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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CITIC 21CN COMPANY LIMITED (the "Company"), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSALS INVOLVING GRANTING OF THE GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of the Company to be held at Ming Room, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 29 August 2013 at 10:30 a.m. (the "Annual General Meeting") is set out on pages 21 to 24 of this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's head office and principal place of business in Hong Kong at Units 614-616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Ming Room, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 29 August 2013 at 10:30 a.m., notice of which is set out on pages 21 to 24 of this circular
“associates”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“business day”	a day upon which the Stock Exchange is open for securities trading
“Bye-Laws”	the existing bye-laws of the Company
“Company”	CITIC 21CN COMPANY LIMITED, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“control”	<p>the power of a person to secure:</p> <ul style="list-style-type: none"><li>(i) by means of the holding of shares or other securities or the possession of voting power in or in relation to the relevant body corporate or any other body corporate; or</li><li>(ii) by means of controlling the composition of a majority of the board of directors of the relevant body corporate or any other body corporate; or</li><li>(iii) by virtue of any powers conferred by the bye-laws, articles of association or other constitutional document regulating the relevant body corporate or any other body corporate,</li></ul> <p>that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of such person</p>
“Directors”	the directors of the Company
“Eligible Persons”	<p>means:</p> <ul style="list-style-type: none"><li>(i) <ul style="list-style-type: none"><li>(a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or</li><li>(b) any individual for the time being seconded to work for,</li></ul><p>any member of the Group (a “Category A Eligible Person”); or</p></li><li>(ii) any substantial shareholder of any member of the Group (a “Category B Eligible Person”); or</li></ul>

## DEFINITIONS

	<p>(iii) (a) any contractor, agent or representative of,</p> <p>(b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,</p> <p>(c) any supplier or licensor of goods or services to, or</p> <p>(d) any customer or licensee (including any sub-licensee) of goods or services of,</p> <p>any member of the Group (a "Category C Eligible Person");</p> <p>and shall include any company controlled by one or more persons belonging to any of the above classes of participants</p>
"Group"	the Company and any entity in which the Company, directly or indirectly, holds any equity interest
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Issue Mandate"	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares as set out in ordinary resolution no.4 in the notice of the Annual General Meeting
"Latest Practicable Date"	22 July 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Share Option Scheme"	the new share option scheme of the Company to be proposed for adoption by the Company at the Annual General Meeting, a summary of the principal terms of the rules of which is set out in Appendix II on pages 14 to 20 of this circular
"Old Share Option Scheme"	the old share option scheme of the Company adopted on 30 August 2002
"PRC"	the People's Republic of China
"Repurchase Mandate"	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares as set out in ordinary resolution no.5 in the notice of the Annual General Meeting
"Scheme Period"	the period commencing on the date on which the New Share Option Scheme is adopted by the Shareholders at the Annual General Meeting and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“Shareholder(s)”	the holders of the Shares
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as defined in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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*(Incorporated in Bermuda with limited liability)*  
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*Executive Directors:*

Mr. WANG Jun (*Chairman*)  
Ms. CHEN Xiao Ying (*Executive Vice Chairman*)  
Mr. LUO Ning (*Vice Chairman*)  
Mr. SUN Yalei  
Mr. ZHANG Lianyang  
Ms. XIA Guilan

*Independent non-executive Directors:*

Dr. HUI Ho Ming, Herbert, JP  
Mr. ZHANG Jian Ming  
Dr. LONG Junsheng

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton, HM 12  
Bermuda

*Head office and principal place  
of business in Hong Kong:*

Units 614-616  
Level 6, Core D  
Cyberport 3  
100 Cyberport Road  
Hong Kong

26 July 2013

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS INVOLVING GRANTING OF THE GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the proposed Issue Mandate, the Repurchase Mandate, re-election of Directors and adoption of the New Share Option Scheme.

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

At the annual general meeting of the Company held on 30 August 2012, general mandates were granted to the Directors to exercise all the powers of the Company to issue and repurchase Shares. Such mandates have not been utilised but will lapse at the conclusion of the Annual General Meeting. The Directors wish to propose ordinary resolutions at the Annual General Meeting to give the Directors general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Issue Mandate; subject to the passing of the relevant resolution to approve the Issue Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to issue a maximum of 743,573,926 Shares; and

\* For identification purpose only

## LETTER FROM THE BOARD

- (ii) to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Repurchase Mandate until the next annual general meeting of the Company or such earlier period as stated in the said ordinary resolution.

