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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 MANAGEMENT SERVICES AGREEMENT

RENEWAL OF MANAGEMENT SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 23 December 2020 in relation to the 2020 Management Services Agreement entered into between APIX (formerly known as ComNet Investment Limited and a wholly-owned subsidiary of the Company), Neostar (a wholly-owned subsidiary of the Company) and the Manager (a wholly-owned subsidiary of CITIC Limited).

The 2020 Management Services Agreement will expire on 31 December 2023. The Group, through APIX and Neostar, has ownership over the entire CITIC Telecom Tower and wishes to continue to engage the Manager for the provision of the general property management services, chilled water supply, air-conditioning supply and other relevant services in respect of CITIC Telecom Tower (i.e. the Management Services).

On 21 December 2023, APIX, Neostar and the Manager entered into the 2023 Management Services Agreement, pursuant to which the Manager will provide the Management Services to the Group for a term of 3 years from 1 January 2024 to 31 December 2026 (both days inclusive).

LISTING RULES IMPLICATIONS

The Manager is a wholly-owned subsidiary of CITIC Limited, a controlling shareholder of the Company which is interested in approximately 57.55% of the total number of Shares in issue. Accordingly, the Manager is a connected person of the Company. Therefore, the entering into of the 2023 Management Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio as defined in the Listing Rules calculated with reference to the annual caps for the 2023 Management Services Agreement is more than 0.1% but less than 5%, such continuing connected transactions 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.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 December 2020 in relation to the 2020 Management Services Agreement entered into between APIX (formerly known as ComNet Investment Limited and a wholly-owned subsidiary of the Company), Neostar (a wholly-owned subsidiary of the Company) and the Manager (a wholly-owned subsidiary of CITIC Limited).

The 2020 Management Services Agreement will expire on 31 December 2023. The Group, through APIX and Neostar, has ownership over the entire CITIC Telecom Tower and wishes to continue to engage the Manager for the provision of the general property management services, chilled water supply, air-conditioning supply and other relevant services in respect of CITIC Telecom Tower (i.e. the Management Services).

On 21 December 2023, APIX, Neostar and the Manager entered into the 2023 Management Services Agreement, pursuant to which the Manager will provide the Management Services to the Group for a term of 3 years from 1 January 2024 to 31 December 2026 (both days inclusive).

THE 2023 MANAGEMENT SERVICES AGREEMENT

Principal terms of the 2023 Management Services Agreement are set out below:

Date

21 December 2023

Parties

- (i) APIX
- (ii) Neostar
- (iii) The Manager

Term

The term of the 2023 Management Services Agreement is from 1 January 2024 to 31 December 2026 (both days inclusive), provided that any one of the parties may terminate the 2023 Management Services Agreement with or without cause by giving to the other parties a three months' prior notice in writing at any time during the term of the 2023 Management Services Agreement.

Services to be provided by the Manager

Provision of general property management services, chilled water supply, air-conditioning supply and other relevant services for CITIC Telecom Tower.

General management fees, chilled water charges, air-conditioning charges and other service charges

The general management fees payable by the Group for CITIC Telecom Tower are approximately HK\$745,000 per month.

The chilled water charges payable by the Group for CITIC Telecom Tower are based on the actual volume of chilled water used and are estimated to be approximately HK\$150,000 per month.

The air-conditioning charges for supply during normal office hours payable by the Group for CITIC Telecom Tower are approximately HK\$191,000 per month. The air-conditioning charges for supply after normal office hours payable to the Manager are based on the actual usage and are estimated to be approximately HK\$3,000 per month.

The other service charges for exclusive use of certain common areas of CITIC Telecom Tower are estimated to be approximately HK\$15,000 per month.

The above estimated monthly fees and charges are subject to increase within the relevant annual caps set out in the paragraph headed “Annual Caps” below. The monthly general management fees, chilled water charges, air-conditioning charges and other service charges payable by the Group to the Manager were arrived at after arm’s length negotiation between the parties and are determined based on the following:

- (i) the current management fees and charges payable by APIX and Neostar in respect of CITIC Telecom Tower;
- (ii) the management fees and charges generally applicable to other independent tenants of CITIC Telecom Tower, which are subject to the same rates or calculation methods imposed by the Manager; and
- (iii) the projected operating costs and expenses to be incurred by the Manager for providing the Management Services based on the best estimation of the parties, the historical costs and expenses incurred and resources contributed by the Manager.

In assessing and comparing the terms offered by the Manager, the Group has compared the prevailing market rates charged by independent third parties offering comparable management services for properties of comparable scale and grade in the vicinity. The Group considers that the price and terms of services (including the standard and qualities of services) offered by the Manager are no less favourable to the Group than those offered by independent third party services providers.

