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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

RENEWAL OF TELECOMS SERVICES AGREEMENT

RENEWAL OF TELECOMS SERVICES AGREEMENT

The Board announces that on 5 August 2022, the Telecoms Services Provider, being a non-wholly owned subsidiary of CITIC Group, and CEC, being a non-wholly owned subsidiary of the Company, entered into the 2022 Telecoms Services Agreement, pursuant to which CEC shall engage the Telecoms Services Provider for the provision of various telecommunications services, such as leasing of circuits and racks for data networking, for a term of three (3) years from 7 August 2022 to 6 August 2025 (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CEC is a non-wholly owned subsidiary of the Company and also an associate of CITIC Group as CITIC Group holds approximately 45.09% equity interest in CEC. CITIC Group is the controlling shareholder of CITIC Limited, which in turn is the indirect holding company of the Company and is interested in approximately 57.74% of the number of Shares in issue. Therefore, the Telecoms Services Provider, a non-wholly owned subsidiary of CITIC Group, is a connected person of the Company. Accordingly, the Transactions constitute continuing connected transactions 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 Transactions are more than 0.1% but less than 5%, the Transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2022 TELECOMS SERVICES AGREEMENT

References are made to the announcements of the Company dated 5 August 2016 and 7 August 2019 in relation to (i) the 2016 Telecoms Services Agreement entered into between the Telecoms Services Provider and CEC for the provision of various telecommunications services for a term of three (3) years from 7 August 2016 to 6 August 2019 (both dates inclusive); and (ii) the Supplemental Agreement to renew the 2016 Telecoms Services Agreement for a further term of three (3) years from 7 August 2019 to 6 August 2022 (both dates inclusive).

As the 2016 Telecoms Services Agreement (as amended and supplemented by the Supplemental Agreement) is due to expire on 6 August 2022, CEC entered into the 2022 Telecoms Services Agreement with the Telecoms Services Provider on 5 August 2022 to continue to engage the Telecoms Services Provider for the provision of various telecommunications services for a term of three (3) years from 7 August 2022 to 6 August 2025 (both dates inclusive).

Date

5 August 2022

Parties

- (1) the Telecoms Services Provider, a non-wholly owned subsidiary of CITIC Group
- (2) CEC, a non-wholly owned subsidiary of the Company and also an associate of CITIC Group

Subject matter

Pursuant to the 2022 Telecoms Services Agreement, CEC shall engage the Telecoms Services Provider as service provider for the provision of various telecommunications services, such as leasing of circuits and racks for data networking, for a term of three (3) years from 7 August 2022 to 6 August 2025 (both dates inclusive).

Service fees and pricing basis

As a general principle, the prices and terms of the agreements with respect to the telecommunications services to be provided by the Telecoms Services Provider shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable than those procured from the independent third party service providers of the Group.

An estimated basic monthly service fees of approximately RMB1.9 million (equivalent to approximately HK\$2.2 million), subject to adjustment based on actual usage, shall be payable to the Telecoms Services Provider by CEC. Such service fees are determined with reference to the rates for the provision of services of a similar nature by the Telecoms Services Provider to independent third parties and shall be settled monthly.

The engineering department of CEC will make enquiries or obtain quotations from at least two independent third parties for similar services on a periodic basis and make comparison so as to determine if the prices offered by the Telecoms Services Provider to the Group are on normal commercial terms and on terms which are no less favourable to the Group than those offered by the independent third parties.

Historical transaction amounts and annual caps for the 2022 Telecoms Services Agreement

Set out below are the service fees paid by CEC to the Telecoms Services Provider under the 2016 Telecoms Services Agreement (as amended and supplemented by the Supplemental Agreement) for the period from 7 August 2019 to 31 December 2019, the financial years ended 31 December 2020 and 2021, and the period from 1 January 2022 to 30 June 2022:

	Historical amount for the period from 7 August to 31 December 2019	Historical amounts for the financial years ended 31 December 2020 2021		Historical amount for the period from 1 January to 30 June 2022
Transaction amount RMB (million)	8.92	20.02	19.71	10.32
Approximately equivalent to HK\$ (million)	9.92 (Note)	22.53 (Note)	23.75 (Note)	12.44 (Note)

Note: The equivalent amount in HKD is calculated based on the prevailing exchange rate at the relevant time for illustrative purpose only.

The service fees payable by CEC to the Telecoms Services Provider under the 2022 Telecoms Services Agreement for the period from 7 August 2022 to 31 December 2022, the financial years ending 31 December 2023 and 2024, and the period from 1 January 2025 to 6 August 2025 shall not exceed the maximum amounts set out below:

	For the period from 7 August to 31 December 2022	For the financial years ending 31 December 2023 2024		For the period from 1 January to 6 August 2025
Annual cap RMB (million)	14.44	38.11	41.92	26.90
Approximately equivalent to HK\$ (million)	16.89	44.59	49.05	31.47

The finance department of CEC will monitor and ensure that the Transactions are conducted in accordance with the terms of the 2022 Telecoms Services Agreement and do not exceed the above annual caps of the Transactions. The Board will also continue to review on a regular basis the Group's internal control system and effectiveness. In addition, the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual reviews of the Transactions and its annual caps.

