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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2013

HIGHLIGHTS

CITIC 21CN Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded a turnover of HK$489,885,000 for the year ended 31st March 2013, representing an increase of 1.7% when compared with HK$481,663,000 of last corresponding year. Such increase in revenue was mainly due to the rise in revenue from telecommunications/information value-added services business and Product Identification, Authentication and Tracking System ("PIATS") business by HK$2,977,000 (or 0.6%) and HK$3,075,000 (or 31.6%) respectively.

The Group recorded share of profit of an associate of HK$1,962,000 for the year ended 31st March 2013, representing a decrease of 89.8% compared with HK$19,172,000 of last corresponding year. The share of profit of an associate represented the equity income contribution from Dongfang Customs Technology Company Limited.

Audited net loss attributable to shareholders for the year ended 31st March 2013 amounted to HK$41,344,000, representing an increase of 434.5% as compared with HK$7,735,000 of last corresponding year.

The basic and diluted loss per share for the current year was HK 1.11 cents as compared with HK 0.21 cents of last corresponding year.

The directors of the Company (the "Directors") do not recommend the payment of a final dividend.

* *For identification purposes only*

The Directors are pleased to announce the audited consolidated results of the Group for the year ended 31st March 2013 and the audited consolidated statement of financial position of the Group as at 31st March 2013 together with the audited comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Turnover	*2*	**489,885**	481,663
Cost of sales and services		**(418,502)**	(426,744)
Gross profit		**71,383**	54,919
Other income, gains and losses	*3*	**(805)**	(5,699)
Administrative expenses		**(111,937)**	(88,474)
Impairment losses recognised in respect of PIATS business	*4*	**–**	(7,808)
Share of profit of an associate	*5*	**1,962**	19,172
Reversal of accrued interest and related expenses in connection with arbitration and litigation		**–**	26,271
Interest expenses		**(668)**	(939)
Loss before taxation		**(40,065)**	(2,558)
Taxation	*6*	**(1,279)**	(5,178)
Loss for the year	*7*	**(41,344)**	(7,736)
Other comprehensive income for the year:			
Exchange differences arising on translation of foreign operation		**4,201**	4,289
Total comprehensive expense for the year		**(37,143)**	(3,447)
Loss for the year attributable to:			
Owners of the Company		**(41,344)**	(7,735)
Non-controlling interests		**–**	(1)
		(41,344)	(7,736)
Total comprehensive expense attributable to:			
Owners of the Company		**(37,143)**	(3,446)
Non-controlling interests		**–**	(1)
		(37,143)	(3,447)
		HK cents	HK cents
Loss per share – Basic and diluted	*8*	**(1.11)**	(0.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**51,575**	72,031
Intangible assets		**39,157**	42,622
Interest in an associate		**97,471**	93,170
Loans receivable		**–**	45,465
Available-for-sale investments		**9,375**	9,150
		197,578	262,438
Current assets			
Amounts due from customers for contract work		**949**	2,940
Debtors and prepayments	*9*	**96,497**	96,764
Investments held for trading		**27,491**	41,565
Fixed deposit held at a bank with maturity over three months		**11,063**	–
Bank balances and cash		**123,885**	133,813
		259,885	275,082
Current liabilities			
Creditors and accruals	*10*	**159,261**	120,265
Taxation payable		**338**	2,178
Short-term bank loans		**6,125**	11,956
		165,724	134,399
Net current assets		**94,161**	140,683
Total assets less current liabilities		**291,739**	403,121
Non-current liability			
Deferred taxation		**4,348**	4,152
		287,391	398,969
Capital and reserves			
Share capital		**37,179**	37,179
Reserves		**324,638**	361,781
		361,817	398,960
Non-controlling interests		**(74,426)**	9
Total equity		**287,391**	398,969

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values.

(b) Application of new and revised HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) – INT 21	Levies[2]

1 Effective for annual periods beginning on or after 1st January 2013.
2 Effective for annual periods beginning on or after 1st January 2014.
3 Effective for annual periods beginning on or after 1st January 2015.
4 Effective for annual periods beginning on or after 1st July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st January 2015, with earlier application permitted.

The directors of the Company anticipate that the application of HKFRS 9 for annual period beginning 1st April 2015 will affect the classification and measurement of the available-for-sale investments but do not expect the application of HKFRS 9 will have material impact on the amounts reported in respect of the Group's other financial assets and financial liabilities based on the Group's financial instruments reported at the end of the reporting period.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK (SIC) INT 12 "Consolidation – Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) INT 13 "Jointly controlled entities – Non-monetary contributions by venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st April 2013. Currently, the Group's investment in Beijing Honglian 95 Information Industries Company Limited 北京鴻聯九五信息產業有限公司 ("HL 95"), which is classified as a jointly controlled entity under HKAS 31 and accounted for using the proportionate consolidation method. Under HKFRS 11, HL 95 will be classified as a joint venture and accounted for using the equity method, resulting in the aggregation of the Group's proportionate share of HL 95's respective net assets and items of profit or loss into a single line item which will be presented in the consolidated statement of financial position and in the consolidated statement of comprehensive income as "interest in a joint venture" and "share of profit of a joint venture", respectively. The directors of the Company anticipate that there will be no material impact on the Group's loss for the year under equity method and under proportionate consolidation method.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new standard for annual period beginning 1st April 2013 may affect the amount reported in the consolidated financial statements in relation to the available-for-sale investments and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 will be adopted for annual period beginning 1st April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

2 SEGMENT INFORMATION

Information reported to the Executive Vice-Chairman, the Group's chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on services provided.

