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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

FINANCIAL SERVICES FRAMEWORK AGREEMENTS

FINANCIAL SERVICES FRAMEWORK AGREEMENTS

On 30 September 2021, the Company entered into the Financial Services Framework Agreements with China CITIC Bank International, CITIC Finance and CITIC Finance International, pursuant to which it is agreed that members of the Group will engage China CITIC Bank International, CITIC Finance and CITIC Finance International respectively for the provision of deposit and settlement services for a term of three (3) years commencing from 30 September 2021 to 29 September 2024 (both days inclusive).

LISTING RULES IMPLICATIONS

CITIC Limited is the controlling shareholder of the Company which is interested in approximately 57.82% of the total number of Shares in issue. Each of China CITIC Bank International, CITIC Finance and CITIC Finance International is a subsidiary of CITIC Limited. Accordingly, each of China CITIC Bank International, CITIC Finance and CITIC Finance International is a connected person of the Company. Therefore, the entering into of the Financial Services Framework Agreements and the transactions entered into by members of the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International contemplated under the Financial Services Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Deposit Services

Since the highest applicable percentage ratio for the aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International under the Financial Services Framework Agreements is more than 0.1% but less than 5%, such deposit services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Settlement Services

The aggregate amounts of the maximum service fees to be paid by the Group for the settlement services to be provided by China CITIC Bank International, CITIC Finance and CITIC Finance International to the Group under the Financial Services Framework Agreements are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Listing Rules. Therefore, such settlement services are exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

BACKGROUND

On 30 September 2021, the Company entered into the Financial Services Framework Agreements with China CITIC Bank International, CITIC Finance and CITIC Finance International, pursuant to which it is agreed that members of the Group will engage China CITIC Bank International, CITIC Finance and CITIC Finance International respectively for the provision of deposit and settlement services for a term of three (3) years commencing from 30 September 2021 to 29 September 2024 (both days inclusive).

THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

The principal terms of the Financial Services Framework Agreements are set out below:

Date

30 September 2021

Parties

China CITIC Bank International Framework Agreement

- (1) the Company; and
- (2) China CITIC Bank International.

CITIC Finance Framework Agreement

- (1) the Company; and
- (2) CITIC Finance.

CITIC Finance International Framework Agreement

- (1) the Company; and
- (2) CITIC Finance International.

Term

Each Financial Services Framework Agreement has a term of three (3) years commencing from 30 September 2021 to 29 September 2024 (both days inclusive). If either party wishes to renew the Financial Services Framework Agreement, it shall provide one (1) month's written notice in advance to the other party and obtain the consent from the other party. The parties to the relevant Financial Services Framework Agreement shall enter into a new framework agreement for the renewal and obtain all necessary approval and authorisation in accordance with the Listing Rules.

Financial services to be provided to the Group

Pursuant to the Financial Services Framework Agreements, the Group shall engage China CITIC Bank International, CITIC Finance and CITIC Finance International respectively for the provision of the following financial services on normal commercial terms, and on terms (including interest) no less favourable to the Group than those that could be obtained from independent third parties:

(1) Deposit Services

Pursuant to the Financial Services Framework Agreements, the Group shall engage China CITIC Bank International, CITIC Finance and CITIC Finance International respectively for the provision of deposit services. The interest rates for the deposits to be placed with each of China CITIC Bank International, CITIC Finance and CITIC Finance International by the Group shall not be lower than the highest interest rates for comparable category of deposits offered by other major commercial banks with which the relevant member of the Group has established business relationship.

(2) Settlement Services

Pursuant to the Financial Services Framework Agreements, the Group shall engage China CITIC Bank International, CITIC Finance and CITIC Finance International respectively for the provision of settlement services. The service fees to be charged by each of China CITIC Bank International, CITIC Finance and CITIC Finance International for the provision of settlement services to the Group shall not be higher than the lowest service fees for comparable category of settlement services charged by other major commercial banks with which the relevant member of the Group has established business relationship.

Payment

The consideration for the transactions contemplated under the Financial Services Framework Agreements shall be paid in accordance with the specific terms as agreed in the separate agreements to be entered into between the relevant member of the Group and China CITIC Bank International, CITIC Finance or CITIC Finance International from time to time.

