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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 TRANSACTIONS

NEW FUNDING SUPPORT AGREEMENT FOR THE PROVISION OF FUNDING SUPPORT TO CHINA ENTERPRISE ICT SOLUTIONS LIMITED

NEW FUNDING SUPPORT AGREEMENT

The Board announces that on 12 December 2019, CPC (a wholly-owned subsidiary of the Company) and CEC (an indirect non-wholly owned subsidiary of the Company in which CITIC Group holds approximately 45.09% equity interest) entered into the New Funding Support Agreement, which supersedes and replaces the Existing Funding Support Agreement. Pursuant to the New Funding Support Agreement, CPC shall make available funding support of not more than RMB65 million (equivalent to approximately HK\$72 million) to CEC if and when a shortage of funds arises in the operation of the Cloud Data Centre and in the possible expansion of CEC's businesses at any time during the period commencing from 12 December 2019 and ending 11 December 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CEC is an indirect non-wholly owned subsidiary of the Company and also an associate of CITIC Group, the ultimate holding company of the Company, as CITIC Group holds approximately 45.09% equity interest in CEC. Accordingly, the entering into of the New Funding Support Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the annual caps for the New Funding Support Agreement are more than 0.1% but less than 5%, the continuing connected transactions under the New Funding Support Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 September 2017 in relation to, inter alia, the Existing Funding Support Agreement entered into between CPC and CEC for the provision of funding support by CPC (as one of the existing shareholders of CEC) to CEC in connection with its operation of the Cloud Data Centre. CEC is one of the leading VPN service providers in the PRC with a nationwide IP-VPN operating licence granted by the Ministry of Industry and Information Technology of the PRC, which allows CEC to provide domestic VPN services throughout China. As the business of the Cloud Data Centre continues to grow, CEC requires stable cashflow to support the operation of the Cloud Data Centre.

In addition, it is anticipated that CEC's other businesses, in particular, information security business and cloud computing business, will continue to expand due to the expected increase in the demand from its customers. Additional funding is required by CEC to carry out such expansion (including but not limited to funding required for procuring the necessary cloud computing server, storage system, network equipment and related software licences to provide private cloud computing platform to satisfy the needs of CEC's customers).

In view of the foregoing, CPC and CEC entered into the New Funding Support Agreement which supersedes and replaces the Existing Funding Support Agreement. CPC will at any time during the period commencing from 12 December 2019 and ending 11 December 2022 make available funding support to CEC in accordance with the New Funding Support Agreement. Pursuant to the New Funding Support Agreement, the upper limit of the funding support made available by CPC to CEC will be increased from RMB35 million (equivalent to approximately HK\$39 million) (as provided under the Existing Funding Support Agreement) to RMB65 million (equivalent to approximately HK\$72 million).

NEW FUNDING SUPPORT AGREEMENT

Principal terms of the New Funding Support Agreement

Date:	12 December 2019
Parties:	(i) CPC, a wholly-owned subsidiary of the Company (ii) CEC, an indirect non-wholly owned subsidiary of the Company in which CITIC Group holds approximately 45.09% equity interest
Subject matter:	Provision of funds by CPC to CEC if and when a shortage of funds arises in the operation of the Cloud Data Centre by CEC and in the possible expansion of CEC's businesses at any time during the term of the New Funding Support Agreement. Upon receiving a written notification of shortage of funds from CEC, CPC and CEC shall enter into specific loan agreements in compliance with applicable laws and regulations in the PRC (including the rules and regulations imposed by the State Administration of Foreign Exchange of the PRC), and CPC shall provide funds by way of shareholder's loans to CEC.

CEC shall comply with applicable registration, filing and opening of foreign exchange accounts procedures in accordance with the provisions of the specific loan agreements. The interest rate for the funds advanced shall be equivalent to the RMB benchmark interest rates for loans of financial institutions as announced by the People's Bank of China for the same period.

CEC shall arrange funds to repay CPC when there are surplus funds arising from the normal operations.

Term: Three years commencing from 12 December 2019 and ending 11 December 2022.

Upper limit of the funding support: The funding support to be provided by CPC to CEC during the term of the New Funding Support Agreement shall not at any time exceed RMB65 million (equivalent to approximately HK\$72 million).

Historical transaction amounts

The maximum balance of the funds advanced by CPC to CEC under the Existing Funding Support Agreement for the two financial years ended 31 December 2017 and 2018, and the period from 1 January 2019 to 30 November 2019 were:

	Historical amounts for the financial years ended 31 December		Historical amount for the period from 1 January to 30 November
	2017	2018	2019
Maximum balance RMB (million)	35	35	35
Approximately equivalent to HK\$ (million)	39	39	39

Basis of determining the upper limit of funding support to be given

The upper limit of funding support under the New Funding Support Agreement was negotiated on an arm's length basis between CPC and CEC and determined with reference to (i) the historical funding requirement of CEC; (ii) the required funding for the operation of the Cloud Data Centre for the next three years; and (iii) the funding required by CEC for the next three years for the possible expansion of its businesses (in particular, information security business and cloud computing business).

