

To: Business Editor (For immediate release)

CITIC 21CN

中信 21世紀

(STOCK CODE: 241)

ANNOUNCES ITS FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

TURNOVER UP 62.0% TO HK\$403,545,000

GROSS PROFIT UP 80.3% TO HK\$184,063,000

PROFIT BEFORE INTEREST, TAXES, DEPRECIATION, AMORTIZATION and before one-off expenses for the convertible bonds and start up expenses, and non-cash expenses resulting from new accounting standards to use fair values to account for the convertible bonds, loan receivable and share options

(and retrospective share option expense booked in previous year)

UP 215.5% TO HK\$79,438,000

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS before one-off expenses for the convertible bonds and start up expenses, and non-cash expenses resulting from new accounting standards to use fair values to account for the convertible bonds, loan receivable and share options

(and retrospective share option expense booked in previous year)

UP 795.3% TO HK\$55,552,000

Financial Highlights	For the year ended 31 March (HK\$'000)		
	2006	2005	Change
Turnover	403,545	249,058	+62.0%
Gross profit (Gross margin)	184,063(45.6%)	102,059(41.0%)	+80.3%
Share of profit of an associate	9,725	-	N/A
Profit before interest, taxes, depreciation and amortization	33,039	17,216	+91.9%
Profit before interest, taxes, depreciation, amortization and before one-off expenses for the convertible bonds and start up expenses, and non-cash expenses resulting from new accounting standards to use fair values to account for the convertible bonds, loan receivable and share options (and retrospective share option expense booked in previous year)	79,438	25,176	+215.5%
Net profit (loss) attributable to shareholders (Net margin)	9,153(2.3%)	(1,755)(N/A)	N/A

Net profit attributable to shareholders before one-off expenses for convertible bonds and start up expenses, and non-cash expenses resulting from new accounting standards to use fair values to account for the convertible bonds, loan receivable and share options (and retrospective share option expense booked in previous year) (Net margin before the above items)	55,552(13.8%)	6,205(2.5%)	+795.3%
Basic earnings per share			
Net profit (loss) attributable to shareholders	0.28 cents	(0.05) cents	N/A
Net profit attributable to shareholders before one-off expenses for the convertible bonds and start up expenses, and non-cash expenses resulting from new accounting standards to use fair values to account for the convertible bonds, loan receivable and share options (and retrospective share option expense booked in previous year)	1.68 cents	0.19 cents	+784.2%

(Hong Kong, 17 July 2006) – **CITIC 21CN COMPANY LIMITED** (“CITIC 21CN” or the “Group”) (Stock Code: 241), a pioneer and leader in the provision of integrated information and content value-added services (“VAS”) in the People’s Republic of China (the “PRC”), announced its final results on 17 July 2006 for the year ended 31 March 2006 (the “Year”).

CITIC 21CN achieved a turnover of HK\$403,545,000 (2005: HK\$249,058,000), representing an increase of 62.0% over the last year. Gross profit rose to HK\$184,063,000 (2005: HK\$102,059,000), representing an increase of 80.3% over the last year. The share of profit of an associate represents the equity income contribution from Dongfang Customs Technology Company Limited (“Dongfang Customs”). The Group completed the acquisition of a 30% interest in Dongfang Customs on 31 March 2005, therefore, Dongfang Customs commenced contributing to the Group’s results for the Year. Profit before interest, taxes, depreciation and amortization was HK\$33,039,000 (2005: HK\$17,216,000), representing an increase of 91.9% over the last year. Net profit attributable to shareholders amounted to HK\$9,153,000 as compared to loss of HK\$1,755,000 in 2005. The basic earnings per share for the Year was HK 0.28 cents (2005: loss of HK 0.05 cents)

During the Year, the Group adopted for the first time a new accounting standard, Hong Kong Financial Reporting Standard (“HKFRS”) 2 Share-based Payment, which requires an expense to be recognized where the Group obtains services in exchange for shares or rights over shares such as share options. On initial adoption of this new accounting standard, the fair values of the share options granted to directors and employees of HK\$16,046,000 was recognized as an expense in the profit and loss account. The share option expense of HK\$16,046,000 was not a cash expense to the Group.

