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 2009

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 2009 as follows:—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*3*	**179,550**	119,586
Cost of sales		**(148,600)**	(108,072)
Gross profit		**30,950**	11,514
Other income		**1,223**	2,093
Distribution costs		**(5,832)**	(6,762)
Administrative expenses		**(32,769)**	(26,176)
Fair value loss on derivative component of convertible notes		**(127,262)**	—
Provision for impairment loss on goodwill		**—**	(173,960)
Other operating expenses		**—**	(8,120)
Finance costs	*4*	**(10,039)**	(4,526)
Loss before income tax	*5*	**(143,729)**	(205,937)
Income tax (expense)/credit	*6*	**(559)**	77
Loss for the year/Total comprehensive expense for the year attributable to owners of the Company		**(144,288)**	(205,860)
Loss per share for loss attributable to owners of the Company during the year (2008: As restated)	*8*		
Basic		**(HK$0.27)**	(HK$1.54)
Diluted		**N/A**	N/A

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**183**	533
Investment properties	9	**—**	14,482
Goodwill		**256,000**	256,000
		256,183	271,015
Current assets			
Trade and other receivables	10	**42,260**	27,008
Bank balances and cash		**97,154**	11,888
		139,414	38,896
Non-current assets classified as held for sale	9	**14,106**	—
		153,520	38,896
Current liabilities			
Trade and other payables	11	**47,469**	31,149
Amount due to a director		**—**	862
Provision for tax		**531**	4,095
		48,000	36,106
Net current assets		**105,520**	2,790
Total assets less current liabilities		**361,703**	273,805
Non-current liabilities			
Promissory note	12	**—**	100,000
Convertible notes	13	**122,054**	117,352
		122,054	217,352
NET ASSETS		**239,649**	56,453
Equity attributable to owners of the Company			
Share capital		**18,069**	156,456
Reserves		**221,580**	(100,003)
TOTAL EQUITY		**239,649**	56,453

Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") 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 applied for the first time the following 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 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based payment — vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, 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.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

2. Segment information

The executive directors have identified the Group's three service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Property agency		Toy products trading		Securities trading and investments		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
— External sales	**91,632**	15,715	**87,918**	103,871	**—**	—	**179,550**	119,586
Reportable segment profit/(loss)	**6,792**	(176,932)	**(5,131)**	(8,274)	**—**	(3,695)	**1,661**	(188,901)
Other income	**1,071**	102	**31**	2	**—**	1,256	**1,102**	1,360
Depreciation	**75**	76	**16**	103	**—**	—	**91**	179
Loss on disposal of property, plant and equipment	**294**	21	**—**	—	**—**	—	**294**	21
Loss on financial assets at fair value through profit or loss	**—**	—	**—**	—	**—**	4,464	**—**	4,464
Provision for impairment losses on trade receivables	**399**	176	**—**	1,509	**—**	—	**399**	1,685
Reversal of provision for impairment loss on trade receivables	**(12)**	—	**(664)**	—	**—**	—	**(676)**	—
Provision for impairment loss on goodwill	**—**	173,960	**—**	—	**—**	—	**—**	173,960
Reportable segment assets	**293,699**	276,521	**14,212**	13,389	**—**	6	**307,911**	289,916
Additions to non-current segment assets during the year	**74**	582	**7**	2	**—**	—	**81**	584
Reportable segment liabilities	**27,265**	17,292	**15,219**	11,329	**—**	—	**42,484**	28,621

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009	2008
	HK$'000	*HK$'000*
Reportable segment profit/(loss)	**1,661**	(188,901)
Unallocated corporate income	**121**	733
Unallocated corporate expenses	**(8,210)**	(13,243)
Fair value loss on derivative component of convertible notes	**(127,262)**	—
Finance costs	**(10,039)**	(4,526)
Loss before income tax	**(143,729)**	(205,937)
Reportable segment assets	**307,911**	289,916
Investment properties	**—**	14,482
Other corporate assets	**101,792**	5,513
Group assets	**409,703**	309,911
Reportable segment liabilities	**42,484**	28,621
Promissory note	**—**	100,000
Convertible notes	**122,054**	117,352
Other corporate liabilities	**5,516**	7,485
Group liabilities	**170,054**	253,458

