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**21 Holdings Limited**

**21 控股有限公司\***

(incorporated in Bermuda with limited liability)

(stock code: 1003)

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

The board of directors (the “Board”) of 21 Holdings Limited (the “Company”) is pleased to present the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2008 as follows:—

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2008*

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Revenue</b>	2	<b>119,586</b>	132,987
Cost of sales		<b>(108,072)</b>	(129,977)
Gross profit		<b>11,514</b>	3,010
Other income		<b>2,093</b>	2,061
Gain on disposal of subsidiaries		—	20,413
Distribution costs		<b>(6,762)</b>	(3,379)
Administrative expenses		<b>(26,176)</b>	(21,985)
Loss on assignment of an amount due from a subsidiary upon disposal		—	(68,559)
Provision for impairment losses			
Goodwill		<b>(173,960)</b>	(4,201)
Investment properties		<b>(3,656)</b>	—
Other operating expenses		<b>(4,464)</b>	(1,219)
Finance costs	4	<b>(4,526)</b>	(940)
<b>Loss before income tax</b>	5	<b>(205,937)</b>	(74,799)
Income tax credit/(expense)	6	<b>77</b>	(171)
<b>Loss for the year</b>		<b>(205,860)</b>	(74,970)
Attributable to:			
Equity holders of the Company		<b>(205,860)</b>	(73,579)
Minority interests		—	(1,391)
<b>Loss for the year</b>		<b>(205,860)</b>	(74,970)
<b>Loss per share</b> (2007: As restated)	8		
Basic		<b>(HK\$3.29)</b>	(HK\$3.30)
Diluted		N/A	N/A

\* for identification purpose only

# CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>533</b>	155
Investment properties		<b>14,482</b>	—
Goodwill	9	<b>256,000</b>	—
		<hr/> <b>271,015</b>	<hr/> 155
<b>Current assets</b>			
Trade and other receivables	10	<b>27,008</b>	15,546
Financial assets at fair value through profit or loss		<b>—</b>	11,339
Bank balances and cash		<b>11,888</b>	235,437
Tax recoverable		<b>—</b>	231
		<hr/> <b>38,896</b>	<hr/> 262,553
<b>Current liabilities</b>			
Trade and other payables	11	<b>31,149</b>	15,074
Amount due to a director		<b>862</b>	—
Provision for tax		<b>4,095</b>	—
		<hr/> <b>36,106</b>	<hr/> 15,074
<b>Net current assets</b>		<hr/> <b>2,790</b>	<hr/> 247,479
<b>Total assets less current liabilities</b>		<hr/> <b>273,805</b>	<hr/> 247,634
<b>Non-current liabilities</b>			
Promissory note	12	<b>100,000</b>	—
Convertible notes	13	<b>117,352</b>	—
		<hr/> <b>217,352</b>	<hr/> —
<b>NET ASSETS</b>		<hr/> <b>56,453</b>	<hr/> 247,634
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>156,456</b>	156,456
Reserves		<b>(100,003)</b>	91,178
<b>TOTAL EQUITY</b>		<hr/> <b>56,453</b>	<hr/> 247,634

Notes:

## 1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In the current year, the Group has adopted and applied all the new standards, amendments and interpretations (the “New HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2008. The adoption of the New HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

## 2. Revenue

Revenue, which is also the Group’s turnover, represents the invoiced value of goods supplied and income from provision of services. Revenue recognised during the year is as follows:

	<b>2008</b> <i>HK\$’000</i>	2007 <i>HK\$’000</i>
Franchise income	<b>1,977</b>	—
Property agency commission and service income	<b>13,738</b>	—
Sale of goods	<b>103,871</b>	132,987
	<hr/> <b>119,586</b> <hr/>	<hr/> 132,987 <hr/>

### 3. Segment information

#### *Business segments*

The Group is organised into three business segments, namely (a) toy products trading and manufacturing; (b) securities trading and investments; and (c) property agency. Toy products manufacturing business had been ceased since June 2007. Property agency business commences in July 2008.