The Group is an integrated information and content service provider. For management purposes, the Group is organised into three operating divisions namely telecommunications/information value-added services, the provision of Product Identification, Authentication, Tracking System ("PIATS"), and system integration and software development. These divisions are the basis on which the Group reports its segment information. For the telecommunications/information value-added services and PIATS business divisions, information reported to the Executive Vice-Chairman includes the financial information of its joint ventures prepared on a proportionate consolidation basis. On 28th March 2013, the Group obtained control over China Credit Information Technology Company Limited 中信國檢信息技術有限公司 ("CCIT"), the then joint venture. The financial information of CCIT is reported on full consolidation subsequent to 28th March 2013.

Principal activities are as follows:

Telecommunications/information value-added services	–	Provision of telecommunications/information value-added services
PIATS business	–	Operation of an exclusive platform for PIATS in drugs and other consumer products industries
System integration and software development	–	Provision of system integration and software development

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Segment revenue		Segment profit (loss)	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Telecommunication/information value-added services	**473,648**	470,671	**9,993**	6,838
PIATS business	**12,816**	9,741	**(32,805)**	(28,119)
System integration and software development	**3,421**	1,251	**921**	(425)
Total	**489,885**	481,663	**(21,891)**	(21,706)
Other income, gains and losses			**(805)**	(5,699)
Share of profit of an associate			**1,962**	19,172
Interest expenses			**(668)**	(939)
Reversal of accrued interest and related expenses in connection with litigation and arbitration			**–**	26,271
Unallocated expenses			**(18,663)**	(19,657)
Loss before taxation			**(40,065)**	(2,558)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the both years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administrative costs, share of profit of an associate, other income, gains and losses, interest expenses and reversal of accrued interest and related expenses in connection with litigation and arbitration. This is the measure reported to the Executive Vice-Chairman, the Group's chief operating decision maker, for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments.

Segment assets

	2013	2012
	HK$'000	*HK$'000*
Telecommunications/information value-added services	**130,380**	115,293
PIATS business	**54,109**	67,736
System integration and software development	**1,877**	9,759
Total segment assets	**186,366**	192,788
Interest in an associate	**97,471**	93,170
Loans receivable	**–**	45,465
Investments held for trading	**27,491**	41,565
Available-for-sale investments	**9,375**	9,150
Fixed deposit held at a bank with maturity over three months	**11,063**	–
Bank balances and cash	**123,885**	133,813
Dividend receivable from an associate	**–**	18,300
Other unallocated assets	**1,812**	3,269
Consolidated assets	**457,463**	537,520

Segment liabilities

	2013	2012
	HK$'000	*HK$'000*
Telecommunications/information value-added services	**48,529**	34,090
PIATS business	**93,118**	68,758
System integration and software development	**6,298**	6,203
Total segment liabilities	**147,945**	109,051
Short-term bank loans	**6,125**	11,956
Deferred taxation	**4,348**	4,152
Other unallocated liabilities	**11,654**	13,392
Consolidated liabilities	**170,072**	138,551

For the purposes of monitoring segment performances and allocating resources between segments:

– All assets are allocated to operating segments other than investments held for trading, available-for-sale investments, loans receivable, fixed deposit held at a bank with maturity over three months, bank balances and cash and interest in an associate and assets used jointly by operating segments.

– All liabilities are allocated to operating segments other than short-term bank loans, deferred taxation and liabilities for which operating segments are jointly liable.

Other segment information

2013

Amounts included in the measure of segment profit or loss or segment assets:

	Telecom-munications/ information value-added services *HK$'000*	**PIATS business** *HK$'000*	**System integration and software development** *HK$'000*	**Segment total** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets *(note)*	**4,821**	**9,860**	**–**	**14,681**	**–**	**14,681**
Depreciation	**10,167**	**13,343**	**2**	**23,512**	**1,178**	**24,690**
Amortisation of intangible assets	**–**	**4,404**	**–**	**4,404**	**–**	**4,404**
Net loss on deemed disposal of a joint venture and deemed acquisition of a subsidiary	**–**	**–**	**–**	**–**	**11,492**	**11,492**
Loss on disposal of property, plant and equipment	**64**	**–**	**–**	**64**	**–**	**64**

Note: Non-current assets represent property, plant and equipment and intangible assets.

