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CITIC 21CN

中信 21世紀

CITIC 21CN COMPANY LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 241)

ISSUE OF US\$70,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2010 CONVERTIBLE INTO ORDINARY SHARES OF CITIC 21CN COMPANY LIMITED RESUMPTION OF TRADING

Lead Placing Agent



Merrill Lynch

MERRILL LYNCH FAR EAST LIMITED

Co-Lead Placing Agent



GOLDBOND SECURITIES LIMITED

The Directors announce that the Company and the Purchasers entered into the Purchase Agreement on 14 December 2005 pursuant to which the Company agreed to issue and the Purchasers agreed to purchase the Firm Bonds and the Additional Bonds with principal amounts of US\$55,000,000 and US\$15,000,000 respectively, subject to the terms and conditions therein.

The Initial Conversion Price of HK\$1.36 represents a premium of approximately 25% of the average closing price of the Shares for the Reference Period. 313,556,617 New Shares and 85,515,441 New Shares will be issued upon full conversion of the Firm Bonds and Additional Bonds at the Initial Conversion Price, representing (i) approximately 9.5% and 2.6% respectively of the issued share capital of the Company as at the date of the Purchase Agreement and (ii) approximately 8.5% and 2.3% respectively of issued share capital of the Company as at the date of the Purchase Agreement as enlarged by the allotment and issue of such New Shares.

The New Shares issued under the Firm Bonds will be allotted and issued under the General Mandate. The New Shares for Additional Bonds will be, if approved by the Shareholders at the EGM, allotted and issued under Share Issue Authority.

No application will be made for the listing of the Bonds. Application will be made to the Stock Exchange for the listing of and permission to deal in the New Shares which will be issued upon the conversion of the Bonds.

The net proceeds from the issue of the Bonds will be used for the capital expenditures of PIATS and as general working capital of the Group.

Merrill Lynch Far East Limited is the Lead Placing Agent and Goldbond Securities Limited is the Co-Lead Placing Agent for the offering.

A circular containing, among other matters, further information on the Additional Bonds, Private Placement Agency Agreement and a notice of EGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirement of the Listing Rules.

Trading in the Shares was suspended with effect from 9:30 a.m. on 14 December 2005. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 December 2005.

PURCHASE AGREEMENT IN RESPECT OF THE US\$70,000,000 ZERO COUPON CONVERTIBLE BONDS

- Date** : 14 December 2005
- Issuer** : The Company
- Purchasers and amount of Bonds to be purchased** : The Purchasers and the principal amounts of the Bonds which each of the Purchasers has agreed to purchase are as follow:
- (1) Och-Ziff Capital to purchase US\$27,500,000 Firm Bonds and US\$7,500,000 Additional Bonds
 - (2) Amaranth to purchase US\$15,000,000 Firm Bonds and US\$5,000,000 Additional Bonds
 - (3) Highbridge to purchase US\$12,500,000 Firm Bonds and US\$2,500,000 Additional Bonds

The Purchasers are investment funds which are professional institutional investors and are independent of and not connected with the Directors, chief executives and substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

Subject to conditions precedent as set out below, the Company agrees to issue and each Purchaser severally but not jointly agrees to subscribe and pay for the Firm Bonds and Additional Bonds on the First Closing Date and Second Closing Date respectively.

Conditions precedent of the Purchase Agreement

(A) Conditions precedent of the Firm Bonds:

Completion is conditional, amongst other things, on the following conditions precedent:

- (i) the Trust Deed and the Paying and Conversion Agency Agreement, in a form approved by the Trustee, have been executed by all parties thereto on or prior to the First Closing Date;
- (ii) (if so required by the laws of Bermuda) the approval of the Bermuda Monetary Authority for the issue of the Firm Bonds and the New Shares issuable on the conversion of the Firm Bonds has been obtained;
- (iii) the approval for the listing of the New Shares issuable on conversion of the Firm Bonds (subject to conditions satisfactory to the Purchasers) on the Stock Exchange shall have been obtained on or before the First Closing Date; and
- (iv) at the First Closing Date (a) the representations and warranties of the Company are true, accurate and correct in all respects at, and as if made on such date; (b) the Company has performed all of its obligations expressed to be performed on or before such date according to the Purchase Agreement; and (c) a form of compliance certificate confirming the aforementioned points (a) and (b) dated as of such date and duly signed by an authorised officer of the Company has been delivered to the Purchasers.