#### 2008

	<b>Toy products trading</b> <i>HK\$'000</i>	<b>Securities trading and investments</b> <i>HK\$'000</i>	<b>Property agency</b> <i>HK\$'000</i>	<b>Group</b> <i>HK\$'000</i>
<b>Revenue</b>				
External sales	<u>103,871</u>	<u>—</u>	<u>15,715</u>	<u>119,586</u>
<b>Segment results</b>	<u>(8,274)</u>	<u>(3,695)</u>	<u>(176,932)</u>	<u>(188,901)</u>
Unallocated operating income and expenses				(12,510)
Finance costs				<u>(4,526)</u>
<b>Loss before income tax</b>				<u>(205,937)</u>
Income tax credit				77
<b>Loss for the year</b>				<u><u>(205,860)</u></u>
<b>Assets</b>				
Segment assets	13,389	6	276,521	289,916
Unallocated assets				<u>19,995</u>
Total assets				<u><u>309,911</u></u>
<b>Liabilities</b>				
Segment liabilities	11,329	—	17,292	28,621
Unallocated liabilities				<u>224,837</u>
Total liabilities				<u><u>253,458</u></u>
<b>Other information</b>				
Impairment of goodwill	—	—	173,960	<u><u>173,960</u></u>

2007

	<b>Toy products trading and manufacturing</b> <i>HK\$'000</i>	<b>Securities trading and investments</b> <i>HK\$'000</i>	<b>Property agency</b> <i>HK\$'000</i>	<b>Group</b> <i>HK\$'000</i>
<b>Revenue</b>				
External sales	<u>132,987</u>	<u>—</u>	<u>—</u>	<u>132,987</u>
<b>Segment results</b>	<u>(14,343)</u>	<u>(746)</u>	<u>—</u>	<u>(15,089)</u>
Unallocated operating income and expenses				(10,624)
Loss on assignment of an amount due from a subsidiary upon disposal				(68,559)
Gain on disposal of subsidiaries				20,413
Finance costs				(940)
<b>Loss before income tax</b>				(74,799)
Income tax expense				(171)
<b>Loss for the year</b>				<u>(74,970)</u>
<b>Assets</b>				
Segment assets	15,606	26,574	—	42,180
Unallocated assets				220,528
Total assets				<u>262,708</u>
<b>Liabilities</b>				
Segment liabilities	13,269	—	—	13,269
Unallocated liabilities				1,805
Total liabilities				<u>15,074</u>
<b>Other information</b>				
Impairment of goodwill	4,201	—	—	<u>4,201</u>

**Geographical segments**

The following table provides an analysis of the Group's sales by location of customers, irrespective of the origin of the goods and services.

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Canada	—	7,589
Europe	<b>32,603</b>	2,376
Hong Kong	<b>17,023</b>	11,081
Japan	<b>51,716</b>	84,570
PRC	<b>4,404</b>	22,043
Singapore	<b>1,175</b>	1,631
Taiwan	<b>887</b>	2,304
USA	<b>11,745</b>	1,393
Others	<b>33</b>	—
	<u><b>119,586</b></u>	<u>132,987</u>

#### 4. Finance Costs

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest charges on:		
Bank loans and other borrowings wholly repayable within five years	10	314
Finance charges on obligations under finance leases	—	94
Convertible notes	3,185	532
Promissory note	1,331	—
	<hr/>	<hr/>
<b>Total interest expenses on financial liabilities not at fair value through profit or loss</b>	<b>4,526</b>	<b>940</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 5. Loss before income tax