2012

Amounts included in the measure of segment profit or loss or segment assets:

	Telecom-munications/ information value-added services *HK$'000*	PIATS business *HK$'000*	System integration and software development *HK$'000*	Segment total *HK$'000*	Others *HK$'000*	Total *HK$'000*
Additions to non-current assets (note)	16,987	4,441	4	21,432	–	21,432
Depreciation	10,599	12,619	11	23,229	1,196	24,425
Amortisation of intangible assets	–	4,404	–	4,404	–	4,404
Impairment loss recognised in respect of property, plant and equipment	–	2,919	–	2,919	–	2,919
Impairment loss recognised in respect of intangible assets	–	4,889	–	4,889	–	4,889
Loss on disposal of property, plant and equipment	81	–	–	81	–	81

Note: Non-current assets represent property, plant and equipment and intangible assets.

Geographical information

Substantially all of the Group's revenue and non-current assets were derived from and located in the People's Republic of China ("PRC") and, therefore, no geographical analysis is presented.

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group of the corresponding years are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A[1]	**211,156**	153,303
Customer B[1]	**115,430**	120,263
Customer C[1,2]	**–**	60,131

[1] Revenues from telecommunication/information value-added services.

[2] Customer C contributes less than 10% of the total sales of the Group during the year ended 31st March 2013.

3 OTHER INCOME, GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Included in other income, gains and losses are the following items:		
Net loss on deemed disposal of a joint venture and deemed acquisition of a subsidiary	**(11,492)**	–
Interest income from bank deposits	**1,409**	734
Imputed interest income on loans receivable	**1,660**	1,500
Dividends from listed equity securities	**919**	837
Change in fair value of investments held for trading	**6,091**	(8,660)
Change in value of loans receivable upon initial recognition	**(90)**	(432)
Written-back of long outstanding trade payables	**–**	836
Net exchange gain (loss)	**418**	(520)
Reversal of allowance for doubtful debts	**167**	6
Others	**113**	–
	(805)	(5,699)

4 IMPAIRMENT LOSSES RECOGNISED IN RESPECT OF PIATS BUSINESS

	2013	2012
	HK$'000	*HK$'000*
Impairment loss recognised in respect of property, plant and equipment	**–**	2,919
Impairment loss recognised in respect of intangible assets	**–**	4,889
	–	7,808

For the purposes of impairment testing, property, plant and equipment and intangible assets have been allocated into two individual CGUs, comprising one subsidiary in the PIATS business in drugs industry and one jointly controlled entity in the PIATS business in other consumer products industry.

During the year ended 31st March 2013, as a result of the intensive promotion of PIATS business in drugs industry, further reinforcement on the area of electronic monitoring of drugs by the relevant authorities in the PRC and improvements in revenue earned in the first half of year 2013 in the PIATS business in drugs industry, the management of the Group determines that there is no impairment on the CGU of PIATS business in drugs industry. As to the other consumer products industry, the carrying amount of the property, plant and equipment after completion of the deemed acquisition of CCIT amounted to HK$55,000 which is insignificant.

During the year ended 31st March 2012, due to the weaker and slower development in the PIATS business in drugs industry, the Group recognised impairment losses of HK$1,379,000 and HK$4,889,000 in relation to the property, plant and equipment and intangible assets of PIATS business in drugs industry, respectively. Furthermore, during the year ended 31st March, 2012, in view of the postponed development in PIATS business in other consumer products industry, the Group recognised impairment losses of HK$1,540,000 in relation to the property, plant and equipment of PIATS business in other consumer products industry.

The recoverable amount of PIATS business in both drugs and other consumer products industries has been determined on the basis of value in use calculation. The key factors for the value in use calculation are discount rates, growth rates and expected changes to revenue and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the PIATS business. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market.

During the year, the Group performed impairment review for the PIATS business in drugs industry and other consumer products industry based on cash flows forecasts derived from the most recent financial budgets for the next three years using a discount rate of 22.40% (2012: 19.14%) and 22.56% (2012: 19.14%), respectively while the remaining forecast periods of seven years has been extrapolated with reference to annual growth rates in the relevant industries.

5 SHARE OF PROFIT OF AN ASSOCIATE

The Group recorded a share of net profit from a 30%-owned associate, Dongfang Customs Technology Company Limited.

6 TAXATION

	2013	2012
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax – Jointly controlled entities	**1,029**	1,228
Underprovision in prior years		
– PRC Enterprise Income Tax – Jointly controlled entities	**54**	–
– Withholding tax on dividends	**–**	1,830
Deferred tax		
– Current year	**196**	2,120
	1,279	5,178

No provision for Hong Kong Profits Tax has been made for both years as the Group did not derive taxable profits in Hong Kong in either year.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries and jointly controlled entities are 25%.

Pursuant to the relevant laws and regulations in the PRC, one of the jointly controlled entity of the Group operating in the PRC was awarded the Advanced-technology Enterprise Certificate and is eligible for tax concession rate of 15% for three years commenced from 1st January 2012.

