

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 TRANSACTION

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

Reference is made to the announcement of the Company dated 21 August 2015 in relation to, among other things, the 2015 Main Premises Tenancy Agreement 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 19 September 2018, the Tenant entered into the 2018 Main Premises Tenancy Agreement with Tendo for renewing the leases in respect of the Main Premises.

As Tendo is a wholly-owned subsidiary of CITIC Limited, a controlling shareholder of the Company which is interested in approximately 59.67% of the total number of Shares in issue, Tendo is a connected person of the Company. Accordingly, the entering into of the 2018 Main Premises Tenancy Agreement and the transaction contemplated thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps for the 2018 Main Premises Tenancy Agreement is more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 21 August 2015 in relation to, among other things, the 2015 Main Premises Tenancy Agreement 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 19 September 2018, the Tenant entered into the 2018 Main Premises Tenancy Agreement with Tendo for renewing the leases in respect of the Main Premises.

THE 2018 MAIN PREMISES TENANCY AGREEMENT

Date

19 September 2018

Parties

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

Description of the Main Premises

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.

Term, Monthly Rental and Management Charges

The term of the 2018 Main Premises Tenancy Agreement will be three (3) years commencing from 20 September 2018 and expiring on 19 September 2021 (both days inclusive), with an aggregate monthly rental of approximately HK\$822,000. The Tenant shall also pay its share of management charges in respect of the Main Premises, being approximately HK\$76,000 per month, subject to revision. The Tenant shall also be responsible for the payment of its own utility charges, government rates and government rent in respect of the Main Premises during the term of the 2018 Main Premises Tenancy Agreement.

The rental payable under the 2018 Main Premises Tenancy Agreement was negotiated on an arm's length basis and was determined with reference to the current rental for the Main Premises receivable by Tendo pursuant to the 2015 Main Premises Tenancy Agreement and prevailing open market rates for similar properties in the vicinity.

The Tenant has paid to Tendo a deposit of approximately HK\$2,810,000 to secure the due observance and performance of its obligations under the 2018 Main Premises Tenancy Agreement, which shall be refunded to the Tenant without interest within thirty (30) days after the expiration of the 2018 Main Premises Tenancy Agreement and the delivery of vacant possession to Tendo or within thirty (30) 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 2018 Main Premises Tenancy Agreement on the part of the Tenant, whichever is the later.

Historical Transaction Amounts and Annual Caps

The amounts (including the rentals, the management charges, other charges and other outgoings such as rentals for car parking spaces to be leased by Tendo to the Tenant from time to time) paid by the Tenant to Tendo in respect of the lease of the Main Premises under the

2015 Main Premises Tenancy Agreement for the period from 20 September 2015 to 31 December 2015, the two financial years ended 31 December 2016 and 2017 and the period from 1 January 2018 to 31 July 2018 were approximately HK\$2,900,000, HK\$10,200,000, HK\$10,200,000 and HK\$6,000,000, respectively.

The expected maximum amounts (including the rentals, the management charges, other 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 2018 Main Premises Tenancy Agreement are set out below: -

	Annual cap for the period from 20 September to 31 December	Annual caps for the years ending 31 December		Annual cap for the period from 1 January to 19 September
	2018	2019	2020	2021
HK\$	3,500,000	11,500,000	11,500,000	8,500,000

The annual caps were determined with reference to (i) the historical amounts paid by the Tenant to Tendo for relevant period under the 2015 Main Premises Tenancy Agreement; (ii) the rentals, management charges and other charges stipulated in the 2018 Main Premises Tenancy Agreement; (iii) the expected increment to the management charges and/or other charges over the term of the 2018 Main Premises Tenancy Agreement; and (iv) the estimated outgoings in respect of the Main Premises.

OPTION TO RENEW

As set out in the announcement of the Company dated 21 August 2015, incidental to the 2015 Main Premises Tenancy Agreement, Tendo and the Tenant entered into the Main Premises Renewal Option Agreement pursuant to which Tendo has granted to the Tenant options to renew the 2015 Main Premises Tenancy Agreement for two (2) consecutive terms of three (3) years upon the expiration of the 2015 Main Premises Tenancy Agreement. Pursuant to the Main Premises Renewal Option Agreement, the Tenant exercised its option to renew the 2015 Main Premises Tenancy Agreement for the first new term of three (3) years upon the expiration of such tenancy agreement on 19 September 2018 and entered into the 2018 Main Premises Tenancy Agreement with Tendo for renewing the leases in respect of the Main Premises.

