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 2014

HIGHLIGHTS

CITIC 21CN Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded a turnover of HK$60,215,000 for the year ended 31st March 2014, representing a substantial increase of 279.0% when compared with the restated turnover of HK$15,889,000 for the last corresponding year. Such increase in revenue was mainly due to the rise in revenue from the business of Product Identification, Authentication, Tracking System ("PIATS") for the drug industry in China as a result of the increased adoption by drug manufacturers, medical and health institutions, drug distributors, pharmaceutical stores and other drug retailers to use the PIATS.

The Group recorded share of profit of an associate of HK$9,602,000 for the year ended 31st March 2014, representing an increase of 389.4% compared with HK$1,962,000 for the last corresponding year. The share of profit of an associate represented the equity income contribution from Dongfang Customs Technology Company Limited.

The Group's share of losses of joint ventures recorded a loss of HK$1,816,000 for the year ended 31st March 2014 as compared with the restated share of losses of joint ventures of HK$806,000 for the last corresponding year. The share of losses of joint ventures for the year ended 31st March 2014 represented only the share of loss of Beijing Honglian 95 Information Industries Company Limited 北京鴻聯九五信息產業有限公司 ("HL95") while the restated share of losses of joint ventures for the year ended 31st March 2013 included the share of results of both HL95 and China Credit Information Technology Company Limited 中信國檢信息技術有限公司 ("CCIT") until it became a subsidiary of the Group commencing from late March 2013.

* *For identification purposes only*

Audited net loss attributable to shareholders for the year ended 31st March 2014 amounted to HK$6,472,000 representing a substantial decrease of 84.3% when compared with net loss of HK$41,344,000 for the last corresponding year.

The basic loss per share for the current year improved significantly to HK0.17 cent as compared with the basic loss per share of HK1.11 cents for the last corresponding year.

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

On 23rd January 2014, the Company entered into a subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 4,423,175,008 shares to Perfect Advance Holding Limited ("Perfect Advance"), a subsidiary held by Alibaba Investment Limited which is wholly owned by Alibaba Group Holding Limited as to 70.21% and Innovare Tech Limited, an investment vehicle and 100% controlled subsidiary of Yunfeng Fund II, L.P., as to 29.79%, and Perfect Advance has conditionally agreed to subscribe 4,423,175,008 subscription shares in cash at a subscription price of HK$0.30 per subscription share. Completion of the subscription took place on 30th April 2014 and the Company received gross proceeds of HK$1,326,953,000 from Perfect Advance on allotment of the subscription shares. Immediately after the completion of the allotment, there are a total of 8,172,644,639 shares in issue and Perfect Advance holds 54.12% of the shares of the Company.

The Directors are pleased to announce the audited consolidated results of the Group for the year ended 31st March 2014 and the audited consolidated statement of financial position of the Group as at 31st March 2014 together with the audited restated comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000* (Restated)
Turnover	*2*	**60,215**	15,889
Cost of sales and services		**(13,923)**	(17,892)
Gross profit (loss)		**46,292**	(2,003)
Other income, gains and losses	*3*	**3,698**	579
Administrative expenses		**(58,671)**	(40,880)
Share of profit of an associate	*4*	**9,602**	1,962
Share of losses of joint ventures	*5*	**(1,816)**	(806)
Loss before taxation		**(895)**	(41,148)
Taxation	*6*	**(960)**	(196)
Loss for the year	*7*	**(1,855)**	(41,344)
Other comprehensive income for the year:			
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**–**	4,201
Total comprehensive expense for the year		**(1,855)**	(37,143)
Loss for the year attributable to:			
Owners of the Company		**(6,472)**	(41,344)
Non-controlling interests		**4,617**	–
		(1,855)	(41,344)
Total comprehensive expense attributable to:			
Owners of the Company		**(6,472)**	(37,143)
Non-controlling interests		**4,617**	–
		(1,855)	(37,143)
		HK cent	HK cents
Loss per share			
– Basic and diluted	*8*	**(0.17)**	(1.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2014