Undertakings by China CITIC Bank International, CITIC Finance and CITIC Finance International

Under the Financial Services Framework Agreements, each of China CITIC Bank International, CITIC Finance and CITIC Financial International undertakes to:

- (1) co-ordinate with the internal audit function and/or external auditors engaged by the Company to review/assess the transactions under the Financial Services Framework Agreements; and
- (2) assist the Company to comply with the relevant regulations (including but not limited to the Listing Rules).

HISTORICAL TRANSACTION AMOUNTS

(1) Deposit Services

Set out below are the aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International for each of the financial years ended 31 December 2018, 2019 and 2020, and the period from 1 January 2021 to 31 July 2021:

	Historical amounts for the financial years ended 31 December			Historical amount for the period from 1 January to 31 July
	2018	2019	2020	2021
Aggregate amount of maximum daily outstanding balance of deposits (including accrued interests) HK\$ (million)	130 (Note 1)	1 (Note 1)	3 (Note 1)	3 (Note 1)

Note 1: The deposits of the Group were denominated in multiple currencies and the equivalent amount in HKD is calculated based on the prevailing exchange rate at the relevant time for illustrative purpose only.

(2) Settlement Services

Set out below are the aggregate amounts of the service fees paid by the Group to China CITIC Bank International, CITIC Finance and CITIC Finance International for the settlement services provided by China CITIC Bank International, CITIC Finance and CITIC Finance International for each of the financial years ended 31 December 2018, 2019 and 2020, and the period from 1 January 2021 to 31 July 2021:

	Historical amounts for the financial years ended 31 December			Historical amount for the period from 1 January to 31 July
	2018	2019	2020	2021
Aggregate amount of service fees for settlement services HK\$ (million)	1	1	1	1

ANNUAL CAPS

(1) Deposit Services

The aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International pursuant to the Financial Services Framework Agreements for the period from 30 September 2021 to 31 December 2021, each of the financial years ending 31 December 2022 and 2023, and the period from 1 January 2024 to 29 September 2024 shall not exceed the maximum amounts set out below:

	For the period from 30 September to 31 December	For the financial years ending 31 December		For the period from 1 January to 29 September
	2021	2022	2023	2024
Aggregate amount of maximum daily outstanding balance of deposits (including accrued interests) HK\$ (million)	372 (Note 2)	372 (Note 2)	372 (Note 2)	372 (Note 2)

Note 2: The deposits of the Group to be placed with China CITIC Bank International, CITIC Finance and CITIC Finance International may be denominated in multiple currencies.

(2) Settlement Services

The aggregate amounts of the maximum service fees payable by the Group to China CITIC Bank International, CITIC Finance and CITIC Finance International for the settlement services to be provided by China CITIC Bank International, CITIC Finance and CITIC Finance International pursuant to the Financial Services Framework Agreements shall not exceed HK\$3 million for each of (1) the period from 30 September 2021 to 31 December 2021; (2) the financial year ending 31 December 2022; (3) the financial year ending 31 December 2023; and (4) the period from 1 January 2024 to 29 September 2024.

The above Annual Caps are determined with reference to: (1) the historical transaction amounts as stated above; (2) the strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans; and (3) the expected increase in revenue and the expected amount of cash of the Group in the three (3) financial years ending 31 December 2022, 2023 and 2024, taking into account, in particular, the expected growth of the Group's business.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

The Company will adopt the following measures in monitoring the transactions of members of the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International under the Financial Services Framework Agreements:

- (1) before placing a deposit with China CITIC Bank International, CITIC Finance or CITIC Finance International, the Group would compare the interest rates offered by China CITIC Bank International, CITIC Finance or CITIC Finance International with the interest rates offered by two to three major commercial banks or financial institutions with which the relevant member of the Group has established business relationship;
- (2) before engaging China CITIC Bank International, CITIC Finance or CITIC Finance International for the provision of settlement services, the Group would compare the service fees charged by China CITIC Bank International, CITIC Finance or CITIC Finance International with the service fees charged by two to three major commercial banks or financial institutions with which the relevant member of the Group has established business relationship;
- (3) finance department of the Company shall be responsible for the operations and monitoring of the transactions under the Financial Services Framework Agreements to ensure such transactions are conducted in accordance with the terms of the Financial Services Framework Agreements;
- (4) the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual reviews of the transactions under the Financial Services Framework Agreements and ensure compliance with the Annual Caps; and
- (5) the Board will continue to review on a regular basis the Group's internal control system and its effectiveness.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

