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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)**

## **CONNECTED TRANSACTIONS**

### **PROVISION OF THE VIRTUAL PRIVATE NETWORK SERVICES**

The Group has provided the Virtual Private Network Services to the CITIC Group from time to time in its ordinary and usual course of business.

As at the date of this announcement, CITIC, the ultimate controlling shareholder of the Company, is interested in approximately 60.09% of the total number of Shares in issue. Accordingly, each member of the CITIC Group is a connected person of the Company under the Listing Rules and the transactions between the Group and the CITIC Group constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the aggregate actual transaction amounts contemplated under the service order forms and recognised by the Group in respect of the Virtual Private Network Services have reached 0.1% but are less than 5% (i.e. HK\$9,710,000 in aggregate within a 12-month period prior to and inclusive of the date of this announcement), the Connected Transactions are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In case the Group will further provide the Virtual Private Network Services to the CITIC Group in its ordinary and usual course of business in the future, the Group will comply with the requirements under the Listing Rules and make further announcement(s) as and when appropriate.

## **PROVISION OF THE VIRTUAL PRIVATE NETWORK SERVICES**

The Group has provided the Virtual Private Network Services to the CITIC Group from time to time in its ordinary and usual course of business.

### **Virtual Private Network Services**

The Group has established numerous Point(s)-of-Presence around the world (especially in the Asia-Pacific region) to provide data and telecoms services including virtual private network and value-added services to multinational corporations.

The Group provides the virtual private network services by applying the multi-protocol label switching (MPLS) network. The virtual private network is a private network to connect geographically separated offices of an organisation with different classes-of-service, creating one cohesive network. Individual users can enjoy remote office and get secure access to, send and receive data within their organisation's virtual private network across a public telecommunications infrastructure. The virtual private network services provides a highly secure and efficient network for transmission of voice, video and data applications with guaranteed quality-of-service.

### **Service order form**

The Virtual Private Network Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the relevant members of the Group. The terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

The CITIC Group has subscribed and ordered the Virtual Private Network Services by submitting individual service order form with modification when necessary. Key service terms such as the minimum commitment period, bandwidth and location of services have been set out in such individual service order form. In general, the duration of the initial service term ranges from one year to three years.

### **Service charges and payment terms**

The service charges for the provision of the Virtual Private Network Services usually include an one-off set up charge (the "Set Up Charge") and a fixed recurring monthly service charge (the "Monthly Service Charge") during the service term, which is determined with reference to the subscribed bandwidth, locations, class of services and the requisite support services for provision of the Virtual Private Network Services. The service charges are agreed between the Group and the CITIC Group on an arm's length basis.

The Set Up Charge is normally payable in full upon provision of service while the Monthly Service Charge is settled monthly.

For the 12-month period prior to and inclusive of the date of this announcement, the aggregate actual transaction amounts contemplated under the service order forms and recognised by the Group in respect of the Virtual Private Network Services amounted to HK\$9,710,000.

### **Pricing basis**

As a general principle, the prices and terms of the Connected Transactions shall be negotiated on arm's length basis and determined in the ordinary course of business on normal commercial terms.

Reference is made by the Group to the expected costs to be incurred, complexity, bandwidth, location, class and duration of the services required and the then prevailing market conditions. In any event, the price and terms of the Virtual Private Network Services shall not be more favourable than those provided to the independent third party customers of the Group for similar virtual private network services.

Internal procedures are in place to compare the prices and terms of the Virtual Private Network Services with those offered to the independent third party customers from time to time for similar virtual private network services, before the Group enters into the corresponding individual service order form.

### **REASONS FOR THE CONNECTED TRANSACTIONS**

It is considered that the provision of the Virtual Private Network Services is consistent with the commercial objectives of the Group and fall within the core business of the Group. The Directors consider that the entering into of the Connected Transactions would further strengthen the Group's position as a provider of the information technology services in Hong Kong, the PRC and overseas.

The Directors (including the independent non-executive Directors) consider that the Connected Transactions were entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations, which is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Luo Ning, an Executive Director, is also the Assistant President of CITIC. In order to avoid the perception of a conflict of interest, Mr. Luo has abstained from voting on the board resolutions for considering, approving and ratifying the Connected Transactions. Save as disclosed above, none of the Directors has a material interest in the Connected Transactions or is required to abstain from voting on the board resolutions for considering and approving the Connected Transactions.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CITIC, the ultimate controlling shareholder of the Company, is interested in approximately 60.09% of the total number of Shares in issue. Accordingly, each member of the CITIC Group is a connected person of the Company under the Listing Rules and the transactions between the Group and the CITIC Group constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the aggregate actual transaction amounts contemplated under the service order forms and recognised by the Group in respect of the Virtual Private Network Services have reached 0.1% but are less than 5% (i.e. HK\$9,710,000 in aggregate within a 12-month period prior to and inclusive of the date of this announcement), the Connected Transactions are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In case the Group will further provide the Virtual Private Network Services to the CITIC Group in its ordinary and usual course of business in the future, the Group will comply with the requirements under the Listing Rules and make further announcement(s) as and when appropriate.

## **GENERAL INFORMATION**

### **The Group**

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 CITIC Telecom International CPC Limited ("CPC"), has established numerous Point(s)-of-Presence around the world (especially in the Asia-Pacific region) to provide data and telecoms services (including virtual private network, 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.

### **The CITIC Group**

CITIC is a Chinese state-owned enterprise under the Ministry of Finance. Its main asset is a 58.13% interest in CITIC Limited. Since its establishment in 1979, CITIC has been a pioneer of China's economic reform. It makes investments in areas of long-term potential as well as those aligned with national priorities.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”; “connected person”; “connected transaction”; “controlling shareholder”; “percentage ratio”; and “subsidiary”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CITIC”	中國中信集團有限公司 (CITIC Group Corporation), a state-owned enterprise established under the laws of the PRC, and the controlling shareholder of CITIC Limited
“CITIC Group”	CITIC, its subsidiaries and associates (excluding the Group) from time to time
“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 indirect holding company of the Company and is interested in approximately 60.09% of the total number of Shares in issue
“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 Transactions”	the connected transactions relating to the provision of the Virtual Private Network Services by the Group to the CITIC Group pursuant to various service order forms entered into between the Group and the CITIC Group within a 12-month period prior to and inclusive of the date of this announcement
“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
“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, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Share(s)”	share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Virtual Private Network Services”	the provision of the virtual private network services by the Group to the CITIC Group on terms and conditions of standard service order forms with modification when necessary, as more particularised in the paragraph headed “Provision of the Virtual Private Network Services - Virtual Private Network Services” in this announcement
“%”	per cent.

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

Hong Kong, 27 November 2017

*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 Directors: Liu Jifu and Fei Yiping; and Independent Non-Executive Directors: Liu Li Qing, Zuo Xunsheng and Lam Yiu Kin.*