	Notes	**31.3.2014** **HK$'000**	31.3.2013 HK$'000 (Restated)	1.4.2012 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**10,094**	8,367	14,172
Intangible assets		**36,033**	39,157	42,622
Interest in an associate		**107,947**	97,471	93,170
Interests in joint ventures		**86,855**	88,671	78,120
Loans receivable		**–**	–	90,930
Available-for-sale investments		**–**	9,375	9,150
		240,929	243,041	328,164
Current assets				
Amounts due from customers for contract work		**–**	949	2,918
Debtors and prepayments	9	**26,728**	11,517	36,706
Investments held for trading		**–**	27,491	41,565
Fixed deposit held at a bank with maturity over three months		**4,962**	11,063	–
Bank balances and cash		**216,377**	105,667	118,083
		248,067	156,687	199,272
Current liabilities				
Creditors and accruals	10	**98,907**	107,970	67,533
Taxation payable		**19**	19	1,849
Provision of constructive obligations in a joint venture		**–**	–	54,933
		98,926	107,989	124,315
Net current assets		**149,141**	48,698	74,957
Total assets less current liabilities		**390,070**	291,739	403,121
Non-current liability				
Deferred taxation		**5,308**	4,348	4,152
		384,762	287,391	398,969
Capital and reserves				
Share capital		**37,490**	37,179	37,179
Reserves		**417,081**	324,638	361,781
		454,571	361,817	398,960
Non-controlling interests		**(69,809)**	(74,426)	9
Total equity		**384,762**	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

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of these new and revised HKFRSs in the current year has had no material effect 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.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10 and HKFRS 12

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 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors made an assessment as at the date of initial application of HKFRS 10 and HKFRS 12 (i.e. 1st April 2013) and concluded that the Group exercised control over its non-wholly owned subsidiary. As a result, the directors adopt HKFRS 10 and HKFRS 12 on consolidation and associates in its accounting policy and concluded that HKFRS 10 and HKFRS 12 had no material effect on the consolidated financial statements of the Group for the current or prior accounting period except that the application of HKFRS 12 will result in more extensive disclosures in the consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors of the Company concluded that the Group's investments in HL95 and CCIT (prior to the deemed acquisition on 28th March 2013) which were classified as jointly controlled entities under HKAS 31 and were accounted for using the proportionate consolidation method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method. The change in accounting of the Group's investment in HL95 and CCIT have been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investments as at 1st April 2013 for the purposes of applying the equity method are measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables below for details), which is regarded as its deemed cost at initial recognition. Also, the directors of the Company performed an impairment assessment on the initial investments as at 1st April 2013 and concluded that no impairment loss is required. Comparative amounts for 2013 have been restated to reflect the change in accounting for the Group's investments in HL95 and CCIT.

Summary of the effect of the above changes in accounting policy

The effects of changes in accounting policies described above on the results for the current and prior year by line items are as follows:

Impact on profit or loss for the year

	2013 *HK$'000*
Decrease in turnover	(473,996)
Decrease in cost of sales and services	400,610
Increase in other income, gains and losses	1,384
Decrease in administrative expenses	71,057
Increase in share of losses of joint ventures	(806)
Decrease in interest expenses	668
Decrease in taxation	1,083
Net change in loss for the year	–
Owners of the Company	–
Non-controlling interests	–
	–

There is no impact on basic and diluted loss per share amounts.

Impact on assets, liabilities and equity

The effect of the change in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31st March 2013 and 1st April 2012, is as follows:

	As at 31st March 2013 as previously reported *HK$'000*	HKFRS 11 Adjustments *HK$'000*	As at 31st March 2013 as restated *HK$'000*
Property, plant and equipment	51,575	(43,208)	8,367
Intangible assets	39,157	–	39,157
Interest in an associate	97,471	–	97,471
Interests in joint ventures	–	88,671	88,671
Available-for-sale investments	9,375	–	9,375
Amounts due from customers for contract work	949	–	949
Debtors and prepayments	96,497	(84,980)	11,517
Investments held for trading	27,491	–	27,491
Fixed deposit held at a bank with maturity over three months	11,063	–	11,063
Bank balances and cash	123,885	(18,218)	105,667
Creditors and accruals	(159,261)	51,291	(107,970)
Taxation payable	(338)	319	(19)
Short-term bank loans	(6,125)	6,125	–
Deferred taxation	(4,348)	–	(4,348)
Total effects on net assets	287,391	–	287,391
Equity attributable to owners of the Company	361,817	–	361,817
Non-controlling interests	(74,426)	–	(74,426)
Total effects on equity	287,391	–	287,391

	As at 1st April 2012 as previously reported *HK$'000*	HKFRS 11 Adjustments *HK$'000*	As at 1st April 2012 as restated *HK$'000*
Property, plant and equipment	72,031	(57,859)	14,172
Intangible assets	42,622	–	42,622
Interest in an associate	93,170	–	93,170
Interests in joint ventures	–	78,120	78,120
Loans receivable	45,465	45,465	90,930
Available-for-sale investments	9,150	–	9,150
Amounts due from customers for contract work	2,940	(22)	2,918
Debtors and prepayments	96,764	(60,058)	36,706
Investments held for trading	41,565	–	41,565
Bank balances and cash	133,813	(15,730)	118,083
Creditors and accruals	(120,265)	52,732	(67,533)
Taxation payable	(2,178)	329	(1,849)
Provision of constructive obligations in a joint venture	–	(54,933)	(54,933)
Short-term bank loans	(11,956)	11,956	–
Deferred taxation	(4,152)	–	(4,152)
Total effects on net assets	398,969	–	398,969
Equity attributable to owners of the Company	398,960	–	398,960
Non-controlling interests	9	–	9
Total effects on equity	398,969	–	398,969

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "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. Furthermore, 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 existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the current accounting period.