During the Year, the Company issued US\$70,000,000 zero coupon convertible bonds due 2010 and incurred one-off expenses of HK\$26,480,000 for the issuance of these convertible bonds. For

the Year, the Group adopted for the first time new accounting standards, Hong Kong Accounting Standard (“HKAS”) 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement, for convertible bonds. At 31st March 2006, the fair values of the liability and embedded derivatives components are determined, and the difference of HK\$1,420,000 between the fair values of these two components of the convertible bonds and the proceeds of the convertible bonds was recognized as an expense in the profit and loss account. The HK\$1,420,000 reflected the difference between the fair value and book value of the convertible bonds and was not a cash expense to the Group. Accordingly, a total of HK\$27,900,000 has been recognized in the profit and loss account in relation to the convertible bonds.

On 3rd March 2006, the Group entered into loan agreements with its jointly controlled subsidiary, China Credit Information Technology Company Limited (“CCIT”), in which the Group granted a non-interest bearing two-year loan of US\$6,900,000 (HK\$53,820,000) to CCIT for the development of Product Identification, Authentication and Tracking System (“PIATS”) business. At 31st March 2006, the amount of the loan receivable stated in the consolidated balance sheet was HK\$25,664,000 after inter-company balance elimination of the Group’s 50% share of CCIT and a fair value adjustment of HK\$1,246,000 for deemed interest. Adjustment in fair value of loan receivable arise from the adoption for the first time new accounting standards, HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement for loan receivable. On the initial adoption of these accounting standards, the difference of HK\$1,246,000 between the fair value and the loan receivable was recognized as non-cash expense in the profit and loss account.

During the Year, the Group incurred one-off start up expenses of HK\$1,207,000 relating to the formation of CCIT, a joint venture between Information Centre of General Administration of Quality Supervision, Inspection and Quarantine (“AQSIQ”), China Telecom and the Group, the operator of PIATS. The joint venture has a term of 30 years commencing from the issuance date of the business licence on 27th January 2005. However, this start up expenses have not been amortized over the life of the joint venture, but instead recorded as a one-off expense in the Year.

Before the one-off expenses for the convertible bonds and start up expenses, and the non-cash expenses resulting from new accounting standards using fair values to account for the convertible bonds, loan receivable and share options, the Group would have recorded a profit before interest, taxes, depreciation and amortization of HK\$79,438,000, net profit attributable to shareholders of HK\$55,552,000 and basic earnings per share of HK 1.68 cents. This represents an increase of 215.5% over the previous year’s profit before interest, taxes, depreciation and amortization of HK\$25,176,000, an increase of 795.3% over the previous year’s profit attributable to shareholders of HK\$6,205,000 and an increase of 784.2% over the previous year’s earnings per share of HK\$ 0.19 cents, before the non-cash share option expense of HK\$7,960,000 retrospectively booked in the previous year due to HKFRS 2 Share-based Payment.

Growth momentum

CITIC 21CN emphasizes on innovation as well as seeking ways to apply the latest information technology to provide unique information service to the PRC governmental departments, manufacturers and consumers. The Group’s major clients are sizable and prestigious PRC manufacturers. Our information service will also expedite the development of small to medium size manufacturers. As a result, the Group has received strong support from the PRC government.

Benefiting from the cooperation with content providers to provide more short messaging services (“SMS”) content to stimulate usage of SMS in quizzes and games and the increasing popularity in downloading pictures and ring tones to the mobile phones, CITIC 21CN’s share of turnover for the Year of Beijing Honglian 95 Information Industries Company Limited (“HL95”), a 49%-owned jointly-controlled entity of the Group, rose to HK\$297,588,000 (2005: HK\$189,767,000), representing a growth of 56.8% over the last year. As a result of securing more contracts from

China Mobile and providing services to HL95 and CCIT, the Group's revenue from system integration and software development increased by 99.9% to HK\$118,522,000 (2005: HK\$59,291,000).