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**146,128**	72,438	**256,183**	271,015
Japan	**29,741**	40,106	**—**	—
The People's Republic of China	**2,431**	4,879	**—**	—
Others	**1,250**	2,163	**—**	—
	179,550	119,586	**256,183**	271,015

The geographical location of customers is based on the location of customers, irrespective of the origin of the goods and services. The geographical location of the non-current assets is based on the physical location of the assets.

3. 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:

	2009	2008
	HK$'000	*HK$'000*
Franchise income	**4,533**	1,977
Property agency commission and service income	**87,099**	13,738
Sales of goods	**87,918**	103,871
	179,550	119,586

4. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans and other borrowings wholly repayable within five years	**7**	10
Convertible notes	**7,810**	3,185
Promissory note	**2,222**	1,331
Total interest expenses on financial liabilities not at fair value through profit or loss	**10,039**	4,526

5. Loss before income tax

	2009	2008
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	**13,727**	9,405
Contribution to defined contribution plans	**628**	353
	14,355	9,758
Operating lease payments for premises	**3,921**	2,086
Cost of inventories recognised as expense	**83,290**	99,535
Auditors' remuneration		
Current year	**750**	730
Underprovision in prior year	**10**	16
Depreciation of property, plant and equipment [1]	**97**	617
Provision for impairment loss on investment properties [2]	**—**	3,656
Provision for impairment losses on trade receivables [1]	**399**	1,685
Reversal of provision for impairment loss on trade receivables [1]	**(676)**	—
Loss on disposal of financial assets at fair value through profit or loss [2]	**—**	4,464
Net exchange loss/(gain)	**178**	(81)
Loss on disposal of property, plant and equipment	**294**	21

1 Expensed in administrative expenses

2 Expensed in other operating expenses

6. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

	2009	2008
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Tax for the year	**547**	—
Under/(Over) provision in respect of prior years	**12**	(77)
Total income tax expense/(credit)	**559**	(77)

7. Dividends

The Board does not recommend payment of final dividend for the year ended 31 December 2009 (2008: Nil).

8. Loss per share

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

Loss

	2009	2008
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic loss per share	**(144,288)**	(205,860)

Number of shares

	2009	2008
	'000	*'000*
		(As restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**525,014**	134,108

Note:—

The weighted average number of shares for the purpose of basic loss per share in 2009 and 2008 were adjusted to reflect the following events:

(a) share consolidation of every twenty shares of HK$0.125 each of the Company into one share of HK$2.50 each with effect from 12 February 2009; and

(b) issue of 1,445,529,192 rights shares at a price of HK$0.10 per rights share on 21 December 2009.

Diluted loss per share for the years ended 31 December 2009 and 2008 have not been presented because the impact of conversion of convertible notes was anti-dilutive.

9. Non-current assets classified as held for sale

On 15 December 2009, the Group entered into an agreement with an independent third party for the disposal of the Group's investment properties. The transaction was subsequently completed on 25 February 2010. The net carrying amount of investment properties of the Group amounted HK$14,106,000 was reclassified as non-current assets held for sale during current year.