New and revised HKFRSs issued but not yet effective

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 2010-2012 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferred accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[4]
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations[6]
Amendments to HKAS16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[6]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[4]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[4]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[4]
HK(IFRIC) – INT 21	Levies[4]

1 Effective for annual periods beginning on or after 1st July 2014 with limited exceptions.
2 Effective for annual periods beginning on or after 1st July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1st January 2014.
5 Effective for first annual HKFRS financial statements beginning on or after 1st January 2016.
6 Effective for annual periods beginning on or after 1st January 2016.

The directors anticipate that the application of the other new and revised HKFRSs, amendments or interpretation will have no material impact on the consolidated financial statements of the Group.

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. During the year ended 31st March 2013, the Group was organised into three operating divisions namely telecommunications/information value-added services, PIATS business which mainly provides service to the drug industry in PRC and system integration and software development. These divisions are the basis on which the Group reports its segment information to the Executive Vice-Chairman. During the year ended 31st March 2014, the management decided to exclude the provision of telecommunications/information value-added services from the operating and reportable segment after the application of HKFRS 11 (see note 1(b)). On 28th March 2013, the Group obtained control over CCIT, the then joint venture. The financial information of CCIT is reported on a full consolidation basis under PIATS business segment subsequent to 28th March 2013.

Principal activities are as follows:

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)	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
PIATS business	**57,648**	12,468	**6,554**	(28,756)
System integration and software development	**2,567**	3,421	**1,083**	921
Total	**60,215**	15,889	**7,637**	(27,835)
Other income, gains and losses			**3,698**	579
Share of profit of an associate			**9,602**	1,962
Share of losses of joint ventures			**(1,816)**	(806)
Unallocated corporate expenses			**(20,016)**	(15,048)
Loss before taxation			**(895)**	(41,148)

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 suffered from each segment without allocation of central administrative costs, share of profit of an associate, share of losses of joint ventures, and other income, gains and losses. 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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
PIATS business	**69,550**	54,109
System integration and software development	**907**	4,069
Total segment assets	**70,457**	58,178
Interest in an associate	**107,947**	97,471
Interests in joint ventures	**86,855**	88,671
Investments held for trading	**–**	27,491
Available-for-sale investments	**–**	9,375
Fixed deposit held at a bank with maturity over three months	**4,962**	11,063
Bank balances and cash	**216,377**	105,667
Other unallocated assets	**2,398**	1,812
Consolidated assets	**488,996**	399,728

Segment liabilities

	2014	2013
PIATS business	**86,552**	93,118
System integration and software development	**6,273**	6,298
Total segment liabilities	**92,825**	99,416
Deferred taxation	**5,308**	4,348
Other unallocated liabilities	**6,101**	8,573
Consolidated liabilities	**104,234**	112,337

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, fixed deposit held at a bank with maturity over three months, bank balances and cash, interest in an associate, interests in joint ventures and assets used jointly by operating segments.

– All liabilities are allocated to operating segments other than deferred taxation and liabilities for which operating segments are jointly liable.

Other segment information

2014

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

	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)*	**4,708**	**4**	**4,712**	**23**	**4,735**
Depreciation	**3,001**	**1**	**3,002**	**6**	**3,008**
Amortisation of intangible assets	**3,124**	**–**	**3,124**	**–**	**3,124**

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

2013 (Restated)

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

	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)*	7,351	–	7,351	–	7,351
Depreciation	12,034	2	12,036	1,178	13,214
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

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 (the "PRC") and, therefore, no geographical analysis is presented.

