

CITIC 21CN COMPANY LIMITED
中信 21 世紀 有 限 公 司

[Press Release]

**CITIC 21CN Reports Encouraging Turnaround in FY2004-2005;
Net Profit Reached HK\$25.42 Million**

(4 July 2005, Hong Kong) **CITIC 21CN COMPANY LIMITED** (Stock Code: 241, “CITIC 21CN” or “the Group”) today announced its annual results for the year ended 31 March 2005.

During the period under review, the Group’s turnover increased by 52% from HK\$163.95 million last year to approximately HK\$249.06 million. Gross profit increased from HK\$27.09 million to approximately HK\$102.06 million, an increase of 277% compared to last year. The Group’s results turned around from a loss of HK\$2.04 million last year to a profit of HK\$25.42 million. Basic earnings per share were HK0.77 cents. The Directors do not recommend the payment of final dividend. The significant increase in turnover is mainly due to the full year contribution from Beijing Honglian 95 Information Industries Company Limited (“HL95”), which the Group holds 49% equity interest.

Consolidating Leading Position in Integrated Telecom VAS in Mainland China

Commenting on the results, Ms Chen Xiao Ying, Executive Vice Chairman of CITIC 21CN, said, “We are the first telecom company in Hong Kong to obtain full qualification from both Hong Kong and Beijing to invest in and operate telecommunication value-added services (“Telecom VAS”) in China nationwide under the Closer Economic Partnership Arrangement (CEPA). The encouraging results of HL95 have also confirmed our leading position and expertise in the Telecom VAS industry.”

Turnover of HL95 for the year ended 2004/2005 was HK\$403.31 million (for the period from 11 February to 31 March 2004: HK\$55.52 million), and the Group’s share of turnover was HK\$189.77 million. Contribution to turnover comprised about 38% from Interactive Voice Response Systems (IVRS), 34% from Short Messaging Services (SMS), 14% from call centres, 12% from IP phone and 2% from other operations.

Net profit of HL95 for the year ended 2004/2005 was HK\$35.85 million (for the period from 11 February to 31 March 2004: HK\$4.67 million), for the current year, HL95 expanded its product range to include Telecom VAS services that contribute higher profit margin such as Information Processing Centre, a call centre in Beijing. The Group’s share of net profit for the financial year amounted to approximately HK\$17 million.

At present, the businesses of HL95 cover more than 300 cities nationwide, providing services through IVRS, SMS, call centers, IP phone, etc. and retains an enormous client base. HL95’s competitive advantages and outstanding track record will help the Group to expand its business scope in Telecom VAS and further consolidate its leading role in the Telecom VAS market.

Establishment of Government Applications Platforms

The acquisition of 30% equity interest in Dongfang Customs Technology Company Limited (“Dongfang Customs Technology”) was completed on 31 March 2005, therefore its results

have not been included in the Group's results for the year ended 31 March 2005. Dongfang Customs Technology results will be reflected in the Group's results for year ending 31 March 2006.

Dongfang Customs Technology operates the network platform for accessing the China Electronic Customs dedicated network, offering electronic customs processing and other government services as well as electronic commerce transactional platform. As at 31 March 2005, the number of customers of Dongfang Customs Technology reached about 200,000, representing a 50% growth over last year. CITIC 21CN is optimistic that Dongfang Customs Technology will continue to grow and contribute considerable returns to the Group since there is no other operator for electronic customs processing and clearance in China.

Earlier this year, the Group established CITIC Quality Supervision Information Technology Co. Ltd. ("CITIC QSIT"), which is a joint-venture company established by CITIC 21CN, Information Centre of the General Administration of Quality Supervision, Inspection and Quarantine of the PRC ("AQSIQ") and China Telecom. The Quality Supervision Platform ("QSP"), established and operated by CITIC QSIT, is the only product authentication platform in China partnering with government authority. The objective for the formation of CITIC QSIT is to provide a system to identify, authenticate and check products manufactured in the PRC through the operation of QSP in order to reduce the impact of forged products and provide logistic and supply chain management. QSP will pragmatically protect the reputation of China-made products, safeguard the legal rights of international brands in China and effectively protect consumers' interests. The commercial launch of the services of QSP is expected to begin in second half of 2005.

Prospects

The Group plans to further develop its businesses to include digital television broadcasting in the PRC. In order to participate China's project to digitalize all television broadcasting in China by 2010, the Group has entered into a MOU with Hebei Board of Radio and Television to establish a joint-venture to exclusively engage in the development of digital television in Hebei Province. The Group also plans to expand the scope of such business to other provinces to increase the Group's market share of digital television market in the PRC.

Looking ahead, Ms Chen is optimistic about the business prospects. "The Company is strongly positioned in Mainland China as a major Telecom VAS player, and is developing diversified Telecom VAS including Telecom VAS platforms for government, business and general public use. The Group is also experienced in the industry, where huge growth potential exists. The management is confident that the Group will continue to generate excellent returns for shareholders," Ms Chen said.

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CITIC 21CN COMPANY LIMITED

CITIC 21CN COMPANY LIMITED (Stock Code: 241, "CITIC 21CN") is a member of the CITIC Group, a leading Chinese multinational. CITIC 21CN is one of the largest providers of integrated Telecom VAS in China, offering transactional platforms and services nationwide through multiple channels.

This press release is issued by PR Concepts Co. Ltd for and on behalf of CITIC 21CN Company Limited. For further enquiries, please contact:

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