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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**

### **TENANCY AGREEMENTS IN RESPECT OF PREMISES IN AP LEI CHAU**

Reference is made to the announcement of the Company dated 24 October 2012 in relation to the First Tenancy Agreement entered into between the Tenant, a wholly-owned subsidiary of the Company, and Tendo, a wholly-owned subsidiary of CITIC Pacific.

The Board announces that on 25 April 2014, the Tenant entered into the following tenancy agreements with Tendo:

1. the Supplemental Tenancy Agreement for the lease of the Additional Space; and
2. the Second Tenancy Agreement for the lease of the Other Premises.

As Tendo is a wholly-owned subsidiary of CITIC Pacific, a controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the entering into of the Supplemental Tenancy Agreement and the Second Tenancy Agreement 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 announcement of the Company dated 24 October 2012 in relation to the First Tenancy Agreement entered into between the Tenant and Tendo. The Board announces that on 25 April 2014, the Tenant entered into the Supplemental Tenancy Agreement and the Second Tenancy Agreement with Tendo, the principal terms of which are summarised below.

## **SUPPLEMENTAL TENANCY AGREEMENT**

### **Date**

25 April 2014

### **Parties**

- (1) Tendo, a wholly-owned subsidiary of CITIC Pacific, the landlord of the Additional Space
- (2) the Tenant, a wholly-owned subsidiary of the Company, the tenant of the Additional Space

### **Description of the Additional Space, Term and Monthly Rental**

The Additional Space comprise a certain portion of the 3<sup>rd</sup> floor podium of the Ap Lei Chau Building with a total gross floor area of approximately 3,208 square feet. The term of the tenancy in respect of the Additional Space will commence from 20 May 2014 and expire on 19 September 2015, with a monthly rental of approximately HK\$11,300. The Tenant shall also pay its share of management fee in respect of the Additional Space, being approximately HK\$3,400 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 Additional Space during the term of the Supplemental Tenancy Agreement.

The rental payable under the Supplemental Tenancy Agreement were negotiated on an arm's length basis and were determined with reference to the current rental for public areas in the Ap Lei Chau Building and prevailing market rates for similar properties in the vicinity.

The Tenant has, on the date of this announcement, paid to Tendo a deposit of approximately HK\$47,800 to secure the due observance and performance of its obligations under the Supplemental Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty days after the expiration of the Supplemental 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 Supplemental Tenancy Agreement on the part of the Tenant, whichever is the later.

## **SECOND TENANCY AGREEMENT**

### **Date**

25 April 2014

## **Parties**

- (1) Tendo, a wholly-owned subsidiary of CITIC Pacific, 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 tenancy in respect of the Other Premises will commence from 20 May 2014 and expire on 19 September 2015. In addition to a monthly rental of approximately HK\$62,200, 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 Second Tenancy Agreement, being approximately HK\$4,200 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 Second Tenancy Agreement. Pursuant to the terms of the Second Tenancy Agreement, the Tenant shall also contribute to construction works to be carried out at the Other Premises in the amount of approximately HK\$536,900, which shall be payable upon the signing of the Second Tenancy Agreement.

The rental payable under the Second Tenancy Agreement were negotiated on an arm's length basis and were determined with reference to the current rental for office space of a similar size in the Ap Lei Chau Building and prevailing market rates for similar properties in the vicinity.

The Tenant has, on the date of this announcement, paid to Tendo a deposit of approximately HK\$236,900 to secure the due observance and performance of its obligations under the Second Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty days after the expiration of the Second 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 Second Tenancy Agreement on the part of the Tenant, whichever is the later.

## **OPTION TO RENEW**

Incidental to the Supplemental Tenancy Agreement and the Second Tenancy Agreement, Tendo and the Tenant also entered into two further agreements on 25 April 2014 pursuant to which Tendo has granted to the Tenant three (3) consecutive options to renew the Supplemental Tenancy Agreement and the Second Tenancy Agreement respectively for a further term of three (3) years each upon the expiration of the Supplemental Tenancy Agreement and the Second Tenancy Agreement (as the case may be). In the event that the Tenant shall have duly exercised its option to renew for the first new term, the Supplemental Tenancy Agreement and/or the Second 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 Supplemental Tenancy Agreement and/or the Second 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 Supplemental Tenancy Agreement and/or the Second Tenancy Agreement.

