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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)

DISCLOSEABLE TRANSACTION

On 22 May 2008, 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 Company will despatch a circular containing further details of the Renewal Loan Agreement as soon as practicable.

THE RENEWAL LOAN AGREEMENT

Date

22 May 2008

Parties

Lender : CITIC 21CN Telecom
Borrower : CCIT

Renewal 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.

* For identification purposes only

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

REASON 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.

Information Centre of AQSIQ 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 AQSIQ 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 AQSIQ 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 AQSIQ 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. And 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.

GENERAL

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 and tracking 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, logistic management, and other value added services.

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.

The Company will despatch a circular containing further details of the Renewal Loan Agreement as soon as practicable.

DEFINITIONS

“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Loan”	US\$6,900,000 non-interest bearing 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“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行政管理總局 (State Administration for Industry and Commerce*)
“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
“RMB”	Renminbi, the lawful currency of the PRC

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 22 May 2008

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.