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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)

CONTINUING CONNECTED TRANSACTIONS CLOUD COMPUTING SERVICES AGREEMENT

On 30 September 2014, CITIC 21CN Technology, an indirectly wholly-owned Subsidiary of the Company, entered into the Cloud Computing Services Agreement with Alibaba Cloud, pursuant to which Alibaba Cloud will provide certain cloud computing services to the Group. The term of the Cloud Computing Services Agreement is six months, commencing on 1 October 2014, and it is expected that the total fees payable by CITIC 21CN Technology to Alibaba Cloud under the Cloud Computing Services Agreement will not exceed HK\$7,000,000.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alibaba Cloud is a member of the Alibaba Group. Accordingly, Alibaba Cloud is also a connected person of the Group and the transactions contemplated under the Cloud Computing Services Agreement will constitute continuing connected transactions for the Company in accordance with the Listing Rules.

As the highest of the applicable percentage ratios calculated with reference to the annual cap in respect of the Cloud Computing Services Agreement is more than 0.1% but less than 25% and the total expected consideration is less than HK\$10,000,000, these transactions are subject to the reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CLOUD COMPUTING SERVICES AGREEMENT

On 30 September 2014, CITIC 21CN Technology, an indirectly wholly-owned Subsidiary of the Company, entered into the Cloud Computing Services Agreement with Alibaba Cloud, pursuant to which Alibaba Cloud will provide certain cloud computing services to the Group. The principal terms of the Cloud Computing Services Agreement are set out below.

Background

The Group uses cloud computing services in the ordinary and usual course of its business and Alibaba Cloud has been providing certain cloud computing services to the Group on a free trial basis prior to the date of the Cloud Computing Services Agreement. As the trial period expires on 30 September 2014 and the Group expects to continue to place orders from time to time for various cloud computing services with Alibaba Cloud, which will be on an arm's length basis and on normal commercial terms, to ensure that all such orders comply with Rule 14A.34 of the Listing Rules, CITIC 21CN Technology has entered into the Cloud Computing Services Agreement with Alibaba Cloud.

Date

30 September 2014

Parties

- (1) CITIC 21CN Technology
- (2) Alibaba Cloud

Principal Terms

Duration

The Cloud Computing Services Agreement shall be for a term of six months, commencing on 1 October 2014 and ending on 31 March 2015, unless otherwise terminated in accordance with the terms thereunder.

Services

Pursuant to the Cloud Computing Services Agreement, Alibaba Cloud has agreed to provide to the Group various cloud computing services, including ECS, RDS, OSS, SLB, OTS, ODPS and related services, according to the needs of the Group.

Service fees and payment terms

The fees for ECS and RDS shall be calculated based on the fixed monthly fees for such services as published by Alibaba Cloud on its official website from time to time (the “published rates”) and the fees for OSS, SLB, OTS and ODPS shall be calculated based on the actual usage of those services and the per unit published rates of Alibaba Cloud for such services. As prescribed under the Cloud Computing Services Agreement, the fees for OTS and ODPS provided to the Group from 1 October 2014 to 31 December 2014 shall be waived.

The fees for ECS, OTS and RDS shall be pre-paid while the fees for ODPS, OSS and SLB will be deducted from a deposit account maintained by CITIC 21CN Technology with Alibaba Cloud based on actual usage on an ongoing basis.

REASONS AND BENEFITS OF ENTERING INTO THE CLOUD COMPUTING SERVICES AGREEMENT

As previously disclosed by the Company, the Group plans to expand the application of PIATS to provide integrated product tracking and data processing and management solutions, including pioneering cloud-based information management and sharing platform for healthcare enterprises, for an expanded customer base in the entire healthcare sector, including hospitals, community health centers and pharmacies (the “PIATS Value-Added Services”). In doing so, the Group is planning to enhance the PIATS infrastructure, develop a data standard for pharmaceutical and healthcare products and provide value-added services to integrate data processing and management systems of customers to the enhanced PIATS infrastructure. The Company has been exploring ways to further monetize its considerable customer base by utilizing the PIATS Value-Added Services. The Company believes that the provision of the PIATS Value-Added Services will generate significant increase in traffic and data size of the PIATS in the near future. To maintain a stable and sophisticated system to cater for real-time access to the PIATS by the customers, the Group needs substantial technology input on cloud computing or other data processing solutions for processing big data.