7 LOSS FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' and chief executive's remuneration	**2,860**	2,860
Other staff's retirement benefits scheme contributions	**13,294**	9,264
Other staff costs	**298,053**	230,457
Total staff costs	**314,207**	242,581
Amortisation of intangible assets (included in cost of sales and services)	**4,404**	4,404
Auditor's remuneration	**2,330**	2,384
Depreciation	**24,690**	24,425
Loss on disposal of property, plant and equipment	**64**	81
Operating lease rentals in respect of buildings	**17,124**	13,856
Recovery of amounts previously written off	**(829)**	–
Share of tax of an associate (included in share of profit of an associate)	**392**	1,718

8 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the year is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share	**(41,344)**	(7,735)

Number of ordinary shares

	2013	2012
Number of ordinary shares for the purposes of basic and diluted loss per share	**3,717,869,631**	3,717,869,631

For the years ended 31st March 2013 and 2012, the effect of the outstanding share options has not been taken into account in the calculation of diluted loss per share as their exercise would result in a decrease in loss per share for both years.

9 DEBTORS AND PREPAYMENTS

	2013	2012
	HK$000	*HK$'000*
Trade receivables	**100,284**	90,110
Less: Allowance for doubtful debts	**(26,954)**	(26,470)
	73,330	63,640
Other receivables	**4,648**	2,200
Deposits and prepayments	**18,519**	12,624
Dividend receivable from an associate	**–**	18,300
	96,497	96,764

The Group provides a credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013	2012
	HK$000	*HK$'000*
0-90 days	**67,253**	44,975
91-180 days	**1,698**	8,689
181-360 days	**1,280**	1,729
Over 360 days	**3,099**	8,247
	73,330	63,640

10 CREDITORS AND ACCRUALS

	2013	2012
	HK$000	*HK$'000*
Trade payables	**41,024**	32,446
Receipt in advance from customers	**13,706**	12,014
Other payables and accruals	**104,531**	75,805
	159,261	120,265

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
	HK$000	*HK$'000*
0-90 days	**17,533**	12,548
91-180 days	**370**	1,792
181-360 days	**788**	720
Over 360 days	**22,333**	17,386
	41,024	32,446

11 ARBITRATION AND LITIGATION

On 29th October 2009, the Company received the Arbitration Notice issued by China International Economic and Trade Arbitration Commission ("CIETAC"). According to the Arbitration Notice, Oracle (China) Software Systems Co., Ltd. (formerly known as Beijing Oracle Software Systems Co., Ltd.) ("Oracle Beijing"), an independent third party, submitted an application in relation to an arbitration (the "Arbitration") on the dispute arising from a payment agreement signed by Oracle Beijing, CITIC 21CN Technology, the Company and Oracle Systems Hong Kong Limited, an independent third party, on 30th May 2006 (the "Payment Agreement"). The Payment Agreement provided, among others, the settlement arrangement of licence fee and service fee in relation to the Oracle Licence and Services Agreement in an aggregate amount of approximately RMB116 million (the "Oracle Licence and Service Agreement") against which approximately US$11 million (approximately RMB88 million) deposit has been paid by the Group. The reason for the dispute over the Payment Agreement was that the parties to the agreements could not reach a consensus on the execution of the agreements.

During the financial year ended 31st March 2011, the Company received an Arbitral Award handed down by CIETAC and received a court order (the "Order") from the High Court of the Hong Kong Special Administrative Region ("HKSAR") that leave be granted to Beijing Oracle to enforce the Arbitral Award. Details of the Arbitral Award were set out in the Company's announcement dated 24th June 2010. By a judgement made by Beijing First Intermediate People's Court dated 25th October 2011, the Arbitral Award was set aside. As a result, the Company received another court order dated 7th December 2011 from the High Court of the HKSAR that the legal action of the Order was discontinued. Accordingly, the interest expenses with other legal and related costs of RMB21,534,000 (equivalent to HK$26,271,000) arising from the Arbitral Award previously recognised were reversed during the year ended 31st March 2012.

On 24th January 2011, CITIC 21CN Technology, being the plaintiff, made an appeal to the Beijing First Intermediate People's Court against Oracle Beijing, being the defendant, for termination of the Oracle Licence and Services Agreement and Payment Agreement and compensation from Oracle Beijing. The legal proceedings of the claim were still in progress at the end of the reporting period and as at the date that these consolidated financial statements were authorised for issue.

On 18th January 2012, Oracle Beijing, being the plaintiff, commenced a new legal action in the High Court of the HKSAR against the Company, CITIC 21CN Technology and Oracle Systems Hong Kong Limited, an independent third party, for an alleged breach of the Oracle Licence and the Services Agreement and Payment Agreement and claimed for payment in relation to the agreements of approximately RMB88 million together with it costs. On 5th April 2012, the Company and CITIC 21CN Technology took out a Summons to apply for the legal action to be stayed. The hearing of the Summons was held on 31st January 2013, but the result has not yet been announced as at the date that these consolidated financial statements were authorised for issue. The aforesaid amounts of licence fee and other related costs, net of deposits paid, has been properly accounted for in the consolidated financial statements as at 31st March 2013 and 31st March 2012.