Information about major customers

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Customer A[1,2]	**14,139**	–
Customer B[1,2]	**9,484**	–
Customer C[3,4]	**–**	3,421

1 Revenue from PIATS.

2 Customers A and B contributed less than 10% of the total revenue of the Group during the year ended 31st March 2013.

3 Revenue from system integration and software development.

4 Customer C contributed less than 10% of the total revenue of the Group during the year ended 31st March 2014.

3 OTHER INCOME, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Included in other income, gains and losses are the following items:		
Allowance for doubtful debts on other receivables	**(352)**	–
Net loss on deemed disposal of a joint venture and deemed acquisition of a subsidiary	**–**	(11,492)
Interest income from bank deposits	**618**	1,339
Imputed interest income on loans receivable	**–**	3,320
Dividends from listed equity securities	**1,085**	919
Change in fair value of investments held for trading	**606**	6,091
Change in value of loans receivable upon initial recognition	**–**	(180)
Net exchange (loss) gain	**(530)**	415
Reversal of allowance for doubtful debts	**–**	167
Recovery of bad debt previously written off	**2,271**	–
	3,698	579

4 SHARE OF PROFIT OF AN ASSOCIATE

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

5 SHARE OF LOSSES OF JOINT VENTURES

The Group recorded a share of loss from a 49%-owned joint venture, HL95 for the year ended 31st March 2014, and, for the year ended 31st March 2013, the restated share of losses of joint ventures included both HL95 and a 50%-owned joint venture, CCIT, until CCIT became a subsidiary of the Group commencing from 28th March 2013.

6 TAXATION

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Deferred tax		
– Current year	**960**	196

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 is 25% from 1st January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, one of the PRC subsidiaries of the Company, which had been classified as a joint venture of the Group before 28th March 2013, was awarded the Advanced-technology Enterprise Certificate and is eligible for tax concession rate of 15% for three years commenced from 1st January 2011. The Advanced-technology Enterprise Certificate was not renewed upon expiry.

Another subsidiary of the Group was also awarded the Advanced-technology Enterprise Certificate and is eligible for tax concession rate of 15% for the three years commenced from 1st January 2012.

7 LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
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	**2,669**	2,181
Other staff costs	**31,977**	21,959
Total staff costs	**37,506**	27,000
Amortisation of intangible assets (included in cost of sales and services)	**3,124**	4,404
Auditor's remuneration	**2,067**	2,007
Depreciation	**3,008**	13,214
Operating lease rentals in respect of buildings	**8,278**	5,212
Recovery of amounts due from customers for contract work previously written off	**(1,322)**	(829)

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:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss for the purposes of basic and diluted loss per share	**(6,472)**	(41,344)

Number of ordinary shares

	2014	2013
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**3,718,249,357**	3,717,869,631

For the years ended 31st March 2014 and 2013, 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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Trade receivables		
– PIATS business	**18,031**	31
– System integration and software development	**2,821**	5,021
Less: Allowance for doubtful debts	**(2,821)**	(2,821)
	18,031	2,231
Other receivables	**425**	927
Deposits and prepayments	**8,272**	8,359
	26,728	11,517

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:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
0–90 days	**17,330**	31
91–180 days	**670**	–
Over 360 days	**31**	2,200
	18,031	2,231

10 CREDITORS AND ACCRUALS

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**2,742**	13,647
Receipt in advance from customers *(note)*	**38,625**	13,703
Other payables and accruals	**57,540**	80,620
	98,907	107,970

Note: Substantially all of receipt in advance represent payments made in advance from PIATS customers in the drug industry.

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
0–90 days	**115**	112
91–180 days	**177**	50
181–360 days	**10**	264
Over 360 days	**2,440**	13,221
	2,742	13,647

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 Service 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 (the "Arbitral Award") and received a court order (the "Order") from the High Court of the Hong Kong Special Administrative Region ("HKSAR") that leave be granted to Oracle Beijing 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 Arbitral Award ceased to have legal effect.

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. On 24th February 2014, the Beijing First Intermediate People's Court made a judgement and terminated the Oracle Licence and Services Agreement and the Payment Agreement with effect from the judgement date. On 31st March 2014, Oracle Beijing appealed to the Beijing High People's Court. 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 Services Agreement and the 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 but was refused by a judgement dated 18th September 2013. The defence of the Company and CITIC 21CN Technology has been filed and served on 6th November 2013. 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 2014 and 31st March 2013.

As the above litigations 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.

12 EVENT AFTER THE REPORTING PERIOD

On 23rd January 2014, the Company entered into a subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 4,423,175,008 shares to Perfect Advance. Perfect Advance has conditionally agreed to subscribe 4,423,175,008 subscription shares in cash at a subscription price of HK$0.30 per subscription share. Completion of the subscription took place on 30th April 2014 and the Company received gross proceeds of HK$1,326,953,000 from Perfect Advance on allotment of the subscription shares. Immediately after the completion of the allotment, there are a total of 8,172,644,639 shares in issue and Perfect Advance holds 54.12% of the shares of the Company. With effect from 30th April 2014, Mr. Wang Jun, Mr. Luo Ning, Mr. Sun Yalei, Mr. Zhang Lianyang and Ms. Xia Guilan resigned as executive directors of the Company, Mr. Wang Jian is appointed as an executive director of the Company and Mr. Zhang Yong, Mr. Chen Jun and Mr. Yu Feng are appointed as non-executive directors of the Company.

