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CITIC Limited
中國中信股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)



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

RENEWAL OF EXCLUSIVE SERVICE AGREEMENT FOR TECHNICAL AND SUPPORT SERVICES

Renewal of Exclusive Service Agreement for Technical and Support Services

The respective board of directors of CITIC Limited and CITIC Telecom announce that on 14 June 2018, CPC and CEC-HK, being wholly-owned subsidiaries of CITIC Telecom, entered into the Fourth Supplemental Agreement with CEC, pursuant to which CPC and CEC-HK shall, upon the expiry of the Third Supplemental Agreement, continue to engage CEC as service provider for the provision of technical and support services in the PRC to customers of CPC and CEC-HK for a further term of one year.

Listing Rules Implications

As at the date of this joint announcement, CEC is a non-wholly owned subsidiary of CITIC Telecom 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 CITIC Telecom and is interested in approximately 59.73% of the number of shares of CITIC Telecom in issue. Therefore, CEC, being an associate of CITIC Group, is a connected person of CITIC Limited as well as CITIC Telecom.

Accordingly, the Transaction constitutes a continuing connected transaction for CITIC Telecom under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio calculated with reference to the annual caps for the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as far as CITIC Telecom is concerned.

CITIC Limited is not a party to the Transaction but because CITIC Telecom is its subsidiary, the Transaction also constitutes a continuing connected transaction of CITIC Limited. Since the highest applicable percentage ratio calculated with reference to the annual caps for Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, annual review and

announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as far as CITIC Limited is concerned.

THE FOURTH SUPPLEMENTAL AGREEMENT

Date

14 June 2018

Parties

- (a) CPC, a wholly-owned subsidiary of CITIC Telecom
- (b) CEC-HK, a wholly-owned subsidiary of CITIC Telecom
- (c) CEC, a non-wholly owned subsidiary of CITIC Telecom and also an associate of CITIC Group

Subject Matter

Reference is made to the announcements of CITIC Telecom dated 2 September 2010, 7 August 2013, 19 February 2014 and 22 April 2015 in relation to, inter alia, the Exclusive Service Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement entered into between CPC, CEC-HK and CEC for the provision of technical and support services by CEC in the PRC to customers of CPC and CEC-HK to facilitate the provision of value-added telecoms services to these customers. CEC is also responsible for arranging, operating and maintaining all necessary technical and support services in the PRC to service the customers of CPC and CEC-HK.

As the Third Supplemental Agreement is due to expire on 23 June 2018, CPC and CEC-HK entered into the Fourth Supplemental Agreement with CEC to continue to engage CEC as service provider of such services in the PRC to customers of CPC and CEC-HK for a term of one year until 23 June 2019.

Service Fee

A service fee shall be payable to CEC with reference to CEC's costs in providing such services to customers of CPC and CEC-HK provided that CEC-HK and CPC shall be entitled to retain the first 30% of the corresponding sales proceeds from customers such that the service fee shall not in any event exceed 70% of the relevant sale proceeds. Such terms were determined by reference to similar service contracts made with an independent service provider by the CITIC Telecom Group. If CEC's costs shall be less than 70% of the corresponding sale proceeds, CEC on one hand and CPC and CEC-HK on the other shall be entitled to share the surplus equally. Such service fee was agreed by CPC, CEC-HK and CEC on an arms' length basis and shall be settled monthly.

Historical Transaction Amounts

Set out below are (i) the actual service fees paid; and (ii) the annual caps proposed under the Second Supplemental Agreement and Third Supplemental Agreement by the CITIC Telecom Group to CEC for the three financial years ended 31 December 2015, 2016 and 2017 and the period from 1 January 2018 to 30 April / 23 June 2018, where applicable:

	Historical amounts for the years ended 31 December			Historical amount for the period from 1 January to 30 April 2018	Annual caps for the years ended 31 December			Annual cap for the period from 1 January to 23 June 2018
	2015 (Note)	2016	2017		2015 (Note)	2016	2017	
Transaction Amount US\$ (million)	37.59	41.61	42.70	14.79	38.65	42.52	44.65	23.44
Approximate equivalent to HK\$ (million)	293.20	324.55	333.06	115.36	301.47	331.66	348.27	182.83

Note: The financial year covers both the period from 1 January 2015 to 23 June 2015 under the Second Supplemental Agreement and the period from 24 June 2015 to 31 December 2015 under the Third Supplemental Agreement.