As the above application and litigation are still waiting for court decision, the result cannot be reasonably estimated at this stage. In the opinion of the directors of the Company, adequate provision has been made in the consolidated financial statements.

FINAL DIVIDEND

The Directors do not recommend payment of a final dividend for the year ended 31st March 2013 (2012: Nil).

FINANCIAL REVIEW

The key financial figures of the Group for the year ended 31st March 2013 and the comparative figures for the year ended 31st March 2012 are summarized as follows:

	2013	2012	Change
	HK$'000	*HK$'000*	*%*
Turnover	**489,885**	481,663	1.7
Gross profit	**71,383**	54,919	30.0
Gross profit percentage	**14.6%**	11.4%	28.1
Other income, gains and losses	**805**	5,699	(85.9)
Administrative expenses	**111,937**	88,474	26.5
Impairment losses recognised in respect of PIATS business	**–**	7,808	N/A
Share of profit of an associate	**1,962**	19,172	(89.8)
Reversal of accrued interest and related expenses in connection with arbitration and litigation	**–**	26,271	N/A
Net loss attributable to owners	**41,344**	7,735	434.5
Loss per share			
Basic and diluted	**1.11 HK cents**	0.21 HK cents	428.6

Results

– *Turnover*

Turnover of the Group for the year increased by 1.7% from HK$481,663,000 to HK$489,885,000. The slight increase was mainly due to the following reasons:

(a) 北京鴻聯九五信息產業有限公司 (Beijing Honglian 95 Information Industries Company Limited) ("HL95"), a 49%-owned jointly controlled entity of the Group, is engaged in telecommunications/information value-added services ("VAS"). The Group's share of the turnover of HL95 for the year ended 31st March 2013 increased by 0.6% to HK$473,648,000 from HK$470,671,000 for the year ended 31st March 2012. The Group's share of the turnover of HL95 comprised HK$320,282,000 (2012: HK$261,861,000) from call centres, HK$112,794,000 (2012: HK$173,286,000) from short messaging services ("SMS"), HK$7,686,000 (2012: HK$10,554,000) from fixed-line interactive voice response system ("IVRS"), HK$9,461,000 (2012: HK$7,485,000) from mobile IVRS, HK$8,598,000 (2012: HK$9,963,000) from Internet-protocol ("IP") phone, and HK$14,827,000 (2012: HK$7,522,000) from other value-added services.

The increase in turnover of call centre business by HK$58,421,000 roughly offset the decrease in turnover of SMS business by HK$60,492,000, while the other traditional SP services, such as IVRS, IP and other value-added services altogether was maintained at a similar level. Call centre revenue continued to grow at a healthy rate of 22.3%, which was mainly due to the continuous expansion of call centre capacity and the procurement of various new outsourcing contracts across China. HL95's call centre customer base has been extended to various industries of bank, telecom, insurance and utility. Call centre industry is still growing in China and HL95 has successfully become one of the largest reputable operators in the industry. The significant decrease in turnover of SMS business was affected by an increasing acceptance of cross-platform messaging applications used by consumers. There were no substantial fluctuations in the normal markets for IVRS and IP Phone businesses even though the competition remained keen. The decrease in fixed-line IVRS revenue during the year was compensated by the increase in mobile IVRS revenue. IP phone revenue decreased by HK$1,365,000 under the tight competition from other IP phone providers. Increase in other value-added service revenue was mainly due to the increase in revenue generated from technical support services to customers.

(b) 中信21世紀(中國)科技有限公司 (CITIC 21CN(China) Technology Company Limited ("CITIC 21CN Technology")) (a wholly-owned subsidiary of the Group) and 中信國檢信息技術有限公司 (China Credit Information Technology Company Limited ("CCIT")) (a 50%-owned subsidiary of the Group), are engaged in PIATS business. The Group's share of the revenue of PIATS business for the year ended 31st March 2013 increased by 31.6% to HK$12,816,000 from HK$9,741,000 for the year ended 31st March 2012. The growth in revenue during the year was due to an increased service fee income following the intensive promotion of PIATS in drug industry.

(c) 廣東天圖科技有限公司 (Guangdong Grand Cycle Technology Company Limited) ("Grand Cycle"), a wholly-owned subsidiary of the Group, is engaged in software development and system integration services and its turnover for the year ended 31st March 2013 was HK$3,421,000 as compared with the turnover of HK$1,251,000 for the year ended 31st March 2012. The operations of Grand Cycle had already been scaled down and the turnover for both years represented those revenue generated from the outstanding system integration service contracts to the telecom industry.

– *Gross profit percentage*

During the current year, the Group recorded an improved gross profit percentage of 14.6% when compared with that of 11.4% last corresponding year. The improvement was mainly attributable to certain economies of scale of HL95's call centre business after years of experience. There was also a reduction in the gross loss of PIATS business compared to that of last corresponding year, as a result of an increase in turnover.

