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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 FRAMEWORK AGREEMENT IN RELATION TO INTERNET DATA CENTRE SERVICES, VIRTUAL PRIVATE NETWORK SERVICES AND INTERNET ACCESS SERVICES

RENEWAL OF FRAMEWORK AGREEMENT

The Board announces that on 1 June 2021, the Company entered into the Framework Agreement with CITIC, pursuant to which members of the Group shall continue to provide the Internet Data Centre Services (i.e. the Internet Data Centre Transactions), the Virtual Private Network Services (i.e. the Virtual Private Network Transactions) and the Internet Access Services (i.e. the Internet Access Transactions) to members of the CITIC Group for a term of three (3) years from 1 June 2021 to 31 May 2024 (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CITIC is the ultimate holding company of the Company and is interested in approximately 57.88% of the total number of Shares in issue. Accordingly, members of the CITIC Group are connected persons of the Company. Therefore, the transactions entered into between members of the Group and members of the CITIC Group under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios as defined in the Listing Rules calculated with reference to the annual caps for (a) the Internet Data Centre Transactions, (b) the Virtual Private Network Transactions and (c) the Internet Access 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.

BACKGROUND

Reference is made to the announcement of the Company dated 11 June 2018 in relation to the Previous Framework Agreement entered into between the Company and CITIC for the provision of the Internet Data Centre Services, the Virtual Private Network Services and the Internet Access Services by members of the Group to members of the CITIC Group in accordance with the terms and conditions as stipulated therein.

The Group has provided the Internet Data Centre Services, the Virtual Private Network Services and the Internet Access Services to the CITIC Group from time to time in its ordinary and usual course of business.

As the Previous Framework Agreement expired on 31 May 2021, the Company and CITIC entered into the Framework Agreement on 1 June 2021, pursuant to which members of the Group shall continue to provide the Internet Data Centre Services (i.e. the Internet Data Centre Transactions), the Virtual Private Network Services (i.e. the Virtual Private Network Transactions) and the Internet Access Services (i.e. the Internet Access Transactions) to members of the CITIC Group for a term of three (3) years from 1 June 2021 to 31 May 2024 (both dates inclusive).

Separate service order forms in respect of the Internet Data Centre Transactions, the Virtual Private Network Transactions and the Internet Access Transactions will be entered into between members of the Group and members of the CITIC Group. Such service order forms will follow the guidelines and terms and conditions set out in the Framework Agreement in all material aspects.

THE FRAMEWORK AGREEMENT

Date

1 June 2021

Parties

- (1) the Company; and
- (2) CITIC, the ultimate holding company of the Company.

Term

The Framework Agreement has a term of three (3) years commencing from 1 June 2021 and ending on 31 May 2024 (both dates inclusive). If either party wishes to renew the Framework Agreement, it shall provide three (3) months' written notice in advance to the other party and obtain the consent from the other party. The parties shall enter into a new framework agreement for the renewal and obtain all necessary approvals and authorisations in accordance with the Listing Rules.

Subject matter

The Group may, under the Framework Agreement, provide the Internet Data Centre Services, the Virtual Private Network Services and the Internet Access Services to the CITIC Group in the ordinary and usual course of business and on normal commercial terms in accordance with the following principal terms:

1. Internet Data Centre Services

The Group operates carrier-class internet data centres and provides the equipment and facilities leasing services in Hong Kong, Macau, mainland China and overseas. The internet data centres are specifically designed buildings with installation of equipment and facilities such as generators, chillers, cooling towers, transformers and other power equipment up to the required loading requirements and standards.

The Group provides the leasing of equipment and facilities services in relation to internet data centres to the CITIC Group to fulfil its data centre business needs in Hong Kong, Macau, mainland China and overseas.

a. Service Order Form

Pursuant to the Framework Agreement, the Internet Data Centre Services shall generally be provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the relevant members of the Group. Subject to the guidelines and terms and conditions set out in the Framework Agreement, the terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary. Key service terms such as the minimum commitment period, the minimum number of equipment and facilities under subscription and the unit service charges will be set out in such individual service order form.

b. Service charges and payment terms

The service charges for the provision of the Internet Data Centre Services usually include a one-off set-up charge per equipment/facility and a monthly rental charge. Such monthly rental charge comprises a fixed recurring charge and a variable charge (if any) which is determined based on the number of committed and additional equipment/facility and the volume of power consumption requested by the CITIC Group and agreed by the Group during the service term, as more particularly specified in each individual service order form.