Upon the completion of the subscription, Perfect Advance is the parent of the Company.

On 9th May 2014, Dr. Long Junsheng, Dr. Hui Ho Ming, Herbert, JP and Mr. Zhang Jian Ming resigned as independent non-executive directors of the Company and Mr. Yan Xuan, Mr. Luo Tong and Mr. Wong King On Samuel were appointed as independent non-executive directors of the Company.

FINAL DIVIDEND

The Directors do not recommend payment of a final dividend for the year ended 31st March 2014 (2013: Nil).

FINANCIAL REVIEW

The key financial figures of the Group for the year ended 31st March 2014 and the restated comparative figures for the year ended 31st March 2013 are summarised as follows:

	2014 ***HK$'000***	2013 *HK$'000* (Restated)	Change *%*
Turnover	**60,215**	15,889	279.0
Gross profit (loss)	**46,292**	(2,003)	N/A
Gross profit (loss) percentage	**76.9%**	(12.6%)	N/A
Other income, gains and losses	**3,698**	579	538.7
Administrative expenses	**58,671**	40,880	43.5
Share of profit of an associate	**9,602**	1,962	389.4
Share of losses of joint ventures	**(1,816)**	(806)	125.3
Net loss attributable to owners of the Company	**6,472**	41,344	(84.3)
Loss per share			
Basic and diluted	**0.17 HK cent**	1.11 HK cents	(84.7)

Results

– *Turnover*

Turnover of the Group for the year substantially increased by 279.0% from the restated turnover of HK$15,889,000 to HK$60,215,000. The increase was mainly due to the following reasons:

(a) 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 revenue from PIATS business, generated substantially from the drug industry, for the year ended 31st March 2014 increased by 362.4% to HK$57,648,000 from HK$12,468,000 for the year ended 31st March 2013. The growth in revenue during the year was due to the increase in joining fee income received from medical and health institutions following the intensive promotion of PIATS in drug industry and the increased adoption of PIATS by drug manufacturers, drug distributors and pharmaceutical stores and other drug retailers in China.

(b) 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 2014 was HK$2,567,000 as compared with the turnover of HK$3,421,000 for the year ended 31st March 2013. The operations of Grand Cycle had already been scaled down and the turnover for both years represented the 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 76.9% when compared with that of gross loss percentage of 12.6% based on the restated figures for the corresponding prior year. The improvement in profitability was mainly attributable to the increase in turnover from PIATS business while most of the cost of services of PIATS were fixed in nature. PIATS business is an innovatively developing business, hence the management expects that the gross profit percentage would still be fluctuating in the coming future.

– *Other income, gains and losses*

During the year, other income, gains and losses recorded a gain of HK$3,698,000, representing an increase of 538.7% compared with the restated gain of HK$579,000 for the corresponding prior year. Such increase was the net result of various items mainly due to i) bad debt recovered during the year of HK$2,271,000 (2013: HK$nil); ii) net loss on deemed disposal of a joint venture and deemed acquisition of a subsidiary of HK$11,492,000 in the last corresponding year; iii) imputed interest income on loans receivable of HK$3,320,000 in the last corresponding year; and iv) the decrease in gain on the change in fair value of investments held for trading from HK$6,091,000 for the year ended 31st March 2013 to HK$606,000 for the year ended 31st March 2014.

– *Administrative expenses*

Administrative expenses for the year ended 31st March 2014 was HK$58,671,000, representing an increase of 43.5% compared with the restated administrative expenses of HK$40,880,000 for the corresponding prior year. Such increase was principally due to the continuous development of PIATS which led to higher technical staff costs on informatisation construction and higher office expenses to cope with the growth in business.

– *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 is engaged in electronic customs processing and other electronic government services. The share of profit of Dongfang Customs increased to HK$9,602,000 for the year ended 31st March 2014, representing an increase of 389.4% when compared with HK$1,962,000 for the year ended 31st March 2013. The increase was mainly due to the increase in turnover and the reduction of office expenses arising from the relocation to the Dongfang Custom's owned property in late 2012.

