

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

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

The Board announces that on 15 September 2017, CPC (a wholly-owned subsidiary of the Company) and CEC (a non-wholly owned subsidiary of the Company in which CITIC Group holds approximately 45.09% interest) entered into the New Funding Support Agreement, pursuant to which CPC shall, upon expiry of the Existing Funding Support Agreement, continue to make available funding support of not more than RMB35 million (equivalent to approximately HK\$40.6 million) to CEC if and when a shortage of funds arises in the operation of the Cloud Data Centre at any time during the period commencing from 15 September 2017 and ending on 14 September 2020.

As at the date of this announcement, CEC is a 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 an 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 the applicable percentage ratios set out in Rule 14.07 of 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 thereunder 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 2014 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 establishment and 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. To satisfy the needs of its current customers and rapidly growing market needs, CEC established the Cloud Data Centre in Shanghai in 2014. As the business of the Cloud Data Centre is in growth, CEC requires stable cashflow to support the operation of the Cloud Data Centre during the growth phase.

As the Existing Funding Support Agreement is due to expire on 14 September 2017, CPC and CEC entered into the New Funding Support Agreement to continue to make available funding support to CEC at any time during the period commencing from 15 September 2017 and ending on 14 September 2020.

NEW FUNDING SUPPORT AGREEMENT

Principal terms of the New Funding Support Agreement

Date: 15 September 2017

Parties: (i) CPC, a wholly-owned subsidiary of the Company

(ii) CEC, a non-wholly owned subsidiary of the Company in which CITIC Group holds approximately 45.09% 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 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 is surplus funds arising from the normal operations.

Term: Three years commencing from 15 September 2017 and ending on 14 September 2020.

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 RMB35 million (equivalent to approximately HK\$40.6 million).

Historical transaction amounts

The financial support provided by CPC to CEC under the Existing Funding Support Agreement was approximately RMB50 million, RMB50 million, RMB50 million and RMB50 million as at 31 December 2014, 31 December 2015, 31 December 2016 and 31 August 2017, respectively.

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 historical capital need of CEC and the operation budget of the Cloud Data Centre.

Annual cap amounts

The maximum amount of funding support available during the term of the New Funding Support Agreement shall not exceed the amounts set out below:

	<i>RMB (million)</i>	<i>Equivalent to approximately HK\$ (million)</i>
For the period ending 31 December 2017	35	40.6
For the year ending 31 December 2018	35	40.6
For the year ending 31 December 2019	35	40.6
For the period ending 14 September 2020	35	40.6

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.

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 represents a strategic focus in the Group's future business development. The continuous development and operation of the Cloud Data Centre by CEC is in line with the Group's development of the cloud computing and big data businesses, and the growth in demand from Internet 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, with the aim of leveraging CPC and CEC's synergies and enriching their cloud computing services, so that corporate customers looking to expand and manage their businesses could enjoy data centre infrastructure facilities with premium quality and comprehensive cloud computing 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, which will also 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 (including the maximum amount of funding support to CEC) are fair and reasonable, and that the transactions contemplated thereunder 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.

Mr. Luo Ning who is also the Chairman of CEC, Dr. Lin Zhenhui who is also the Vice Chairman of CEC and Dr. Chan Tin Wai, David who is also a director of CEC, have abstained from voting on the board resolutions for considering and approving the New Funding Support Agreement. Save as above, none of the Directors has a material interest in the New Funding Support Agreement or is required to abstain from voting on the board resolutions for considering and approving the New Funding Support Agreement.

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, the ultimate holding company of the Company, as CITIC Group holds an 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 the applicable percentage ratios set out in Rule 14.07 of 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 thereunder 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 Macau), and through CPC, has established numerous Point(s)-of-Presence around the world (especially in the Asia-Pacific region) to provide data and telecoms services (including Virtual Private Network, 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 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.

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.

DEFINITIONS

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

“associate”; “continuing connected transaction”; and “subsidiary”	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 incorporated and existing under the laws of the PRC and a non-wholly owned subsidiary of the Company
“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 controlling shareholder of CITIC Limited
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong in 1985, 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 60.09% of the number of shares in issue of the Company
“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 in 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
“Director(s)”	the director(s) of the Company
“Existing Funding Support Agreement”	the funding support agreement dated 15 September 2014 entered into between CPC and CEC in relation to the provision of funding support by CPC to CEC in respect of the establishment and 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
“Macau”	the Macau Special Administrative Region of the PRC
“New 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
“PRC” or “China”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VPN”	virtual private network
“%”	per cent.

For the purpose of this announcement, the exchange rate RMB1.00 = HK\$1.1606 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.

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

Hong Kong, 15 September 2017

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.