(B) Conditions precedent of the Additional Bonds:

Completion is conditional, amongst other things, on the following conditions precedent:

- (i) the Supplemental Trust Deed and the Supplemental Paying and Conversion Agency Agreement, each in a form approved by the Trustee, have been executed by all parties thereto on or prior to the Second Closing Date;
- (ii) (if so required by the laws of Bermuda) the approval of the Bermuda Monetary Authority for the issue of the Additional Bonds and the New Shares issuable on the conversion of the Additional Bonds has been obtained;
- (iii) the approval for the listing of the New Shares issuable on conversion of the Additional Bonds (subject to conditions satisfactory to the Purchasers) on the Stock Exchange shall have been obtained on or before the Second Closing Date;
- (iv) the Shareholders have approved the Share Issue Authority and the transactions contemplated under the Purchase Agreement;
- (v) at the Second Closing Date (a) the representations and warranties of the Company are true, accurate and correct in all respects at, and as if made on such date; (b) the Company has performed all of its obligations expressed to be performed on or before such date according to the Purchase Agreement; and (c) a form of compliance certificate confirming the aforementioned points (a) and (b) dated as of such date and duly signed by an authorised officer of the Company has been delivered to the Purchasers; and

- (vi) there shall not have been, in the opinion of the Purchasers, since the date of the Purchase Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls such as would in its view be likely to prejudice materially dealings in the Bonds in the secondary market.

If any of the conditions set forth above is not satisfied on or prior to each Closing Date, the parties to the Purchase Agreement shall be released and discharged from their respective obligations relating to the Bonds to be issued and subscribed on that date. The Purchasers may, at their discretion, waive compliance with the whole or any part of the conditions precedent. The Company will issue further announcement in the event that any of the conditions have been waived.

Principal terms of the Bonds

The terms of the Bonds have been negotiated on arm's length basis, the principal terms of which are summarized below:

(A) *Principal amount*

Firm Bonds: US\$55,000,000 in aggregate
Additional Bonds: US\$15,000,000 in aggregate

(B) *Maturity Date*

21 December 2010.

(C) *Conversion*

Bondholders have the right to convert their Bonds into Shares in whole or in part at any time on or after 15 February 2006 up to the close of business on 14 December 2010 or if such Bonds have been called for redemption before the Maturity Date, then up to the close of business on a date no later than seven Business Days prior to the date fixed for redemption thereof.

(D) *Conversion Price and reset*

The initial conversion price is HK\$1.36 per Share, representing a premium of approximately 25% of the average closing price of the Shares for the Reference Period. The conversion price will be subject to Other Conversion Adjustments and adjustments as detailed below:

- (a) the Conversion Price shall be adjusted downwards on each Reset Date to the Reset Reference Price if the applicable Reset Reference Price is less than the Conversion Price in effect on the relevant Reset Date (taking into account any Other Conversion Adjustments which may have occurred prior to the Reset Date); and
- (b) the Conversion Price applicable to each notice of conversion delivered by any Bondholders shall be the Floating Conversion Price if the Floating Conversion Price is less than the Conversion Price in effect on the Conversion Date (taking into account any adjustments as described in (a) above and Other Conversion Adjustments which may have occurred prior to the conversion date).