– *Share of losses of joint ventures*

Share of losses of joint ventures represented the share of loss of a 49%-owned joint venture, 北京鴻聯九五信息產業有限公司 (Beijing Honglian 95 Information Industries Company Limited ("HL95")), which is engaged in telecommunications/information value-added services ("VAS"). The share of loss of HL95 was HK$1,816,000 for the year ended 31st March 2014 as compared with the share of HL95's profit of HK$8,424,000 for the corresponding prior year after restatement. The share of loss of HK$1,816,000 was mainly caused by the increase in operating costs and higher competition in the industry, mostly arising from the setting up of several large call centres during the year which incurred higher initial setup costs and took time to reach economies of scale. The increasing acceptance of smartphone messaging applications used by consumers also affected the traditional short messaging services business market during the year.

In the past, HL95 was recognised as a jointly controlled entity and accounted for using the proportionate consolidation method. Upon the adoption of the new and revised Hong Kong financial reporting standards on consolidation, joint arrangements, associates and disclosures as stated in note 1(b) for this financial year beginning 1st April 2013, HL95 was classified as a joint venture and accounted for using the equity method under HKFRS 11.

For the year ended 31st March 2013, the share of losses of joint ventures also included the share of loss of a former 50%-owned joint venture, CCIT amounting to HK$9,230,000. CCIT became a subsidiary of the Group in March 2013.

– *Net loss attributable to owners of the Company*

Net loss attributable to owners of the Company for the year ended 31st March 2014 was HK$6,472,000, representing a decrease of 84.3% over the net loss of HK$41,344,000 for the corresponding prior year. The decrease in loss was due to the net result of various factors including the increase in turnover of PIATS from the drug industry which led to an improved gross profit margin, the increase in gain in other income, gains and losses and the increase in share of profit of an associate as partly offset by the increase in administrative expenses and increase in share of loss of a joint venture. These various factors are explained above.

– *Loss per share*

Basic loss per share was HK0.17 cent for the year ended 31st March 2014, representing a substantial decrease of 84.7% over the basic loss per share of HK1.11 cents for the last corresponding year.

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

The financial positions of the Group as at 31st March 2014 and the corresponding restated comparative figures as at 31st March 2013 are summarised as follows:

	31st March 2014 *HK$'000*	31st March 2013 *HK$'000* (Restated)
Current assets	**248,067**	156,687
Including		
– bank balances and cash (including fixed deposits and mainly denominated in Hong Kong dollar, United States dollar and Renminbi)	**221,339**	116,730
– debtors	**18,456**	3,158
Current liabilities	**98,926**	107,989
Current ratio (current asset/current liabilities)	**2.51**	1.45
Quick ratio (bank balances and cash & debtors/ current liabilities)	**2.42**	1.11
Shareholders' equity	**454,571**	361,817
Gearing ratio (bank loans/shareholders' equity)	**N/A**	N/A

As at 31st March 2014, the Group's bank balances and cash including fixed deposit held at a bank with maturity over three months was HK$221,339,000, an increase of HK$104,609,000 or 89.6% as compared with HK$116,730,000 as at 31st March 2013. The increase was mainly attributable to the funds received from the exercise of share options of HK$98,352,000 together with the improved results from PIATS from the drug industry which generated positive cash flows during the year.

Debtors increased from a restated balance of HK$3,158,000 as at 31st March 2013 to HK$18,456,000 as at 31st March 2014. The increase was mainly due to the increase in turnover of PIATS from the increased adoption of PIATS by drug manufacturers, drug distributors and pharmaceutical stores, and other drug retailers in China. Most of the debts are current.

As at 31st March 2014, the Group showed substantial increase in both current and quick ratios after restatement, mainly because of the increase in bank and cash balances as explained above. The current ratio was 2.51 (31st March 2013: 1.45) and the quick ratio was 2.42 (31st March 2013: 1.11).

Shareholders' equity increased from HK$361,817,000 as at 31st March 2013 to HK$454,571,000 as at 31st March 2014, mainly because of the issue of shares arising from the exercise of share options during the year.

The Group did not have any bank borrowings as at 31st March 2013 and as at 31st March 2014 and hence no gearing ratio is shown for both years.

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. 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.

- **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 drug industries, and some products in food and beverage, cosmetics and agricultural resources, 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 recognised by consumers, government and enterprises.