Business update and outlook

Huge growth potential for "PIATS"

CCIT, a joint venture among AQSIQ, China Telecom and the Group, is principally engaged in the provision of product quality supervision and enforcement information for the relevant PRC authorities through the operation of PIATS; the provision to the manufacturers with manufacturing, distribution through the supply chain and sales information; the provision of a simple, convenient and rapid way for the consumers to enquire product information, information on counterfeit products or products with poor quality; and the provision of an interactive channel for the consumers to report counterfeit products or products with poor quality. CCIT has established a leading position in the PRC information service sector by providing manufacturers and consumers with these information value-added services.

Since the launch of PIATS, CCIT has experienced positive response from manufacturers and consumers. AQSIQ, other government departments and senior government official have provided tremendous support for PIATS since it reduces counterfeit products and protects consumers, manufacturers and intellectual property rights. Together with the support from AQSIQ, CCIT is going to enter into the access service agreements in the near future with more than a hundred large and renowned domestic manufacturers including products of food, agriculture resources, construction materials and necessities, etc. In addition, the Group plans to commence installing enquiry terminals in major supermarkets and shopping centers throughout China in the second half of 2006 while the scope of service will be expanded to the industries of pharmaceutical, tobacco and other merchandises. Given that there are no other companies that can provide a similar service as PIATS and the strong government support, there is great potential for PIATS.

PRC trend towards E-customs

Dongfang Customs, a joint venture with the PRC Customs Department and China Telecom, is engaged in electronic customs processing and other electronic government services. Dongfang Customs provides customs filing and declaration, identity authentication, online payments, electronic customs tax and foreign exchange filings, billing and other customs related services. Dongfang Customs' users principally include manufacturers and import / export corporations. As at 31st March 2006, Dongfang Customs had 260,000 users. Users are principally charged a time-based telecommunication fee for accessing the network platform.

The PRC government has been encouraging manufacturers and import/export corporations to perform the customs declaration and processing electronically as it not only speeds up the customs declaration procedures but also helps minimising the handling costs involved in the declaration. Given that as at 31st March 2006, there were only 260,000 users, and China is the manufacturing base for the world, there is great potential for Dongfang Customs. In addition, the Group anticipates that the number of users will increase in line with the economic growth of the PRC.

Solid nation-wide platform to launch new information/content VAS for future growth

HL95 is a nationwide telecommunication VAS company in the PRC and is licensed by the relevant PRC government authorities on the provision of SMS and IVRS services in the PRC. HL95 is a telecommunication / information VAS provider (non-telecom operator) which provides

IVRS services through both fixed telephone line network and mobile phone network (in collaboration with the telecom operators) which covers the whole country. HL95 offers governmental, commercial, informational and entertainment contents through IVRS and SMS. HL95 also provides other telecommunication / information VAS such as Internet protocol phone services and customer care call centres.

HL95 intends to enrich its service varieties and plans to work with more content providers, government authorities and large corporation to provide more comprehensive ranges of consumers, government and business related VAS. HL95 is an important platform for the Group since it enables the Group to launch nation-wide information and content generated from any new businesses. For example, the Group used HL95's platform to enable consumers to perform product authentication for PIATS nation-wide by using HL95's IVRS and SMS systems. HL95 has good potential since the information or content generated from the existing businesses or new businesses of the Group can be offered nation-wide using HL95's platform.

PRC embraces digital TV

In order to participate in the PRC's national project to digitalize all television broadcasting by 2010, a joint venture agreement was entered into between Hebei Television Station China and CITIC 21CN Digital Television and Movies Limited, an indirectly wholly-owned subsidiary of the Group, for the purpose of establishing Hebei Digital Television Technology Company Limited (the "JV Company") on a 51:49 basis in August 2005.

Capitalizing on the promising growth prospects for digital television in the PRC and leveraging the Group's extensive business network in the PRC as well as its strong expertise in information technology and media-related businesses, it is anticipated that the JV Company will further expand the future development of the Group whilst enhancing its business coverage in the PRC media industry.

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About CITIC 21CN COMPANY LIMITED (SEHK: 241)

CITIC 21CN COMPANY LIMITED, a member of the CITIC Group, is an integrated information and content service provider. The Company is principally engaged in the provision of telecommunication and information valued-added services which comprise telecommunication and information valued-added services, the provision of PIATS, system integration and software development.

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