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21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(To be renamed Huanxi Media Group Limited)

(stock code: 1003)

DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF THE VENDOR'S INCOME RIGHT IN THE TARGET FILM

THE AGREEMENT

On 21 September 2015 (after trading hours), the Purchaser (a wholly owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Vendor's Income Right at a consideration of RMB150,000,000 (equivalent to approximately HK\$183,000,000).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirements. The Vendor is a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements.

A circular containing, among other things, (i) information on the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 14 October 2015.

On 21 September 2015 (after trading hours), the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Vendor's Income Right at a consideration of RMB150,000,000 (equivalent to approximately HK\$183,000,000).

* for identification purpose only

A summary of the principal terms of the Agreement is set out below:

THE AGREEMENT

Date: 21 September 2015 (after trading hours)

Parties: (i) Sinofocus Media (Holdings) Limited, a wholly owned subsidiary of the Company, as purchaser; and
(ii) Beijing Joy Leader Culture Communication Co. Ltd (北京真樂道文化傳播有限公司), as vendor

As at the date of the Agreement, the Vendor is ultimately wholly owned by Mr. Xu Zheng. Mr. Xu Zheng is a non-executive Director and the ultimate beneficial owner of Tairong Holdings Limited (泰嶸控股有限公司), a substantial Shareholder. As such, the Vendor is a connected person of the Company under the Listing Rules.

Assets to be acquired

The Purchaser will acquire the Vendor's Income Right, which represents 47.5% of (i) the net income of the Target Film from cinemas in the PRC; and (ii) the net income of the Target Film from cinemas outside the PRC, after deduction of the distribution costs, for a period of 6 years commencing from the date of first release of the Target Film, and free from all encumbrances. The Target Film is scheduled for first release in the PRC on 25 September 2015.

Consideration

The consideration is RMB150,000,000 (equivalent to approximately HK\$183,000,000), which shall be satisfied in cash by the Purchaser to the Vendor in the following manners:

- (i) a deposit of RMB60,000,000 (equivalent to approximately HK\$73,200,000) on the third Business Day after the signing of the Agreement (which deposit shall be refundable on terms set out below under the heading "Conditions Precedent"); and
- (ii) the balance of RMB90,000,000 (equivalent to approximately HK\$109,800,000) no later than the Completion Date.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor and with reference to, among other things (i) the Vendor's Income Right; and (ii) the amounts of production costs, advertising and promotion expenses and finance costs incurred and being incurred for the Target Film.

The total investment in and other costs of the Target Film already incurred include (i) cash investment of approximately RMB150,000,000 (equivalent to approximately HK\$183,000,000) previously made by an unrelated third party investor in return for, among other things, a separate right to 47.5% of net cinema income of the Target Film; and (ii) non-cash investment by the Vendor in the forms of certain intellectual property rights and personal services including writing, directing and acting in the Target Film.

Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (a) the passing of all necessary resolutions by the Shareholders (other than those who are required by the Listing Rules to abstain from voting) in the SGM of the Company approving the terms and conditions of the Agreement and the transactions contemplated thereunder;
- (b) all necessary authorisations, consents, approvals and exemptions required for the terms and conditions of the Agreement and the transactions contemplated thereunder in accordance with all applicable laws or any contractual relationship having been obtained, including the consent or approval by the Stock Exchange, and to comply with the announcement requirements under the Listing Rules;
- (c) the representations and warranties given by the Purchaser remaining true, accurate and not misleading, and that all other undertakings having been fulfilled;
- (d) the representations and warranties given by the Vendor remaining true, accurate and not misleading, and that all other undertakings having been fulfilled;
- (e) all requirements, approvals and exemptions required for the terms and conditions of the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and/or all applicable laws and regulations having been obtained by the Company, such as passing of resolutions in the SGM of the Company and publication of announcements or notices (if applicable); and
- (f) all written permissions or consents required for the transfer or disposal of the Vendor's Income Right having been obtained by the Vendor.

The Purchaser may waive the condition precedent set out in paragraph (d) at any time. The Vendor may waive the condition precedent set out in paragraph (c) at any time. Other conditions precedent are not waivable.

If any of the conditions precedent of the Agreement have not been fulfilled, satisfied or, if applicable, waived on or before 31 December 2015, the refundable deposit of RMB60,000,000 shall be refunded to the Purchaser immediately.