  As to the area of electronic monitoring of drugs, the coverage scope of PIATS for the drugs industry has been further enlarged during the year. Regarding the categories of drugs, currently, those national-declared basic drugs (Version 2012) of all types, as manufactured by all production enterprises, have basically been finished and PIATS electronic monitoring bar codes have been attached to these basic drugs. Moreover, imported drugs as per above-mentioned categories (including those re-packaged in the PRC) have also attached the PIATS electronic monitoring bar codes and implemented using the PIATS. It signified that the electronic monitoring of basic drugs by the country has advanced to a new stage. In the fields of production and circulation, after successful application by most drug manufacturers and all drug wholesalers, PIATS is now accelerating its expansion to medical and healthcare institutions, pharmaceutical stores and other drug retailers in China. Recently, PIATS has successfully migrated to the Alibaba cloud computing platform, which improved the manageability, scalability, and data processing and analysis power of the system, and enhanced significantly its overall efficiency and degree of stability. During the year, the Company has continued to undertake the relevant technical support services, enterprises' corporate training and corporate implementation guidance work.

Future prospect

The continuous advancement of electronic monitoring has already evidenced that the government will make electronic monitoring an important tool for increasing management. The relevant authorities in the PRC continue to further apply the electronic monitoring to other areas of drugs by stages. Moreover, the relevant authorities in the PRC has continued to expedite the relevant working trainings to those medical and healthcare institutions besides drug production and distribution enterprises, and to include drug retailers in the pilot program under the electronic monitoring. The Group 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. At the same time, the Group will combine resources and experience accumulated in the medicine field with that the experience and expertise of the Alibaba Group to innovate and diversify the Group's business. By leveraging on Alibaba Group's experience and service offerings in the areas of big data, cloud computing, data processing, data analysis and E-business platforms, the Group will further develop and expand its domestic drug PIATS platform as well as develop a data infrastructure for medical and health care industry. The Group has already started to look into various ways aiming to continuously enhance the ability to analyse, process and utilise the drug PIATS platform so as to provide integrated product tracking and data processing and managing solutions, including pioneering cloud-based information management and sharing platform for healthcare enterprises.

- **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, call center outsourcing service and other telecom services in the PRC. HL95 mainly provides call center outsourcing service for telecom operators, financial institutions, and e-commerce companies throughout the country. HL95 currently has more than 6,000 call center seats. It is one of the top call center outsourcing service providers in the PRC. 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 business SMS services.

Future prospect

HL95 will continue to shift from a value-added telecom service provider for individual consumers to a value-added telecom service provider that mainly focus on call center outsourcing services for large and medium-sized enterprises. HL95 has accumulated successful experience and has earned good reputation in call center business in the PRC. In the future, HL95 will continue to maintain and develop cooperation partners, and expand call center outsourcing business. The rapid development of smartphone messaging applications to be used by individual consumers will continue to impose pressure on HL95's traditional value-added SMS and business SMS services. HL95's management will strive to look into other SMS business opportunities with enterprise customers so as to reduce the downside effect. Moreover, HL95 also invested considerable resources in mobile internet field in order to find some breakthroughs in the combination of traditional value-added services and mobile Internet.

- **Dongfang Customs**

  Dongfang Customs, a joint venture with the PRC Customs Department and China Telecom, is mainly engaged in the development, technical support, operation and maintenance, and customer service of China e-port logistics business projects. It provides logistics e-commerce services and solutions (products) for government administrative departments, logistics industry, banks, insurance companies, information security industry and over 800 thousand import/export entities. Its products or services include CA authentication and secure exchange, logistics chain integration, logistics and customs systems development, electronic billing and payment, telecommunications value-added services, and enterprise ERP consultation and implementation.

  Future prospect

  The PRC government has been encouraging customs and enterprises in different regions to construct e-port logistics business operation system because informatisation construction in the field of import/export logistics business not only speeds up the customs declaration procedures but also helps minimize 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 continue to provide us with reasonable returns.

- **Grand Cycle**

  Grand Cycle is engaged in system integration and software development.

  Future prospect

  Grand Cycle will still provide certain continuous service of system integration and software development.

EMPLOYEES AND REMUNERATION POLICIES

The numbers of full-time employees of the Group as at 31st March 2014 are detailed as follows:

Location	PIATS business	System integration and software development	Corporate	Joint venture	Associate
– Hong Kong	–	–	7	–	–
– The PRC	80	3	–	8,289	270
Total	80	3	7	8,289	270

Total staff costs of the Group excluding joint venture and associate for the year ended 31st March 2014 were HK$37,506,000. 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 2014, no share options were granted to employees of the Group.

CORPORATE GOVERNANCE

In the opinion of the Board of Directors (the "Board") of the Company, throughout the year ended 31st March 2014, 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 ex-Chairman of the Board of the Company, Mr. Wang Jun, was not subject to retirement by rotation pursuant to Clause 99 of the Company's Bye-Laws. The Board considered this deviation acceptable as disclosed in the Company's interim report dated 28 November 2013 ("Interim Report"). As from 9th May 2014, the new Chairman of the Board of the Company, Dr. Wang Jian, shall be subject to retirement by rotation and re-election in compliance with the Code Provisions of the CG Code.