Under the Financial Services Framework Agreements, (1) the Group can obtain financial services on terms (including interest) which are no less favourable than those available from other independent major commercial banks; (2) the return on surplus of the Group can be enhanced due to favourable interest rates for deposits; and (3) the finance costs of the Group can be reduced due to favourable service fees for the settlement services. In addition, the Group is expected to benefit from better understanding of China CITIC Bank International, CITIC Finance and CITIC Finance International to the operations of the Group which will allow more expedient and efficient services than those rendered by other commercial banks.

The Directors (including the independent non-executive Directors) consider that the terms of the Financial Services Framework Agreements (including the Annual Caps) and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Group

The Company was established in 1997 in Hong Kong and was listed on the Stock Exchange on 3 April 2007.

As one of the largest international telecommunications hubs in Asia Pacific, the Group provides full-scale international telecommunications services to carrier clients around the globe, and integrated enterprise services in Southeast Asia through its wholly-owned subsidiary Acclivis Technologies and Solutions Pte. Ltd.

CITIC Telecom International CPC Limited ("CPC"), the Group's wholly-owned subsidiary, provides one-stop ICT solutions to multinational and business enterprises. CPC is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region and provides comprehensive ICT services for sizeable multinational and business enterprises in Mainland China through its subsidiary China Enterprise ICT Solutions Limited.

The Group holds 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"). CTM is one of the leading integrated telecommunications services providers in Macau, and is the only full telecommunications services provider in Macau. It has long provided quality telecommunications and ICT services to the residents, government and enterprises of Macau, and plays an important role in the ongoing development of Macau.

China CITIC Bank International

China CITIC Bank International is a licensed bank incorporated and domiciled in Hong Kong with branches operating in Macau, Singapore, Los Angeles and New York.

China CITIC Bank International is an indirect non wholly-owned subsidiary of CITIC Limited.

CITIC Finance

CITIC Finance is a non-bank financial institution with the approval of the China Banking and Insurance Regulatory Commission. CITIC Finance's principal businesses include accepting deposits, providing loans and loan agency services, internal transfer and settlement and corresponding planning, finance services and financing consulting for members of the CITIC Group and other businesses.

CITIC Finance is an indirect non wholly-owned subsidiary of CITIC Limited.

CITIC Finance International

CITIC Finance International is a company incorporated in Hong Kong, which acts as the intra-group treasury centre of the CITIC Group and is principally engaged in the provision of treasury management services to other member companies of the CITIC Group.

CITIC Finance International is a direct wholly-owned subsidiary of CITIC Limited.

CITIC Limited

CITIC Limited is one of China's largest conglomerates with businesses in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. With its rich history, diverse platform and pioneering spirit, CITIC Limited is uniquely positioned to capture opportunities in China and overseas.

CITIC Limited is listed on the Stock Exchange and it is a constituent of the Hang Seng Index. CITIC Group Corporation, a Chinese state-owned enterprise, owns 58% of CITIC Limited.

CITIC Group Corporation

CITIC Group Corporation is the ultimate controlling shareholder of each of the Company, CITIC Limited, China CITIC Bank International, CITIC Finance and CITIC Finance International and is a Chinese state-owned enterprise under the Ministry of Finance of the PRC. Since its establishment in 1979, CITIC Group Corporation 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.

LISTING RULES IMPLICATIONS

CITIC Limited is the controlling shareholder of the Company which is interested in approximately 57.82% of the total number of Shares in issue. Each of China CITIC Bank International, CITIC Finance and CITIC Finance International is a subsidiary of CITIC Limited. Accordingly, each of China CITIC Bank International, CITIC Finance and CITIC Finance International is a connected person of the Company. Therefore, the entering into of the Financial Services Framework Agreements and the transactions entered into by members of the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International contemplated under the Financial Services Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Deposit Services

Since the highest applicable percentage ratio for the aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International under the Financial Services Framework Agreements is more than 0.1% but less than 5%, such deposit services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Settlement Services

