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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)

- (1) PROPOSED ISSUE OF SUBSCRIPTION SHARES;**
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) RESIGNATION OF DIRECTORS;
AND
(4) RESUMPTION OF TRADING

THE SUBSCRIPTION

On 23 January 2014, the Company entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe in cash for an aggregate of 4,423,175,008 Subscription Shares at the Subscription Price of HK\$0.30 per Subscription Share.

The issue of the Subscription Shares will be subject to a specific mandate to be approved by the Independent Shareholders at the EGM by ordinary resolution.

None of the Subscriber nor any party acting in concert with it has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company during the six months prior to the date of this announcement, and none of them is interested in any issued Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement.

* For identification purposes only

WHITEWASH WAIVER

Immediately after Completion, the Subscriber (together with parties acting in concert with it) will in aggregate be interested in 4,423,175,008 Shares, representing approximately 118.97% of the issued share capital of the Company as at the date of this announcement and approximately 54.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll.

The Independent Board Committee will be formed to advise the Independent Shareholders in relation to the Subscription and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

RESIGNATION OF DIRECTORS

Pursuant to the Subscription Agreement, each of Mr. Wang Jun, Mr. Luo Ning, Mr. Sun Yalei, Mr. Zhang Lianyang and Ms. Xia Guilan, shall resign as a Director with effect from Completion, and five new executive Directors nominated by the Subscriber shall be appointed to the Board with effect from Completion.

GENERAL

A circular containing, among other things, details of the Subscription and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

The voting in relation to the Subscription and the Whitewash Waiver at the EGM will be conducted by way of a poll whereby Shareholders who are interested or involved in the Subscription and the Whitewash Waiver and their respective associates and parties acting in concert with each of them shall abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 16 January 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 January 2014.

Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval by the Independent Shareholders at the EGM for the Subscription and the Whitewash Waiver, and the granting of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

The Board is pleased to announce that the Subscription Agreement has been entered into. A summary of the Subscription Agreement is set out below.

SUBSCRIPTION AGREEMENT

Date: 23 January 2014

Parties

1. The Company as issuer;
2. The Subscriber as subscriber; and
3. Ms. Chen.

The Subscription

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for 4,423,175,008 Subscription Shares.

The Subscription Price is HK\$0.30 per Subscription Share. The aggregate consideration for the Subscription, being HK\$1,326,952,502, shall be payable by the Subscriber in cash on Completion.

The Subscription Price of HK\$0.30 per Subscription Share represents:

- (i) a discount of approximately 63.86% to the closing price of HK\$0.830 per Share as quoted on the Stock Exchange on 15 January 2014, being the Last Trading Day;
- (ii) a discount of approximately 61.83% to the average of the closing price per Share of approximately HK\$0.786 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iii) a discount of approximately 61.24% to the average of the closing price per Share of approximately HK\$0.774 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations among the Company and the Subscriber with reference to the strategic value and industry and operational expertise of the Subscriber and its Affiliates, the liquidity, and the financial performance of the Company. The Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver) consider that the terms of the Subscription are fair and reasonable and on normal commercial terms and the entering into of the Subscription Agreement is in the interests of the Shareholders as a whole.

Conditions of the Subscription

Completion is conditional upon satisfaction (or waiver) of the following conditions precedent:

- (a) The Company shall have obtained all necessary approvals for the Subscription as required under the Articles, applicable laws and the Listing Rules, including:
 - (i) the passing by the requisite majority of Shareholders or Independent Shareholders (as appropriate) at the EGM of all resolutions required under relevant laws and regulations, including pursuant to the Listing Rules and the Takeovers Code, in respect of, among other things, the specific mandate for the allotment and issue of the Subscription Shares and the Whitewash Waiver as well as the election of the Subscriber's nominees as executive Directors of the Company, effective upon Completion; and
 - (ii) the granting of the approval for the listing of, and permission to deal in the Subscription Shares by the Listing Committee of the Hong Kong Stock Exchange.
- (b) The Subscriber shall have completed its due diligence of the Group to its satisfaction within 45 Business Days after the date of the Subscription Agreement (or such later date as determined by the Subscriber at its sole discretion).
- (c) All executive Directors of the Company who are in office as of the date of the Subscription Agreement except for Ms. Chen shall have resigned from their positions as Directors with effect from the Completion Date.