– *Other income, gains and losses*

During the year, other income, gains and losses recorded a loss of HK$805,000 as compared with the loss of HK$5,699,000 for the last corresponding year. Such decrease in loss was the net result of various items regarding mainly i) Net loss on deemed disposal of a joint venture and deemed acquisition of a subsidiary of HK$11,492,000 in the current year and ii) the change in fair value of investments held for trading amounted to a gain of HK$6,091,000 (2012: loss of HK$8,660,000) during the year. The investment market showed slight improvement during this year.

– *Administrative expenses*

Administrative expenses for the year ended 31st March 2013 was HK$111,937,000 when compared to HK$88,474,000 in last corresponding year. Such increase was principally due to the continuous expansion of HL95's call centre business which led to higher labour costs and office expenses. Moreover, the Group incurred high technical staff costs on the reinforcement of infrastructure facilities of PIATS system.

– *Share of profit of an associate*

Share of profit of an associate represented the share of profit of a 30%-owned associate, 東方口岸科技有限公司 (Dongfang Customs Technology Company Limited) ("Dongfang Customs"), which was engaged in electronic customs processing and other electronic government services. The share of profit of Dongfong Customs was HK$1,962,000 for the year ended 31st March 2013, representing a decrease of 89.8% when compared with HK$19,172,000 for the year ended 31st March 2012. The decrease was mainly due to the increase in costs for the development of new business model on selling equipment and system for customs declaration. Dongfang Customs has been upgrading its existing system by introducing more new and enhanced features to attract users using their services.

– *Reversal of accrued interest and related expenses in connection with arbitration and litigation*

In the last financial year, the Company reversed the accrued interest and related expenses of HK$26,271,000 in connection with arbitration and litigation, which was not recurrent in this year. Details were set out in the note 11 “Arbitration and litigation”.

– *Net loss attributable to shareholders*

Net loss attributable to shareholders for the year ended 31st March 2013 was HK$41,344,000, representing an increase of 434.5% over HK$7,735,000 in last corresponding year. The net increase in loss was due to the net result of various factors including the increase in administrative expenses, decrease in share of profit of an associate, absence of a reversal of accrued interest and related expenses in connection with arbitration and litigation as in last year, as only partly offset by the increase in gross profit resulting from increase in gross profit margin, decrease in loss of other income, gains and losses, and an absence of additional impairment losses recognised in respect of PIATS business in this year. These various factors are explained above.

– *Loss per share*

Basic and diluted loss per share was HK1.11 cents for the year ended 31st March 2013, representing an increase of 428.6% over HK0.21 cents for the last corresponding year.

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

The financial positions of the Group as at 31st March 2013 and the corresponding comparative figures as at 31st March 2012 are summarized as follows:

	31st March 2013 *HK$'000*	31st March 2012 *HK$'000*
Current assets	**259,885**	275,082
Including		
– bank balances and cash (mainly denominated in Hong Kong dollar, United States dollar and Renminbi)	**134,948**	133,813
– debtors	**77,978**	65,840
Current liabilities	**165,724**	134,399
Including		
– short-term bank loans	**6,125**	11,956
Current ratio (current assets/current liabilities)	**1.57**	2.05
Quick ratio (bank balances and cash & debtors/current liabilities)	**1.28**	1.49
Shareholders’ equity	**361,817**	398,960
Gearing ratio (bank loans/shareholders’ equity)	**1.69%**	3.00%

As at 31st March 2013, the Group reported relatively stable bank balances and cash of HK$134,948,000 (31st March 2012: HK$133,813,000).

As at 31st March 2013, trade debtors aged over 12 months were HK$3,099,000 (31st March 2012: HK$8,247,000), which were mainly related to system integration and software development business.

Bank loans on the consolidated statement of financial positions as at 31st March 2013 and 31st March 2012 were the Group's share of HL95's bank loans, which were short-term in nature, denominated in Renminbi and repayable within one year, and carried interest at prevailing market rates.

As at 31st March 2013, the Group showed certain drops in both current and quick ratios, mainly because of the increase in current liabilities. The current ratio was 1.57 (31st March 2012: 2.05) and the quick ratio was 1.28 (31st March 2012: 1.49).

Shareholders' equity decreased from HK$398,960,000 as at 31st March 2012 to HK$361,817,000 as at 31st March 2013, mainly because of the net loss of the Group incurred during the year ended 31st March 2013.

The Group's gearing ratio decreased from 3.00% as at 31st March 2012 to 1.69% as at 31st March 2013, mainly because of the decrease in short-term bank loans during the year ended 31st March 2013.

The Group's operations and transactions are principally located in the PRC. Other than the bank balances and cash most of which are placed in fixed deposits and liquid investments denominated in US dollar or Hong Kong dollar, other assets and liabilities are mainly denominated in either Hong Kong dollar or Renminbi. The Directors believe that there will not be material fluctuation in the exchange rate of US dollar against Hong Kong dollar, the reporting currency, in the foreseeable future, and the gradual and slight increase in the exchange rate of Renminbi against Hong Kong dollar would result in exchange gain for the Group as the net assets of the Group's operating subsidiaries and jointly controlled entities in the PRC are denominated in Renminbi. Therefore, the operations of the Group are not subject to significant exchange rate risk.

