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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)**

## **SUPPLEMENTARY ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **RENEWAL OF SERVICE AGREEMENT FOR TECHNICAL AND SUPPORT SERVICES**

Reference is made to the announcement of the Company dated 30 December 2024 in respect of the 2024 Service Agreement (the “Announcement”). Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcement.

In addition to the information contained in the Announcement, the Board would like to provide the below supplemental information in relation to the 2024 Service Agreement.

The service fee payable to CEC will be charged on the basis of cost plus a prevailing market rate of between 5% and 10%. CPC’s finance department will review from time to time such prevailing market rate by taking into consideration the nature and/or extent of the services required by CEC-HK and CPC, and will ensure that the prevailing market rate payable by CEC-HK and CPC to CEC for the technical and support services will be no less favourable to CEC-HK and CPC than the general market rate for provision of identical or similar services that could be obtained from other independent third parties.

Over time, there has been enhanced integration of CEC-HK and CPC with CEC which has enabled CEC to gain a closer understanding of the infrastructure, data centres and technical resources of CEC-HK and CPC. This has allowed CEC to leverage the combined infrastructures with CEC-HK and CPC to reduce costs and improve efficiency with reference to the following:

- (a) **Centralised procurement and bulk purchasing** - CEC-HK and CPC may expand their network resources provided by CEC to leverage on collaborative purchasing of equipment and maintenance services, which enables CEC to enjoy bulk discounts and lower unit costs. This allows CEC-HK and CPC to benefit from cost efficiencies through centralised procurement and bulk purchasing through CEC.

- (b) **Scalable network operations and skill synergies** - CEC operates state-of-the-art data centres and employs a strong team of specialised workforce which allows them to handle a high volume of clients and complex network management systems efficiently. By leveraging the resources of CEC and increasing the collaboration of CEC-HK and CPC with CEC, it can provide greater cost efficiencies by enhancing its capacity utilisation and optimise resource allocations.

The enhanced integration provides CEC with a unique ability to optimise services and customise solutions at lower costs specifically for CEC-HK and CPC. This has allowed CEC to provide more effective technical and support services to CEC-HK and CPC and more competitive pricing as compared with other independent third parties. CEC-HK and CPC may take advantage of the cost efficiency and competitive terms of CEC to strengthen their cost structure and service quality for sustainable growth in a cost-effective manner and create aligned interests for mutual success of the Group. In short, the enhanced integration of CEC-HK and CPC with CEC over time has resulted in the overall improvement on efficiency and costing of services provided by CEC. Due to the better services and terms offered by CEC than those offered by other independent third parties, it is anticipated that some of the technical and support services needs of CEC-HK and CPC currently supported by independent third-party suppliers will be shifted to CEC instead.

The total cost for the provision of technical and support services to CEC-HK and CPC for the financial year ended 31 December 2024 from all suppliers (including independent third-party suppliers and CEC) together amounts to approximately RMB300 million. The supplier-base for the provision of such technical and support services is highly concentrated. Even with CEC's enhanced service quality, it is not expected that CEC would take over all the supply contracts of incumbent independent third-party suppliers in the near future because (a) the supply contracts with incumbent independent third-party suppliers may not expire or be terminated soon, and (b) it remains beneficial for CEC-HK and CPC to preserve continuous business relationship with these incumbent independent third-party suppliers. Having taken into account the number of supply contracts that are expiring while preserving continuous business relationship with the incumbent independent third-party suppliers, it is anticipated that a shift in the supply of services from the incumbent independent third-party suppliers to CEC (which is a connected subsidiary) could result in a substantial increase in the projected transaction value with CEC, from approximately RMB6.63 million (for the financial year ended 31 December 2024) to an amount of no more than the Annual Cap for the financial year ending 31 December 2025. The amounts of subsequent Annual Caps have factored in projected increases in the total cost for the provision of technical and support services to CEC-HK and CPC for the financial years ending 31 December 2026 and 2027 respectively from all suppliers (including independent third-party suppliers and CEC).

As a result, the Annual Caps were determined with reference to the anticipated increase in technical and support services required by CEC-HK and CPC from CEC. However, the Annual Caps are by no means a guaranteed projection and the amount of transaction value projected for such continuing connected transactions may or may not materialise.

Save as disclosed above, all other information in the Announcement remains unchanged.

By Order of the Board  
**CITIC Telecom International Holdings Limited**  
**Luo Xicheng**  
*Chairman*

Hong Kong, 17 January 2025

*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.*