Completion

Completion shall take place on the Completion Date, being the third Business Day after all the conditions precedent of the Agreement have been fulfilled or waived (if applicable).

Upon Completion, the Vendor's Income Right will be accounted for as an asset in the consolidated financial statements of the Group.

INFORMATION OF THE TARGET FILM

The Vendor, principally engaged in movie production, is one of the investors of the Target Film and has certain interest, including Vendor's Income Right, in the Target Film. The Target Film is Lost in Hong Kong 《港囧》, an upcoming Chinese comedy film directed by Mr. Xu Zheng (徐崢), and starred by Mr. Xu Zheng, Ms. Zhao Wei (趙薇), Mr. Bao Bei'er (包貝爾) and Ms. Du Juan (杜鵑). The Target Film is a sequel to the film Lost in Thailand 《人再囧途之泰囧》 (2012), also directed and starred by Mr. Xu Zheng, which grossed over US\$200 million.

REASONS FOR THE ACQUISITION

The Group is currently principally engaged in the provision of property agency and related services, securities trading and investment and advertising agency business.

As set out in the Circular, among other things, the Group plans to develop existing and new business in the advertising, media and entertainment industry, and intends to develop and/or invest at least one film and/or one television drama series per year. The Acquisition involves an investment in the Target Film which is in line with the Group's development in the advertising, media and entertainment industry. The Directors consider that the Acquisition would be beneficial to the Group as the Acquisition represents a first step forward in the implementation of the Group's development plan.

The Company intends to finance the consideration payable under the Agreement by the net proceeds from the subscription of new Shares set out in the Circular.

The Directors (excluding the independent non-executive Directors whose view will be given after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Acquisition) consider that the terms of the Acquisition are fair and reasonable and the Acquisition is 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 the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirements. The Vendor is ultimately wholly owned by Mr. Xu Zheng, a non-executive Director and the ultimate beneficial owner of Tairong Holdings Limited (泰嶸控股有限公司), a substantial Shareholder, and thus is a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. Mr. Xu Zheng and his associates are required to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, Mr. Xu Zheng, through Tairong Holdings Limited, holds 438,625,528 Shares, representing approximately 19.0% of the issued share capital of the Company. Save for the aforesaid and to the best knowledge of the Company, as at the date of this

announcement, no other Shareholder has a material interest in the Agreement and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Acquisition. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) information on the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 14 October 2015.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Purchaser of the Vendor’s Income Right from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 21 September 2015 entered into between the Company and the Vendor in relation to the Acquisition
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day other than (i) Saturday, Sunday or public holiday; or (ii) any day commercial banks must close under the relevant laws and regulations in the PRC or Hong Kong
“Circular”	the circular of the Company dated 5 August 2015 in respect of, among other things, the subscription of new Shares
“Company”	21 Holdings Limited (stock code: 1003), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the third Business Day after the conditions precedent in the Agreement having been fulfilled (or, if applicable, waived)

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Su Tuong Sing, David, Mr. Li Xiaolong and Mr. Wong Tak Chuen, established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Xu Zheng and his associates and all other Shareholders who are interested in the Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of the Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Sinofocus Media (Holdings) Limited
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Film”	《港囧》 (Lost in Hong Kong)
“Vendor”	Beijing Joy Leader Culture Communication Co. Ltd (北京真樂道文化傳播有限公司)

“Vendor’s Income Right” 47.5% of (i) the net income of the Target Film from cinemas in the PRC (being the gross box office receipts of the Target Film from distribution and screening in cinemas etc and after deduction of the amounts payable to film special fund, value added tax and surcharges, and the amounts of the gross box office receipts shared by cinemas); and (ii) the net income of the Target Film from cinemas outside the PRC (provided that such income has been generated and is transferrable), after deduction of the distribution costs

“%” per cent.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.22. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

By order of the Board
21 Holdings Limited
Xiang Shaokun, Steven
Executive Director and Chief Executive Officer

Hong Kong, 21 September 2015

As at the date of this announcement, the Board comprises Mr. Dong Ping and Mr. Xiang Shaokun, Steven (Chief Executive Officer) as executive Directors, Mr. Ning Hao, Mr. Xu Zheng, Mr. Gao Zhikai and Mr. So Chak Kwong as non-executive Directors, and Mr. Su Tuong Sing, David, Mr. Li Xiaolong and Mr. Wong Tak Chuen as independent non-executive Directors.