The one-off set-up charge is normally payable in full upon provision of service while the rental charge is normally settled monthly.

c. Pricing basis

As a general principle, the prices and terms of the Internet Data Centre Transactions shall be negotiated on arm's length basis and determined in the ordinary and usual course of business on normal commercial terms.

Reference is made by the Group to the expected costs to be incurred, complexity, volume and duration of the services required and the then prevailing market conditions. In any event, the price and terms of the Internet Data Centre Services shall not be more favourable than those provided to the independent third party customers of the Group for similar internet data centre services. In assessing and comparing the terms offered to the CITIC Group, the Group will from time to time compare the prevailing market rates charged to independent third party customers for providing comparable internet data centre services.

d. Historical figures and annual caps

Set out below are the service charges paid by the CITIC Group to the Group in respect of the provision of the Internet Data Centre Services by the Group under the Previous Framework Agreement for the period from 1 June 2018 to 31 December 2018, each of the financial years ended 31 December 2019 and 2020, and the period from 1 January 2021 to 31 March 2021:

	Historical amount for the period from 1 June to 31 December	Historical amounts for the financial year ended 31 December		Historical amount for the period from 1 January to 31 March
	2018	2019	2020	2021
Transaction Amount Approximately HK\$ (million)	5.8	11.8	12.5	2.9

The service charges payable by the CITIC Group to the Group under the Framework Agreement in respect of the Internet Data Centre Transactions for the period from 1 June 2021 to 31 December 2021, each of the financial years ending 31 December 2022 and 2023, and the period from 1 January 2024 to 31 May 2024 shall not exceed the maximum amounts set out below:

	For the period from 1 June to 31 December	For the financial year ending 31 December		For the period from 1 January to 31 May
	2021	2022	2023	2024
Transaction Amount HK\$ (million)	10.7	26.8	36.4	20.6

e. Basis of the Annual Caps

The annual caps of the Internet Data Centre Transactions are determined based on the following factors, including: (i) the historical amounts of service charges paid by the CITIC Group to the Group for the Internet Data Centre Services; (ii) the prevailing market price of the provision of similar internet data centre services; (iii) the expected increase in the amount of service charges to be charged by the Group over the term of the Framework Agreement; and (iv) the estimated level of the Internet Data Centre Services required by CITIC Group and the relevant costs of the Group during the term of the Framework Agreement. It is expected that the demand for the Internet Data Centre Services from the end-users of CITIC Group would increase during the term of the Framework Agreement in terms of the number of committed and additional equipment/facility and the volume of power consumption, driven by a variety of emerging technologies and applications which are expected to be utilised by the CITIC Group.

f. Reasons for and benefits of entering into the Internet Data Centre Transactions

The Group operates carrier-class internet data centres and provides the equipment and facilities leasing services in Hong Kong, Macau, mainland China and overseas. Data centre business continues to represent a strategic focus in the Group's future business development. It is considered that the Internet Data Centre Transactions are consistent with the commercial objectives of the Group and fall within the core business of the Group. The Directors consider that the entering into of the Internet Data Centre Transactions would further strengthen the Group's position as a provider of the information technology services in Hong Kong, mainland China and overseas.

The Directors (including the independent non-executive Directors) consider that the Internet Data Centre Transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

2. Virtual Private Network Services

The Group has established numerous Point(s)-of-Presence around the world to provide data and telecommunications services including virtual private network and value-added services to multinational corporations.

