium of the Ap Lei Chau Building;
“Annual Caps”	the expected maximum amounts (including the rentals, the management fees, the air-conditioning charges and other outgoings such as rentals for car parking spaces to be leased by Tendo to the Tenant from time to time) payable by the Tenant to Tendo under Ap Lei Chau Renewal Tenancy Agreements for the financial year ending 31 December 2015, the two financial years ending 31 December 2016 and 2017 and the period from 1 January 2018 to 19 September 2018;
“Ap Lei Chau Building”	the building located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong;
“Ap Lei Chau Renewal Tenancy Agreements”	the Main Premises Renewal Tenancy Agreement and the Other Premises Renewal Tenancy Agreement collectively;
“Board”	the board of Directors;

“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong in 1985, the shares of which are listed on the Stock Exchange (stock code: 00267); and which is the controlling shareholder of the Company;
“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司), a wholly-owned subsidiary of CITIC Limited and the intermediate holding company of Tendo;
“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);
“connected person”, “continuing connected transaction”, “controlling shareholder” and “subsidiary”	each has the meaning ascribed to it by the Listing Rules;
“Directors”	the directors of the Company;
“First Renewal Option Agreement”	the agreement dated 24 October 2012 entered into between the Tenant and Tendo in relation to the grant of options to renew the First Tenancy Agreement;
“First Tenancy Agreement”	the tenancy agreement dated 24 October 2012, as supplemented by the First Renewal Option Agreement, entered into between the Tenant and Tendo in relation to the leasing of the Original Office Space to the Tenant by Tendo for the period from the earlier of 20 September 2012 or the delivery of vacant possession of the Original Office Space to the Tenant to 19 September 2015;
“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;
“Macau”	the Macau Special Administrative Region of the PRC;

“Main Premises”	the Original Office Space, the Additional Space, additional portion of the ground floor at the Ap Lei Chau Building with a total gross floor area of approximately 943 square feet and additional portion of the roof floor at the Ap Lei Chau Building with a total gross floor area of approximately 2,445 square feet collectively;
“Main Premises Renewal Tenancy Agreement”	the tenancy agreement dated 21 August 2015 entered into between the Tenant and Tendo in relation to the leasing of the Main Premises to the Tenant by Tendo for a term of three (3) years commencing from 20 September 2015 and expiring on 19 September 2018;
“Original Office Space”	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 Ap Lei Chau Building;
“Other Premises”	the Mezzanine floor (including the store room) of the Ap Lei Chau Building;
“Other Premises Renewal Tenancy Agreement”	the tenancy agreement dated 21 August 2015 entered into between the Tenant and Tendo in relation to the leasing of the Other Premises to the Tenant by Tendo for a term of three (3) years commencing from 20 September 2015 and expiring on 19 September 2018;
“PRC” or “China”	the People’s Republic of China;
“Renewal Option Agreements”	the First Renewal Option Agreement, the Supplemental Renewal Option Agreement and the Second Renewal Option Agreement collectively;
“Second Renewal Option Agreement”	the agreement dated 25 April 2014 entered into between the Tenant and Tendo in relation to the grant of options to renew the Second Tenancy Agreement;
“Second Tenancy Agreement”	the tenancy agreement dated 25 April 2014, as supplemented by the Second Renewal Option Agreement, entered into between the Tenant and Tendo in relation to the leasing of the Other Premises to the Tenant by Tendo from 20 May 2014 to 19 September 2015;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Renewal Option Agreement”	the agreement dated 25 April 2014 entered into between the Tenant and Tendo in relation to the grant of options to renew the Supplemental Tenancy Agreement;

“Supplemental Tenancy Agreement”	the tenancy agreement dated 25 April 2014, as supplemented by the Supplemental Renewal Option Agreement, entered into between the Tenant and Tendo in relation to the leasing of the Additional Space to the Tenant by Tendo from 20 May 2014 to 19 September 2015;
“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, 21 August 2015

The Directors of the Company as at the date of this announcement are: Executive Directors: Xin Yue Jiang (Chairman), Lin Zhenhui, 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 Xunsheng.