- (d) CITIC 21CN Telecom, an indirect wholly-owned Subsidiary of the Company, shall have become directly wholly-owned by Joy Heaven, a wholly-owned Subsidiary of the Company, as an internal corporate restructuring step of the Group.
- (e) There shall not have been a Material Adverse Effect on the Group Companies prior to the Completion Date.
- (f) There shall not have been an injunction, interim or otherwise, having been granted in respect of the Company which would prohibit the Company from entering into and performing its obligations under the Subscription Agreement.
- (g) The Executive shall have granted the Whitewash Waiver to the Subscriber and parties acting in concert with it, any condition attached to the Whitewash Waiver being granted shall have been satisfied, and the Whitewash Waiver shall not have been revoked or withdrawn.

The Subscriber may at any time by notice in writing to the other parties waive any of the conditions set out in (b) – (e) above. The conditions set out in (a), (f) and (g) are not waivable by either party. Hence, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

Completion of Subscription

Completion will take place on the seventh Business Day following the Unconditional Date, or on such other date as the parties may agree.

If the conditions precedent set out above have not been satisfied or waived on or before the Longstop Date, the Subscriber may either (i) terminate the Subscription Agreement with immediate effect, by written notice to the other parties five Business Days after the Longstop Date; or (ii) at any time up to five Business Days after the Longstop Date, at its sole discretion, extend the Longstop Date to any period not more than 60 days after the Longstop Date by written notice to the other parties. If the conditions precedent set out above have not been satisfied or waived by such Extended Longstop Date, then the Subscription Agreement (other than certain provisions designated as surviving provisions) shall automatically terminate.

The Subscriber also has the right to terminate the Subscription Agreement, notwithstanding the above, if condition (b) above is not satisfied to its satisfaction within 45 Business Days after the date of the Subscription Agreement (or such later date as determined by the Subscriber in writing at its sole discretion), by notice in writing to the other parties (to be given within 10 Business Days following the 45th Business Day after the date of the Subscription Agreement or following the later date determined by the Subscriber).

In the event of termination of the Subscription Agreement, the parties shall be released and discharged from their respective obligations under the Subscription Agreement (without prejudice to the rights and/or obligations of any party in respect of any prior breach).

Ms. Chen's Lock-up Undertaking

Pursuant to the Subscription Agreement, Ms. Chen has undertaken to the Subscriber that, for a period of three years following Completion, she shall not, and she shall procure her Affiliates not to (without the prior consent of the Subscriber), directly or indirectly:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, the Ms. Chen Shares; or
- (b) enter into a swap or other arrangement that would have (i) the same economic consequences as subparagraph (a) above or (ii) the effect of transferring to another party any of the economic benefits of ownership of the Ms. Chen Shares, for the purpose of hedging her or any of her Affiliate's economic or beneficial ownership in, or holdings of, the Ms. Chen Shares.

SHAREHOLDERS

As at the date of this announcement, the relevant securities of the Company comprise (i) 3,717,869,631 ordinary shares of HK\$0.01 each and (ii) share options entitling the holders thereof subscribe for 31,600,000 Shares. The Company has no other outstanding securities convertible or exchangeable into the Shares. The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement and up to Completion):

	At the date of this announcement		Upon completion of Subscription	
	Number of Shares	%	Number of Shares	%
CITIC Group Corporation (<i>Note 1</i>)	807,998,000	21.73	807,998,000	9.92
Uni-Tech International Group Limited (<i>Note 2</i>)	784,937,030	21.11	784,937,030	9.64
The Subscriber and parties acting in concert with it (<i>Note 3</i>)	0	0	4,423,175,008	54.33
Other Public Shareholders	2,124,934,601	57.16	2,124,934,601	26.10
Total	3,717,869,631	100	8,141,044,639	100

Notes:

- (1) Road Shine Developments Limited, Goldreward.com Ltd. and Perfect Deed Co. Ltd. hold 600,000,000 shares, 163,818,000 shares and 44,180,000 shares, respectively, all of which are controlled by CITIC Group Corporation (previously known as "CITIC Group"), a state-owned investment company established in the PRC.
- (2) Uni-Tech International Group Limited is wholly-owned by 21CN Corporation. 21CN Corporation is owned as to 100% by Pollon Internet Corporation, which is wholly-owned by Ms. Chen.
- (3) Please refer to the paragraph headed "Information on the Subscriber" in this announcement.