Annual cap amounts

The maximum amount of funding support available during the term of the New Funding Support Agreement for the period from 12 December 2019 to 31 December 2019, two financial years ending 31 December 2020 and 2021, and the period from 1 January 2022 to the expiry of the New Funding Support Agreement (i.e. 11 December 2022) shall not exceed the amounts set out below:

	For the period from 12 December to 31 December 2019	For the financial years ending 31 December		For the period from 1 January to 11 December 2022
		2020	2021	
RMB (million)	65	65	65	65
Approximately equivalent to HK\$ (million)	72	72	72	72

The annual caps set out above represent the maximum amount of funds that can be advanced by CPC to CEC at any time during the term of the New Funding Support Agreement.

The finance department of CEC will monitor and ensure that the transactions under the New Funding Support Agreement are conducted in accordance with the terms of the New Funding Support Agreement and do not exceed the above annual caps. The Board will also continue to review on a regular basis the Group's internal control system and its effectiveness. In addition, the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual reviews of the transactions under the New Funding Support Agreement and the above annual caps.

Source of funds

The Group shall provide the funding support under the New Funding Support Agreement from its internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FUNDING SUPPORT AGREEMENT

Data centre business, cloud computing business and information security business represent a strategic focus in the Group's future business development. They are the key business strategies and growing revenue streams of CEC, with a unique proposition of providing managed information and communications technology services to customers. The Directors consider that by entering into the New Funding Support Agreement, the Group can provide the necessary funding support for the operation of the Cloud Data Centre by CEC and for the possible expansion of CEC's businesses (in particular, information security business and cloud computing business), with the aim of leveraging CPC and CEC's synergies and enriching their services. It is expected that the

overall operating efficiency and profitability of CEC will be improved following the continuous development and mature operation of the Cloud Data Centre, and the expansion of CEC's businesses (in particular, information security business and cloud computing business), which will contribute to the profitability of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the New Funding Support Agreement and the maximum amount of funding support to CEC are fair and reasonable, and that the transactions contemplated under the New Funding Support Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Group and the shareholders of the Company as a whole.

Dr. Lin Zhenhui, who is also the Vice Chairman of CEC and Mr. Li Bing Chi, Esmond who is also a director of CEC, have abstained from voting on the board resolutions of the Company for considering and approving the New Funding Support Agreement and the transactions contemplated under the New Funding Support Agreement. Save as above, none of the Directors has a material interest in the New Funding Support Agreement and the transactions contemplated under the New Funding Support Agreement or is required to abstain from voting on the board resolutions of the Company for considering and approving the New Funding Support Agreement and the transactions contemplated under the New Funding Support Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CEC is an indirect non-wholly owned subsidiary of the Company and also an associate of CITIC Group, the ultimate holding company of the Company, as CITIC Group holds approximately 45.09% equity interest in CEC. Accordingly, the entering into of the New Funding Support Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the annual caps for the New Funding Support Agreement are more than 0.1% but less than 5%, the continuing connected transactions under the New Funding Support Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 Macao), and through the Company's wholly-owned subsidiary, CPC, has established numerous Point(s)-of-Presence around the world to provide data and telecoms services (including VPN, 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 Macao, and is the only full telecoms services provider in Macao. It has long provided quality telecoms services to

the residents, government and enterprises of Macao, and plays an important role in the ongoing development of Macao.

CEC is one of the leading VPN service providers in the PRC with a nationwide IP-VPN operating licence granted by the Ministry of Industry and Information Technology of the PRC. CEC was founded in 2000 and has since built an extensive network in the PRC with its headquarters in Beijing.

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

DEFINITIONS

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

“associate”, “continuing connected transaction(s)”, “controlling shareholder”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules;
“Board”	the board of Directors;
“CEC”	中企網絡通信技術有限公司 (China Enterprise ICT Solutions Limited), a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company and also an associate of CITIC Group;
“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, and the ultimate holding company of each of CPC, CEC and the Company;
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated under the laws of Hong Kong with limited liability, 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 58.2% of the number of Shares in issue;
“Cloud Data Centre”	the cloud computing data centre established by CEC in Shanghai in 2014;

“Company”	CITIC Telecom International Holdings Limited (中信國際電訊集團有限公司), a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 01883);
“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;
“CTM”	has the meaning as defined under the section headed “GENERAL INFORMATION” of this announcement;
“Director(s)”	the director(s) of the Company;
“Existing Funding Support Agreement”	the funding support agreement dated 15 September 2017 entered into between CPC and CEC in relation to the provision of funding support by CPC to CEC in respect of the operation of the Cloud Data Centre;
“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;
“Macao”	the Macao Special Administrative Region of the PRC;
“New Funding Support Agreement”	the funding support agreement dated 12 December 2019 entered into between CPC and CEC in relation to the provision of funding support by CPC to CEC for the operation of the Cloud Data Centre by CEC and the possible expansion of CEC’s businesses;
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“VPN”	virtual private network, which extends a private network across a shared or public network. VPN enables a computer or network-enabled device to send and receive data across shared or public networks as if it were directly connected to the private network; and
“%”	per cent.

For illustration purposes in this announcement, unless otherwise specified, the exchange rate of RMB1.0000 = HK\$1.1140 is adopted. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

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

Hong Kong, 12 December 2019

The Directors of the Company as at the date of this announcement are: Executive Directors: Xin Yue Jiang (Chairman), Lin Zhenhui and Li Bing Chi, Esmond; Non-Executive Directors: Liu Zhengjun, Liu Jifu and Fei Yiping; and Independent Non-Executive Directors: Liu Li Qing, Zuo Xunsheng and Lam Yiu Kin.