The aggregate amounts of the maximum service fees to be paid by the Group for the settlement services to be provided by China CITIC Bank International, CITIC Finance and CITIC Finance International to the Group under the Financial Services Framework Agreements are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Listing Rules. Therefore, such settlement services are exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

GENERAL

Mr. Wang Guoquan, a non-executive Director, is the vice president of CITIC Group Corporation and CITIC Limited. Mr. Fei Yiping, a non-executive Director, is a director of CITIC Finance. In order to avoid the perception of a conflict of interest, Mr. Wang Guoquan and Mr. Fei Yiping have abstained from voting on the board resolutions of the Company for considering and approving the transactions contemplated under the Financial Services Framework Agreements. Save as disclosed above, no other Director has a material interest in the transactions contemplated under the Financial Services Framework Agreements or is required to abstain from voting on the board resolutions of the Company for considering and approving such transactions.

DEFINITIONS

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

“Annual Caps”	the aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) that may be placed by the Group with China CITIC Bank International, CITIC Finance and CITIC Finance International pursuant to the Financial Services Framework Agreements for the period from 30 September 2021 to 31 December 2021, each of the financial years ending 31 December 2022 and 2023, and the period from 1 January 2024 to 29 September 2024; and the aggregate amounts of the maximum service fees payable by the Group to China CITIC Bank International, CITIC Finance and CITIC Finance International for the settlement services provided by China CITIC Bank International, CITIC Finance and CITIC Finance International pursuant to the Financial Services Framework Agreements for the period from 30 September 2021 to 31 December 2021, each of the financial years ending 31 December 2022 and 2023, and the period from 1 January 2024 to 29 September 2024;
“associates”; “connected person”; “continuing connected transactions”; “controlling shareholder”; “percentage ratio”; and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“China CITIC Bank International”	China CITIC Bank International Limited (中信銀行(國際)有限公司), a licensed bank incorporated in Hong Kong and an indirect non wholly-owned subsidiary of CITIC Limited;
“China CITIC Bank International Framework Agreement”	the financial services framework agreement dated 30 September 2021 entered into between the Company and China CITIC Bank International in relation to the financial services to be provided by China CITIC Bank International to the Group;

“CITIC Finance”	中信財務有限公司(CITIC Finance Company Limited), a limited liability company established in the PRC and an indirect non wholly-owned subsidiary of CITIC Limited;
“CITIC Finance Framework Agreement”	the financial services framework agreement dated 30 September 2021 entered into between the Company and CITIC Finance in relation to the financial services to be provided by CITIC Finance to the Group;
“CITIC Finance International”	CITIC Finance International Limited (中信財務(國際)有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of CITIC Limited;
“CITIC Finance International Framework Agreement”	the financial services framework agreement dated 30 September 2021 entered into between the Company and CITIC Finance International in relation to the financial services to be provided by CITIC Finance International to the Group;
“CITIC Group”	CITIC Group Corporation, its subsidiaries and associates (excluding the Group) from time to time;
“CITIC Group Corporation”	中國中信集團有限公司 (CITIC Group Corporation), a Chinese state-owned enterprise established under the laws of the PRC, and the ultimate controlling shareholder of each of the Company, CITIC Limited, China CITIC Bank International, CITIC Finance and CITIC Finance International;
“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 which is the indirect holding company of the Company and is interested in approximately 57.82% of the 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);
“Director(s)”	the director(s) of the Company;
“Financial Services Framework Agreements”	collectively, (i) the China CITIC Bank International Framework Agreement; (ii) the CITIC Finance Framework Agreement; and (iii) the CITIC Finance International Framework Agreement;
“Group”	the Company and its subsidiaries;

“HKD” or “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 Macao Special Administrative Region of the PRC;
“PRC” or “China” or “Mainland China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Share(s)”	shares in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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, 30 September 2021

As at the date of this announcement, the Directors of the Company are: Executive Directors: Mr. Xin Yue Jiang (Chairman), Mr. Cai Dawei and Mr. Li Bing Chi, Esmond; Non-Executive Directors: Mr. Wang Guoquan, Mr. Liu Jifu and Mr. Fei Yiping; Independent Non-Executive Directors: Mr. Liu Li Qing, Mr. Zuo Xunsheng and Mr. Lam Yiu Kin.