The Group provides the virtual private network services by applying the multi-protocol label switching (MPLS) network. The virtual private network is a private network to connect geographically separated offices of an organisation with different classes-of-service, creating one cohesive network. Individual users can enjoy remote office and get secure access to, send and receive data within their organisation's virtual private network across a public telecommunications infrastructure. The virtual private network services provide a highly secure and efficient network for transmission of video and data applications with guaranteed quality-of-service.

a. Service Order Form

Pursuant to the Framework Agreement, the Virtual Private Network Services shall generally be provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the relevant members of the Group. Subject to the guidelines and terms and conditions set out in the Framework Agreement, the terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary. Key service terms such as the minimum commitment period, bandwidth and location of services will be set out in such individual service order form.

b. Service charges and payment terms

The service charges for the provision of the Virtual Private Network Services usually include a one-off set-up charge and a fixed recurring monthly service charge during the service term, which is determined with reference to the subscribed bandwidth, locations, class of services and the requisite support services for the provision of the Virtual Private Network Services. The service charges will be set out in the individual service order form and are agreed on an arm's length basis.

The one-off set-up charge is normally payable in full upon provision of service while the monthly service charge is settled monthly.

c. Pricing basis

As a general principle, the prices and terms of the Virtual Private Network Transactions shall be negotiated on arm's length basis and determined in the ordinary and usual course of business on normal commercial terms.

Reference is made by the Group to the expected costs to be incurred, complexity, bandwidth, location, class and duration of the services required and the then prevailing market conditions. In any event, the price and terms of the Virtual Private Network Services shall not be more favourable than those provided to the independent third party customers of the Group for similar virtual private network services. In assessing and comparing the terms offered to the CITIC Group, the Group will from time to time compare the prevailing market rates charged to independent third party customers for providing comparable virtual private network services.

d. Historical figures and annual caps

Set out below are the service charges paid by the CITIC Group to the Group in respect of the provision of the Virtual Private Network Services by the Group under the Previous Framework Agreement for the period from 1 June 2018 to 31 December 2018, each of the financial years ended 31 December 2019 and 2020, and the period from 1 January 2021 to 31 March 2021:

	Historical amount for the period from 1 June to 31 December	Historical amounts for the financial year ended 31 December		Historical amount for the period from 1 January to 31 March
	2018	2019	2020	2021
Transaction Amount Approximately HK\$ (million)	13.8	19.5	23.4	6.8

The service charges payable by the CITIC Group to the Group under the Framework Agreement in respect of the Virtual Private Network Transactions for the period from 1 June 2021 to 31 December 2021, each of the financial years ending 31 December 2022 and 2023, and the period from 1 January 2024 to 31 May 2024 shall not exceed the maximum amounts set out below:

	For the period from 1 June to 31 December	For the financial year ending 31 December		For the period from 1 January to 31 May
	2021	2022	2023	2024
Transaction Amount HK\$ (million)	21.3	51.4	67.4	35.4

e. Basis of the Annual Caps

The annual caps of the Virtual Private Network Transactions are determined based on the following factors, including: (i) the historical amounts of service charges paid by the CITIC Group to the Group for the Virtual Private Network Services; (ii) the prevailing market price of the provision of similar virtual private network services; (iii) the expected increase in the amount of service charges to be charged by the Group over the term of the Framework Agreement; and (iv) the estimated level of the Virtual Private Network Services required by CITIC Group and the relevant costs of the Group during the term of the Framework Agreement. It is expected that the demand for the Virtual Private Network Services from the

end-users of CITIC Group would increase during the term of the Framework Agreement in terms of both quantities and bandwidth, driven by a variety of emerging technologies and applications which are expected to be utilised by the CITIC Group.

f. Reasons for and benefits of entering into the Virtual Private Network Transactions

It is considered that the provision of the Virtual Private Network Services is consistent with the commercial objectives of the Group and fall within the core business of the Group. The Directors consider that the entering into of the Virtual Private Network Transactions would further strengthen the Group's position as a provider of the information technology services in Hong Kong, mainland China and overseas.