Pursuant to the Main Premises Renewal Option Agreement, upon expiration of the 2018 Main Premises Tenancy Agreement on 19 September 2021, the Tenant shall have the option to renew the lease of the Main Premises for a second term commencing from 20 September 2021 to 19 September 2024 subject to the terms thereof. In the event that the Tenant shall have duly exercised its option to renew for the second term, the 2018 Main Premises 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 2018 Main Premises Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Main Premises have been and will continue to be primarily used as a data centre to support the Group's provision of telecommunications services to its customers in the ordinary and usual course of business of the Group. After reviewing the business needs, the Group will not renew the lease of the Mezzanine floor (including the store room) of the Ap Lei Chau Building upon the expiration of the tenancy agreement on 19 September 2018.

The Directors (including the independent non-executive Directors) consider that the entering into of the 2018 Main Premises Tenancy Agreement and the transaction contemplated thereunder is in the ordinary and usual course of business of the Group and the terms of the 2018 Main Premises Tenancy Agreement and the annual caps are on normal commercial terms after arm's length negotiations, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES TO THE TRANSACTION

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 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.

CITIC Limited

CITIC Limited is China's largest conglomerate with total assets over US\$900 billion. Among its diverse global businesses, the Company focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. CITIC's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising in China. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

LISTING RULES IMPLICATIONS

As Tendo is a wholly-owned subsidiary of CITIC Limited, a controlling shareholder of the Company which is interested in approximately 59.67% of the total number of Shares in issue, Tendo is a connected person of the Company. Accordingly, the entering into of the 2018 Main

Premises Tenancy Agreement and the transaction contemplated thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps for the 2018 Main Premises Tenancy Agreement is more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Luo Ning, an executive director of the Company, is the Assistant President of CITIC Limited. In addition, Mr. Liu Jifu, a non-executive director of the Company, is a director of CITIC Pacific and Mr. Fei Yiping, a non-executive director of the Company, is also a director and Chief Financial Officer of CITIC Pacific. In order to avoid the perception of a conflict of interest, Mr. Luo Ning, Mr. Liu Jifu and Mr. Fei Yiping have abstained from voting on the board resolutions of the Company for considering and approving the transaction contemplated under the 2018 Main Premises Tenancy Agreement. Save as disclosed above, no other Directors has a material interest in the transaction or is required to abstain from voting on the board resolutions of the Company for considering and approving the transaction.

DEFINITIONS

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

“2015 Main Premises 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 from 20 September 2015 to 19 September 2018 (both days inclusive);
“2018 Main Premises Tenancy Agreement”	the tenancy agreement dated 19 September 2018 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 2018 and expiring on 19 September 2021 (both days inclusive);
“Ap Lei Chau Building”	the building located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong;
“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 with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00267); and a controlling shareholder of the Company;

“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in British Virgin Islands with limited liability; and 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(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)” and “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules;
“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;
“Main Premises Renewal Option Agreement”	the agreement dated 21 August 2015 entered into between the Tenant and Tendo in relation to the grant of options to renew the 2015 Main Premises Tenancy Agreement;
“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;
“Main Premises”	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;

“Tenant”	CITIC Telecom International Limited (中信國際電訊有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Tendo”	Tendo Limited, a company incorporated in Hong Kong with limited liability and 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, 19 September 2018

As at the date of this announcement, the directors of the Company are: executive Directors: Mr. Xin Yue Jiang (Chairman), Dr. Lin Zhenhui, Mr. Luo Ning and Dr. Chan Tin Wai, David; non-executive Directors: Mr. Liu Jifu and Mr. Fei Yiping; independent non-executive Directors: Mr. Liu Li Qing, Mr. Zuo Xunsheng and Mr. Lam Yiu Kin.