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
Staff cost (include directors' emoluments)		
Salaries, wages and other benefits	9,405	9,144
Share-based payment in respect of share options granted	—	1,369
Contribution to defined contribution plans	353	135
	<hr/>	<hr/>
	<b>9,758</b>	<b>10,648</b>
	<hr/>	<hr/>
Operating lease payments for premises	2,086	185
Cost of inventories recognised as expense	99,535	127,924
Auditors' remuneration		
Current year	730	475
Underprovision in prior year	16	—
Depreciation on property, plant and equipment <sup>1</sup>	617	1,901
Amortisation on prepaid lease payments	—	63
Provision for impairment losses of trade receivables <sup>1</sup>	1,685	—
Loss on change in fair value of financial assets at fair value through profit or loss <sup>2</sup>	—	1,218
Loss on disposal of financial assets at fair value through profit or loss <sup>2</sup>	4,464	—
Net exchange (gain)/loss	(81)	1,834
Loss on disposal of property, plant and equipment	21	62
	<hr/> <hr/>	<hr/> <hr/>

<sup>1</sup> Expensed in administrative expenses

<sup>2</sup> Expensed in other operating expenses

## 6. Income tax (credit)/expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year.

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax — Hong Kong (Over)/Underprovision in respect of prior years	<u>(77)</u>	<u>171</u>

## 7. Dividends

The Board does not recommend payment of final dividend for the year ended 31 December 2008 (2007: nil).

## 8. Loss per share

The calculation of the basic loss per share is based on the following data:

### Loss

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss attributable to equity holders of the Company for the purpose of basic loss per share	<u>(205,860)</u>	<u>(73,579)</u>

### Number of shares

	<b>2008</b> <i>'000</i>	2007 <i>'000</i> (as restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>62,582</u>	<u>22,302</u>

*Note:—*

The weighted average number of shares for the purpose of basic loss per share in 2008 and 2007 were adjusted to reflect the following events:

- (a) share consolidation of every five shares of HK\$0.025 each of the Company into one share of HK\$0.125 each with effect from 15 July 2008; and
- (b) share consolidation of every twenty shares of HK\$0.125 each of the Company into one share of HK\$2.50 each, which became effective on 12 February 2009.

Diluted loss per share for the years ended 31 December 2008 and 2007 have not been presented because the impact of the exercise of share options and conversion of convertible notes were anti-dilutive.

## 9. Goodwill

*HK\$'000*

### **COST**

At 1 January 2007	5,337
Eliminated on disposal of subsidiaries	(1,136)
	<hr/>
At 31 December 2007 and 1 January 2008	4,201
Acquisition of subsidiaries	429,960
	<hr/>
<b>At 31 December 2008</b>	<b><u><u>434,161</u></u></b>

### **IMPAIRMENT**

At 1 January 2007	1,136
Eliminated on disposal of subsidiaries	(1,136)
Provided for the year	4,201
	<hr/>
At 31 December 2007 and 1 January 2008	4,201
Provided for the year	173,960
	<hr/>
<b>At 31 December 2008</b>	<b><u><u>178,161</u></u></b>

### **NET CARRYING AMOUNT**

<b>At 31 December 2008</b>	<b><u><u>256,000</u></u></b>
At 31 December 2007	<u><u>—</u></u>

Goodwill is allocated to the Group's cash generating units identified according to business segment. The entire amount of goodwill as at 31 December 2008 has been allocated to the property agency segment. The carrying amount of the unit (based on its value-in-use) was determined to be higher than its recoverable amount and an impairment loss of HK\$173,960,000 was recognised during the year. The entire amount of goodwill as at 31 December 2007 was allocated to the toy products trading segment located in Hong Kong and has been fully impaired in 2007.

## 10. Trade and other receivables

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Trade receivables</b>		
From third parties	20,513	8,895
Less: provision for impairment of receivables	(2,101)	—
	<hr/>	<hr/>
	18,412	8,895
<b>Other receivables</b>		
Deposits, prepayments and other receivables	8,596	6,651
	<hr/>	<hr/>
	<b><u><u>27,008</u></u></b>	<b><u><u>15,546</u></u></b>



For the toy products trading segment, the Group allows an average credit period ranging from 30 to 90 days to its trade customers. For property agency segment, the customers are obliged to settle the amounts upon completion of the relevant agreements and no general credit facilities are available. Based on the invoice dates and relevant agreements, the ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) as of the balance sheet date is as follows:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 to 30 days	7,533	6,391
31 to 60 days	2,422	983
61 to 90 days	797	535
Over 90 days	7,660	986
	<u>18,412</u>	<u>8,895</u>