In addition, a separate ordinary resolution will also be proposed at the Annual General Meeting to add to the Issue Mandate those Shares purchased by the Company pursuant to the Repurchase Mandate granted to the Directors at the Annual General Meeting.

An explanatory statement containing information regarding the Repurchase Mandate is set out in Appendix I to this circular.

### RE-ELECTION OF DIRECTORS

Pursuant to bye-laws 99 and 102 of the Bye-laws, Ms. CHEN Xiao Ying, Mr. LUO Ning and Dr. LONG Junsheng will be retiring from office at the Annual General Meeting and Ms. CHEN Xiao Ying, Mr. LUO Ning and Dr. LONG Junsheng, being eligible, offer themselves for re-election at the Annual General Meeting.

The particulars of the Directors proposed to be re-elected at the Annual General Meeting are as follows:

**(a) Ms. CHEN Xiao Ying**

**Ms. CHEN Xiao Ying**, aged 50, is the Executive Vice Chairman of the Company. Ms. CHEN is responsible for setting overall corporate strategies and their implementation for the Group. She has been Chairman of the Pollon Group, a private investment group, since its inception in 1989 and which invests in power plants, telecommunications and property development in the PRC. Ms. CHEN has been a Member of the Chinese National People's Political Consultative Committee since 1998 and a Permanent Honorary President of Friends of Hong Kong Association Limited since 1999. Ms. Chen has served as Director since May 2000. Save as disclosed herein, Ms. CHEN did not hold directorship in any other Hong Kong or overseas listed public companies in the last three years and, save for directorships in certain subsidiaries of the Company, did not hold any other position with the Company or other members of the Group.

As at the Latest Practicable Date, Ms. CHEN had a controlled corporation interest in 784,937,030 Shares (as set out in paragraph 6 of Appendix I). Save as disclosed herein (including paragraph 6 of Appendix I), she was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO nor did she have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Ms. CHEN has entered into an appointment letter with the Company for a term of one year commencing from 30 August 2012 and shall be renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of her appointment unless terminated by not less than one month's notice in writing served by either the Company or Ms. CHEN. She is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. The director's fee of Ms. CHEN is to be determined by the Board after reviewing recommendations from the Remuneration Committee which will be with reference to the qualification, experience and duties of Ms. CHEN and the prevailing market rate, if the Board is so authorised by the Shareholders at the Annual General Meeting. Her director's remunerations will be disclosed pursuant to the Listing Rules when it is fixed by the Board. Ms. CHEN received HK\$1,300,000 as director's emoluments for the year ended 31 March 2013.

## LETTER FROM THE BOARD

**(b) Mr. LUO Ning**

**Mr. LUO Ning**, aged 54, is the Vice Chairman of the Company. He is currently an Assistant President of CITIC Limited, a Vice Chairman of CITIC Guoan Group and the Chairman of CITIC Networks Co., Ltd.. He is also a Director of CITIC Guoan Information Industry Company Limited, a public company listed on the Shenzhen Stock Exchange in the PRC. He is also an Executive Director of DVN (Holdings) Limited and a Non-Executive Director of Asia Satellite Telecommunications Holdings Limited, both of which are listed on the Main Board of the Stock Exchange. He also holds directorships in several other subsidiaries of CITIC Group. Mr. LUO has extensive experience in telecommunication business and holds a bachelor degree in Communication Speciality from The Wuhan People's Liberation Army Institute of Communication Command (武漢解放軍通信指揮學院). Mr. LUO has served as Director since September 2002. Between October 1999 and May 2011, he was a Non-Executive Director of Sino-i Technology Limited which is listed on the Main Board of the Stock Exchange. Save as disclosed herein, Mr. LUO did not hold directorship in any other Hong Kong or overseas listed public companies in the last three years.

As at the Latest Practicable Date, Mr. LUO was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO nor did he have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Mr. LUO has entered into an appointment letter with the Company for a term of one year commencing from 30 August 2012 and shall be renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of his appointment unless terminated by not less than one month's notice in writing served by either the Company or Mr. LUO. He is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. The director's fee of Mr. LUO is to be determined by the Board after reviewing recommendations from the Remuneration Committee which will be with reference to the qualification, experience and duties of Mr. LUO and the prevailing market rate, if the Board is so authorised by the Shareholders at the Annual General Meeting. His director's remunerations will be disclosed pursuant to the Listing Rules when it is fixed by the Board. Mr. LUO had not received any director's fee for the year ended 31 March 2013.