The transactions under the Cloud Computing Services Agreement will increase the application of the Group’s PIATS Value-Added Services by its customers and enhance the quality of the Group’s services and operation management standards.

In light of the above, the Directors (including the independent non-executive Directors) consider that the transactions under the Cloud Computing Services Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Cloud Computing Services Agreement have been negotiated on an arm’s length basis and on normal commercial terms and they are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

HISTORICAL TRANSACTION AMOUNTS

There is no historical cap or historical transaction amount as the cloud computing services previously provided by Alibaba Cloud to the Group were provided on a free trial basis.

ANNUAL CAP AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

It is expected that the maximum aggregate fees payable by CITIC 21CN Technology to Alibaba Cloud under the Cloud Computing Services Agreement for the year ending 31 March 2015 will not exceed HK\$7,000,000.

The annual cap has been estimated primarily based on the previous usage of cloud computing services by the Group, taking into account the business growth of the Group, the estimated future demand for cloud computing services, the fees agreed by the parties under the Cloud Computing Services Agreement and the current published rates of Alibaba Cloud as applicable.

The Directors (including the independent non-executive Directors) considered that the annual cap is fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alibaba Cloud is a member of the Alibaba Group. Accordingly, Alibaba Cloud is also a connected person of the Group and the transactions contemplated under the Cloud Computing Services Agreement will constitute continuing connected transactions for the Company in accordance with the Listing Rules.

As the highest of the applicable percentage ratios calculated with reference to the annual cap in respect of the Cloud Computing Services Agreement is more than 0.1% but less than 25% and the total expected consideration is less than HK\$10,000,000, these transactions are subject to the reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. WANG Jian, Mr. ZHANG Yong, Mr. CHEN Jun and Mr. CHIA Pun Kok are employees of Alibaba Holding or its Subsidiaries, while Mr. YU Feng owns 60% of Yunfeng Investment GP II, Ltd., which indirectly controls Innovare Tech Limited, and Innovare Tech Limited holds the remaining shares of Perfect Advance not held by Alibaba Holding, each of these Directors are deemed or may be perceived to have a material interest in the transaction. Accordingly, they have abstained from voting on the resolutions passed by the Board to approve the Cloud Computing Services Agreement.

PRINCIPAL ACTIVITIES OF THE GROUP AND ALIBABA CLOUD

The Company is an investment holding company. The Group is an integrated information and content service provider and the principal activities of the Group comprise the provision of PIATS principally for the drug industry in the PRC and system integration and software development.

The principal activities of Alibaba Cloud include the provision of cloud computing services, including elastic computing, database services and storage and large scale computing services, for the platforms of companies integral to the Alibaba Group's ecosystem including the Company's platform and to sellers on the marketplaces and other third-party customers of the Alibaba Group, and the provision of Internet infrastructure services, such as web hosting and domain name registration.

DEFINITIONS

“Alibaba Cloud”	Alibaba Cloud Computing Ltd.* (阿里雲計算有限公司), a company incorporated in the PRC and a member of the Alibaba Group
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands
“Board”	the board of directors of the Company
“CITIC 21CN Technology”	CITIC 21CN (China) Technology Company Limited, a company in the PRC and an indirectly wholly-owned Subsidiary of the Company
“Cloud Computing Services Agreement”	The services agreement dated 30 September 2014 entered into between CITIC 21CN Technology and Alibaba Cloud
“Company”	CITIC 21CN Company Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Director(s)”	member(s) of the Board
“ECS”	elastic computing service
“Group”	the Company and each of its Subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“ODPS”	open data processing service
“OSS”	open storage service
“OTS”	open table service
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirectly wholly-owned Subsidiary of Alibaba Holding

“PIATS”	product identification, authentication and tracking system
“PRC”	the People’s Republic of China
“RDS”	relational database service
“SLB”	server load balancer
“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
%	per cent

By Order of the Board
CITIC 21CN COMPANY LIMITED
WANG JIAN
Chairman

Hong Kong, 30 September 2014

As at the date of this announcement, the Board comprises nine directors, of which (i) two are executive Directors, namely Dr. WANG Jian and Ms. CHEN Xiao Ying; (ii) four are non-executive Directors, namely Mr. ZHANG Yong, Mr. CHEN Jun, Mr. CHIA Pun Kok and Mr. YU Feng; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. Samuel King On WONG.

* For identification purpose only