#### 11. Trade and other payables

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Trade payables</b>	<b>11,891</b>	3,900
<b>Other payables</b>		
Accrued charges and other creditors	<u>19,258</u>	<u>11,174</u>
	<u>31,149</u>	<u>15,074</u>

For toy products trading segment, the Group was granted by its suppliers credit periods ranging from 30 to 60 days. For property agency segment, the commission payable was due for settlement only upon receipt of corresponding agency fees received from customers. The ageing analysis of trade payables were as follows:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 to 30 days	2,413	3,392
31 to 60 days	1,734	508
61 to 90 days	490	—
Over 90 days	7,254	—
	<u>11,891</u>	<u>3,900</u>

## 12. Promissory note

The promissory note was issued to Mr. Ng Kai Man (“Mr. Ng”), an executive director of the Company, as part of the consideration for the acquisition of C21 Group during the year. The amount is unsecured, bears interest at 3% per annum and is wholly repayable on 23 January 2010.

## 13. Convertible notes

The carrying values of the liability and equity component of the convertible notes are as follows:

	<b>Liability component</b> <i>HK\$'000</i>	<b>Equity component</b> <i>HK\$'000</i>
At 1 January 2007	—	—
Net carrying amounts on initial recognition	29,639	4,361
Imputed interest expenses	532	—
Exercise of conversion rights	<u>(30,171)</u>	<u>(4,361)</u>
Net carrying amounts at 31 December 2007 and 1 January 2008	—	—
Net carrying amounts on initial recognition	<b>115,321</b>	<b>14,679</b>
Imputed interest expenses	<b>3,185</b>	—
Interest on convertible notes accrued	<u><b>(1,154)</b></u>	<u>—</u>
<b>Net carrying amounts at 31 December 2008</b>	<b><u>117,352</u></b>	<b><u>14,679</u></b>

On 23 July 2008, the Company issued HK\$130,000,000 3-years 2% convertible note at 100% of principal amount to Mr. Ng as part of the consideration for the acquisition of C21 Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Operation Review

Year 2008 is undoubtedly a year that is difficult to forget. The unprecedented financial tsunami hits most of the industries and countries. All the three business segments of the Group are unavoidably adversely affected.

#### *Toy Products Trading*

The financial crisis aggravates the ever-tightening orders in toys industry on a global scale. Revenue generated from toys trading segment of the Group are HK\$103.9 million this year, represented a decline of 21.9% when compared with last year. The decrease was noticeably occurred in the second half of the year and primarily due to orders cutting by two major customers in Japan. Nevertheless, the Group has successfully secured remarkable orders shipped to Europe which resulted in certain desirable changes in the usual geographical mix of revenue. Sales to Japan dropped from around 70% of the total revenue of toys trading segment to around 50% only this year whilst sales to Europe built up to around one-third of the total revenue.

In procurement side, costs charged by the Group's suppliers were kept at bargained level even though the suppliers themselves were beaten by escalation in material, labour and operating costs in Mainland China. Gross profit margin of toys trading business maintained at around 4.1% this year. However, distribution costs and administration expenses hanged at a high level due to inflation and appreciation of Renminbi and a provision on doubtful debts of HK\$1.5 million was made. As a result, toys trading business of the Group recorded a segment loss of HK\$8.3 million.

#### *Securities Trading and Investments*

The Group reactivated securities trading and investment business in November 2007. Despite that the Group was only engaged at the nurturing stage and not deeply involved in this section during the year, loss in an amount of HK\$3.7 million was inevitably incurred in the midst of stock markets slumps. In view of the pessimistic market sentiments and that the time ahead remains obscure, the Group decisively suspended its operations in this segment during the year and did not have any securities held for trading as at 31 December 2008.

