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If you have sold or transferred all your shares in CITIC 21CN COMPANY LIMITED, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

DISCLOSEABLE TRANSACTION

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DEFINITIONS

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

“AQSIQ”	中華人民共和國國家質量監督檢驗檢疫總局 (General Administration of Quality Supervision, Inspection and Quarantine of the PRC*)
“Board”	the board of Directors
“CCIT”	中信國檢信息技術有限公司 (China Credit Information Technology Co. Ltd.* formerly identified as QSIT*, or Quality Supervision Information Technology Co. Ltd.*), a company established in the PRC and a 50%-owned jointly-controlled entity of the Group. The remaining 30% and 20% equity interests of the company are owned by Information Centre of AQSIQ and China Huaxin Telecom respectively, which are third parties independent of the Group and not a connected person (within the meaning under the Listing Rules) of the Group
“China Huaxin Telecom”	中國華信郵電經濟開發中心 (China Huaxin Telecom Economic Development Centre*), a wholly-owned subsidiary of China Telecom
“China Telecom”	中國電信集團公司 (China Telecommunications Corporation*)
“CITIC 21CN Telecom”	CITIC 21CN Telecom Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“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
“Convertible Bonds”	US\$70,000,000 zero coupon convertible bonds due 2010 issued by the Company as detailed in its circular dated 23 December 2005
“Directors”	the directors of the Company
“Goldreward.com”	Goldreward.com Ltd.
“Group”	the Company and its subsidiaries

* For identification purposes only

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 20 January 2005 in relation to the formation of CCIT
“Latest Practicable Date”	5 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	US\$6,900,000 loan as stated in the Loan Agreement and the Supplemental Loan Agreement
“Loan Agreement”	the loan agreement dated 3 March 2006 entered into between CITIC 21CN Telecom and CCIT in relation to the provision of a non-interest bearing loan of US\$6,900,000 from CITIC 21CN Telecom to CCIT as referred to in the Company’s announcement dated 6 March 2006
“MOC”	中華人民共和國商務部 (Ministry of Commerce*)
“Percentage Ratios”	the ratios under Rule 14.07 of the Listing Rules
“Perfect Deed”	Perfect Deed Co. Ltd.
“PIATS”	product identification, authentication and tracking system operated by CCIT
“PRC”	The People’s Republic of China
“Renewal Loan”	being the renewal of the non-interest bearing Loan for a term of three years ending 23 March 2011 interest-free as stated in the Renewal Loan Agreement
“Renewal Loan Agreement”	the renewal loan agreement dated 22 May 2008 entered into between CITIC 21CN Telecom and CCIT in relation to renewal of the non-interest bearing Loan for a term of three years ending 23 March 2011
“Road Shine”	Road Shine Developments Limited

* For identification purposes only

DEFINITIONS

“SAFE”	中華人民共和國國家外匯管理局 (State Administration of Foreign Exchange*)
“SAIC”	中華人民共和國國家工商管理總局 (State Administration for Industry and Commerce*)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the supplemental loan agreement dated 3 March 2006 entered into between CITIC 21CN Telecom and CCIT in relation to the provision of a loan of US\$6,900,000 from CITIC 21CN Telecom to CCIT as referred to in the Company’s announcement dated 6 March 2006
“Uni-Tech”	Uni-Tech International Group Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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CITIC 21CN
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(incorporated in Bermuda with limited liability)
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Board of Directors

Executive Directors

Mr. Wang Jun (*Chairman*)

Ms. Chen Xiao Ying (*Executive Vice Chairman*)

Mr. Luo Ning (*Vice Chairman*)

Mr. Sun Yalei

Mr. Zhang Lian Yang

Ms. Xia Guilan

Independent Non-executive Directors

Mr. Hui Ho Ming, Herbert, JP

Mr. Zhang Jian Ming

Mr. Liu Hongru

Registered Office

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Head Office and Principal Place
of Business in Hong Kong*

Units 614-616

Level 6, Core D

Cyberport 3

100 Cyberport Road

Hong Kong

11 June 2008

*To the Shareholders and, for information only,
the holders of the Convertible Bonds*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 22 May 2008, the Company announced that CITIC 21CN Telecom entered into the Renewal Loan Agreement with CCIT.

As the Renewal Loan amount of US\$6,900,000 exceeds 5% but less than 25% of the relevant Percentage Ratios, the Renewal Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further information relating to the Renewal Loan Agreement and other information of the Group.