**(c) Dr. LONG Junsheng**

**Dr. LONG Junsheng**, aged 56, is currently an Associate Professor in management science and information with Guanghua School of Management, Beijing University, Deputy Director of Strategies Research Institute, Beijing University, Life Professor in computer science at University of North Carolina, USA. He is also serving as Vice Chairman of China Logistics Association, Chairman of the board of Ningbo High-Tech Venture Company and President of Beijing Tongying Shengshi Investment Company. He possesses in-depth knowledge and working experience in the aspects of software, information analysis, corporate finance and financial management. Dr. LONG holds a doctorate degree in computer engineering from University of Illinois at Urbana-Champaign, USA, a master degree in management of renewable resource from University of Arizona, USA, and a bachelor degree in geography from Beijing University. Dr. LONG has served as Independent Non-Executive Director since November 2009. If Dr. LONG shall be re-elected as Independent Non-Executive Director at the Annual General Meeting, Dr. LONG will continue to act as the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Save as disclosed herein, Dr. LONG did not hold directorship in any other Hong Kong or overseas listed public companies in the last three years and did not hold any other position with the Company or other members of the Group.

As at the Latest Practicable Date, Dr. LONG was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO nor did he have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.



## LETTER FROM THE BOARD

Dr. LONG has entered into an appointment letter with the Company for a term of one year commencing from 30 August 2012 and shall be renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of his appointment unless terminated by not less than one month's notice in writing served by either the Company or Dr. LONG. He is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. The director's fee of Dr. LONG is to be determined by the Board after reviewing recommendations from the Remuneration Committee which will be with reference to the qualification, experience and duties of Dr. LONG and the prevailing market rate, if the Board is so authorised by the Shareholders at the Annual General Meeting. His director's remunerations will be disclosed pursuant to the Listing Rules when it is fixed by the Board. Dr. LONG received HK\$200,000 as director's emoluments for the year ended 31 March 2013.

Save as disclosed herein, the Board is not aware of any other matter relating to the re-election of Ms. CHEN Xiao Ying, Mr. LUO Ning and Dr. LONG Junsheng that needs to be brought to the attention of the Shareholders, nor is there any other information in relation to Rule 13.51(2) of the Listing Rules that needs to be brought to the attention of the Shareholders.

### ADOPTION OF THE NEW SHARE OPTION SCHEME

The Old Share Option Scheme was adopted and approved by the Shareholders on 30 August 2002 and had expired on 29 August 2012. Options to subscribe for an aggregate of 393,300,000 Shares (representing approximately 10.58% of the issued share capital of the Company as at the Latest Practicable Date) have been granted under the Old Share Option Scheme, of which 22,360,000 were exercised, 339,340,000 had lapsed and 31,600,000 remain outstanding and exercisable in accordance with the provisions of the Old Share Option Scheme. Details of the outstanding options are set out below:

Grantees	Date of grant	Exercise price HK\$	Exercise period	Number of underlying Shares
Director	23 March 2005	3.175	23 March 2006 to 23 March 2015	10,000,000
	23 March 2005	3.175	23 March 2007 to 23 March 2015	10,000,000
	23 March 2005	3.175	23 March 2008 to 23 March 2015	10,000,000
Employees	2 March 2005	2.525	2 September 2005 to 1 March 2015	200,000
	2 March 2005	2.525	2 September 2006 to 1 March 2015	200,000
	2 March 2005	2.525	2 March 2008 to 1 March 2015	200,000
	23 March 2005	3.175	23 March 2006 to 22 March 2015	200,000
	23 March 2005	3.175	23 March 2007 to 22 March 2015	200,000
	23 March 2005	3.175	23 March 2008 to 22 March 2015	200,000
	23 March 2005	3.175	23 March 2009 to 22 March 2015	200,000
	23 March 2005	3.175	23 March 2010 to 22 March 2015	200,000
			Total:	31,600,000

## LETTER FROM THE BOARD

In order to enable the Board to continue to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group, the Board proposes that, subject to the approval of the Shareholders, the New Share Option Scheme be adopted.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. The terms of the New Share Option Scheme are essentially the same as the Old Share Option Scheme except that the class of Eligible Persons is substantially narrowed down under the New Share Option Scheme and no longer includes directors and employees of the substantial shareholders of the Company and landlords and tenants of the Group. Further, option holders will no longer be entitled to receive corporate communication sent by the Company to its shareholders solely by reason of their being holders of the options.

The purpose of the New Share Option Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group. The Board considers that it is in line with modern commercial practice that appropriate Eligible Persons determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group, should be given incentives in the form of options to subscribe for Shares.

