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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

RENEWAL OF DCH TENANCY AGREEMENT

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Reference is made to the announcement of the Company dated 16 August 2016 in relation to, among other things, the 2015 DCH Tenancy Agreement entered into between Neostar (a wholly-owned subsidiary of the Company) and DCH Holdings (a non-wholly owned subsidiary of CITIC Limited). The 2015 DCH Tenancy Agreement will expire on 31 May 2018.

The Board wishes to announce on 31 May 2018, Neostar, as landlord, and DCH Holdings, as tenant, entered into the 2018 DCH Tenancy Agreement to renew the existing tenancy for a new term of three years from 1 June 2018 to 31 May 2021 (both days inclusive).

LISTING RULES IMPLICATIONS

DCH Holdings is a non-wholly owned subsidiary of CITIC Limited, a controlling shareholder of the Company which is interested in approximately 59.75% of the total number of Shares in issue. Accordingly, DCH Holdings is a connected person of the Company. Therefore, the entering into of the 2018 DCH Tenancy Agreement and the transaction contemplated thereunder constitute continuing connected transaction of the Company under the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps for the 2018 DCH 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 16 August 2016 in relation to, among other things, the 2015 DCH Tenancy Agreement entered into between Neostar (a wholly-owned subsidiary of the Company) and DCH Holdings (a non-wholly owned subsidiary of CITIC Limited). The 2015 DCH Tenancy Agreement will expire on 31 May 2018.

The Board wishes to announce on 31 May 2018, Neostar, as landlord, and DCH Holdings, as tenant, entered into the 2018 DCH Tenancy Agreement to renew the existing tenancy for a new term of three years from 1 June 2018 to 31 May 2021 (both days inclusive).

THE 2018 DCH TENANCY AGREEMENT

The principal terms of the 2018 DCH Tenancy Agreement are set out below:

Date

31 May 2018

Parties

- (i) Neostar, as the landlord
- (ii) DCH Holdings, as the tenant

Subject Premises

The whole of 7th floor to 11th floor of CITIC Telecom Tower.

Term

The term of the 2018 DCH Tenancy Agreement is three years commencing from 1 June 2018 and expiring on 31 May 2021.

Monthly Rentals and Management Charges

A monthly rental of approximately HK\$1,178,000 (exclusive of government rent, rates and management charges and other outgoings) and monthly management charges of approximately HK\$192,000.

The rentals payable under the 2018 DCH Tenancy Agreement were negotiated on an arms' length basis and are determined with reference to the current rental under the 2015 DCH Tenancy Agreement and prevailing market rates for similar properties in the vicinity.

Historical Transaction Amounts

For the period from 28 October 2016 (being the date on which the Company had acquired, inter alia, the subject premises) to 31 December 2016, the financial year ended 31 December 2017 and for the period from 1 January 2018 to 30 April 2018, the aggregate amount of rentals, management charges and other outgoings (other than those which are collected by Neostar from DCH Holdings for payment to independent third parties) paid by DCH Holdings to the Group in respect of the leasing of the subject premises were approximately HK\$3,173,000, HK\$18,021,000 and HK\$6,053,000, respectively.

Annual Caps

The annual caps (including the aggregate rentals, the management charges and other outgoings) payable by DCH Holdings to the Group under the 2018 DCH Tenancy Agreement for the period from 1 June 2018 to 31 December 2018, the financial years ending 31 December 2019, 2020 and for the period from 1 January 2021 to 31 May 2021 will be HK\$11,000,000, HK\$19,000,000, HK\$20,100,000 and HK\$9,000,000, respectively. The annual caps were determined with reference to (i) the rentals paid by DCH Holdings for the relevant period under the 2015 DCH Tenancy Agreement; (ii) the rentals stipulated in the 2018 DCH Tenancy Agreement; (iii) the historical and currently payable management charges; (iv) the expected increment to the management charges over the term of the 2018 DCH Tenancy Agreement; and (v) the estimated outgoings in respect of the subject premises.

Other Licensing Arrangement

Neostar has also entered into licensing arrangement in respect of car parking spaces and other areas at the CITIC Telecom Tower with the DCH Group, and the expected maximum annual amounts payable under such licensing arrangement for the period from 1 June 2018 to 31 December 2018, the financial years ending 31 December 2019, 2020 and for the period from 1 January 2021 to 31 May 2021 are HK\$95,000, HK\$180,000, HK\$204,000 and HK\$95,000, respectively. Such licensing arrangement falls within the de minimis exemption under Rule 14A.76 of the Listing Rules.

For the period from 28 October 2016 to 31 December 2016, the financial year ended 31 December 2017 and for the period from 1 January 2018 to 30 April 2018, the licensing arrangement paid by DCH Group to the Group in respect of such licensing arrangement were approximately HK\$45,000, HK\$252,000 and HK\$84,000, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the 2018 DCH Tenancy Agreement could provide the Company with stable rental income without the need to search for new tenant.

The Directors (including the independent non-executive Directors) consider that the transaction contemplated under the 2018 DCH Tenancy Agreement (including the annual caps) is entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations, which are fair and reasonable and in the interests of the Company and its shareholders 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 its wholly owned subsidiary 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 and 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.

DCH Holdings

DCH Holdings is an integrated motor and consumer products distribution company operating in Asia with an extensive logistics network. DCH Holdings is a leading distributor and dealer of motor vehicles in Greater China and provides a full range of motor related services including maintenance, rental, repair and financing. DCH Holdings' consumer products business includes the distribution of food and fast moving consumer goods, healthcare and electronic products as well as food processing, trading and retail.

LISTING RULES IMPLICATIONS

DCH Holdings is a non-wholly owned subsidiary of CITIC Limited, a controlling shareholder of the Company which is interested in approximately 59.75% of the total number of Shares in issue. Accordingly, DCH Holdings is a connected person of the Company. Therefore, the entering into of the 2018 DCH Tenancy Agreement and the transaction contemplated thereunder constitute continuing connected transaction of the Company under the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps for the 2018 DCH 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, is the Assistant President of CITIC Limited. Mr. Fei Yiping, a non-executive Director, is a non-executive director of DCH Holdings. In order to avoid the perception of a conflict of interest, Mr. Luo and Mr. Fei have abstained from voting on the board resolutions of the Company for considering and approving the transaction contemplated under the 2018 DCH 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, the following expressions have the meanings set out below unless the context requires otherwise:

“2015 DCH Tenancy Agreement”	the tenancy agreement dated 29 May 2015 entered into between Neostar and DCH Holdings for a term from 1 June 2015 and expiring on 31 May 2018;
“2018 DCH Tenancy Agreement”	the tenancy agreement dated 31 May 2018 entered into between Neostar and DCH Holdings for a term commencing from 1 June 2018 and expiring on 31 May 2021;
“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 in 1985 with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00267); a controlling shareholder of the Company which is interested in approximately 59.75% of total number of Shares in issue;
“CITIC Telecom Tower”	CITIC Telecom Tower situated at 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong;
“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 person”; “continuing connected transaction”; “controlling shareholder”; “percentage ratio”; and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“DCH Group”	DCH Holdings and its subsidiaries;
“DCH Holdings”	Dah Chong Hong Holdings Limited (大昌行集團有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 01828), and a non-wholly owned subsidiary of CITIC Limited;
“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;
“Neostar”	Neostar Investment Limited (嶺星投資有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company;
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Shares”	shares in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 31 May 2018

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.