The Conversion Price as adjusted in the aforementioned manner shall be rounded upwards, if necessary, to the nearest Hong Kong cent, provided that:

- (i) any adjustment to the Conversion Price shall be limited such that the adjusted Conversion Price under paragraph D(a) above shall be not less than 70% of the Reference Price and the adjusted Conversion Price under paragraph D(b) above shall be not less than 60% of the Reference Price, subject in each case to any Other Conversion Adjustments;
- (ii) the Conversion Price shall not be reduced below the then par value (currently HK\$0.01 per Share) of the Shares unless under applicable law then in effect the Bonds could be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares; and
- (iii) for the avoidance of doubt, any such adjustment to the Conversion Price shall only be a downward adjustment.

The floor value of the Conversion Price and the Floating Conversion Price is both HK\$0.654 per Share.

(E) *Denomination*

US\$1,000 each without coupon attached

(F) *Redemption upon Maturity*

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 128.008% of its principal amount on the Maturity Date.

(G) *Redemption by the Company*

On or at any time after 21 December 2007 and prior to the Maturity Date, the Company may redeem all and not some only of the Bonds at a redemption price equal to the Early Redemption Amount (as defined below) on the redemption date, provided, however, that no such redemption may be made unless (i) both (a) the closing price of the Shares (translated into US\$ at the Prevailing Rate), for each of the 20 consecutive Trading Days immediately prior to the date upon which notice of such redemption is given, is at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio and (b) the closing price of the Shares for each of the 20 consecutive Trading Days immediately prior to the date upon which notice of such redemption is given, is at least 130% of the applicable Early Redemption Amount (translated into Hong Kong dollars at the Prevailing Rate) divided by the Conversion Ratio; or (ii) more than 90% principal amount of the Bonds has already been converted, redeemed or purchased and cancelled.

The “Early Redemption Amount” of a Bond, for each US\$1,000 principal amount of the Bonds, is determined so that it represents for the Bondholder a gross yield of 5% per annum, calculated on a semi-annual basis. As the Bonds are zero coupon bonds, the effective interest rate to be borne by the Company is also 5% per annum.

(H) *Redemption for Taxation Reasons*

At any time the Company may redeem all, and not some only, of the Bonds at a redemption price equal to the Early Redemption Amount on the redemption date in the event of certain changes in, or amendment to, the laws or regulations of Bermuda or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations.

(I) *Redemption for Delisting or Change of Control*

Following the occurrence of a Relevant Event (as defined below), the Bondholders will have the right at their option, to require the Company to redeem all or some only of their Bonds at their Early Redemption Amount.

A “Relevant Event” occurs when:

- (i) the Shares cease to be listed or admitted to trading on the Stock Exchange or any alternative stock exchange (as relevant); or
- (ii) when there is a “Change of Control”.

A “Change of Control” occurs when:

- (i) any Person or Persons acting together acquires Control of the Company if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on the Closing Date;
- (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity; or
- (iii) one or more Persons (other than any Person referred to in point (i) above) acquires the legal or beneficial ownership of all or substantially all of the Company’s issued share capital.

(J) *Redemption at the Option of the Bondholders*

On each Put Option Date, each Bondholder will have the right to require the Company to redeem all or some only of the Bonds at 110.381%, 115.969% and 121.840%, respectively, of their principal amount.

(K) *Limitation on incurring indebtedness*

The Company has undertaken to procure that its consolidated total debt shall not at any time exceed US\$125,000,000. In addition, the Company will be subject to certain restrictions on the incurring of indebtedness after the First Closing Date such as the maturity dates and the interests of new indebtedness and that the new indebtedness will rank pari passu with, or is subordinated to in rights of payment to, the Bonds.

(L) *Status*

The Bonds (when issued) will constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and will at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company shall at all times rank equally with all other present and future unconditional, unsecured and unsubordinated obligations of the Company other than those preferred by statute or applicable laws.