2. During the financial year ended 31st March 2014, the Company had not established a nomination committee or adopted any formal board diversity policy which were deviations considered acceptable by the Board. As from 9th May 2014 and 19th June 2014, a new nomination committee has been formed and a board diversity policy has been adopted in compliance with the Code Provisions of the CG Code.

3. Throughout the year ended 31st March 2014, the Company did not arrange insurance cover in respect of legal action against its Directors, which was a deviation as discussed in the Interim Report. However, the Board has arranged such an insurance cover on 18th June 2014.

4. The ex-Chairman of the Board of the Company, Mr. Wang Jun, did not attend the annual general meeting of the Company held on 29th August 2013 and the special general meeting of the Company held on 29th January 2014. However, these meetings were conducted in an effective manner under the Bye-Laws of the Company.

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.

DIRECTOR' INTERESTS IN CONTRACTS

Ms. Chen Xiao Ying was a party to the subscription agreement entered into by the Company with Perfect Advance dated 23rd January 2014 in relation to the subscription of the 4,423,175,008 Shares in aggregate by Perfect Advance (the "Subscription"). The Subscription was, among other things, approved by independent shareholders of the Company on 7th April 2014, in which Ms. Chen Xiao Ying and her associates had abstained from voting. The Subscription was completed on 30th April 2014.

Save for disclosed in the above, no contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries or its holding companies were a party and in which a Director of the Company had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year.

BOARD COMMITTEES

Throughout the year ended 31st March 2014, the Board only established two committees, namely, the Remuneration Committee and the Audit Committee. With effect from 9th May 2014, the Nomination Committee has been formed under the Board. These three committees oversee corresponding aspects of the Company's affairs.

Remuneration Committee

With effect from 9th May 2014, the Board appointed Mr. Yan Xuan as the chairman of the Remuneration Committee and Mr. Zhang Yong and Mr. Wong King On, Samuel as members of the Remuneration Committee. The Remuneration Committee currently comprises these three directors, with specific terms of reference which clearly deals with its authorities and duties.

On the same date of 9th May 2014, Dr. Long Junsheng, Dr. Hui Ho Ming, Herbert, JP, and Mr. Zhang Jian Ming resigned as Independent Non-Executive Directors of the Company and members of the Remuneration Committee of the Board.

Audit Committee

With effect from 9th May 2014, the Board appointed Mr. Wong King On, Samuel as chairman of the Audit Committee, and Mr. Zhang Yong, Mr. Yan Xuan and Mr. Luo Tong as members of the Audit Committee. The Audit Committee currently comprises these four directors, with specific terms of reference which clearly deals with its authorities and duties. 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 current Audit Committee has reviewed the Group's annual results for the year ended 31st March 2014 and has also discussed auditing, internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

On the same date of 9th May 2014, Dr. Long Junsheng, Dr. Hui Ho Ming, Herbert, JP, and Mr. Zhang Jian Ming resigned as Independent Non-Executive Directors of the Company and members of the Audit Committee of the Board.

Nomination Committee

With effect from 9th May 2014, the Nomination Committee has been newly formed under the Board. On the same date, Dr. Wang Jian has been appointed as chairman of the Nomination Committee, and Mr. Wong King On, Samuel and Mr. Luo Tong have been appointed as members of the Nomination Committee. The Nomination Committee currently comprises these three directors, with specific terms of reference which clearly deals with its authorities and duties.

PROPOSED CHANGE OF COMPANY NAME

On 9th May 2014, the Board announced that the Company proposed to change the name of the Company from "CITIC 21CN Company Limited" to "Alibaba Health Information Technology Limited". Please refer to the Company's announcement dated 9th May 2014 for details. The change of name is subject to satisfaction of, among other things, the passing of special resolution by the shareholders of the Company approving such change of company name at the coming annual general meeting to be held in or around August 2014.

The Company will make further announcements on the result of special resolution in relation to the change of company name, the effective date of the change of company name and the consequential change of stock short name(s) for trading in the securities of the Company upon the change of company name becoming effective.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March 2014 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
Wang Jian
Chairman

Hong Kong, 19th June 2014

As at the date of this announcement, the Board comprises nine directors, of which (i) two are executive directors, namely Dr. WANG Jian and Ms. CHEN Xiao Ying, (ii) four are non-executive directors, namely Mr. ZHANG Yong, Mr. CHEN Jun, Mr. CHIA Pun Kok and Mr. YU Feng; and (iii) three are independent non-executive directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.