The terms of the New Share Option Scheme provide that in granting options under the New Share Option Scheme, the Board can determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the New Share Option Scheme can be exercised. The Board will also determine the option price per Share payable on the exercise of an option according to the terms of the New Share Option Scheme on the basis set out in paragraph 3 of Appendix II so that the relevant grantees will be encouraged to subscribe for the Shares pursuant to the options granted by the Company as incentives or rewards for their contribution or potential contribution to the Group. With such conditions, together with the incentive that the option will bring about, the Board would be able to ensure the relevant grantees to perform services for a minimum period, as well as reaching a specified level of standard, which the Board believes, will serve the purposes of the New Share Option Scheme. Subject to the New Share Option Scheme becoming effective, the Board intends to exercise its powers under the New Share Option Scheme during the Scheme Period with the objective of serving the purposes of the New Share Option Scheme as stated above.

The Board considers that it is not appropriate to state the value of all options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, lock up period (if any), performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of any option which might have been granted on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would be misleading to the Shareholders.

Subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, (i) those Shares issuable upon exercise of all options which may during the Scheme Period have been granted but which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company; and (ii) 31,600,000 Shares which remain issuable upon the exercise in full of all outstanding options granted pursuant to the Old Share Option Scheme) must not in aggregate exceed 10% of the Shares in issue at the date of approval of the New Share Option Scheme. The Company may however obtain approval from the Shareholders to refresh the said 10% limit in accordance with the Listing Rules, provided that the maximum number of Shares to be issued upon exercise of all outstanding options under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the issued share capital of the Company from time to time.

## LETTER FROM THE BOARD

Assuming that no other Shares will be issued or repurchased prior to the date of the Annual General Meeting on which the New Share Option Scheme is expected to be adopted by the Shareholders, the total number of Shares in issue as at the date of the Annual General Meeting will be 3,717,869,631. Subject to the New Share Option Scheme becoming effective, the Company may grant options under the New Share Option Scheme and any other share option schemes of the Company in respect of which up to 371,786,963 Shares may be issued, subject to refreshment of the 10% limit as mentioned above.

A copy of the New Share Option Scheme will be available for inspection at the head office and principal place of business of the Company in Hong Kong at Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

The New Share Option Scheme is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution at the Annual General Meeting to approve the adoption of the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of the New Share Option Scheme which may be issued pursuant to the exercise of options granted under the New Share Option Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares falling to be issued upon exercise of the options to be granted under the New Share Option Scheme, representing in aggregate not more than 10% of the Shares in issue as at the date of the Annual General Meeting.

### **ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting to be held at Ming Room, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 29 August 2013 at 10:30 a.m. is set out on pages 21 to 24 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will find enclosed a form of proxy for use at the Annual General Meeting. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's head office and principal place of business in Hong Kong at Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

No Shareholder is required to abstain from voting at the Annual General Meeting pursuant to the Listing Rules and/or the Bye-Laws.

### **VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the Annual General Meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution set out in the notice of the Annual General Meeting put to the vote of the Annual General Meeting pursuant to bye-law 70 of the Bye-Laws and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Directors consider that the proposed Issue Mandate, the Repurchase Mandate, the proposed re-election of Directors and the adoption of the New Share Option Scheme are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the Annual General Meeting.

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

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

*This Appendix includes an explanatory statement required by the Share Repurchase Rules to be presented to the Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.*

## **1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed purchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be purchased must be fully paid up.

## **2. FUNDING OF REPURCHASES**

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the memorandum of association of the Company, the Bye-laws, the Companies Act, the laws of Bermuda and any other applicable laws.

## **3. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,717,869,631 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 371,786,963 Shares.

## **4. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

The Directors have no present intention to exercise the general mandate in full to repurchase Shares and they would only exercise the power to repurchase Shares in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it would have a material adverse impact on the working capital position and gearing position of the Company, as compared with the positions disclosed in the audited consolidated accounts of the Company as at 31 March 2013, being the date to which the latest published audited accounts of the Company were made up. The Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## **5. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and in accordance with the memorandum of association of the Company and the Bye-laws.