Annual Caps

The service fees payable by the CITIC Telecom Group to CEC from 1 January 2018 up to the expiry of the Fourth Supplemental Agreement (i.e. 23 June 2019) shall not exceed the maximum amount set out below:

	RMB (million)	Approximate equivalent to HK\$ (million)
For the financial year ending 31 December 2018 (Note)	297.44	368.83
For the period from 1 January 2019 to 23 June 2019	148.45	184.08

Note: The financial year covers both the period from 1 January 2018 to 23 June 2018 under the Third Supplemental Agreement and the period from 24 June 2018 to 31 December 2018 under the Fourth Supplemental Agreement.

The above annual caps were determined with reference to (i) historical amounts of service fees payable by the CITIC Telecom Group to CEC; (ii) anticipated growth in customers' demand for the

services of the CITIC Telecom Group generally; and (iii) potential impact of fluctuation of the value of RMB as CEC's costs will be in RMB.

Reasons for and Benefits of the Fourth Supplemental Agreement

CEC is one of the few VPN service providers in China with a nationwide IP-VPN operating licence. The CITIC Telecom Directors consider that the Fourth Supplemental Agreement will allow the CITIC Telecom Group to continue to leverage on the licence held by CEC to tap into the large domestic VPN services market in China.

Mr. Luo Ning, an executive director of CITIC Telecom, is the Chairman of CEC and also the Assistant President of CITIC Group and CITIC Limited, both being the controlling shareholders of CITIC Telecom. In order to avoid the perception of a conflict of interest, Mr. Luo has abstained from voting on the board resolutions of CITIC Telecom for considering and approving the Transaction. Save as disclosed above, no other CITIC Telecom Directors has a material interest in the Transaction or is required to abstain from voting on the board resolutions of CITIC Telecom for considering and approving the Transaction.

In view of the above potential benefits to CITIC Telecom, the CITIC Telecom Directors (other than Mr. Luo Ning and including the independent non-executive directors of CITIC Telecom) consider that the Transaction is in the ordinary and usual course of business of CITIC Telecom Group and the terms of the Fourth Supplemental Agreement (including the service fees and annual caps) are on normal commercial terms, fair and reasonable and in the interests of CITIC Telecom and its shareholders as a whole.

CITIC Limited is not a party to the Transaction. However, the CITIC Directors are required to consider the Transaction as it is a continuing connected transaction of its subsidiary, CITIC Telecom. Mr. Chang Zhenming, Mr. Wang Jiong, Ms. Li Qingping, Mr. Pu Jian, Mr. Song Kangle, Ms. Yan Shuqin, Mr. Liu Zhuyu and Mr. Peng Yanxiang hold positions in CITIC Group, in order to avoid the perception of a conflict of interest, each of them had either abstained from voting, or was not present at the relevant board meeting of CITIC Limited to vote, on the board resolution approving the Transaction. Save as disclosed above, none of the CITIC Directors have any material interest in the Transaction or should abstain from voting in respect of the relevant proposal at the board meeting. In view of the above potential benefits to CITIC Telecom and after taking into account the views of the CITIC Telecom Directors as well as the interests of CITIC Telecom's shareholders, the CITIC Directors (other than Mr. Chang Zhenming, Mr. Wang Jiong, Ms. Li Qingping, Mr. Pu Jian, Mr. Song Kangle, Ms. Yan Shuqin, Mr. Liu Zhuyu and Mr. Peng Yanxiang and including the independent non-executive directors of CITIC Limited) agree with the views of CITIC Telecom Directors and also consider that the Transaction is in the ordinary and usual course of business of CITIC Telecom Group and the terms of the Fourth Supplemental Agreement (including the service fees and annual caps) are on normal commercial terms, fair and reasonable and in the interests of CITIC Limited and its shareholders as a whole.

Listing Rules Implications

As at the date of this joint announcement, CEC is a non-wholly owned subsidiary of CITIC Telecom 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 CITIC Telecom and is interested in approximately 59.73% of the number of shares of CITIC Telecom in issue. Therefore, CEC, being an associate of CITIC Group, is a connected person of CITIC Limited as well as CITIC Telecom.

Accordingly, the Transaction constitutes a continuing connected transaction for CITIC Telecom under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio calculated with reference to the annual caps for the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as far as CITIC Telecom is concerned.