(M) *New Shares*

For illustrative purpose and assuming full conversion of the Bonds at the Initial Conversion Price, the Bonds will be convertible into approximately 399,072,058 New Shares, representing (i) approximately 12.1% of the issued share capital of the Company as at the date of the Purchase Agreement, and (ii) approximately 10.8% of issued share capital of the Company as at the date of the Purchase Agreement as enlarged by the allotment and issue of such New Shares.

The New Shares will rank pari passu in all respects with the Shares then in issue at the date of their allotment and issue including the right to attend or vote at any meetings of the Company.

(N) *General Mandate and Share Issue Authority*

The New Shares to be issued pursuant to conversion of the Firm Bonds will be allotted and issued under the General Mandate. As at 19 August 2005, being the date of passing of the Shareholders' resolution granting the General Mandate, the Company had in issue 3,308,628,417 Shares and accordingly the Company is allowed to issue up to 661,725,683 Shares under the General Mandate. The Directors confirm that there is sufficient available mandate in the event the Firm Bonds are to be presented for conversion using the floor value of the Conversion Price and the Floating Conversion Price.

The New Shares to be issued pursuant to conversion of the Additional Bonds will be, if approved by the Shareholders at the EGM, allotted and issued under Share Issue Authority.

(O) *Lock-ups*

The Company has undertaken to the Purchasers that, for a period from the date of the Purchase Agreement to the date 90 days after the Second Closing Date, neither it nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will without the prior written consent of each of the Purchasers (which consent shall not be unreasonably withheld or delayed), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise) save for Shares issued: (i) pursuant to the conversion provisions of the Bonds; or (ii) pursuant to obligation in existence at the date of the Purchase Agreement, which have been publicly disclosed by the Company; or (iii) pursuant to share options to be granted by the Company from time to time under its existing share option schemes; (iv) pursuant to the existing warrants issued by the Company in March 2005, and save for share options to be granted by the Company from time to time under its existing share option schemes.

Each of Road Shine, Goldreward.com and Perfect Deed, all being subsidiaries of the CITIC Group, and Uni-Tech, a company 99.5% indirectly-owned by Ms. Chen Xiao Ying, the Executive Vice-Chairman of the Company, together holding an aggregate of approximately 48.1% equity interest in the Company, undertakes (i) not to sell, pledge or otherwise dispose of any Shares or securities convertible into Shares or enter into other transactions with a similar effect for a period from the date of the Purchaser Agreement up to 90 days after the Second Closing Date; and (ii) to vote in favour of the resolution to be submitted to the EGM to approve the Share Issue Authority. The provision of such undertaking by each of Road Shine, Goldreward.com and Perfect Deed would fall under the requirement of Rule 13.18 of the Listing Rules.

PLACING COMMISSION

The Placing Agents will receive, in aggregate, a placing commission in the sum equal to 4.0% of the principal amount of the Bonds. The Directors consider that the placing commission is fair and reasonable, and negotiated on an arm's length basis.

USE OF PROCEEDS

The net proceeds from the Firm Bonds and Additional Bonds are estimated to be approximately US\$52.1 million and US\$14.3 million respectively. The Company presently intends to use the net proceeds from the issue of the Firm Bonds for additional capital expenditures of PIATS while those from the issue of Additional Bonds will be used as additional general working capital of the Group.

Pending the deployment of the net proceeds as aforesaid, the funds will be placed in short term deposits or money market instruments as the Directors see fit.

REASONS FOR THE ISSUE OF THE BONDS

The Directors consider that the issue of the Bonds is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding, and should the conversion rights attached to the Bonds be exercised, the shareholders' base of the Company will be enlarged.