The Directors (including the independent non-executive Directors) consider that the Virtual Private Network Transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

3. Internet Access Services

The Group provides enterprises and corporations with high-availability, high-speed Metro Ethernet/broadband local loop circuits, and related network services, which enable access to the internet among customers' designated locations, servers in the data centres, and cloud computing platforms.

a. Service Order Form

Pursuant to the Framework Agreement, the Internet Access Services shall generally be provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the relevant members of the Group. Subject to the guidelines and terms and conditions set out in the Framework Agreement, the terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary. Key service terms such as the minimum commitment period, bandwidth and location of services will be set out in such individual service order form.

b. Service charges and payment terms

The service charges for the provision of the Internet Access Services usually include a one-off set-up charge and a fixed recurring monthly service charge during the service term, which is determined with reference to the subscribed bandwidth, locations, interface of connection and the requisite application services for provision of the Internet Access Services. The service charges will be set out in the individual service order form and are agreed on an arm's length basis.

The one-off set-up charge is normally payable in full upon provision of service while the monthly service charge is settled monthly.

c. Pricing basis

As a general principle, the prices and terms of the Internet Access Transactions shall be negotiated on arm's length basis and determined in the ordinary and usual course of business on normal commercial terms.

Reference is made by the Group to the expected costs to be incurred, bandwidth, location, interface of connection, and duration of the services required. In any event, the price and terms of the Internet Access Services shall not be more favourable than those provided to the independent third party customers of the Group for similar internet access services. In assessing and comparing the terms offered to the CITIC Group, the Group will from time to time compare the prevailing market rates charged to independent third party customers for providing comparable internet access services.

d. Historical figures and annual caps

Set out below are the service charges paid by the CITIC Group to the Group in respect of the provision of the Internet Access Services by the Group under the Previous Framework Agreement for the period from 1 June 2018 to 31 December 2018, each of the financial years ended 31 December 2019 and 2020, and the period from 1 January 2021 to 31 March 2021:

	Historical amount for the period from 1 June to 31 December	Historical amounts for the financial year ended 31 December		Historical amount for the period from 1 January to 31 March
	2018	2019	2020	2021
Transaction Amount Approximately HK\$ (million)	5.4	8.2	7.3	1.7

The service charges payable by the CITIC Group to the Group under the Framework Agreement in respect of the Internet Access Transactions for the period from 1 June 2021 to 31 December 2021, each of the financial years ending 31 December 2022 and 2023, and the period from 1 January 2024 to 31 May 2024 shall not exceed the maximum amounts set out below:

	For the period from 1 June to 31 December	For the financial year ending 31 December		For the period from 1 January to 31 May
	2021	2022	2023	2024
Transaction Amount HK\$ (million)	6.3	19.1	31.7	20.6

e. Basis of the Annual Caps

The annual caps of the Internet Access Transactions are determined based on the following factors, including: (i) the historical amounts of service charges paid by the CITIC Group to the Group for the Internet Access Services; (ii) the prevailing market price of the provision of similar internet access services; (iii) the expected increase in the amount of service charges to be charged by the Group over the term of the Framework Agreement; and (iv) the estimated level of the Internet Access Services required by CITIC Group and the relevant costs of the Group during the term of the Framework Agreement. It is expected that the demand for the Internet Access Services from the end-users of CITIC Group would increase during the term of the Framework Agreement in terms of both quantities and bandwidth, driven by a variety of emerging technologies and applications which are expected to be utilised by the CITIC Group.

f. Reasons for and benefits of entering into the Internet Access Transactions

It is considered that the provision of the Internet Access Services is consistent with the commercial objectives of the Group and fall within the core business of the Group. The Directors consider that the entering into of the Internet Access Transactions would further strengthen the Group's position as a provider of the information technology services in Hong Kong, mainland China and overseas.

The Directors (including the independent non-executive Directors) consider that the Internet Access Transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations, 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.

The Group's services cover international telecommunications services (including mobile, internet, voice and data services), integrated telecoms services (in Macau), and through the Company's wholly-owned subsidiary, CITIC Telecom International CPC Limited (中信國際電訊(信息技術)有限公司) ("CPC"), has established numerous Point(s)-of-Presence around the world to provide data and telecoms services (including Virtual Private Network, Cloud, network security, co-location and 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. As a market leader, CTM 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.