## **6. EFFECT OF THE TAKEOVERS CODE**

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following Shareholders were beneficially interested in 5% or more of the issued share capital of the Company:

Name	Nature of interest	Number of Shares held (Note (c))	Total interest in Shares/ underlying Shares	Approximate percentage of the issued share capital	Approximate percentage of the issued share capital (assuming the Repurchase Mandate is exercised in full)
Uni-Tech International Group Limited (Note (a))	Beneficial owner	784,937,030	784,937,030	21.11%	23.46%
21CN Corporation (Note (a))	Interest of controlled corporation	784,937,030	784,937,030	21.11%	23.46%
Pollon Internet Corporation (Note (a))	Interest of controlled corporation	784,937,030	784,937,030	21.11%	23.46%
Ms. Chen Xiao Ying (Note (a))	Interest of controlled corporation	784,937,030	784,937,030	21.11%	23.46%
CITIC Group Corporation (Note (b))	Interest of controlled corporation	807,998,000	807,998,000	21.73%	24.15%

*Notes:*

- (a) Uni-Tech International Group Limited is wholly-owned by 21CN Corporation. 21CN Corporation is owned as to 100% by Pollon Internet Corporation, which is wholly-owned by Ms. Chen Xiao Ying, Executive Vice Chairman of the Company. Ms. Chen Xiao Ying is deemed to be interested in the 784,937,030 Shares held by Uni-Tech International Group Limited.
- (b) The interest in these Shares of the Company were held by Road Shine Developments Limited as to 600,000,000 Shares, Goldreward.com Ltd as to 163,818,000 Shares and Perfect Deed Co. Ltd. as to 44,180,000 Shares, all of which are controlled by CITIC Group Corporation (previously known as "CITIC Group").
- (c) All interests in the Shares and underlying Shares of equity derivatives of the Company were long positions.

In the event that the Repurchase Mandate is exercised in full by the Directors, the Directors believe that such increase will not give rise to an obligation of any Shareholders to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent that it will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25% under Rule 8.08 of the Listing Rules.

## 7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company or its subsidiaries.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she/it has a present intention to sell Shares to the Company or its subsidiaries nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

**8. SHARE REPURCHASE MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company in the preceding six months (whether on the Stock Exchange or otherwise) ending on the Latest Practicable Date.

**9. SHARE PRICE**

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date quoted on the website of the Stock Exchange were as follows:

	<b>Highest traded price</b> <i>HK\$</i>	<b>Lowest traded price</b> <i>HK\$</i>
<b>2012</b>		
July	0.420	0.355
August	0.460	0.360
September	0.435	0.355
October	0.540	0.375
November	0.540	0.460
December	0.490	0.430
<b>2013</b>		
January	0.640	0.450
February	0.560	0.480
March	0.520	0.430
April	0.465	0.400
May	0.560	0.395
June	0.520	0.395
July (up to the Latest Practicable Date)	0.445	0.390

*The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the Annual General Meeting:*

#### **1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group.

#### **2. WHO MAY JOIN AND BASIS OF ELIGIBILITY**

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at a price calculated in accordance with paragraph 3 below for such number of Shares as it may determine in accordance with the terms of the New Share Option Scheme.

The basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group. Apart from employees and directors of the Group, contractors, suppliers, customers and other Eligible Persons also have a direct and significant impact on the business of the Group. The Directors believe that by awarding these persons with an equity stake in the Company, it would give them an incentive to continue to contribute to the development and growth of the Group so that they would also be able to benefit from the enhanced value of the Group. When granting options to these persons, the Board would have regard to their respective service records, past contribution and/or potential value to the Group and would only be granted if it is, in the opinion of the Board, beneficial to the development and growth of the Group.

#### **3. OPTION PRICE FOR SUBSCRIPTION OF SHARES**

The option price per Share payable on the exercise of an option is to be determined by the Board provided always that it shall be at least the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of any option is accepted by the Eligible Person), which must be a business day; and
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant;

(as subsequently adjusted pursuant to the terms of the New Share Option Scheme, if relevant) provided that the option price per Share shall in no event be less than the nominal value of one Share.

#### **4. ACCEPTANCE OF OFFERS**

An offer for the grant of options must be accepted within thirty days inclusive of the day on which such offer was made. The amount payable by the grantee to the Company on acceptance of the offer for the grant of any option is HK\$1.00.

#### **5. MAXIMUM NUMBER OF SHARES**

- (A) Subject to sub-paragraphs (B), (C) and (D) below, the maximum number of Shares issuable upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue as at the date of the Annual General Meeting (the "Scheme Mandate"). The Shares underlying any options granted under the New Share Option Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) will be counted for the purpose of the Scheme Mandate.



- (B) The Scheme Mandate may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate must not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such refreshed Scheme Mandate. Options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate.
- (C) The Company may also, by obtaining separate approval of the Shareholders in general meeting, grant options beyond the Scheme Mandate provided the options in excess of the Scheme Mandate are granted only to Eligible Persons specifically identified by the Company before such approval is sought and are in compliance with the relevant requirements of Chapter 17 of the Listing Rules.
- (D) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

#### 6. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PERSON

The maximum number of Shares issued and to be issued upon exercise of options granted under the New Share Option Scheme and any other share option schemes of the Company to any Eligible Person (including cancelled, exercised and outstanding options), in any 12-month period up to the latest date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by the Shareholders with such Eligible Person and his associates abstaining from voting. The Company shall send a circular to the Shareholders which shall contain the information required by the relevant requirements of Chapter 17 of the Listing Rules.

