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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

SERVICES AGREEMENT FOR PROVISION OF MARKETING AND PROMOTIONAL SERVICES

THE MARKETING SERVICES AGREEMENT

On 30 December 2024, (i) CPC, being a wholly-owned subsidiary of the Company, and (ii) CEC, being a non-wholly owned subsidiary of the Company and also an associate of CITIC Group, entered into the Marketing Services Agreement, pursuant to which CEC shall engage CPC as service provider for the provision of marketing and promotional services for a term of three (3) years from 1 January 2025 to 31 December 2027 (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 holding company of CITIC Limited, which in turn is the indirect holding company of the Company and is interested in approximately 57.54% of the total number of Shares. Therefore, CEC, being an associate of CITIC Group, is a connected person of the Company.

Accordingly, the transactions contemplated under the Marketing Services Agreement 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 in respect of the highest Annual Cap for the transactions contemplated under the Marketing Services Agreement are more than 0.1% but less than 5%, the continuing connected transactions under the Marketing Services Agreement 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.

THE MARKETING SERVICES AGREEMENT

Date

30 December 2024

Parties

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

Subject Matter

On 30 December 2024, CPC, being a wholly-owned subsidiary of the Company, and CEC, being a non-wholly owned subsidiary of the Company and also an associate of CITIC Group, entered into the Marketing Services Agreement, pursuant to which CEC shall engage CPC as service provider for the provision of marketing and promotional services for a term of three (3) years from 1 January 2025 to 31 December 2027 (both dates inclusive).

Pursuant to the Marketing Services Agreement, CEC shall engage CPC as service provider to:

- (i) provide marketing and promotional services (including advertising, design and production of marketing and promotional materials); and
- (ii) formulate appropriate marketing strategies, including but not limited to the positioning of CEC's services and products within the target market and product pricing strategies and leverage CPC's overseas sales team to promote and sell CEC's services and products, engaging in market development, customer communications, sales negotiations and other matters.

Service Fees and Pricing Basis

A monthly service fee shall be payable by CEC to CPC under the Marketing Services Agreement on the basis of a range of 10%-14% of the sum of (i) the relevant sales amount generated by CEC; and (ii) actual costs and related marketing expenses incurred by CPC. The service fee payable by CEC to CPC shall be settled within 60 days after CPC has issued the invoice for the provision of the marketing and promotional services.

As a general principle, the prices and terms of the agreements with respect to the marketing and promotional services provided by CPC is determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis. The service fee payable by CEC to CPC is determined with reference to expected costs to be incurred, complexity, volume and duration of the services required and the then prevailing market conditions. The terms of the Marketing Services Agreement (including the service fee payable by CEC to CPC) will be no less favourable to CPC than the terms that could be obtained from other independent third parties for the provision of similar services.

Historical Transaction Amounts

In 2023, CPC and CEC entered into an agreement (the “2023 Agreement”) pursuant to which CEC engaged CPC as service provider for the provision of marketing and promotional services for a term of two (2) years from 1 January 2023 to 31 December 2024 (both dates inclusive). The transactions contemplated under the 2023 Agreement constituted de minimis continuing connected transactions for the Company pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Set out below are the actual aggregate amounts paid/payable by CEC to CPC in respect of the provision of marketing and promotional services by CPC to CEC for the financial year ended 31 December 2023 and the period from 1 January 2024 to 31 October 2024 (the “Historical Amount(s)”):

	For the financial year ended 31 December 2023	For the period from 1 January 2024 to 31 October 2024
RMB (million)	6.1	6.9
Approximately equivalent to HK\$ (million) (Note)	6.8	7.6

Note: Based on the average exchange rate of the relevant year or period.

Annual Caps

The service fees payable by CEC to CPC for each of the three (3) financial years ending 31 December 2025, 2026 and 2027 shall not exceed the maximum amounts set out below (the “Annual Cap(s)”):

	For the financial years ending 31 December		
	2025	2026	2027
RMB (million)	9.3	10.7	12.3
Approximately equivalent to HK\$ (million)	10.0	11.5	13.2

The Annual Caps were determined with reference to the following:

- (i) the Historical Amounts;
- (ii) anticipated expansion of businesses of CEC; and
- (iii) anticipated growth in customers' demand for the services of CPC and CEC.