* For identification purposes only

LETTER FROM THE BOARD

THE RENEWAL LOAN AGREEMENT

Date

22 May 2008

Parties

Lender : CITIC 21CN Telecom

Borrower : CCIT

Loan amount

US\$6,900,000

Term and interest rate of Renewal Loan

Based on the Loan Agreement and Supplemental Loan Agreement, CITIC 21CN Telecom provided the Loan for a term of 2 years (with effect from 23 March 2006 to 23 March 2008), non-interest bearing, to CCIT. The term of the Loan is extended for a period of three years ending 23 March 2011, non-interest bearing pursuant to the Renewal Loan Agreement.

All other terms remain the same as stated in the Loan Agreement and Supplemental Loan Agreement.

The Renewal Loan Agreement will be registered with the Beijing Office of the SAFE.

REASONS FOR ENTERING INTO THE RENEWAL LOAN AGREEMENT

On 3 March 2006, CITIC 21CN Telecom entered into the Loan Agreement and Supplemental Loan Agreement to finance the development of PIATS as referred to in the Company's announcement dated 6 March 2006. CCIT has been developing the PIATS platform with the proceeds of the Loan. On 3 December 2007, the Company issued an announcement in relation to AQSIQ's, MOC's and SAIC's jointly issued "Notice on Implementation of PIATS in accordance with <The Special Regulations of the State Council on Strengthening the Supervision and Monitoring of Safety of Food and Other Products>" ("Notice"), which requires manufacturers of 69 types of key products in 9 industries which require manufacturing permits and the China Compulsory Product Certification to mandatorily join PIATS and include the PIATS barcode on the product package as a measure to enhance the supervision and monitoring of product quality and food safety for products manufactured in the PRC. Recently, CCIT has experienced positive effects from the issue of the Notice and the sign up of manufacturers of the 69 key products.

LETTER FROM THE BOARD

Information Centre of ACSIQ and China Huaxin Telecom, being the other shareholders of CCIT, will not be providing financing to CCIT at the same time as mutually agreed among the Group, Information Centre of ACSIQ and China Huaxin Telecom. Pursuant to the JV Agreement and as stated in the circular of the Company dated 8 February 2005, the Group, Information Centre of ACSIQ and China Huaxin Telecom have different roles in the business development of CCIT. The Group is under the obligation, among other matters, to lead in the development of CCIT's business model and the development strategy and to assist CCIT to raise financing. Information Centre of ACSIQ is under the obligation, among other matters, to provide consultation on industry policy and business direction and support the development of CCIT. China Huaxin Telecom is under the obligation, among other matters, to coordinate with China Telecom to provide CCIT with quality and preferential telecommunication services and to collect fees on behalf of CCIT. Accordingly, it is the mutual understanding among the shareholders of CCIT that the Group assumes the role as a leader and financing partner for CCIT, including but not limited to, raising or arranging loans to CCIT from independent third parties and/or the Group. Having considered other available financing alternatives available to CCIT, the Directors consider that the provision of the Loan is the most effective and efficient financing method through which CCIT, the 50%-owned jointly controlled entity of the Group, can quickly obtain the required funding to develop its PIATS business. As such, the provision of the Loan by the Group to CCIT is in accordance with the spirit of the JV Agreement though it is not explicitly stated in it. Also, as mentioned in the Company's circular dated 23 December 2005, the Company issued zero-coupon convertible bonds of US\$70,000,000 principally for the capital expenditures and working capital of the PIATS business. The provision of the Loan is financed by the proceeds from such issue of the zero-coupon convertible bonds. Therefore, the provision of the Loan to CCIT is in line with the use of the proceeds of the zero-coupon convertible bonds as previously announced. In addition, the Group is the single largest shareholder of CCIT and CCIT is accounted for as a jointly-controlled entity of the Group. Therefore, although the Loan has no interest and unsecured, the Directors consider that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF ENTERING INTO THE RENEWAL LOAN AGREEMENT

The provision of the Loan will both decrease the Group's cash and bank balance and increase the Group's non-current loan receivable by US\$3,450,000, being half of the Loan amount of US\$6,900,000, in the consolidated financial statements of the Group. CCIT is a 50%-owned jointly-controlled entity of the Group and the financial performance of CCIT is accounted for using the proportionate consolidation method under which the share of individual assets and liabilities, income and expenses and cash flows of CCIT attributable to the Group are included in the relevant components of the consolidated financial statements of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP AND CCIT

The Company is an investment holding company. CITIC 21CN Telecom is principally engaged in system integration and software development. CCIT is principally engaged in the PIATS which includes authentication service and tracking service 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, logistic management, and other value added services.