The above annual caps are determined with reference to the following:

- (i) the historical amounts of service fees paid by CEC to the Telecoms Services Provider;
- (ii) the estimated basic monthly service fees payable by CEC to the Telecoms Services Provider; and
- (iii) the expected increase in the demand for telecommunications services by CEC due to (a) possible expansion of business; (b) the increasing demand for telecommunications services in terms of both quantities and bandwidth from the end-customers of CEC, which is driven by a variety of emerging technologies and applications, including high-definition video, cloud

computing and data centre, big data, Internet+, Internet of Things, as well as new industries such as FinTech, high-end manufacturing and new energy.

Reasons for and benefits of the 2022 Telecoms Services Agreement

With the telecommunications services to be provided by the Telecoms Services Provider under the 2022 Telecoms Services Agreement, the Company believes that it can continue to leverage on the resources of the Group and the CITIC Group to secure the provision of telecommunications services to CEC, and enhance the diversity of its telecommunications services providers.

GENERAL

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.

CEC

CEC is a non-wholly owned subsidiary of the Company. The Company and CITIC Group indirectly hold 49% and 45.09% equity interests respectively in CEC.

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. CEC was founded in 2000 and has since built an extensive network in the PRC with its headquarters in Beijing.

Telecoms Services Provider

The Telecoms Services Provider is a non-wholly owned subsidiary of CITIC Group.

The Telecoms Services Provider offers renting and sale of network equipment and related products. It offers provision of internet services, construction, management and maintenance of data networks, and development and sale of software and databases. It is also one of the few which has the license to build and operate optic fibre network in the PRC.

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, a Chinese state-owned enterprise, owns 58% of CITIC Limited.

CITIC Group

CITIC Group is the ultimate controlling shareholder of each of the Company and CITIC Limited and is a Chinese state-owned enterprise under the Ministry of Finance of the PRC. 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.

Mr. Wang Guoquan, a non-executive Director, is the vice president of CITIC Group and CITIC Limited. In order to avoid the perception of a conflict of interest, Mr. Wang Guoquan has abstained from voting on the board resolutions of the Company for considering and approving the Transactions. Save as disclosed above, no other Director has a material interest in the Transactions or is required to abstain from voting on the board resolutions of the Company for considering and approving the Transactions.

The Directors (including the independent non-executive directors of the Company) consider that the Transactions are in the ordinary and usual course of business of the Group, and the terms of the 2022 Telecoms Services Agreement (including the service fees) and the annual caps for the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CEC is a non-wholly owned subsidiary of the Company and also an associate of CITIC Group as CITIC Group holds an approximately 45.09% equity interest in CEC. CITIC Group is the controlling shareholder of CITIC Limited, which in turn is the indirect holding company of the Company and is interested in approximately 57.74% of the number of Shares in issue. Therefore, the Telecoms Services Provider, a non-wholly owned subsidiary of CITIC Group, is a connected person of the Company. Accordingly, the Transactions constitute continuing connected transactions 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 Transactions are more than 0.1% but less than 5%, the Transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2016 Telecoms Services Agreement”	the services agreement dated 5 August 2016 entered into between the Telecoms Services Provider and CEC in relation to the provision of various telecommunications services by the Telecoms Services Provider to CEC for a term of three (3) years from 7 August 2016 to 6 August 2019 (both dates inclusive);
“2022 Telecoms Services Agreement”	the services agreement dated 5 August 2022 entered into between the Telecoms Services Provider and CEC in relation to the provision of various telecommunications services by the Telecoms Services Provider to CEC for a term of three (3) years from 7 August 2022 to 6 August 2025 (both dates inclusive);
“associates”; “connected person”; “continuing connected transaction(s)”; “controlling shareholder”; “percentage ratio”; and “subsidiary(ies)”	each has the meaning ascribed to it under 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 a 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 controlling shareholder of each of the Company and CITIC Limited;
“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 57.74% 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 under the laws of Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 01883);
“CPC”	has the meaning as defined under the section headed “GENERAL” of this announcement;
“CTM”	has the meaning as defined under the section headed “GENERAL” 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;
“IP-VPN”	internet protocol virtual private network;
“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” or “Mainland China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau 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;
“Supplemental Agreement”	the agreement dated 7 August 2019 supplemental to the 2016 Telecoms Services Agreement entered into between the Telecoms Services Provider and CEC in relation to the continued provision of various telecommunications services by the Telecoms Services Provider to CEC for a term of three (3) years from 7 August 2019 to 6 August 2022 (both dates inclusive);
“Telecoms Services Provider”	中信網絡有限公司 (CITIC Networks Co., Ltd.), a company established under the laws of the PRC and a non-wholly owned subsidiary of CITIC Group;

“Transactions”	the continuing connected transactions relating to the provision of various telecommunications services by the Telecoms Services Provider to CEC pursuant to the 2022 Telecoms Services Agreement;
“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\$1.1700 is adopted. The exchange rates adopted in this announcement do not constitute a representation that any amount has been, could have been or may be converted at such rates 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, 5 August 2022

The Directors of the Company as at the date of this announcement are: Executive Directors: Xin Yue Jiang (Chairman), Cai Dawei and Luan Zhenjun; Non-Executive Directors: Wang Guoquan, Liu Jifu and Fei Yiping; and Independent Non-Executive Directors: Zuo Xunsheng, Lam Yiu Kin and Wen Ku.