RESIGNATION OF DIRECTORS

Pursuant to the Subscription Agreement, each of Mr. Wang Jun, Mr. Luo Ning, Mr. Sun Yalei, Mr. Zhang Lianyang and Ms. Xia Guilan shall resign as a Director with effect from Completion, and five new executive Directors nominated by the Subscriber shall be appointed to the Board with effect from Completion. Further announcement(s) will be made by the Company in this regard as and when appropriate. Details of the proposed changes to the composition of the Board and information regarding the proposed Directors will also be contained in the Circular.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company, and has Subsidiaries that are principally engaged in system integration and software development as well as telecom value added services and the drug PIATS business. The drug PIATS business provides authentication and product tracking and logistics information services for products sold in the PRC through the operation of PIATS, which in turn provides anti-forgery enhancement service, trans-shipment information service, market research, promotion service, customer care, logistics management, and other value added services, as well as recall and enforcement information services to relevant authorities in the PRC.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands and a (indirectly) wholly-owned subsidiary of Alibaba Holding, which is the controlling shareholder and ultimate beneficial owner of the Subscriber. Substantial shareholders (as defined in the Takeovers Code) of Alibaba Holding are SoftBank Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc. which (directly or indirectly) hold approximately 36% and 24%, respectively, of the shares in Alibaba Holding. Alibaba Group is a family of Internet-based businesses with a mission to make it easy for anyone to buy or sell goods and services anywhere in the world. Since its inception, it has developed leading businesses in consumer e-commerce, online payment, business-to-business marketplaces and cloud computing and has expanded into new areas such as mobile applications, mobile operating system and Internet TV. The group is focused on fostering the development of an open, collaborative and prosperous e-commerce ecosystem that benefits consumers, merchants and economic development. Alibaba Group currently employs more than 20,000 people around the world and has more than 70 offices in Greater China, Singapore, India, the United Kingdom and the United States.

It is contemplated that, prior to Completion, Yunfeng Fund II, L.P., through a wholly-owned subsidiary, will invest in the Subscriber and provide funding to the Subscriber. Yunfeng Fund II, L.P. is a Cayman Islands exempted limited partnership that primarily focuses on investments in the telecommunications, technology and media, consumer and retail and healthcare industries. Yunfeng Investment II, L.P. is the general partner of Yunfeng Fund II, L.P.. As a result, it is expected that, on Completion, the Subscriber will be indirectly owned as to 70.21% by Alibaba Group and as to 29.79% by Yunfeng Fund II, L.P.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are parties independent of the Company and the connected persons (as defined under the Listing Rules) of the Company.

As at the date of this announcement, save for the Subscription, (i) the Subscriber and parties acting in concert with it do not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; (ii) the Subscriber and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; (iii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber, which might be material to the Subscription and the Whitewash Waiver, with any other persons; (iv) there is no agreement or arrangement to which the Subscriber or any party acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and the Whitewash Waiver; and (v) none of the Subscriber or any party acting in concert with it have received any irrevocable commitment to vote for or against the Subscription or the Whitewash Waiver.

Except for the entering into of the Subscription Agreement, none of the Subscriber and parties acting in concert with it, including Yunfeng Fund II, L.P., has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of this announcement.

FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

The Subscriber intends to continue the existing business of the Group and to leverage on the experience and expertise of the Subscriber (and its Affiliates) to diversify the Group's business. Building on Alibaba Group's experience and service offerings in the areas of cloud computing, data processing and E-business platforms, the intention is for the Group to further develop and expand its domestic drug data platform as well as to develop a data standard for medical and health care products. This may involve the possible injection of certain complimentary businesses by the Subscriber (or its Affiliates) into the Company, or other forms of cooperation between the Group and the Subscriber (or its Affiliates). As at the date of this announcement, no definitive proposals, terms or timetable have been determined for any such possible future transaction or arrangement and, at this stage, the Company and the Subscriber have only held exploratory discussions. No agreements for any such possible future transactions or arrangements have been entered into. The Company will comply with all applicable requirements of the Listing Rules and/or the Takeovers Code as and when appropriate.