BUSINESS REVIEW

The Group is an integrated information and content service provider, emphasising on innovation as well as seeking ways to apply the latest information technology to provide unique information service to the PRC governmental departments, manufacturers, the pharmaceutical industry 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 sized manufacturers. As a result, the Group has received strong support from the PRC government.

- **PIATS Business**

  The Group's subsidiaries, CITIC 21CN Technology and CCIT, are principally engaged in the provision of product tracking, recall and enforcement information services to relevant authorities in the PRC through the operation of PIATS; the provision of product tracking and logistics information services to manufacturers; and the provision of services to consumers for verifying product information and origins. With the innovative concepts since its launch, the application of PIATS has been broadly extended countrywide to various products such as drugs, food and beverage, agricultural resources and household appliances, through which staging achievement has been reached, enterprise product brand name and orderly market has been effectively maintained, and helping the market set up a product credit system that has been recognized by consumers, government and enterprises.

  As to the area of electronic monitoring of drugs, the coverage scope has been further enlarging. During the period, those national-declared basic drugs (Version 2009) of all types, as manufactured by all production enterprises, have basically been finished with the bar code use work. It signified that the electronic monitoring of basic drugs by the country has stepped into a new stage. The Group has also further reinforced on the infrastructure facilities of PIATS system, so as to ensure the practicability, user-friendliness and manageability of the system, and to enhance significantly on its overall efficiency. During the period, the company has continued to undertake the relevant technical support services, enterprises' corporate training and corporate implementation guidance work etc..

  During the last year, the company also made plentiful attempts on the electronic monitoring of other products, such as agricultural resources and food, and gained certain achievements and experience. However, the company is unable to carry out full promotion in these areas as the relevant authorities in the PRC have not further issued supplemental work rules.

  Future prospect

  The gradual advancement of electronic monitoring has already evidenced that the government will make electronic monitoring an important tool for increasing management. Recently, the relevant authorities in the PRC has commenced preparing to extend the electronic monitoring to those national-declared basic drugs (Version 2012) of all types, under the existing implemented electronic monitoring basis of anaesthetics drugs, mental disorder drugs, blood products, Chinese medicine injections, vaccines and national-declared basic drugs (Version 2009) of all types. Moreover, the relevant authorities in the PRC has demanded the electronic monitoring of certain imported drugs as per above-mentioned categories, and to continue to further apply the electronic monitoring to other areas of drugs through stages. On the other hands, the relevant authorities in the PRC has commenced promoting gradually the working trainings to those medical and healthcare institutions other than drug production and distribution enterprises, and to include drug retailers in the pilot program under the electronic monitoring. Pinpointing the various issues of dairy products under food category, the relevant authorities in the PRC is attempting to establish an information tracking system through the application of similar informationalized measures. The company will leverage on the successful and accumulated experience on PIATS and promote to further its cooperation with the relevant authorities in the PRC, so as to strive for the expansion of the scope and coverage of the application of PIATS. The management has confidence that PIATS can combat counterfeit and poor-quality commodities, improve commodity safety, and protect the interests of consumers and enterprises. Given that there are no other companies that can provide service similar to PIATS at the moment, the directors believe that is great potential for PIATS.

- **HL95**

HL95 is a nationwide telecommunications/information value-added services ("VAS") company in the PRC and is licensed by the Ministry of Industries and Information on the provision of SMS, IVRS and other telecom services in the PRC. HL95 provides IVRS services through both fixed telephone line network and mobile phone network, and SMS services through the mobile phone network (both in collaboration with the telecom operators) which covers the whole country. HL95 offers governmental, commercial and entertainment information through its SMS and IVRS services. HL95 also provides other telecommunication/information VAS such as IP phone service and customer care call centres services.

Future prospect

The rapid development of 3G, the development of 4G and mobile internet will continuously create good business opportunities for HL95. With many years of good long-term relationship with telecom operators and content providers, HL95 will work closely with them so as to provide the latest 3G contents. Presently, HL95 is working on gaining new call centre business opportunities countrywide, for which HL95 has accumulated successful experience and has earned good reputation in the PRC. Since late 2009, HL95 has received several industry awards for its good achievement in call centre management and outsourcing contract. The rapid development of cross-platform messaging applications to be used by individual consumers will continue to impose pressure on HL95's SMS business. HL95's management will strive to look into other SMS business opportunities with enterprise customers so as to reduce the downside effect. Moreover, the traditional mobile IVRS and fixed line IVRS services will continue to be under challenge, with regulatory measures from time to time imposed by the telecom operators or the relevant authorities, and with fierce competition arisen from inherent competitive advantages possessed by telecom operators. HL95 is an important platform for the Group since it enables the Group to promote the information services of PIATS. For example, CITIC 21CN Technology and CCIT, in providing the PIATS service, uses HL95's platform to enable consumers anywhere in the PRC to enquire product information by HL95's IVRS and SMS systems and call centres. In the same time, HL95 is also intended to achieve to combine the PIATS business for transformation of services and expansion of new business. The Directors believe that HL95 has good potential in the call centre industry and at the same time can provide valuable support to PIATS.