## **ANNUAL CAPS**

The expected maximum amounts (including the rentals, the management fees, the Tenant's contribution to construction works, 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 (i) the First Tenancy Agreement as supplemented by the Supplemental Tenancy Agreement; and (ii) the Second Tenancy Agreement for the financial year ending 31 December 2014 and the period from 1 January 2015 to 19 September 2015 will be approximately HK\$9,000,000 and HK\$6,500,000, respectively.

The Annual Caps were determined with reference to (i) the rentals, the management fees, the Tenant's contribution to construction works and the air-conditioning charges stipulated in the First Tenancy Agreement as supplemented by the Supplemental Tenancy Agreement and the Second Tenancy Agreement; (ii) the expected increment to the management fees and/or the air-conditioning charges over the term of the First Tenancy Agreement as supplemented by the Supplemental Tenancy Agreement and the Second Tenancy Agreement; and (iii) the estimated outgoings in respect of the Original Office Space, the Additional Space and the Other Premises.

## **GENERAL**

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 its wholly-owned subsidiary, CITIC Telecom International CPC Limited ("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 provider. CTM, the only full telecoms service provider in Macau, is a long-time leader in providing world-class telecoms services to Macau residents and enterprises while playing a major role in the ongoing development of Macau.

The CITIC Pacific Group's operational focus is on the PRC, both the mainland and Hong Kong. Its major businesses are special steel manufacturing, iron ore mining and property development in the PRC. Other businesses include energy and civil infrastructure. CITIC Pacific also holds a controlling interest in Dah Chong Hong Holdings Limited and an approximately 41% interest in the Company. Tendo is engaged in property investment.

## **REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL TENANCY AGREEMENT AND THE SECOND TENANCY AGREEMENT**

The Additional Space will primarily be used for the storage of generators to support the data centre of the Group located in the Ap Lei Chau Building. The Other Premises will primarily be used as a business continuity centre of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Tenancy Agreement and the Second Tenancy Agreement (including the rentals, the management fees, the Tenant's contribution to construction works, 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 Supplemental Tenancy Agreement and the Second Tenancy Agreement. However, Mr. Liu Jifu is a non-executive director of the Company and an executive director of CITIC Pacific. Mr. Liu Jifu has therefore abstained from voting on the Board resolutions approving the Supplemental Tenancy Agreement and the Second Tenancy Agreement.

## **LISTING RULES IMPLICATIONS**

As Tendo is a wholly-owned subsidiary of CITIC Pacific, a controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the entering into of the Supplemental Tenancy Agreement and the Second Tenancy Agreement 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 3<sup>rd</sup> floor podium of the Ap Lei Chau Building leased to the Tenant by Tendo under the Supplemental Tenancy Agreement, the details of which are set out in the section headed “Supplemental Tenancy Agreement - Description of the Additional Space, Term and Monthly Rental” in this announcement;

“Annual Caps”	the expected maximum amounts (including the rentals, the management fees, the Tenant’s contribution to construction works, 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 First Tenancy Agreement as supplemented by the Supplemental Tenancy Agreement and the Second Tenancy Agreement for the financial year ending 31 December 2014 and the period from 1 January 2015 to 19 September 2015;
“Ap Lei Chau Building”	the building located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong;
“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 Pacific Group”	CITIC Pacific and its subsidiaries;
“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;
“First Tenancy Agreement”	the tenancy agreement dated 24 October 2012, as supplemented by the 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;
“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;
“Original Office Space”	certain units of the Ap Lei Chau Building leased to the Tenant by Tendo under the First Tenancy Agreement;
“Other Premises”	the Mezzanine floor (including the store room) of the Ap Lei Chau Building leased to the Tenant by Tendo under the Second Tenancy Agreement, the details of which are set out in the section headed “Second Tenancy Agreement - Description of the Other Premises, Term and Monthly Rental” in this announcement;
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“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;
“Second Tenancy Agreement”	the tenancy agreement dated 25 April 2014 entered into between the Tenant and Tendo in relation to the leasing of the Other Premises to the Tenant by Tendo;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Tenancy Agreement”	the tenancy agreement dated 25 April 2014 entered into between the Tenant and Tendo in relation to the leasing of the Additional Space to the Tenant by Tendo;
“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, 25 April 2014

*The Directors of the Company 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 Luo Ning; and Independent Non-Executive Directors: Liu Li Qing and Kwong Che Keung, Gordon.*