#### *Property Agency — Material Acquisition of Subsidiaries*

On 30 April 2008, the Company together with one of its wholly-owned subsidiary entered into an agreement to acquire from Mr. Ng Kai Man ("Mr. Ng") the equity interests in Consecutive Profits Limited, Pacific Pointer Limited, Real Clever Profits Limited, Century 21 Hong Kong Limited and Century 21 Limited (collectively, "C21 Group"), at a consideration of HK\$430.0 million ("C21 Acquisition"). C21 Group possesses the exclusive perpetual right to grant franchise to licensed property agents to operate under an international brand name "Century 21" in Hong Kong and Macau and has consistently maintained over 100 sub-franchisees. C21 Group by itself actively engages and has proven records in the brokerage and consultancy business in both the primary and secondary property market in Hong Kong.

Upon completion of C21 Acquisition on 23 July 2008, Mr. Ng, who is the founder of C21 Group and a seasoned entrepreneur in the real estate industry, is appointed as the executive director of the Company to steer this new business. And the consideration of HK\$430.0 million was settled (i) as to HK\$200.0 million in cash; (ii) by issuing a promissory note in HK\$100.0 million ("the "PN"); and (iii) by issuing a convertible note in HK\$130.0 million (the "CN").

## *Property Agency*

Similarly, performance of this newly acquired segment was badly hampered by the economic downturn. Transactions in Hong Kong property market started its turn from the peak in June 2008. The outbreak of financial crisis in September, which in turn caused economic recession, raising of unemployment rate and tightening of credit facilities, exacerbated the stagnation. Revenue generated from property agency segment in the five months after the completion of C21 Acquisition was HK\$15.7 million (the aggregate revenue recorded by the companies in C21 Group for the year ended 31 March 2008 was HK\$88.9 million as disclosed in the circular of the Company dated 28 June 2008).

Facing with the worsening operating environment, the management has taken a series of measures to withstand the adversity, including cutting off underperformed branches and resources, streamlining of manpower and repositioning of marketing strategies.

Operating loss of the property agency segment for the five months period was HK\$2.9 million (the aggregate profit before taxation recorded by the companies in C21 Group for the year ended 31 March 2008 was HK\$25.0 million as disclosed in the circular of the Company dated 28 June 2008). Because of the abrupt changes in the property market since the second half of 2008 and that recovery from the adversity is still on an unclear path, an impairment loss on goodwill arising from C21 Acquisition amounted HK\$174.0 million was provided. The property agency segment recorded a substantial loss of HK\$176.9 million during the year.

## **Prospects**

Among the segments the Group currently engaged in, the management considers that property agency segment will rebound faster and at a greater extent when the economy resumes its momentum and hence more resources will be directed to property agency segment in the time to come. As an assertion to reflect determination in this regard, the name of the Company has been changed to “21 Holdings Limited” in February 2009. Furthermore, placing exercises on best effort basis are undergone to raise fund of up to HK\$151.0 million which will be applied, apart from prepaying the PN so as to lessen the Group’s burden on finance costs and gearing ratio, to provide additional working capital for developing the Group’s business when opportunities emerged.

The Group is posed to stretch its presence in the property market in Hong Kong by increasing the number of franchisees and the self-operating branches and active participation in the primary market, but only when the management considers that timing is appropriate after careful evaluation on the development in the economy and the property market. The vast and promising property market in Mainland China is another focal point of the Group’s expansion agenda. The Group has already commenced its presence in Beijing in the first quarter of 2009 through a small scale leasing project. The management is always observant on profitable opportunities that will bring attractive returns to the Company and its shareholders.

Year 2009 is expected to be harsh even though the economies show modest revival recently. Nonetheless, the management is devoted and works hard to improve the performance and enhance the value of the Group.

## **Financial Review**

### *Review of Results*

The Group recorded a revenue of HK\$119.6 million for the year ended 31 December 2008, being a decline of HK\$13.4 million or 10.1% when compared with last year. Gross profit improved by HK\$8.5 million from HK\$3.0 million for last year to HK\$11.5 million, principally due to the acquisition of C21 Group during the year, which has different business nature and cost structure enhanced the gross profit margin of the Group.