REASONS FOR AND BENEFITS OF THE MARKETING SERVICES AGREEMENT

CPC has rich network resources, customer knowledge and comprehensive experience in providing ICT services to multinational corporations in different industry sectors. The Directors consider that the Marketing Services Agreement will allow the Group to leverage the market experience of CPC and enhance CEC's ability to market their products and services in PRC to multinational corporations.

None of the Directors has any material interest in the transactions contemplated under the Marketing Services Agreement or is required to abstain from voting on the board resolutions of the Company for considering and approving the Marketing Services Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Marketing Services Agreement and the Annual Caps are fair and reasonable, and the transactions contemplated under the Marketing Services Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, 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 approximately 45.09% equity interest in CEC. CITIC Group is the holding company of CITIC Limited, which in turn is the indirect holding company of the Company and is interested in approximately 57.54% of the total number of Shares. Therefore, CEC, being an associate of CITIC Group, is a connected person of the Company.

Accordingly, the transactions contemplated under the Marketing Services Agreement 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 in respect of the highest Annual Cap for the transactions contemplated under the Marketing Services Agreement are more than 0.1% but less than 5%, the continuing connected transactions under the Marketing Services Agreement 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.

INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the transactions contemplated under the Marketing Services Agreement are conducted in accordance with the pricing basis and terms of the Marketing Services Agreement as well as the Listing Rules:

- (i) in respect of the monthly service fee payable by CEC to CPC for the provision of marketing and promotional services, CPC's finance department will ensure that the service fee payable will be no less favourable to CPC than the general market service fee for provision of identical or similar services that could be obtained from other independent third parties;
- (ii) CPC's finance department will monitor and ensure that the transactions contemplated under the Marketing Services Agreement are conducted in accordance with the terms of the Marketing Services Agreement and do not exceed the Annual Caps;
- (iii) the Board will continue to review on a regular basis the Group's internal control system and its effectiveness; and
- (iv) the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual reviews of the transactions contemplated under the Marketing Services Agreement and the Annual Caps.

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 ICT services in Southeast Asia through its wholly-owned subsidiary Acclivis Technologies and Solutions Pte. Ltd.

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.

CPC

CPC is a wholly-owned subsidiary of the Company. CPC 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 the Chinese mainland through its subsidiary CEC.

CEC

CEC is a non-wholly owned subsidiary of the Company. 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.

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 approximately 53% of CITIC Limited.

CITIC Group

CITIC Group is the ultimate holding company 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 the PRC's economic reform. It makes investments in areas with long-term potential as well as those aligned with national priorities.

DEFINITIONS

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

“2023 Agreement”	has the meaning as defined under the section headed “THE MARKETING SERVICES AGREEMENT – Historical Transaction Amounts” of this announcement;
“associate”, “connected person”, “continuing connected transactions”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Annual Cap(s)”	has the meaning as defined under the section headed “THE MARKETING SERVICES AGREEMENT – Annual Caps” of this announcement;
“Board”	the board of Directors;

“CEC”	China Enterprise ICT Solutions Limited (中企網絡通信技術有限公司), a company established under the laws of the PRC, and an indirect non-wholly owned subsidiary of the Company and also an associate of CITIC Group;
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), a 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 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 57.54% of the total number of Shares;
“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”	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 the Company;
“CTM”	has the meaning as defined under the section headed “INFORMATION OF THE PARTIES TO THE TRANSACTIONS – The Group” of this announcement;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Historical Amount(s)”	has the meaning as defined under the section headed “THE MARKETING SERVICES AGREEMENT – Historical Transaction Amounts” of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“ICT”	Information and Communications Technology (ICT), an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems etc., as well as the various services and applications associated with them;
“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;
“Marketing Services Agreement”	the marketing services agreement dated 30 December 2024 entered into between CPC and CEC in relation to the provision of marketing and promotional services by CPC to CEC;
“PRC” or “China” or “the Chinese mainland”	the People’s Republic of China (for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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 RMB1.00 = HK\$1.07 is adopted. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate 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
Luo Xicheng
Chairman

Hong Kong, 30 December 2024

The Directors of the Company as at the date of this announcement are: Executive Directors: Luo Xicheng (Chairman) and Luan Zhenjun; Non-Executive Directors: Liu Jifu (Sui Chen as his alternate), Zhao Lei and Wang Hua; and Independent Non-Executive Directors: Zuo Xunsheng, Lam Yiu Kin and Wen Ku.