#### 7. GRANT OF OPTIONS TO CERTAIN CONNECTED PERSONS

- (A) Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (B) Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of options already granted and to be granted to such person under the New Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - (i) representing in aggregate over 0.1% of the Shares in issue; and
  - (ii) having an aggregate value, based on the closing price of the Shares at each date of grant, in excess of HK\$5 million,

such further grant of options is required to be approved by the Shareholders in general meeting in accordance with the Listing Rules. The Company is required to send to the Shareholders a circular which contains the information as required by the Listing Rules. Any change in the terms of an option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates is also required to be approved by the Shareholders.

**8. TIME OF EXERCISE OF OPTION**

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted). Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no general requirement that an option must be held for any minimum period before it can be exercised.

**9. PERFORMANCE TARGETS**

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

**10. RANKING OF SHARES**

An option itself does not give the holder thereof any right to vote at general meetings of the Company or participate in any dividend unless it has been duly exercised. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an option, a dividend is to be or is proposed to be paid, or Shares are to be issued or proposed to be issued by way of the capitalization of profits or reserves or by way of rights under an offer made pro rata, to the Shareholders on the register of members of the Company on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or such Shares. Subject as aforesaid, Shares allotted upon the exercise of an outstanding option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of such exercise. Shares allotted upon the exercise of an option for the time being outstanding shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof.

**11. RIGHTS ARE PERSONAL TO GRANTEE**

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

**12. RIGHTS OF EXERCISE FOR GRANTEES WHO WERE CATEGORY A ELIGIBLE PERSONS**

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person because he was a Category A Eligible Person ceases to be such a Category A Eligible Person:

- (i) by reason of ill-health or injury or disability or death, then he or (as the case may be) his personal representative(s) may exercise his outstanding option within six months or up to the expiration of the relevant option period, whichever is earlier, failing which the option will lapse; or
- (ii) because the relevant member of the Group by reason of his employment or engagement with, or secondment to, which he qualified as a Category A Eligible Person at the time the option was granted ceases to be a member of the Group, then he may exercise his outstanding option within six months or up to the expiration of the relevant option period, whichever is earlier, failing which the option will lapse; or
- (iii) by reason of retirement in accordance with his contract of employment or service, then he may exercise his outstanding option within six months after he so ceases or, if the Board in its absolute discretion determines, within six months following the date of his sixtieth birthday where the retirement takes effect prior to such date, failing which the option will lapse; or

- (iv) by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the relevant company otherwise than by reason of redundancy, then his outstanding option shall lapse on the date he so ceases; or
- (v) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group into disrepute), then his outstanding options shall lapse automatically on the date of his ceasing to be an Eligible Person; or
- (vi) for any other reason, any options exercisable at the date he so ceases may be exercised within three months of the date he so ceases, failing which the option will lapse.

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

### **13. RIGHT OF EXERCISE FOR GRANTEES WHO WERE CATEGORY B ELIGIBLE PERSONS**

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person because he was a Category B Eligible Person:

- (i) ceases to be a Category B Eligible Person by reason that such grantee ceases to be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the relevant member of the Group, then his outstanding option shall lapse on the date he so ceases; or
- (ii) ceases to be a Category B Eligible Person because the relevant member of the Group by reason of his holding of securities in which he qualified as a Category B Eligible Person at the time the option was granted ceases to be a member of the Group, then he may exercise his outstanding option within six months after he so ceases or up to the expiration of the option period, whichever is earlier, failing which the option will lapse; or
- (iii) (if the grantee is an individual) dies, then his personal representative(s) may exercise his outstanding option within six months after his death or up to the expiration of the option period, whichever is earlier, failing which the option will lapse; or
- (iv) has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group into disrepute), then his outstanding option shall lapse automatically on the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be).