Mainly caused by the same reason, distribution costs and administrative expenses of the Group increased by HK\$3.4 million and HK\$4.2 million respectively in year 2008. Finance costs of this year basically comprised of interests accrued for the PN and the CN issued on 23 July 2008 and amounted to HK\$4.5 million, surged by 3.8 times when compared with last year.

After deducting other operating expenses which solely comprise of loss on disposals of securities held for trading in HK\$4.5 million, provision for impairment loss in HK\$3.7 million on investment properties which was acquired by the Group in February 2008 and provision for impairment loss in HK\$174.0 million on goodwill arising from C21 Acquisition, the Group reported a loss of HK\$205.9 million for the year.

#### *Liquidity and Financial Resources*

The Group maintained sufficient working capital as at 31 December 2008 with bank balances and cash of HK\$11.9 million (31 December 2007: HK\$235.4 million).

The Group has no bank borrowings as at 31 December 2008 (31 December 2007: nil). However, the PN and the CN issued during the year remained outstanding as at 31 December 2008. The PN bears interest of 3% per annum and matures on 23 January 2010 whilst the CN bears interest of 2% per annum, matures on 23 July 2011 and carrying rights to convert the outstanding principal amount into shares of the Company.

Gearing ratio, express as the percentage of total borrowings over total capital, of the Group as at 31 December 2008 was 79.4% (31 December 2007: nil). Total capital is calculated as total equity plus total borrowings. The upsurge in gearing ratio is caused by the issue of the PN and the CN during the year and the substantial loss incurred by the Company which resulted in reduction in equity.

#### *Capital Structure*

As at 31 December 2008, the Company has 1,251,646,080 shares of HK\$0.125 each in issue. On 12 February 2009, pursuant to a special resolution passed by the shareholders of the Company, the Company effected a capital reorganisation (the “Capital Reorganisation”), which included:—

- a. share consolidation of every twenty shares of HK\$0.125 each into one consolidated share of HK\$2.50 each;
- b. capital reduction of the par value of each issued consolidated share from HK\$2.50 to HK\$0.01 by cancellation of HK\$2.49 of the paid-up capital on each consolidated share; and
- c. cancellation of the entire balance in the share premium account of the Company.

A total of credit of approximately HK\$323.9 million was arisen from the Capital Reorganisation which was applied to eliminate the accumulated losses of the Company.

Furthermore, 130 million new shares of HK\$0.01 each were allotted and issued by the Company on 31 March 2009 pursuant to a share placing agreement approved by the shareholders of the Company on 11 February 2009 (the “Share Placing”).

Resulting from the Capital Reorganisation and the Share Placing, the initial conversion price of the CN HK\$0.1375 was adjusted according to the terms of the CN. Assuming that the CN is fully converted at the prevailing conversion price of HK\$1.366, the number of new shares of HK\$0.01 each to be allotted and issued is 95,168,374.

## *Charges on Assets*

None of the assets of the Group was under charge as at 31 December 2008. As at 31 December 2007, certain financial assets and bank deposits in HK\$19.1 million were pledged to a bank to secure banking facilities of US\$7.0 million, of which no bank loan had ever been drawn.

## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **Corporate Governance**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2008 except for the deviation from Code A.4.1 of the CG Code that none of the non-executive directors of the Company is appointed for specific term. However, as the directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures have been in place to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

### **Review of the Results**

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 31 December 2008.

By Order of the Board  
**21 Holdings Limited**  
**Ng Kai Man**  
*Executive Director*

Hong Kong, 22 April 2009

*As at the date of this announcement, the Board comprises Mr. Ha Kee Choy, Eugene, Ms. Ma Wai Man, Catherine and Mr. Ng Kai Man as executive directors and Mr. Cheng Yuk Wo, Mr. Chui Chi Yun, Robert and Ms. Leung Sau Fan, Sylvia as independent non-executive directors.*