The Company will monitor and ensure that the transactions under the 2023 Management Services Agreement are conducted in accordance with the terms of the 2023 Management Services Agreement and the aggregate monthly fees and charges payable thereunder will not exceed the annual caps mentioned below. The Board will also continue to review on a regular basis the Group's internal control system and its effectiveness in this regard. In addition, the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual reviews of the transactions under the 2023 Management Services Agreement and ensure compliance with the annual caps mentioned below.

Historical Transaction Amounts

For the financial years ended 31 December 2020, 2021 and 2022 and the period from 1 January 2023 to 31 October 2023, the aggregate amounts (including general management fees, chilled water charges, air-conditioning charges and other service charges) paid by the Group to the Manager in respect of the Management Services were approximately HK\$12,900,000, HK\$12,900,000, HK\$13,000,000 and HK\$10,800,000, respectively.

Annual Caps

The Group and the Manager agreed that the annual caps in respect of the provision of the Management Services for the financial years ending 31 December 2024, 2025 and 2026 shall be HK\$14,000,000, HK\$15,000,000 and HK\$17,000,000, respectively.

The above annual caps are determined with reference to the monthly general management fees, chilled water charges, air-conditioning charges and other service charges payable by the Group to the Manager on an annual basis with an estimated rate of approximately 10% increase annually.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group has been engaging the Manager to provide the Management Services in respect of CITIC Telecom Tower or parts thereof since 2011. The 2020 Management Services Agreement will expire on 31 December 2023 and the Group intends to continue to appoint the Manager to be the property manager of CITIC Telecom Tower by entering into the 2023 Management Services Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the 2023 Management Services Agreement (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, 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 Chinese mainland 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.

APIX is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. APIX is principally engaged in property and equipment holding and investment holding.

Neostar is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. Neostar is principally engaged in property holding.

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 58.13% of CITIC Limited.

The Manager

The Manager is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of CITIC Limited. The Manager is principally engaged in property management.

LISTING RULES IMPLICATIONS

The Manager is a wholly-owned subsidiary of CITIC Limited, a controlling shareholder of the Company which is interested in approximately 57.55% of the total number of Shares in issue. Accordingly, the Manager is a connected person of the Company. Therefore, the entering into of the 2023 Management Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio as defined in the Listing Rules calculated with reference to the annual caps for the 2023 Management Services Agreement is more than 0.1% but less than 5%, such continuing connected transactions 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.

Mr. Liu Jifu, a non-executive Director, is a director of CITIC Pacific (a wholly-owned subsidiary of CITIC Limited and the holding company of the Manager). Mr. Fei Yiping, a non-executive Director, is a director as well as the chief financial officer of CITIC Pacific. In order to avoid the perception of a conflict of interest, Messrs. Liu Jifu and Fei Yiping have abstained from voting on the board resolutions of the Company for considering and approving the transactions contemplated under the 2023 Management Services Agreement. Save as disclosed above, no other Directors 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.

DEFINITIONS

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

“2020 Management Services Agreement”	the management services agreement dated 23 December 2020 entered into between APIX (formerly known as ComNet Investment Limited), Neostar and the Manager for a term of 3 years from 1 January 2021 to 31 December 2023 (both days inclusive);
“2023 Management Services Agreement”	the management services agreement dated 21 December 2023 entered into between APIX, Neostar and the Manager for a term of 3 years from 1 January 2024 to 31 December 2026 (both days inclusive);
“APIX”	Asia Pacific Internet Exchange Limited (亞太互聯網交換中心有限公司) (formerly known as ComNet Investment Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“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 which is the indirect holding company of the Company;
“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in the British Virgin Islands with limited liability and registered under the laws of Hong Kong as a non-Hong Kong company, and a wholly-owned subsidiary of CITIC Limited;
“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(s)”; “controlling shareholder”; “percentage ratio”; and “subsidiary(ies)”	each has the meaning ascribed to it under 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;
“Management Services”	the provision of the general property management services, chilled water supply, air-conditioning supply and other relevant services in respect of CITIC Telecom Tower by the Manager to the Group;
“Manager”	Hang Luen Chong Property Management Company, Limited (恒聯昌物業管理有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of CITIC Limited;

“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” or “Chinese mainland”	the People’s Republic of China;
“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
Luo Xicheng
Chairman

Hong Kong, 21 December 2023

The Directors of the Company as at the date of this announcement are: Executive Directors: Luo Xicheng (Chairman) and Luan Zhenjun; Non-Executive Directors: Zhang Bo, Liu Jifu and Fei Yiping; and Independent Non-Executive Directors: Zuo Xunsheng, Lam Yiu Kin and Wen Ku.