- **Dongfang 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 included manufacturers and import/export corporations for customs declaration and clearance services, and banks for foreign exchange monitoring and online payments to be processed electronically under the same network platform.

  Future prospect

  The PRC government has been encouraging manufacturers and import/export corporations to perform the customs declaration processing electronically as it not only speeds up the customs declaration procedures but also helps minimise the handling costs involved in the declaration. Given that China is the manufacturing base for the world and Dongfang Customs will continue to look for new business opportunities in addition to its existing technical support, database management and hardware trading activities, the management considers that the business of Dongfang Customs under the Group's investment will still provide us with reasonable return.

- **Grand Cycle**

  Grand Cycle is engaged in system integration and software development.

  Future prospect

  Grand Cycle will focus on the system integration and software development support for the rapid and continuing expansion of the businesses of HL95 and PIATS.

EMPLOYEES AND REMUNERATION POLICIES

The numbers of full-time employees of the Group as at 31st March 2013 are detailed as follows:

Location	Telecommunications/ information value-added services	PIATS business	System integration and software development	Corporate	Associate
– Hong Kong	–	–	–	6	–
– The PRC	7,109	85	3	–	270
Total	7,109	85	3	6	270

Total staff costs of the Group for the year ended 31st March 2013 were HK$314,207,000. All the staff employed in Hong Kong participated in the Mandatory Provident Fund Scheme.

The Group's policy is to maintain a competitive pay structure and employees are rewarded on a performance related basis.

The Group has also set up share option schemes pursuant to which employees of the Group may be granted options to subscribe for the Company's shares at their discretion. The subscription price, exercise period and the number of options to be granted are determined in accordance with the prescribed terms of the schemes. During the year ended 31st March 2013, no share options were granted to employees of the Group.

CORPORATE GOVERNANCE

In the opinion of the Directors, throughout the year ended 31st March 2013, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices (the "CG Code") under Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviations:–

1. The Chairman of the Board of the Company is not subject to retirement by rotation pursuant to Clause 99 of the Company's Bye-Laws. Since the Chairman is responsible for the formulation and implementation of the Company's strategies, which is essential to the stability of the Company's business and thus the Board considers that the deviation is acceptable.

2. The Chairman of the Board of the Company did not attend the annual general meeting of the Company held on 30th August 2012. However, Ms. Chen Xiao Ying (Executive Vice Chairman), Mr. Zhang Lianyang (Executive Director) and Dr. Hui Ho Ming, Herbert, JP (Independent Non-Executive Director) attended the meeting. The meeting was conducted in a good and proper manner.

3. The Company has not established a nomination committee. According to the Bye-Laws of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new directors, the Board has taken into consideration of the nominee's qualification, ability and potential contributions to the Company. The Board considers that the present arrangement provides the Company with more flexibility to identify individuals suitably qualified to become board members for the innovatively developing business. The Board will be reviewing, and when necessary, the relevant provision of the Company's Bye-Laws, to ensure full compliance with Code Provision of A.5.1 of the CG Code.

4. The Company has not yet arranged insurance cover in respect of legal action against its directors. However, the Board will continue to review the arrangements for appropriate insurance cover for its directors from time to time, and may arrange for insurance cover in the future.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of Appendix 10 of the Listing Rules. All the Directors have confirmed that they complied with the required standards as set out in the Model Code throughout the year.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

BOARD COMMITTEES

For the year ended 31st March 2013, the Board established two committees, namely, the Remuneration Committee and the Audit Committee, to oversee corresponding aspects of the Company's affairs.

Remuneration Committee

For the year ended 31st March 2013, the Company has set up a Remuneration Committee with specific terms of reference which clearly deals with its authorities and duties. The Remuneration Committee comprised three Independent Non-Executive Directors, namely Dr. Long Junsheng, Dr. Hui Ho Ming, Herbert, JP, and Mr. Zhang Jian Ming. Dr. Long Junsheng is the Chairman of the Committee.

Audit Committee

For the year ended 31st March 2013, the Audit Committee comprised three Independent Non-Executive Directors, namely Dr. Hui Ho Ming, Herbert, JP, Mr. Zhang Jian Ming and Dr. Long Junsheng. Dr. Hui Ho Ming, Herbert, JP is the Chairman of the Committee. The duties of the Audit Committee include, inter alia, the review and supervision of the Group's financial report process and internal control systems. The Audit Committee has reviewed the Group's annual results for the year ended 31st March 2013 and has also discussed auditing, internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March 2013 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND IRASIA.COM

The information as required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) and the website of irasia.com Limited (http://www.irasia.com/listco/hk/citic21cn/) in due course.

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

Hong Kong, 27th June 2013

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