REASONS FOR THE SUBSCRIPTION

The Directors are of the view that the Subscription represents a valuable opportunity for the Group to bring in a solid strategic corporate investor which has extensive experience, strong expertise and a wide business network in the industry. The Directors consider that entering into the Subscription Agreement represents a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial position and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunity as and when it arises. The Directors are confident that the Subscriber will bring in additional resources and investment opportunities to the Company which are beneficial to the Company and the Shareholders as a whole. The Directors (excluding the members of the Independent Board Committee, who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver) are therefore of the view that the Subscription is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Share Subscription would amount to HK\$1,326,952,502. The net proceeds, after taken into account the estimated expenses in relation to the Share Subscription, would be approximately HK\$1,324.0 million, representing a net price of approximately HK\$0.299 per Subscription Share. It is expected that such proceeds will be utilized by the Group to fund future expansion and/or acquisition opportunities.

NO FUND RAISING EXERCISE FOR THE PAST 12 MONTHS

Save for the Share Subscription, the Company did not undertake any equity fund raising exercise in the past 12 months immediately prior to the date of this announcement.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Immediately after Completion, the Subscriber (together with parties acting in concert with it) will in aggregate be interested in 4,423,175,008 Shares, representing approximately 118.97% of the issued share capital of the Company as at the date of this announcement and approximately 54.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and any parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

If the Whitewash Waiver is approved by the Independent Shareholders, the aggregate shareholding of the Subscriber and parties acting in concert with it in the Company will exceed 50%. The Subscriber and parties acting in concert with it may further increase their shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

GENERAL

The Independent Board Committee will be formed to advise the Independent Shareholders in relation to the Subscription and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the execution, delivery and performance of the Subscription Agreement; (ii) the allotment and issue of the Subscription Shares in accordance with the Subscription Agreement; and (iii) the Whitewash Waiver. The voting in relation to the Subscription Agreement and the Whitewash Waiver at the EGM will be conducted by way of a poll whereby the Subscriber and each of their associates and other Shareholders who are interested or involved in the Subscription and the Whitewash Waiver shall abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver. The Subscriber and parties acting in concert with it do not currently hold any Shares and accordingly will not vote on any of the resolutions at the EGM. Ms. Chen, who is a party to the Subscription Agreement, and each of her associates, including Uni-Tech International Group Limited, will abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

A circular containing, among other things, details of the Subscription and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver and the notice of EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on 16 January 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 January 2014.

DEFINITIONS

“Affiliate”	in respect of any specified person, means any other person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified person
“Alibaba Group”	A group of companies comprising Alibaba Holding and its Subsidiaries, details of which are set out in the section headed “Information on the Subscriber” of this announcement
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands
“Articles”	the Company’s articles of association from time to time
“Board”	the board of directors of the Company
“Business Day”	means a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong) on which commercial banks are open for business in the city in which the specified office of the registrar is located and in Hong Kong and the PRC
“Circular”	the circular to be issued by the Company in relation to the Subscription Agreement, the Whitewash Waiver, the proposed changes to the composition of the Board, together with notice of the EGM, and to be despatched to the Shareholders
“CITIC 21CN Telecom”	CITIC 21CN Telecom Company Limited, an indirect wholly owned Subsidiary of the Company, incorporated in Hong Kong
“Company”	CITIC 21CN Company Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date of Completion, which shall be the seventh Business Day after the Unconditional Date, or on such other date as the parties may agree
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules

“Control” means in relation to an undertaking:

- (a) the power to direct the exercise of a majority of the voting rights capable of being exercised at a general meeting of that undertaking;
- (b) the right to appoint or remove a majority of the board of directors (or corresponding officers) of that undertaking; or
- (c) the right to exercise a dominant influence over that undertaking by virtue of provisions contained in its constitutional documents or under a control contract or otherwise.