CITIC Limited is not a party to the Transaction but because CITIC Telecom is its subsidiary, the Transaction also constitutes a continuing connected transaction of CITIC Limited. Since the highest applicable percentage ratio calculated with reference to the annual caps for Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as far as CITIC Limited is concerned.

GENERAL

CITIC Limited

CITIC Limited is China's largest conglomerate with total assets over US\$900 billion. Among its diverse global businesses, the Company focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. CITIC's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising in China. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

CITIC Telecom Group

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

The CITIC Telecom 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 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 CITIC Telecom 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

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

“associate”, “connected person”, “continuing connected transaction”, “controlling shareholder”, “percentage ratio” and “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules;
“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 CITIC Telecom and also an associate of CITIC Group;
“CEC-HK”	China Enterprise Netcom Corporation Limited (中國企業網絡通信有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of CITIC Telecom;
“CITIC Director(s)”	the director(s) of CITIC Limited;
“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 each of CITIC Telecom 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 CITIC Telecom and is interested in approximately 59.73% of the number of shares of CITIC Telecom in issue;
“CITIC Telecom”	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);
“CITIC Telecom Director(s)”	the director(s) of CITIC Telecom;
“CITIC Telecom Group”	CITIC Telecom and its subsidiaries;
“CPC”	CITIC Telecom International CPC Limited (中信國際電訊(信息技術)有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of CITIC Telecom;
“Exclusive Service Agreement”	the service agreement dated 24 November 2010 entered into between CPC, CEC-HK and CEC in relation to the provision of exclusive technical services by CEC to CPC and CEC-HK;
“First Supplemental Agreement”	the agreement dated 7 August 2013 supplemental to the Exclusive Service Agreement entered into between CPC, CEC-HK and CEC in relation to the provision of exclusive technical services by CEC to CPC and CEC-HK;
“Fourth Supplemental Agreement”	the agreement dated 14 June 2018 supplemental to the Third Supplemental Agreement entered into between CPC, CEC-HK and CEC in relation to the provision of exclusive technical services by CEC to CPC and CEC-HK;
“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 Macao Special Administrative Region of the PRC;
“PRC” or “China”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, Macau and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Supplemental Agreement”	the agreement dated 19 February 2014 supplemental to the First Supplemental Agreement entered into between CPC, CEC-HK and CEC in relation to the provision of exclusive technical services by CEC to CPC and CEC-HK;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Third Supplemental Agreement”	the agreement dated 22 April 2015 supplemental to the Second Supplemental Agreement entered into between CPC,

CEC-HK and CEC in relation to the provision of exclusive technical services by CEC to CPC and CEC-HK;

“Transaction”	the continuing connected transaction relating to the provision of technical and support services by CEC in the PRC to customers of CPC and CEC-HK pursuant to the Fourth Supplemental Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America;
“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 joint announcement, the conversion rates of RMB1.00 = HK\$1.24 and US\$1.00 = HK\$7.80 were adopted. The exchange rates do not constitute a representation that any amount has been, could have been or may be converted at the above rates or any other rates.

The English names of the PRC entities referred to in this joint announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

By order of the board of directors
CITIC Limited
Chang Zhenming
Chairman

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

Hong Kong, 14 June 2018

As at the date of this joint announcement, the directors of CITIC Limited are: executive directors: Mr. Chang Zhenming (Chairman), Mr. Wang Jiong, Ms. Li Qingping and Mr. Pu Jian; non-executive directors: Mr. Song Kangle, Ms. Yan Shuqin, Mr. Liu Zhuyu, Mr. Peng Yanxiang, Mr. Liu Zhongyuan, Mr. Yang Xiaoping and Mr. Wu Youguang; independent non-executive directors: Mr. Francis Siu Wai Keung, Dr. Xu Jinwu, Mr. Anthony Francis Neoh, Ms. Lee Boo Jin, Mr. Paul Chow Man Yiu and Mr. Shohei Harada.

As at the date of this joint announcement, the directors of CITIC Telecom are: executive directors: Mr. Xin Yue Jiang (Chairman), Dr. Lin Zhenhui, Mr. Luo Ning and Dr. Chan Tin Wai, David; non-executive directors: Mr. Liu Jifu and Mr. Fei Yiping; independent non-executive directors: Mr. Liu Li Qing, Mr. Zuo Xunsheng and Mr. Lam Yiu Kin.