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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**

### **TENANCY AGREEMENT IN RESPECT OF PREMISES IN BEIJING**

The Board announces that on 28 March 2014, the Tenant (a non-wholly owned subsidiary of the Company) and CB Property Management Co., being a wholly-owned subsidiary of CITIC Group, entered into the Tenancy Agreement, pursuant to which CB Property Management Co. shall lease the Beijing Premises to the Tenant for a term of two years.

CB Property Management Co. is a wholly-owned subsidiary of CITIC Group, the ultimate holding company of the Company. Accordingly, the entering into of the Tenancy Agreement constitutes a continuing connected transaction 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 for the Tenancy Agreement is 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.

### **TENANCY AGREEMENT**

#### **Date**

28 March 2014

#### **Parties**

- (1) the Tenant, a non-wholly owned subsidiary of the Company
- (2) CB Property Management Co., a wholly-owned subsidiary CITIC Group

## **Subject matter**

On 28 March 2014, the Tenant and CB Property Management Co. entered into the Tenancy Agreement, pursuant to which CB Property Management Co. shall lease the Beijing Premises to the Tenant for a term of two years.

## **Description of the Beijing Premises, Term and Amounts Payable to CB Property Management Co. under the Tenancy Agreement**

The Beijing Premises comprise part of the first floor and the third to fifth floors of #3 Building of the CITIC Building in Beijing, the PRC with a gross floor area of approximately 1,491 square metres. The term of the tenancy in respect of the Beijing Premises will be two (2) years commencing 1 August 2014 and expiring on 31 July 2016, with a monthly rental of approximately RMB0.45 million (equivalent to approximately HK\$0.57 million), which covers air-conditioning charges during normal business hours. Such monthly rental shall be payable quarterly in advance. The Tenant shall carry out renovation works at the Beijing Premises during the Renovation Period on a rent-free basis and pay monthly management fees to CB Property Management Co. in the sum of approximately RMB0.06 million (equivalent to approximately HK\$0.08 million).

The monthly management fees and the monthly rental payable during the Renovation Period and the term of the tenancy respectively by the Tenant to CB Property Management Co. under the Tenancy Agreement were negotiated on an arm's length basis and were determined with reference to prevailing market rates for similar properties in the vicinity.

## **Deposit**

The Tenant is also required to pay to CB Property Management Co. a deposit of approximately RMB1.36 million (equivalent to approximately HK\$1.73 million) to secure the due observance and performance of its obligations under the Tenancy Agreement, which shall be refunded to the Tenant without interest upon (i) expiry of the Tenancy Agreement; and (ii) settlement of the last outstanding claim by CB Property Management Co. against the Tenant in respect of any outstanding rent or sum payable or any breach or non-observance or non-performance of the Tenancy Agreement on the part of the Tenant, whichever is later. Where CB Property Management Co. deducts any amount from such deposit pursuant to the terms of the Tenancy Agreement resulting in the deposit falling below the abovementioned amount at any time during the term of the tenancy, the Tenant shall upon receipt of notice from CB Property Management Co. within 15 days pay to CB Property Management Co. such shortfall.

## **Option to renew**

The Tenant shall have a right of first offer to lease the Beijing Premises for a further term subject to terms and conditions to be agreed between the parties. The Company shall comply with the Listing Rules as required in the event that the Tenant exercises such right of first offer.

## **Lease of car parking spaces and provision of certain utility facilities**

The Tenant and CB Property Management Co. will also enter into other related agreements relating to the leasing of car parking spaces at the CITIC Building and the provision of management services in respect of certain utility facilities at the Beijing Premises to the Tenant during the Renovation Period and the term of the tenancy.

The fees payable by the Tenant to CB Property Management Co. under such other related agreements will include (i) one-off installation fees for telephone and internet facilities; (ii) monthly fees for the use of telephone and internet facilities; (iii) air-conditioning (outside normal business hours only) and electricity charges, the amount of which will be based on actual usage; and/or (iv) monthly rental for car parking spaces. It is estimated that the total monthly fees payable by the Tenant to CB Property Management Co. under such related agreements will be approximately RMB0.05 million (equivalent to approximately HK\$0.06 million). The rates of such fees were agreed between the Tenant and CB Property Management Co. on an arm's length basis with reference to the rates for the lease of car parking spaces and the provision of services of a similar nature by CB Property Management Co. to independent third parties.