In each case either directly or indirectly and Controlled and Controlling shall be construed accordingly

“Directors” members of the board of directors of the Company

“EGM” the extraordinary general meeting of the Company to be held to approve, among other things, the Subscription and the Whitewash Waiver

“Executive” the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director

“Extended Longstop Date” a new extended Longstop Date that the Subscriber may determine after the passing of the Longstop Date, provided that such date is not more than 60 days after the Longstop Date

“Group” the Company and each of its Subsidiaries from time to time, together with 中信國檢信息技術有限公司 (CITIC Credit Information Technology Co., Ltd**), a company 50%-owned by the Company, incorporated in the PRC, 北京鴻聯九五信息產業有限公司 (Beijing Honglian 95 Information Industries Company Limited**), a PRC incorporated joint venture which is 49%-owned by the Company and 東方口岸科技有限公司 (Dongfang Customs Technology Company Limited**), a PRC incorporated joint venture which is 30%-owned by the Company

“Group Company” a member of the Group from time to time

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee, expected to comprise all the non-executive Directors, namely Dr. Hui Ho Ming, Herbert, JP, Mr. Zhang Jianming and Dr. Long Junsheng, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver
“Independent Shareholders”	shareholders other than the Subscriber, its associates and the parties acting in concert with it and other Shareholders, including Ms. Chen and her associates (including Uni-Tech International Group Limited), who are interested or involved in the Subscription and the Whitewash Waiver
“Joy Heaven”	Joy Heaven Incorporated, a wholly-owned Subsidiary of the Company, incorporated in the British Virgin Islands
“Last Trading Day”	15 January 2014, being the last trading day before the entering into of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longstop Date”	31 March 2014
“Material Adverse Effect”	<p>any event, circumstance or effect or any combination of them which is, or which could objectively reasonably be expected to be, materially adverse to (i) the business, operations, business results or financial condition of the Group taken as a whole or to (ii) the ability of the Company to perform its obligations under the Subscription Agreement, excluding in any such case, any event, circumstance or effect resulting from the following or any combination of the following:</p> <ul style="list-style-type: none"> (a) performance of obligations under, or compliance with, the terms and conditions of the Subscription Agreement; or (b) pandemics, earthquakes, hurricanes, tornadoes or other natural disasters, or fire, war, riot, terrorism or similar force majeure events, provided that any such events do not disproportionately and substantially affect the Group in any material respect
“Ms. Chen”	Chen Xiao Ying, who is an executive director of the Company

“Ms. Chen Shares”	the 784,937,030 Shares held by Uni-Tech International Group Limited (representing approximately 21.11% of the issued share capital of the Company) which is a wholly-owned subsidiary of 21 CN Corporation which, in turn, is a wholly-owned subsidiary of Pollon Internet Corporation, a company wholly-owned by Ms. Chen
“Parties”	the Company, the Subscriber and Ms. Chen
“PIATS”	Product Identification, Authentication, Tracking System
“PRC”	the People’s Republic of China
“SFO”	the Hong Kong Securities and Futures Ordinance
“Share(s)”	ordinary shares with a par value of HK\$0.01 each in the capital of the Company (which include ordinary shares of the Company listed on the Stock Exchange) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Perfect Advance Holding Limited, an (indirectly) wholly-owned subsidiary of Alibaba Holding, incorporated in the British Virgin Islands
“Subscription”	the subscription for the Subscription Shares subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 January 2014 and entered into between the Company, Ms. Chen and the Subscriber
“Subscription Price”	the share subscription price of HK\$0.30 per Subscription Share of the subscription for the Subscription Shares by the Subscriber
“Subscription Shares”	subject to the fulfilment of the conditions precedent and the terms of the Subscription Agreement, 4,423,175,008 newly issued Shares to be subscribed by the Subscriber at Completion

“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) 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 applicable generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unconditional Date”	the date on which all the conditions to Completion have been satisfied (or waived) in accordance with the Subscription Agreement
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the issue of the Subscription Shares to the Subscriber upon Completion

** *For identification purpose only*

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

Hong Kong, 23 January 2014

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 Lianyang and Ms. Xia Guilan; and (ii) three are independent non-executive directors, namely Dr. Hui Ho Ming, Herbert, JP, Mr. Zhang Jianming and Dr. Long Junsheng.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Subscriber) contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The directors of the Subscriber, namely, Wei WU, Timothy Alexander STEINERT, and YEN Ping Ching, Samuel, jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The directors of Alibaba Group Holding Limited, namely, Yun MA, Joseph Chung TSAI, Masayoshi SON and Jacqueline D. RESES, jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.