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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
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
TARGET COMPANY**

DISCLOSEABLE AND CONNECTED TRANSACTION

On 5 December 2014 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor, an indirect wholly-owned subsidiary of the Company, has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company, at the Purchase Price of HK\$4,500,000.

After Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

The Target Group is principally engaged in the provision of franchise service in Hong Kong and Macau. Further information on the Target Group has been disclosed under the paragraph headed “Information on the Target Group” below.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is only subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Purchaser is wholly-owned by Mr. Ng, the executive Director, the Purchaser hence is a connected person of the Company. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given the applicable percentage ratios (as defined in the Listing Rules) are under 25% and the Purchase Price is less than HK\$10,000,000, the Disposal, which is conducted on normal commercial term, is only subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and the Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

* For identification purposes only

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(1) The Sale and Purchase Agreement

Date: 5 December 2014

Parties: (1) Purchaser: Menkin Limited
(2) Vendor: Century 21 (HK) Group Limited

Menkin Limited is wholly-owned by Mr. Ng, the executive Director, and hence is a connected person of the Company.

Assets to be disposed of:

Pursuant to the Sale and Purchase Agreement, the Vendor, an indirect wholly-owned subsidiary of the Company, has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, which represent the entire issued share capital of the Target Company.

The Purchase Price:

The Purchase Price is HK\$4,500,000 which shall be payable in cash by the Purchaser to the Vendor or its nominee upon Completion.

The Purchase Price was agreed between the Purchaser and the Vendor after arm's length negotiations with reference to the unaudited consolidated net assets value of the Target Group and the corresponding goodwill in the amounts of HK\$3,880,000 and HK\$220,000 respectively as at 31 October 2014. For the details of financial information of the Target Group, please refer to the paragraph headed "Information on the Target Group" below.

Condition Precedent:

The Sale and Purchase Agreement is unconditional.

Completion:

Completion shall take place on the fifth Business Day after the signing of the Sale and Purchase Agreement on 5 December 2014.

(2) Information on the Target Group

The Target Company is a company incorporated in Hong Kong on 18 May 1993 with limited liability. The Target Group is principally engaged in the provision of franchise service in Hong Kong and Macau.

Under the Subfranchise Agreement, the Target Company has been granted the exclusive perpetual right to sublicense certain Century 21 marks and to grant Century 21 franchises to licensed real estate brokers and to use the Century 21 system for the establishment, development and operation of real estate brokerages offices in Hong Kong and Macau.

According to the consolidated financial statements of the Target Group for the year ended 31 December 2012, the Target Group had revenue of approximately HK\$7,056,000. In the same year, the Target Group recorded profits before and after taxation of approximately HK\$180,000 and HK\$137,000 respectively. As at 31 December 2012, the Target Group had net assets of approximately HK\$7,400,000.

According to the consolidated financial statements of the Target Group for the year ended 31 December 2013, the Target Group had revenue of approximately HK\$6,375,000 and profit before taxation and loss after taxation of the Target Group were approximately HK\$19,000 and HK\$1,000 respectively. As at 31 December 2013, the Target Group had net assets of approximately HK\$7,399,000.

(3) Reasons for and benefits of the Disposal and use of proceeds

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property agency and related services, securities trading and investments, and advertising agency business.

In view of the unsatisfactory profitability of the subfranchise business of the Target Group in the past few years, the Board considers that the Disposal will enable the Group to streamline and diversify the Group's businesses, hence the Group can expand and locate its resource to its newly acquired advertising agency business as well as focus on its other core businesses with profit potential such as the property agency business.

It is intended that the proceeds from the Disposal will be used as general working capital of the Group.

After Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group. It is estimated that the Group would record an unaudited gain on the Disposal of HK\$240,000, which is calculated with reference to the net proceeds from the Disposal less the unaudited consolidated net assets value of the Target Group and the corresponding goodwill as at 31 October 2014 and the relevant professional fees. The actual gain on the Disposal to be recorded by the Group is subject to audit.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement (including the Purchase Price) are on normal commercial terms, fair and reasonable and the Disposal, despite not in the ordinary course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

(4) Listing Rules Implication on the Disposal

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is only subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Purchaser is wholly-owned by Mr. Ng, the executive Director, the Purchaser hence is a connected person of the Company. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given the applicable percentage ratios (as defined in the Listing Rules) are under 25% and the Purchase Price is less than HK\$10,000,000, the Disposal, which is conducted on normal commercial term, is only subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and the Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other than Mr. Ng, none of the Directors is considered to have a material interest in the Disposal. The Board confirms that Mr. Ng has abstained from voting on the Board resolution approving the Sale and Purchase Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used therein:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Century 21 US”	Century 21 Real Estate Corporation, a Delaware corporation, the franchisor under the Subfranchise Agreement and the Independent Third Party
“Company”	21 Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange (Stock Code: 1003)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement

“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Ng”	Mr. Ng Kai Man, the executive Director
“Purchase Price”	HK\$4,500,000, being the consideration for the Sale Shares payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement
“Purchaser”	Menkin Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Ng
“Sale and Purchase Agreement”	the unconditional sale and purchase agreement dated 5 December 2014 and entered into between the Purchaser as purchaser and the Vendor as vendor in relation to the Disposal
“Sale Shares”	3,880,000 shares of HK\$1.00 each in the issued share capital of the Target Company beneficially owned by the Vendor, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subfranchise Agreement”	the subfranchise agreement dated 12 August 1993 (as subsequently amended) entered into between the Target Company as subfranchisor and Century 21 US as franchisor
“Target Company”	Century 21 Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiary
“Vendor”	Century 21 (HK) Group Limited, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars(s), the lawful currency of Hong Kong

By Order of the Board
21 Holdings Limited
Lei Hong Wai
Chairman

Hong Kong, 5 December 2014

As at the date of this announcement, the Board comprises Mr. Lei Hong Wai (Chairman), Mr. Ng Kai Man and Mr. Cheung Kwok Fan as executive Directors and Ms. Chio Chong Meng, Mr. Wong Tak Chuen and Mr. Man Kong Yui as independent non-executive Directors.