The Directors consider that, among other things, the terms of the Purchase Agreement including the Initial Conversion Price, which were arrived at after arm's length negotiations between the Company, the Placing Agents and the Purchasers, are fair and reasonable and are in the interests of the Company and the Shareholders.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of the Purchase Agreement and immediately after full conversion of the Firm Bonds and Additional Bonds was and will be as follows:

(i) Assuming the Bonds are to be converted at HK\$1.36 per Share

Name of shareholder	As at the date of the Purchase Agreement		Assuming all Firm Bonds but no Additional Bonds are fully converted into Shares		Assuming both Firm Bonds and Additional Bonds are fully converted into Shares	
	No. of Shares	Approximate % to issued share capital of the Company	No. of Shares	Approximate % to issued share capital of the Company	No. of Shares	Approximate % to issued share capital of the Company
Uni-Tech	784,937,030	23.7	784,937,030	21.7	784,937,030	21.1
Road Shine	600,000,000	18.1	600,000,000	16.6	600,000,000	16.2
Goldreward.com	163,818,000	5.0	163,818,000	4.5	163,818,000	4.4
Perfect Deed	44,180,000	1.3	44,180,000	1.2	44,180,000	1.2
Bondholders	-	-	313,556,617	8.7	399,072,058	10.8
Public	1,715,693,387	51.9	1,715,693,387	47.3	1,715,693,387	46.3
	<u>3,308,628,417</u>	<u>100.0</u>	<u>3,622,185,034</u>	<u>100.0</u>	<u>3,707,700,475</u>	<u>100.0</u>

(ii) Assuming the Bonds are to be converted at the lowest conversion price of HK\$0.654 per Share (60% of the Reference Price)

Name of shareholder	As at the date of the Purchase Agreement		Assuming all Firm Bonds but no Additional Bonds are fully converted into Shares		Assuming both Firm Bonds and Additional Bonds are fully converted into Shares	
	No. of Shares	Approximate % to issued share capital of the Company	No. of Shares	Approximate % to issued share capital of the Company	No. of Shares	Approximate % to issued share capital of the Company
Uni-Tech	784,937,030	23.7	784,937,030	19.8	784,937,030	18.9
Road Shine	600,000,000	18.1	600,000,000	15.2	600,000,000	14.5
Goldreward.com	163,818,000	5.0	163,818,000	4.1	163,818,000	4.0
Perfect Deed	44,180,000	1.3	44,180,000	1.1	44,180,000	1.1
Bondholders	–	–	652,044,342	16.5	829,874,617	20.1
Public	1,715,693,387	51.9	1,715,693,387	43.3	1,715,693,387	41.4
	<u>3,308,628,417</u>	<u>100.0</u>	<u>3,960,672,759</u>	<u>100.0</u>	<u>4,138,503,034</u>	<u>100.0</u>

Notes:

1. Uni-Tech is wholly-owned by 21CN Corporation. 21CN Corporation is owned as to 99.5% by Pollon Internet Corporation, which is wholly-owned by Ms. Chen Xiao Ying, Executive Vice-Chairman of the Company.
2. CITIC Group is the beneficial substantial shareholder of Road Shine, Goldreward.com and Perfect Deed.

Should all Firm Bonds and Additional Bonds be converted at the floor price of either the Conversion Price or the Floating Conversion Price at HK\$0.654 per Share, Och-Ziff will own 10.05% of the then enlarged issued share capital of the Company and thus become a substantial shareholder of the Company.

APPLICATION FOR LISTING

No application has been or will be made for the listing of, or permission to deal in, the Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of and permission to deal in the New Shares.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has the following fund raising activities within the 12 months before the date of this announcement:

(i) Rights issue of warrants

	No. of warrants	Price per right HK\$	Funds raised HK\$
Rights issue of warrants	550,697,664	0.10	<u>55,069,766</u>

(ii) Exercise of share options and warrants

	Shares issued	Average exercise price <i>HK\$</i>	Shareholders' funds raised <i>HK\$</i>
Share options	19,580,668	0.36	7,119,935
Warrants	52,417	2.40	125,801
			<hr/> <u>7,245,736</u>

The total funds raised in the amount of approximately HK\$62,316,000 during the 12-month period before the date of this announcement have been or are intended to be used for capital expenditures and general working capital of the Group. RMB48,000,000 has been used as registered capital of QSIT while the rest is used as general working capital of the Company. Currently, there are over 2,000 customers which have entered into agreement to join PIATS.

