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CITIC 21CN

中信 21世紀

CITIC 21CN COMPANY LIMITED

中信21世紀有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 241)

PROVISION OF FINANCIAL ASSISTANCE CONNECTED TRANSACTIONS

CITIC 21CN TECHNOLOGY LOAN AGREEMENT

On 20 December 2013 (after trading hours), CITIC 21CN Technology, a wholly-owned subsidiary of the Company, entered into the CITIC 21CN Technology Loan Agreement with CCIT, a non-wholly owned subsidiary of the Company, pursuant to which CITIC 21CN Technology conditionally agreed to extend the maturity dates of the Existing CITIC 21CN Technology Loans to 30 November 2016 and advance the New CITIC 21CN Technology Loan to CCIT for its capital expenditure and/or general working capital.

CITIC 21CN TELECOM LOAN RENEWAL AGREEMENT

In addition, on 20 December 2013 (after trading hours), CITIC 21CN Telecom, a wholly-owned subsidiary of the Company, entered into the CITIC 21CN Telecom Loan Renewal Agreement with CCIT, a non-wholly owned subsidiary of the Company, pursuant to which CITIC 21CN Telecom conditionally agreed to extend the maturity date of the CITIC 21CN Telecom Loan to 30 November 2016.

LISTING RULES IMPLICATIONS

CCIT is held as to 50% by the Group, 30% by the CITIC Group and 20% by China Huaxin Telecom. The CITIC Group in turn holds approximately 21.73% of the entire issued share capital of the Company and is a substantial Shareholder. CCIT is thus a company falling under Rule 14A.11(5) of the Listing Rules and a connected person of the Company. The entering into of the CITIC 21CN Technology Loan Agreement and the CITIC 21CN Telecom Loan Renewal Agreement accordingly constitutes connected transactions for the Company under the Listing Rules. As one of the applicable percentage ratios in respect of the Transactions exceed 25%, the Transactions are subject to the reporting and announcement requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

* *For identification purposes only*

GENERAL

A circular containing, among other things, further particulars of the Transactions, the letter from the independent Board committee and the advice from the independent financial adviser together with the notice convening the SGM will be despatched to the Shareholders as soon as practicable and within 15 business days after the publication of this announcement.

A. CITIC 21CN TECHNOLOGY LOAN AGREEMENT

The salient terms of the CITIC 21CN Technology Loan Agreement are summarised below:

Date	:	20 December 2013 (after trading hours)
Lender	:	CITIC 21CN Technology, a wholly-owned subsidiary of the Company
Borrower	:	CCIT, a non-wholly owned subsidiary of the Company, held as to 50% by the Group, 30% by the CITIC Group and 20% by China Huaxin Telecom
Extension of the maturity dates of the Existing CITIC 21CN Technology Loans	:	The maturity dates of the Existing CITIC 21CN Technology Loans in the aggregate sum of RMB50,000,000 (approximately HK\$63,500,000), were further extended from 15 April 2014 to 30 November 2016.
Grant of the New CITIC 21CN Technology Loan	:	CITIC 21CN Technology also agreed to advance the New CITIC 21CN Technology Loan in the sum of RMB35,000,000 (approximately HK\$44,450,000) to CCIT with a maturity date of 30 November 2016.
Use of proceeds	:	The New CITIC 21CN Technology Loan is advanced for CCIT's capital expenditure and/or general working capital. If CCIT uses the New CITIC 21CN Technology Loan for any purposes other than capital expenditure and/or general working capital, CITIC 21 CN Technology has the right to request immediate repayment of the New CITIC 21CN Technology Loan and CCIT has to pay a penalty amounting to 30% of the New CITIC 21CN Technology Loan to CITIC 21CN Technology.
Interest	:	Both the Existing CITIC 21CN Technology Loans and the New CITIC 21CN Technology Loan are non-interest bearing.