CITIC

CITIC is the ultimate holding company of the Company. CITIC is a 100% Chinese state-owned enterprise. Its main asset is a 58.13% interest in CITIC Limited. Since its establishment in 1979, CITIC 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.

GENERAL

Mr. Wang Guoquan, a non-executive Director, is the Vice President of CITIC. In order to avoid the perception of a conflict of interest, Mr. Wang has abstained from voting on the board resolutions of the Company for considering and approving the Transactions under the Framework 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.

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 Framework Agreement 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.

The Company will monitor and ensure that the Internet Data Centre Transactions, the Virtual Private Network Transactions and the Internet Access Transactions are conducted in accordance with the terms of the Framework Agreement and the service charges payable thereunder will not exceed the aforesaid annual caps of the respective transactions. 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 Internet Data Centre Transactions, the Virtual Private Network Transactions and the Internet Access Transactions and ensure compliance with their respective annual caps mentioned above.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CITIC is the ultimate holding company of the Company and is interested in approximately 57.88% of the total number of Shares in issue. Accordingly, members of the CITIC Group are connected persons of the Company. Therefore, the transactions entered into between members of the Group and members of the CITIC Group under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios as defined in the Listing Rules calculated with reference to the annual caps for (a) the Internet Data Centre Transactions, (b) the Virtual Private Network Transactions and (c) the Internet Access 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:

“associates”; “connected persons”; “continuing connected transactions”; “percentage ratios”; and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CITIC”	中國中信集團有限公司 (CITIC Group Corporation), a 100% Chinese state-owned enterprise established under the laws of the PRC, and the ultimate holding company of each of the Company and CITIC Limited;
“CITIC Group”	CITIC, its subsidiaries and associates (excluding the Group) from time to time;
“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 57.88% 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);
“Director(s)”	the director(s) of the Company;
“Framework Agreement”	the framework agreement entered into between the Company and CITIC on 1 June 2021 in respect of the Internet Data Centre Transactions, the Virtual Private Network Transactions and the Internet Access Transactions;
“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;
“Internet Access Services”	the provision of Metro Ethernet/broadband local loop circuits and related network services to enable access to the internet by the Group to the CITIC Group from time to time;
“Internet Access Transactions”	the provision of the Internet Access Services, as more particularised in the paragraph headed “The Framework Agreement – 3. Internet Access Services” in this announcement and on terms and conditions of the Framework Agreement;
“Internet Data Centre Services”	the leasing of equipment and facilities services in relation to internet data centres by the Group to the CITIC Group from time to time;
“Internet Data Centre Transactions”	the provision of the Internet Data Centre Services, as more particularised in the paragraph headed “The Framework Agreement – 1. Internet Data Centre Services” in this announcement and on terms and conditions of the Framework Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“PRC”, “China” or “mainland China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);

“Previous Framework Agreement”	the framework agreement entered into between the Company and CITIC on 11 June 2018 in respect of the provision of the Internet Data Centre Services, the Virtual Private Network Services and the Internet Access Services in accordance with the terms and conditions as stipulated therein by the Group to the CITIC Group;
“Share(s)”	share(s) in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the continuing connected transactions relating to the provision of the Internet Data Centre Services (i.e. the Internet Data Centre Transactions), the Virtual Private Network Services (i.e. the Virtual Private Network Transactions) and the Internet Access Services (i.e. the Internet Access Transactions) to members of the CITIC Group by members of the Group pursuant to the Framework Agreement;
“Virtual Private Network Services”	the provision of the virtual private network services by the Group to the CITIC Group from time to time;
“Virtual Private Network Transactions”	the provision of the Virtual Private Network Services, as more particularised in the paragraph headed “The Framework Agreement – 2. Virtual Private Network Services” in this announcement and on terms and conditions of the Framework Agreement; and
“%”	per cent.

The English names of the PRC entities referred to in this announcement (if any) 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, 1 June 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.