GENERAL

The Company is an investment holding company. The principal activities of its subsidiaries, jointly-controlled entities and associate are as follows:

- (i) provision of telecommunication/information value-added services;
- (ii) operation of an exclusive network platform in the PRC for accessing China Electronic Customs' dedicated network for electronic customs processing and other electronic government services;
- (iii) operation of an exclusive platform PIATS for product authentication which in turn provides anti-counterfeit service, trans-shipment information service and other marketing-related services such as market research, promotion service and customer care, and logistic management service; and
- (iv) provision of system integration and software development.

A circular containing, among other matters, further information on the Additional Bonds and a notice of EGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirement of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares was suspended with effect from 9:30 a.m. on 14 December 2005. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 December 2005.

DEFINITIONS

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

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|--------------------|---|
| “Additional Bonds” | zero coupon bonds in the aggregate principal amount of US\$15,000,000 (with the same terms and conditions as the Firm Bonds) to be issued by the Company to the subscribers of the Firm Bonds |
| “AGM” | the annual general meeting of the Company held on 19 August 2005 |

“Amaranth”	Amaranth LLC
“associate(s)”	have the meanings ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Bonds from time to time
“Bonds”	Firm Bonds and/or Additional Bonds, as the case may be
“Business Day”	a day other than a Saturday or Sunday on which banks are open for business
“Closing Date(s)”	the First Closing Date and/or the Second Closing Date, as the case may be
“Company”	CITIC 21CN COMPANY LIMITED, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Control”	the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Conversion Price”	the price at which New Shares will be issued upon conversion of the Bonds
“Conversion Ratio”	the principal amount of each Bond translated into HK\$ at the Fixed Exchange Rate divided by the then applicable Conversion Price
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the issue of the Additional Bonds and the New Shares to be issued upon their conversions
“Firm Bonds”	zero coupon bonds in the aggregate principal amount of US\$55,000,000 to be issued by the Company, upon conversion of which the New Shares will be allotted and issued by the Directors under the General Mandate
“First Closing Date”	at 6:00 p.m. (Hong Kong time) on 21 December 2005 or such other date as the Company, the Settlement Agent and the Purchasers may agree
“Fixed Exchange Rate”	HK\$7.7534 = US\$1.00

“Floating Conversion Price”	in respect of each notice of conversion delivered by any Bondholders, means the arithmetic average of the Volume Weighted Average Price of the Shares for each day during the period of ten consecutive Trading Days immediately prior to the date of the conversion notice multiplied by 94%
“General Mandate”	the general mandate granted to the Board at the Company’s AGM to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM
“Goldreward.com”	Goldreward.com. Ltd.
“Group”	the Company and its subsidiaries
“Highbridge”	Highbridge International LLC and Highbridge Asia Opportunities L.P.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Conversion Price”	the initial conversion price of the Bonds, being HK\$1.36 per Share (subject to adjustments)
“Issue Date”	the date on which the Bonds are constituted by the Trust Deed
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	21 December 2010
“New Shares”	the new Shares to be issued by the Company upon the conversion of the Bonds
“Och-Ziff Capital”	OZ Master Fund, Ltd. and OZ Asia Master Fund, Ltd.
“Other Conversion Adjustments”	adjustments that have to be made due to consolidation or subdivisions or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues and other events which may have a diluting effect on Bondholders
“Paying and Conversion Agency Agreement”	a paying and conversion agency agreement to be dated the First Closing Date under which, among other things, the Company appoints paying agents to make payments of principal and premium (if any) on the Firm Bonds on its behalf
“Perfect Deed”	Perfect Deed Co. Ltd.