## **ANNUAL CAPS FOR THE TENANCY AGREEMENT**

The expected maximum amounts payable by the Tenant to CB Property Management Co. under the Tenancy Agreement (including the monthly management fees and monthly rental payable during the Renovation Period and the term of the tenancy respectively under the Tenancy Agreement, and the fees payable under other related agreements for both periods) for the period from 1 April 2014 to 31 December 2014, the financial year ending 31 December 2015 and the period from 1 January 2016 to 31 July 2016 will be approximately HK\$3.71 million, HK\$7.79 million and HK\$4.66 million respectively.

The above annual caps were determined with reference to (i) the monthly management fees and monthly rental payable by the Tenant to CB Property Management Co. during the Renovation Period and the term of the tenancy respectively under the Tenancy Agreement; (ii) the fees payable under other related agreements by the Tenant to CB Property Management Co. for both periods; and (iii) the expected appreciation of RMB against HK\$ during the term of the tenancy.

## **OTHER ARRANGEMENTS**

Incidental to the leasing of the Beijing Premises, the Tenant intends to enter into an agreement with another wholly-owned subsidiary of CB Property Management Co. pursuant to which the Tenant shall engage such subsidiary of CB Property Management Co. as contractor to carry out renovation works at the Beijing Premises during the Renovation Period. It is expected that such transaction, if materialised, would constitute a connected transaction exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules, and the disclosure in this announcement in relation to such transaction is made on a voluntary basis.

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

The Beijing Premises will primarily be used by the Group as the Tenant's headquarters in Beijing, the PRC.

The Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreement (including the monthly management fees and monthly rental payable to CB Property Management Co. during the Renovation Period and the term of the tenancy respectively under the Tenancy Agreement, the fees payable to CB Property Management Co. under other related agreements and the annual caps) are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

Mr. Luo Ning, a non-executive Director, is the Assistant President of CITIC Limited, which is a wholly-owned subsidiary of CITIC Group. Accordingly, Mr. Luo Ning has abstained from voting on the board resolutions approving the entering into of the Tenancy Agreement. Other than this, the Directors do not have a material interest in the Tenancy Agreement.

## **LISTING RULES IMPLICATIONS**

CB Property Management Co. is a wholly-owned subsidiary of CITIC Group, the ultimate holding company of the Company. Accordingly, the entering into of the Tenancy Agreement constitutes a continuing connected transaction 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 for the Tenancy Agreement is 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.

## **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, CPC, across the Asia Pacific region. CPC is a preferred partner of leading multinational corporations and business enterprises.

The Group 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 Tenant is one of the leading VPN service providers in the PRC and is one of the few VPN service providers 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 the Tenant to provide domestic IP-VPN services through China. The Tenant was founded in 2000 and has since built an extensive network in the PRC with its headquarters in Beijing.

CB Property Management Co. is principally engaged in the provision of property management, leasehold and renovation services and the operation of car parks in the PRC.

## **DEFINITIONS**

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

“Beijing Premises”	part of the first floor and the third to fifth floors of #3 Building of the CITIC Building in Beijing, the PRC leased to the Tenant by CB Property Management Co. under the Tenancy Agreement, the details of which are set out in the section headed “TENANCY AGREEMENT - Description of the Beijing Premises, Term and Amounts Payable to CB Property Management Co. under the Tenancy Agreement” in this announcement;
“Board”	the board of Directors;
“CB Property Management Co.”	北京中信國際大廈物業管理有限公司 (CITIC Building Management Co., Ltd.*), a company incorporated and existing under the laws of the PRC and a wholly-owned subsidiary of CITIC Group, as agent of CITIC Group, the owner of the Beijing Premises;
“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. It is the ultimate holding company of the Company holding a beneficial interest of approximately 18.335% in the Company and is interested in another approximately 41.292% in the Company through CITIC Pacific;

“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: 00267), and a non-wholly owned subsidiary of CITIC Group;
“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);
“connected transaction”; “continuing connected transaction”; and “subsidiary”	each has the meaning ascribed to it by the Listing Rules;
“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;
“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”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“Renovation Period”	1 April 2014 to 31 July 2014;

“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 28 March 2014 entered into between the Tenant and CB Property Management Co. in respect of the Beijing Premises;
“Tenant”	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;
“VPN”	virtual private network; and
“%”	per cent.

*For illustration purposes in this announcement, the conversion rate of RMB1.00 = HK\$1.27 was adopted.*

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

Hong Kong, 28 March 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: Yang Xianzu, Liu Li Qing and Kwong Che Keung, Gordon.*

*\*For identification purpose*