GENERAL

As the Renewal Loan amount of US\$6,900,000 exceeds 5% but less than 25% of the relevant Percentage Ratios, the provision of the Renewal Loan from CITIC 21CN Telecom to CCIT constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
CITIC 21CN COMPANY LIMITED
CHEN Xiao Ying
Executive Vice Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and that there are no other facts the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

	Number of Shares/underlying shares held			Approximate percentage of the issued share capital as at the Latest Practicable Date
	Share (Corporate interest)	Share options (Personal interest) ⁽²⁾	Aggregate interests	
Mr. Wang Jun	–	30,000,000	30,000,000	0.81
Ms. Chen Xiao Ying	784,937,030 ⁽¹⁾	90,000,000	874,937,030	23.53
Mr. Luo Ning	–	10,000,000	10,000,000	0.27
Mr. Sun Yalei	–	10,000,000	10,000,000	0.27
Mr. Zhang Lian Yang	–	15,000,000	15,000,000	0.40
	<u>784,937,030</u>	<u>155,000,000</u>	<u>939,937,030</u>	<u>25.28</u>

Notes:

- (1) The interest in these Shares and underlying shares of the Company were held by Uni-Tech, a wholly-owned subsidiary of 21CN Corporation. 21CN Corporation is owned as to 99.5% by Pollon Internet Corporation, a company wholly-owned by Ms. Chen Xiao Ying, Executive Vice Chairman of the Company.
- (2) Particulars of interests of the Directors in the share options of the Company are set out in the interim report of the Company dated 18 December 2007.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (save as disclosed in the paragraph headed "Directors" above), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provision of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

– Long position in Shares

Name	Nature of interest	Number of Shares held (note (c))	Personal interest in share options	Total interest in Shares/ underlying shares	Approximate percentage of the issued share capital as at the Latest Practicable Date
Uni-Tech (note (a))	Beneficial owner	784,937,030	–	784,937,030	21.11
21CN Corporation (note (a))	Interest of controlled corporation	784,937,030	–	784,937,030	21.11
Pollon Internet Corporation (note (a))	Interest of controlled corporation	784,937,030	–	784,937,030	21.11
Ms. Chen Xiao Ying (note (a))	Interest of controlled corporation	784,937,030	90,000,000	874,937,030	23.53
CITIC Group (note (b))	Interest of controlled corporation	807,998,000	–	807,998,000	21.73

Notes:

- (a) Uni-Tech is a wholly-owned subsidiary of 21CN Corporation. 21CN Corporation is owned as to 99.5% by Pollon Internet Corporation, a company wholly-owned by Ms. Chen Xiao Ying, Executive Vice Chairman of the Company.
 - (b) The interest in these Shares and underlying shares of the Company were held by Road Shine as to 600,000,000 Shares, Goldreward.com as to 163,818,000 Shares and Perfect Deed as to 44,180,000 Shares, all of which are controlled by CITIC Group.
- *Long position in shares of other members of the Group*

The party, other than members of the Group, directly or indirectly, having 10% or more interests in the subsidiaries of the Company as at the Latest Practicable Date was as follows:

Name of substantial shareholder	Name of subsidiary	Approximate percentage of total issued share capital of the subsidiary
Tam Po Ki	Cattsoft Technology Company Limited	30% (long position)

Saved as disclosed above, the Directors are not aware of any other person (other than a Director or chief executive of the Company) who had an interest (including options and warrants) or short position, directly or indirectly, in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more or the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (other than contracts expiring or determinable by any member of Group within one year without payment of compensation, other than statutory compensation).

4. LITIGATION

The Company received a claim from a former employee in the Hong Kong Labour Tribunal which was in turn transferred to the Hong Kong High Court for damages arising from the Company's non-recognition of titles to 8,000,000 share options to subscribe for shares in the share capital of the Company in accordance with the alleged share options granted to the former employee under the share option scheme adopted by the Company dated 28 May 1998. The Company has consulted its lawyer and the lawyer has opined that the amount that can be claimed by the former employee would not exceed HK\$3,133,000 and that the Company has a reasonable prospect of a successful defense. Accordingly, no provision in connection with the legal claim has been made in the consolidated financial statements of the Group.

As at the Latest Practicable Date, other than disclosed as above, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS AND COMPETING BUSINESS

- (a) No contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries or its holding companies were a party and in which a Director had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.
- (b) None of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published interim report of the Company as at 30 September 2007 were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.
- (c) As at the Latest Practicable Date, none of the Directors and their respective associates had any beneficial interest in a business which compete or may compete with the business of the Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is Units 614-616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong.
- (b) The secretary of the Company is Mr. Yee Foo Hei who is an associate member of the Hong Kong Institute of Chartered Secretaries and a fellow member of The Association of Chartered Certified Accountants in U.K..

- (c) The qualified accountant of the Company is Mr. Hui Man Chun who is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.
- (d) The principal registrar is Reid Management Limited, Argyle House, 41A Cedar Avenue, Hamilton HM 12, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.