“Person”	any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Directors or any other governing board and does not include the Company’s wholly-owned direct or indirect subsidiaries
“PIATS”	product identification, authentication and tracking system operated by QSIT
“Placing Agents”	Merrill Lynch Far East Limited as the lead placing agent, and Goldbond Securities Limited as the co-lead placing agent, both are licensed corporations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	The People’s Republic of China
“Prevailing Rate”	the spot rate at which an independent bank of international repute, selected by the Company and approved in writing by the Trustee, sells US\$
“Private Placement Agency Agreement”	the agreement entered into between the Company and the Placing Agents on 14 December 2005 in connection with the placing of the Bonds to the Purchasers
“Purchasers”	the purchases of the Bonds procured by the Placing Agents, namely Och-Ziff Capital, Amaranth and Highbridge
“Purchase Agreement”	the bond purchase agreement entered into between the Company and the Purchasers on 14 December 2005 in respect of the purchase of the Bonds by the Purchasers
“Put Option Date”	each of the second, third and fourth anniversary of the Issue Date
“QSIT”	Quality Supervision Information Technology Co. Ltd., a 50%-owned jointly controlled entity of the Group
“Reset Date”	each of the first, second, third and fourth anniversary of the Issue Date
“Reference Price”	HK\$1.09, representing the arithmetic average of the Closing Price of the Shares for the Reference Period
“Reference Period”	the 30 Trading Days up to and including 13 December 2005, being the last Trading Day before the date of the Purchase Agreement

“Reset Reference Price”	in respect of each Reset Date, the arithmetic average of the Volume Weighted Average Price of the Shares for each day during the period of ten consecutive Trading Days immediately prior to the Reset Date multiplied by 125%
“Road Shine”	Road Shine Developments Limited
“Second Closing Date”	at 6:00 p.m. (Hong Kong time) on or about 2 February 2006 or such other date as the Company, the Settlement Agent and the Purchasers may agree
“Settlement Agent”	a settlement agent to be jointly appointed by the Company and each Purchaser in connection with the closing and the settlement of the Bonds through Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme
“Share(s)”	Share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share Issue Authority”	the authority to issue and allot such amount of New Shares deliverable upon conversion of the Additional Bonds to satisfy all the conversion rights of bondholders of the Additional Bonds pursuant to a Shareholders’ resolution to be proposed at the EGM
“Supplemental Paying and Conversion Agency Agreement”	a supplemental paying and conversion agency agreement to be dated the Second Closing Date under which, among other things, the Company appoints paying agents to make payments of principal and premium (if any) on the Additional Bonds on its behalf
“Supplemental Trust Deed”	the trust deed to be dated the Second Closing Date, constituting the Additional Bonds made between the Company and the Trustee
“Trading Day(s)”	means a day(s) which the Stock Exchange is open for dealing business
“Trust Deed”	the trust deed to be dated the First Closing Date, constituting the Firm Bonds made between the Company and the Trustee
“Trustee”	J.P. Morgan Corporate Trustee Services Limited
“Uni-Tech”	Uni-Tech International Group Limited

“Volume Weighted Average Price”	in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg screen 241 HK Equity VAP or such other source as shall be determined to be appropriate by an independent investment bank on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the volume weighted average price of a Share in respect of such Trading Day shall be the volume weighted average price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
CITIC 21CN COMPANY LIMITED
Chen Xiao Ying
Executive Vice Chairman

Hong Kong, 14 December 2005

As at the date of this announcement, the Board comprises nine directors, of which (i) six are executive directors, namely Mr. Wang Jun, Ms. Chen Xiao Ying, Mr. Luo Ning, Mr. Sun Yalei, Mr. Zhang Lian Yang and Ms. Xia Guilan; and (ii) three are independent non-executive directors, namely, Mr. Hui Ho Ming, Herbert, JP, Mr. Zhang Jian Ming and Mr. Liu Hongru.