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

**14. RIGHTS OF EXERCISE FOR GRANTEE WHO WERE CATEGORY C ELIGIBLE PERSONS**

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person because he was a Category C Eligible Person:

- (i) has, in the absolute determination of the Board, committed any breach of contract entered into between such Eligible Person and the relevant member of the Group, then his outstanding option shall lapse automatically on the date of the Board's determination; or
- (ii) has committed any act of bankruptcy or become insolvent or made any arrangements or composition with his creditors generally or committed any serious misconduct or been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group into disrepute), then his outstanding option shall lapse automatically on the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be); or
- (iii) (if the grantee is an individual) dies, then his personal representative(s) may exercise his outstanding option within six months after his death or up to the expiration of the option period, whichever is earlier, failing which the option will lapse.

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

**15. RIGHTS ON EXERCISE FOR GRANTEE WHICH WERE COMPANIES CONTROLLED BY ANY OF THE ELIGIBLE PERSONS**

In respect of any option granted to a company which qualified as an Eligible Person because it was a company controlled by a person ("Such Person") who was a Category A Eligible Person or Category B Eligible Person or Category C Eligible Person:

- (i) the relevant provisions set out in paragraph 12, 13 or 14 (as the case may be) would apply to its outstanding option as if the option had been granted to Such Person; and
- (ii) its outstanding option shall lapse on the date it ceases to be a company controlled by Such Person.

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

**16. FAILURE TO MEET CONTINUING ELIGIBILITY CRITERIA**

If the Board in the offer granting the relevant option has specified that the grantee has to meet certain continuing eligibility criteria and that the failure of the grantee to meet any such continuing eligibility criterion would result in the option then outstanding (or part thereof) being lapsed, then upon the failure of the grantee to meet any such continuing eligibility criterion, his outstanding option (or part thereof) shall lapse Provided always that the Board in its absolute discretion may decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

**17. RIGHTS ON A GENERAL OFFER**

If a general offer by way of takeover is made to all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror, the grantee of an option shall, subject to paragraph 8 above, be entitled to exercise at any time within a period of fourteen days after such control has been obtained by the offeror any option in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such option from being exercisable at that time). For the avoidance of doubt, an option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the general offer.

**18. RIGHTS ON WINDING-UP**

If notice is given by the Company to the Shareholders of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall forthwith give notice to all grantees of options and each grantee shall be entitled, at any time no later than two business days prior to the proposed general meeting of the Company to exercise any of his outstanding options in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such options from being exercisable at that time). If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and determine on the commencement of the winding-up.

**19. RIGHTS ON COMPROMISE OR ARRANGEMENT**

In the event of a compromise or arrangement between the Company and the Shareholders or the Company's creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company pursuant to the Companies Act, notice of the relevant meeting shall be given to the grantees of options on the same day notice is given to the Shareholders and the Company's creditors, and thereupon each grantee (or where permitted his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Supreme Court of Bermuda be entitled to exercise his option, but such exercise of an option shall be conditional upon such compromise or arrangement being sanctioned by the Supreme Court of Bermuda and becoming effective, failing which all options will lapse.

**20. LAPSE OF OPTIONS**

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph 8 above;
- (ii) the date on which the grantee commits a breach of paragraph 11 above, if the Board shall exercise the Company's right to cancel the option;
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph 12, 13, 14, 15 or 16 above; and
- (iv) the expiry of any of the relevant periods referred to in paragraph 18 or 19 above.

**21. CANCELLATION OF OPTIONS GRANTED BUT NOT YET EXERCISED**

Following the cancellation of any option granted under the New Share Option Scheme but not exercised, new options may only be granted to the same grantee under the New Share Option Scheme with available unissued options (excluding the cancelled options) within the limit of the Scheme Mandate then available to the Board.

**22. EFFECTS OF ALTERATIONS TO CAPITAL**

In the event of any reduction, sub-division or consolidation of the share capital of the Company or any capitalization issue or rights issue, the number of Shares comprised in each option for the time being outstanding and/or the option price may be adjusted in such manner as the Board (having, except in the case of an issue of Shares by way of the capitalization of profits or reserves, received a statement in writing from the auditors of the Company or an independent financial adviser appointed for such purpose that in their opinion the adjustments proposed are in accordance with the requirements of the relevant provisions of Chapter 17 of the Listing Rules) may deem appropriate, provided always that (in the case of adjustment to the number of Shares comprised in each outstanding option) the grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments, and that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares as consideration in a transaction will not be regarded as a circumstance requiring adjustment.

