

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF THE 60% INTEREST IN
YANYAN FORCE**

The Board announces that after trading hours of the Stock Exchange on 6 August 2013, the Vendor entered into the Disposal Agreement with the Purchaser whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and Sale Loan at an aggregate consideration of HK\$100,000. The Sale Shares represent 60% of the issued share capital of Yanyan Force as at the date of this announcement and as at Completion.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Purchaser, holding 40% of the shareholding in Yanyan Force and the brother of the Company's Chairman Mr. Ng Kai Man, is a connected person of the Company as defined under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules but as the applicable percentage ratios are less than 25% and the total Consideration is less than HK\$10,000,000, the Disposal is subject to the reporting announcement but is exempted from Shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

The Board announces that the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser after trading hours of the Stock Exchange on 6 August 2013 in relation to the disposal by the Vendor of the Sale Shares and the Sale Loan. The principal terms of Disposal Agreement are set out below.

* for identification purpose only

THE DISPOSAL AGREEMENT

Date: 6 August 2013 (after trading hours of the Stock Exchange)

Parties:

- (i) Vendor: Prosper Overseas Limited
- (ii) Purchaser: Mr. Ng Kai Lok, Paul

ASSETS TO BE DISPOSED OF

The assets to be disposed of comprise (i) the Sale Shares, being sixty (60) ordinary shares of par value of HK\$1 each in the issued share capital of Yanyan Force, representing 60% of the issued share capital of Yanyan Force as at the date of this announcement and on Completion; and (ii) the Sale Loan. The principal amount of the Sale Loan was approximately HK\$16,397,000 as at the date of the Disposal Agreement. The Sale Loan was provided by the Vendor to Yanyan Force over the years due to its sustained losses as described below.

CONSIDERATION

The aggregate consideration for the Sale Shares and the Sale Loan is HK\$100,000 of which HK\$1,000 is the consideration attributable to the Sale Shares and the balance is the consideration attributable to the Sale Loan.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the latest market statistics and prospects of toy trading industry. The Directors consider that the Consideration is fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The Consideration has been fully paid by the Purchaser on Completion which took place after the signing of the Disposal Agreement on 6 August 2013.

INFORMATION ON YANYAN FORCE

Yanyan Force is a company incorporated in Hong Kong on 24 May 2002 with limited liability and prior to Completion was 60% owned by the Vendor. The principal activities of Yanyan Force are trading of toy, gift and premium products.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in provision of property agency and related services, trading of toy, gift and premium products and securities trading and investments.

As disclosed in the 2012 annual report of the Company, the scale of toy products trading business has significantly curtailed with the adoption of twin line strategies on careful customers' selection and tight control on expenditure. Revenue from the toy products trading segment for the year ended 31 December 2012 was HK\$23.9 million (2011: HK\$196.1

million), representing a decrease of HK\$172.2 million or 87.8% from last year. As a result of further reduction in selling and distribution cost and administrative expenses, this segment recorded a loss of HK\$1.5 million in year 2012.

The Directors do not foresee the Group's trading of toy, gift and premium products business can turnaround in the near future, therefore the Directors consider that the Disposal align with the Group's strategy to dispose the trading of toy, gift and premium products business so as to focus on its property agency and related services business. Upon the Completion of the Disposal, Yanyan Force will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Group's consolidated financial statements.

It is estimated that an unaudited loss of approximately HK\$181,000 will arise from the Disposal, which is calculated with reference to the net proceeds from the Disposal of approximately HK\$65,000 less the carrying value attributable to the Sale Shares and the Share Loan as at 30 June 2013. Shareholders and investors should note that the exact amount of loss on the Disposal is to be determined with reference to the fair value attributable to the Sale Shares and the Sale Loan as at the date of completion.

The net proceeds from the Disposal are estimated to be approximately HK\$65,000. The Company intends to apply such net proceeds for the Group's general working capital.

The terms of the Disposal Agreement have been determined after arm's length negotiation between the Company and the Purchaser and on normal commercial terms. Taking into account the above reasons, the Directors including the independent non-executive Directors are of the view that the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Purchaser, holding 40% of shareholding in Yanyan Force and the brother of the Company's Chairman Mr. Ng Kai Man, is a connected person of the Company as defined under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules but as the applicable percentage ratios are less than 25% and the total Consideration is less than HK\$10,000,000, the Disposal is subject to the reporting announcement but is exempted from Shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Board”	board of Directors
“Company”	21 Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code: 1003) of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration for the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 6 August 2013 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares and Sale Loan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Loan”	all the shareholder’s loans due or owing from Yanyan Force to the Vendor as at Completion
“Sale Shares”	the sixty (60) ordinary shares of par value of HK\$1 each in the capital of Yanyan Force, representing 60% of the issued share capital of Yanyan Force as at the date of this announcement and as at Completion
“Shares(s)”	ordinary share(s) of the Company

“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yanyan Force”	Yanyan Force Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Prosper Overseas Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
21 Holdings Limited
Ng Kai Man
Chairman

Hong Kong, 6 August 2013

As at the date of this announcement, the Board comprises Mr. Ng Kai Man (Chairman) and Mr. Cheng Yuk Wo as executive Directors and Mr. Lui Siu Tsuen, Richard, Mr. Ding Chung Keung and Ms. Cheung Sze Man as independent non-executive Directors.