Security	:	Both the Existing CITIC 21CN Technology Loans and the New CITIC 21CN Technology Loan are unsecured.
Condition precedent	:	The extension of the maturity dates for the Existing CITIC 21CN Technology Loans and the grant of the New CITIC 21CN Technology Loan are conditional on the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving the entering into of the CITIC 21CN Technology Loan Agreement and the performance of the transactions contemplated thereunder on or before 31 March 2014.
Validity of the original loan agreement	:	Save as amended as aforesaid, the terms of the original loan agreement relating to the Existing CITIC 21CN Technology Loans shall in all respects remain and continue to be in full force and effect.

B. CITIC 21CN TELECOM LOAN RENEWAL AGREEMENT

The salient terms of the CITIC 21CN Telecom Loan Renewal Agreement are summarised below:

Date	:	20 December 2013 (after trading hours)
Lender	:	CITIC 21CN Telecom, a wholly-owned subsidiary of the Company
Borrower	:	CCIT, a non-wholly owned subsidiary of the Company, held as to 50% by the Group, 30% by the CITIC Group and 20% by China Huaxin Telecom
Extension of the maturity date of the CITIC 21CN Telecom Loan	:	The maturity date of the CITIC 21CN Telecom Loan in the sum of US\$6,900,000 (approximately HK\$53,820,000) was further extended from 15 April 2014 to 30 November 2016.
Interest	:	The CITIC 21CN Telecom Loan is non-interest bearing.
Security	:	The CITIC 21CN Telecom Loan is unsecured.

Condition precedent : The extension of the maturity date for the CITIC 21CN Telecom Loan is conditional on the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving the entering into of the CITIC 21CN Telecom Loan Renewal Agreement and the performance of the transactions contemplated thereunder on or before 31 March 2014.

Validity of the original loan agreement : Save as amended as aforesaid, the terms of the original loan agreement relating to the CITIC 21CN Telecom Loan shall in all respects remain and continue to be in full force and effect.

C. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTIONS

The Group is an integrated information and content service provider. The Group's subsidiaries, CITIC 21CN Technology and CCIT, are principally engaged in the provision of product tracking, recall and enforcement information services to relevant authorities in the PRC through the operation of PIATS; the provision of product tracking and logistics information services to manufacturers; and the provision of services to consumers for verifying product information and origins. In the fourth quarter of 2013, CCIT also began to prepare for the launch of its new services offering which is the provision of data management and quality tracking solutions. In October 2013, CCIT entered into strategic cooperation framework agreements with several leading PRC software companies as preparation for the launch of its data management and quality tracking solutions business in 2014. Such solutions, in terms of hardware and/or software design and implementation, can be applied to customers who have or need to adopt the PIATS and can be extended to the whole value chain of production, distribution and sale of products in various industries including drugs, food and beverage, agricultural resources and household appliances.

PIATS is a barcoding system which is used in the PRC allowing manufacturers to track their products and consumers to verify the product information and their origins. PIATS was intended to be a nationwide tracking and authentication system to control the production, sale and distribution of products. With the support of the relevant PRC authorities since its launch, the application of PIATS is increasingly adopted by the drugs industry and could also be extended to other industries such as food and beverage, agricultural resources and household appliances.

PIATS has already been required by the relevant PRC authorities for use on national-declared basic drugs (Version 2012) of all types. Relevant drugs and healthcare companies are required to implement electronic monitoring in accordance with the regulations whether they participate in basic drugs tender purchase or not, and this is in addition to the existing implemented electronic monitoring basis of anesthetics drugs, mental disorder drugs, blood products, Chinese medicine injections, vaccines and national-declared basic drugs (Version 2009) of all types. Moreover, the relevant

authorities in the PRC have also required imported drugs of the above-mentioned categories (including those being re-packaged in the PRC) to apply the corresponding electronic monitoring implementation requirements, and to continue to further apply the electronic monitoring to other areas of drugs through stages.

