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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

Supplemental Agreement in relation to

Provision of Management Consultancy and Technical Services in relation to the China Express Network

CONNECTED TRANSACTION

Supplemental Agreement in relation to

Provision of Financial Assistance to CITIC Networks Company Limited

Reference is made to the announcement of CITIC Telecom International Holdings Limited (the “**Company**”) dated 25 April 2014 (the “**Announcement**”) in relation to the Management Service Agreement and the Funding and Loan Support Agreement. Capitalised terms used herein shall have the same meaning as defined in the Announcement unless otherwise stated.

THE SUPPLEMENTAL AGREEMENTS

The Board announced that on 22 April 2015, the Company and CITIC Networks entered into (i) a supplemental agreement to the Management Service Agreement (the “**Management Service Supplemental Agreement**”); and (ii) a supplemental agreement to the Funding and Loan Support Agreement (the “**Funding Supplemental Agreement**”, together with the Management Service Supplemental Agreement, the “**Supplemental Agreements**”) to, amongst other matters, extend the terms of the Management Service Agreement and Funding and Loan Support Agreement.

Management Service Supplemental Agreement

Under the Management Service Supplemental Agreement, the Company and CITIC Networks agreed to extend the term of the Management Service Agreement from the original two years

from the date of the Management Service Agreement to three years from the date of the Management Service Agreement.

Annual cap amount

The Company and CITIC Networks agreed that the proposed service fee payable (inclusive of the PRC value added tax) by CITIC Networks to the Company for the provision of the Management Consultancy and Technical Services for the year ending 31 December 2017 shall not exceed the maximum amount of RMB10 million (equivalent to approximately HK\$12.6 million). The above annual cap of the Management Service Supplemental Agreement was negotiated on an arm's length basis and determined with reference to the market price of the provision of similar management consultancy and technical service.

For the period from 1 January 2015 to 31 March 2015, a service fee (inclusive of the PRC value added tax) of approximately RMB416,600 (equivalent to approximately HK\$524,900) under the Management Service Agreement was charged to CITIC Networks by the Company, as CITIC Networks has confirmed that the service performed by the Company has achieved the relevant standard requirements. No service fee in respect of the Management Service Agreement was charged for the financial year ended 31 December 2014.

Funding Supplemental Agreement

Under the Funding Supplemental Agreement, the Company and CITIC Networks agreed to extend the term of the Funding and Loan Support Agreement from the original two years from the date of the Funding and Loan Support Agreement to three years from the date of the Funding and Loan Support Agreement. The parties agreed that, during the term of the Funding Supplemental Agreement, the Company (or its subsidiary(ies) as procured by the Company) shall provide the funds (with a maximum amount of RMB200 million (equivalent to approximately HK\$252 million)) to CITIC Networks if and when a shortage of funds arises in the operation of the China Express Network at any time during the three years commencing on the date of the Funding and Loan Support Agreement.

Further, under the Funding and Loan Support Agreement, the Company shall charge the finance costs to CITIC Networks for any funds advanced or financial assistance provided, with reference to the usual finance costs of the Company which shall not be higher than the RMB benchmark interest rates for loans of financial institutions as announced by the People's Bank of China for the same period. Under the Funding Supplemental Agreement, the Company and CITIC Networks agreed that such finance cost shall be charged by the Company as and when the Company is permitted to provide the funding and loan support to CITIC Networks directly in the capacity of lender under the relevant PRC laws and regulations.

As at the date of this announcement, pursuant to the Funding and Loan Support Agreement, the Company entered into an offshore-security-onshore-loan arrangement with a commercial bank whereby a loan in the principal amount of RMB27.6 million was extended to CITIC Networks.

REASONS FOR AND BENEFITS OF ENTERING INTO SUPPLEMENTAL AGREEMENTS

The China Express Network is one of the few commercial use backbone network resources in the PRC. It has a 32,000 km optic fibre network connecting all provincial cities across the nation (except for Tibet province) through over 32 PoPs (Points of Presence). It is the Company's strategy to develop and expand its enterprise solution services in the PRC and the Directors believe that the abundant bandwidth resources of the China Express Network will provide reliable and cost effective support to the Company in delivering stable and secure data and video transmission services. The Directors consider that by extending the terms of the Management Service Agreement and Funding and Loan Support Agreement, the Company will be able to continue to upgrade and align the technology specifications of the China Express Network in support of the Company's product offerings and expansion strategy. In addition, by leveraging on the Company's management experience and customer resources, it is expected that the overall operating efficiency and profitability of the China Express Network will be improved prior to the possible full integration of the China Express Network with the Company.

The terms of the Supplemental Agreements were arrived at after arm's length negotiation between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreements (including the service fee payable by CITIC Networks to the Company for the Management Consultancy and Technical Services for the year ending 31 December 2017) 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 Supplemental Agreements or is required to abstain from voting on the board resolutions for considering and approving the Supplemental Agreements. However, in order to avoid the perception of a conflict of interest and as a matter of good corporate governance practice, Mr. Luo Ning, who is the Chairman of CITIC Networks and an Assistant President of CITIC Limited, being the controlling shareholder of the Company and a subsidiary of CITIC Group, abstained from voting on the board resolutions for considering and approving the Supplemental Agreements.

Save as disclosed above, all the terms of the Management Service Agreement and the Funding and Loan Support Agreement and information disclosed in the Announcement remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CITIC Networks is a wholly-owned subsidiary of CITIC Group, the ultimate holding company of the Company, therefore a connected person of the Company. Accordingly, the provision of the Management Consultancy and Technical Services under the Management Service Agreement (as amended and supplemented by the Management Service Supplemental Agreement) constitutes a continuing connected transaction of the Company and the provision of financial assistance under the Funding and Loan Support Agreement (as amended and supplemented by the Funding Supplemental Agreement) constitutes a connected transaction of the Company. As the respective applicable percentage ratios in respect of the transactions contemplated under the Management Service Agreement (as amended and supplemented by the Management Service Supplemental

Agreement) and those under the Funding and Loan Support Agreement (as amended and supplemented by the Funding Supplemental Agreement) exceed 0.1% but below 5%, the transactions contemplated under both agreements are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Management Consultancy and Technical Services under the Management Service Agreement (as amended and supplemented by the Management Service Supplemental Agreement) are also subject to annual review requirements under Rules 14A.55 and 14A.56 of the Listing Rules.

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, 22 April 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.