**23. PERIOD OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme will remain in force for a period of ten years commencing on the date on which the New Share Option Scheme is adopted by the Shareholders in general meeting and shall expire at the close of business on the day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

**24. ALTERATION TO THE NEW SHARE OPTION SCHEME**

- (A) The Board may from time to time in its absolute discretion waive or amend such rules of the New Share Option Scheme as it deems desirable, provided that, no amendment shall be made to the terms and conditions of the New Share Option Scheme which extends the class of Eligible Persons, or alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules except with the prior approval of the Shareholders in general meeting.
- (B) Any amendment to any terms of the New Share Option Scheme which are of a material nature or any change to the options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (C) Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.
- (D) Any amendment to any terms of the New Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

**25. TERMINATION OF THE NEW SHARE OPTION SCHEME**

The Company may, with the approval in general meeting of the Shareholders, terminate the New Share Option Scheme at any time following which no further grant of options shall be offered but in all other respects, the rules of the New Share Option Scheme shall continue in full force and effect. Any options granted prior to such termination, including options exercised or outstanding, under the New Share Option Scheme shall continue to be valid and exercisable in accordance with the rules of the New Share Option Scheme.

**26. CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional on (1) the passing by the Shareholders of an ordinary resolution at the Annual General Meeting to approve the adoption of the New Share Option Scheme; and (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of the New Share Option Scheme which may be issued pursuant to the exercise of options granted under the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING

**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)**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of CITIC 21CN COMPANY LIMITED (the "Company") will be held at Ming Room, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 29 August 2013 at 10:30 a.m. to transact the following business:

**As ordinary business**

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31 March 2013.
2. To re-elect retiring directors of the Company, namely (a) Ms. CHEN Xiao Ying as Executive Director, (b) Mr. LUO Ning as Executive Director, and (c) Dr. LONG Junsheng as Independent Non-executive Director; and to authorise the board of directors of the Company to fix the directors' remuneration.
3. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorise the board of directors of the Company to fix their remuneration.

**As special businesses**

To consider and, if though fit, pass with or without amendments, the following resolutions as ordinary resolutions:

4. "THAT:
  - (a) subject to paragraph (c) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each (the "Shares") in the share capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
    - (i) a Rights Issue (as hereinafter defined); or

\* For identification purpose only

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) an issue of Shares upon the exercise of rights of subscription or conversion attaching to any warrants or convertible bonds issued by the Company or any securities which are convertible into Shares the issue of which warrants and other securities has previously been approved by the shareholders of the Company; or
- (iii) an issue of Shares upon the exercise of any options granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
- (iv) an issue of Share as scrip dividends or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company,

shall not in total exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this resolution; and
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act of Bermuda or any applicable laws of Bermuda to be held.

"Rights Issue" means an offer of Shares or warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to the shareholders of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or any class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company)."

5. "THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in ordinary resolution no.4 set out in the notice convening this meeting) of all the powers of the Company to purchase Shares (as defined in ordinary resolution no.4 set out in the notice convening this meeting) on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose and, subject to and in accordance with the applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of Shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly."



## NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the passing of the ordinary resolutions nos.4 and 5 as set out in the notice convening this meeting, the general mandate granted to the directors of the Company under ordinary resolution no.4 as set out in the notice convening this meeting be and is hereby extended by the addition of an amount representing the aggregate nominal amount of Shares (as defined in ordinary resolution no.4 set out in the notice convening this meeting) repurchased by the Company pursuant to the general mandate approved in ordinary resolution no.5 as set out in the notice convening this meeting, provided that such amount of Shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the said resolution.”
7. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the ordinary shares in the capital of the Company (the “Shares”) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme of the Company (the “New Share Option Scheme”, the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the chairman of the meeting), the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:
- (a) administering the New Share Option Scheme;
  - (b) modifying and/or amending the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange; and
  - (c) granting options under the New Share Option Scheme and issuing and allotting from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company (excluding those options that have already been granted by the Company prior to the date of passing of this resolution) shall not exceed 10% of the Shares in issue as at the date of passing this resolution.”

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

Hong Kong, 26 July 2013

*Registered Office:*  
Canon’s Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Head office and principal place of business in Hong Kong:*  
Units 614–616, Level 6  
Core D, Cyberport 3  
100 Cyberport Road  
Hong Kong

## NOTICE OF ANNUAL GENERAL MEETING

*Notes:*

- (1) A form of proxy for use at the meeting is despatched to the shareholders of the Company with the circular of the Company dated 26 July 2013.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
- (3) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (4) In order to be valid, the proxy form completed in accordance with the instructions set out therein, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority), must be deposited at the head office and principal place of business of the Company in Hong Kong at Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
- (5) Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the form of proxy will be deemed to be revoked.
- (6) Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
- (7) The retiring Directors standing for re-election at the annual general meeting of the Company are Ms. CHEN Xiao Ying, Mr. LUO Ning and Dr. LONG Junsheng.