Meanwhile, the relevant authorities in the PRC have expedited the provision of relevant working trainings to those medical and healthcare institutions in different provinces other than drug production and distribution enterprises, and included drug retailers in the pilot program under the electronic monitoring. In addition, due to various historical quality issues of dairy products under food category, the Company understands that relevant authorities in the PRC are also attempting to establish an information tracking system through the application of similar electronic monitoring measures.

Despite favourable regulatory policy encouraging the adoption of PIATS and in particular in the drug industry, PIATS business is still at a relatively early adoption stage. According to the Ministry of Health in the PRC, there was a total of about 950,900 medical and healthcare institutions as at 31 March 2013, and the number of medical and healthcare institutions that have adopted PIATS was only about 240,000 as at 30 November 2013 but there has been a significant increase in the number of medical and healthcare institutions joining the PIATS electronic monitoring since the beginning of the fourth quarter of 2013. Given that there are no other companies that can provide service similar to PIATS at the moment, the Directors believe there is significant growth potential for PIATS and the provision of related value added and solutions services.

Given the market potential as abovementioned, CCIT continues to require financial resources in order to further enhance its ongoing effort to enrich its products and services offering in order to further monetize the PIATS customer base of the Group. In addition to the healthcare industry of which the adoption of PIATS is increasingly gaining momentum, further rules and regulations as and when implemented by the relevant PRC authorities in other industries such as food and beverage, agricultural resources and household appliances, will provide future growth drivers for CCIT as well. Therefore, it is anticipated that CCIT would need more working capital in order to continue its PIATS business and also to develop its data management and quality tracking solutions business.

Pursuant to the JV Agreement, the Group is under the obligation, among other matters, to assist CCIT to raise financing. Accordingly, it is the mutual understanding among the then shareholders of CCIT that the Group will assume the role as a leader and financing partner for CCIT including, but not limited to, raising or arranging loans for CCIT from independent third parties and/or the Group. Having considered other available financing alternatives available to CCIT, the executive Directors consider that the provision of the Loans is the most effective and efficient financing method through which CCIT can quickly obtain the required funding to continue its PIATS business. The source of such funding primarily came from the issue of the Convertible Bonds, which issuance is principally to fund the capital expenditure and working capital of the PIATS business.

Given the generally favourable regulatory environment and that there are no other companies that can provide service similar to PIATS at the moment, the Directors believe that there is significant market for the adoption of PIATS as well as provision of PIATS related products and services, such as data management and quality tracking solutions, in addition to the existing value added services provided by CCIT. Although the Loans are unsecured and non-interest bearing, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser) are of the view that the provision of the Loans is in the interests of the Company and the Shareholders as a whole as it can enable CCIT to continue to develop its PIATS business and this is also in accordance with the spirit of the JV Agreement.

Although CCIT is only held as to 50% by the Group, it is treated as a non-wholly subsidiary of the Company as its 30% shareholder has by virtue of a supplemental agreement dated 28 March 2013 agreed to exercise its voting right on all matters relating to the financing and operating of CCIT in accordance with the instructions of the Group. Given that the Group is the single largest shareholder and, effectively the holding company, of CCIT, the executive Directors are also of the view that the terms and conditions of the CITIC 21CN Technology Loan Agreement and the CITIC 21CN Telecom Loan Renewal Agreement (which were determined after arm's length negotiations between the parties with reference to the interest of the Group in CCIT) are fair and reasonable.

D. LISTING RULES IMPLICATIONS

CCIT is held as to 50% by the Group, 30% by the CITIC Group and 20% by China Huaxin Telecom. The CITIC Group in turn holds approximately 21.73% of the entire issued share capital of the Company and is a substantial Shareholder. CCIT is thus a company falling under Rule 14A.11(5) of the Listing Rules and a connected person of the Company. The entering into of the CITIC 21CN Technology Loan Agreement and the CITIC 21CN Telecom Loan Renewal Agreement accordingly constitutes connected transactions for the Company under the Listing Rules. As one of the applicable percentage ratios in respect of the Transactions exceed 25%, the Transactions are subject to the reporting and announcement requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

E. GENERAL

A circular containing, among other things, further particulars of the Transactions, the letter from the independent Board committee and the advice from the independent financial adviser together with the notice convening the SGM will be despatched to the Shareholders as soon as practicable and within 15 business days after the publication of this announcement.

F. DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“CCIT”	中信國檢信息技術有限公司 (China Credit Information Technology Co. Ltd.**), a company established in the PRC with limited liability and held as to 50% by the Group, 30% by the CITIC Group and 20% by China Huaxin Telecom
“China Huaxin Telecom”	中國華信郵電經濟開發中心 (China Huaxin Telecom Economic Development Centre**), a company established in the PRC with limited liability and holds 20% of the equity interest of CCIT
“CITIC 21CN Technology”	中信21世紀(中國)科技有限公司 (CITIC 21CN (China) Technology Co. Ltd.**), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“CITIC 21CN Technology Loan Agreement”	the agreement dated 20 December 2013 entered into between CITIC 21CN Technology and CCIT in relation to the extension of the maturity dates of the Existing CITIC 21CN Technology Loans and the grant of the New CITIC 21CN Technology Loan
“CITIC 21CN Telecom”	CITIC 21CN Telecom Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“CITIC 21CN Telecom Loan”	loan in the amount of US\$6,900,000 (approximately HK\$53,820,000) advanced by CITIC 21CN Telecom to CCIT pursuant to the loan agreement dated 3 March 2006
“CITIC 21CN Telecom Loan Renewal Agreement”	the agreement dated 20 December 2013 entered into between CITIC 21CN Telecom and CCIT in relation to the extension of the maturity date of the CITIC 21CN Telecom Loan
“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation**), a company established in the PRC with limited liability and a substantial Shareholder

“Company”	CITIC 21CN Company Limited, an exempted company incorporated in Bermuda with limited liability and whose shares are listed and traded on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Convertible Bonds”	the US\$70,000,000 (approximately HK\$546,000,000) zero coupon convertible bonds issued by the Company as detailed in its circular dated 23 December 2005
“Director(s)”	the director(s) of the Company
“Existing CITIC 21CN Technology Loans”	loans in the aggregate amount of RMB50,000,000 (approximately HK\$63,500,000) advanced by CITIC 21CN Technology to CCIT pursuant to the loan agreements dated 21 July 2009 and 23 November 2010
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM under the Listing Rules
“JV Agreement”	the joint venture agreement dated 20 January 2005 in relation to the formation of CCIT
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	collectively, the Existing CITIC 21CN Technology Loans, the New CITIC 21CN Technology Loan and the CITIC 21CN Telecom Loan
“New CITIC 21CN Technology Loan”	loan in the amount of RMB35,000,000 (approximately HK\$44,450,000) to be advanced by CITIC 21CN Technology to CCIT pursuant to the CITIC 21CN Technology Loan Agreement
“PIATS”	product identification, authentication and tracking system
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the CITIC 21CN Technology Loan Agreement, the CITIC 21CN Telecom Loan Renewal Agreement and the transactions respectively contemplated thereunder
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the extension of the maturity dates of the Existing CITIC 21CN Technology Loans and the CITIC 21CN Telecom Loan, and the grant of the New CITIC 21CN Technology Loan
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
CITIC 21CN COMPANY LIMITED
CHEN XIAO YING
Vice Executive Chairman

Hong Kong, 20 December 2013

As at the date of this announcement, the Board comprises Mr. Wang Jun, Ms. Chen Xiao Ying, Mr. Luo Ning, Mr. Sun Yalei, Mr. Zhang Lianyang, Ms. Xia Guilan, Dr. Hui Ho Ming, Herbert, JP (*Independent Non-executive Director*), Mr. Zhang Jianming (*Independent Non-executive Director*) and Dr. Long Junsheng (*Independent Non-executive Director*).

For the purpose of this announcement, the translation of RMB into US\$ and US\$ into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.27 and US\$1.00 = HK\$7.80.

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** *The unofficial English transliterations or translations are for identification purposes only.*