10. Trade and other receivables

	2009 HK$'000	2008 HK$'000
Trade receivables		
From third parties	**36,820**	20,513
Less: provision for impairment losses on trade receivables	**(1,816)**	(2,101)
	35,004	18,412
Other receivables		
Deposits, prepayments and other receivables	**7,256**	8,596
	42,260	27,008

For 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 reporting date is as follows:

	2009 HK$'000	2008 HK$'000
0 to 30 days	**18,077**	7,533
31 to 60 days	**4,959**	2,422
61 to 90 days	**3,431**	797
Over 90 days	**8,537**	7,660
	35,004	18,412

11. Trade and other payables

	2009 HK$'000	2008 HK$'000
Trade payables	**22,673**	11,891
Other payables		
Accrued charges and other creditors	**24,796**	19,258
	47,469	31,149

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:

	2009 HK$'000	2008 HK$'000
0 to 30 days	**8,528**	2,413
31 to 60 days	**3,319**	1,734
61 to 90 days	**2,179**	490
Over 90 days	**8,647**	7,254
	22,673	11,891

12. Promissory note

The promissory note was issued to Mr. Ng Kai Man ("Mr. Ng"), an executive director of the Group, as part of the consideration for the acquisition of the property agency business during the year ended 31 December 2008. The amount is unsecured, bears interest at 3% per annum and is wholly repayable on 23 January 2010. During the year ended 31 December 2009, the Group has fully repaid the promissory note.

13. Convertible notes

The carrying values of the liability and derivative components of the convertible notes are as follows:

	July 2011 Convertible Notes *(note a)* *HK$'000*	**May 2011 Convertible Notes** *(note b)* *HK$'000*	**Total** *HK$'000*
Liability component			
At 1 January 2008	—	—	—
Net carrying amounts on initial recognition	115,321	—	115,321
Imputed interest expenses	3,185	—	3,185
Interest on convertible notes accrued	(1,154)	—	(1,154)
Net carrying amounts at 31 December 2008 and 1 January 2009	**117,352**	**—**	**117,352**
Net carrying amounts on initial recognition	**—**	**13,525**	**13,525**
Imputed interest expenses	**7,302**	**508**	**7,810**
Interest on convertible notes accrued	**(2,600)**	**(84)**	**(2,684)**
Settlement on exercise of conversion rights	**—**	**(13,949)**	**(13,949)**
Net carrying amounts at 31 December 2009	**122,054**	**—**	**122,054**
Derivative component			
Net carrying amounts at 1 January 2008, 31 December 2008 and 1 January 2009	**—**	**—**	**—**
Net carrying amounts on initial recognition	**—**	**53,936**	**53,936**
Changes in fair value of derivative financial instruments	**—**	**77,801**	**77,801**
Realised on exercise of conversion rights	**—**	**(131,737)**	**(131,737)**
Net carrying amounts at 31 December 2009	**—**	**—**	**—**

(a) On 23 July 2008, the Company issued HK$130,000,000 3-year 2% convertible notes (the "July 2011 Convertible Notes") at 100% of the principal amount to Mr. Ng as part of the consideration for the acquisition of the property agency business.

The fair value of the liability component of the July 2011 Convertible Notes was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, which also approximates to the fair value of the equity conversion component, is included in shareholders' equity in convertible notes equity reserve.

Interest expense on the July 2011 Convertible Notes is calculated using the effective interest method by applying the effective interest rate of 6.25% to the liability component.

During the year ended 31 December 2009, no July 2011 Convertible Notes were converted into ordinary shares of the Company.

(b) On 15 May 2009, the Company issued 2-year 2.25% convertible notes with an aggregate principal amount of HK$18,000,000 (the "May 2011 Convertible Notes"), which were split into liability and derivative components upon initial recognition. The excess of the fair values of the liability and derivative components over the net proceeds from the issue of the May 2011 Convertible Notes was recognised as the fair value loss on the derivative component of the May 2011 Convertible Notes in the profit and loss.

The derivative component of the May 2011 Convertible Notes is revalued to its fair value using Binominal model at initial recognition and at date of conversion and change in fair values is recognised as an expense in the profit and loss. During the year ended 31 December 2009, the fair value loss resulted from initial recognition and revaluation at the date of conversion was HK$127,262,000.

In July 2009, the entire principal amount of the May 2011 Convertible Notes has been converted. The fair value of the derivative component and the amortised cost of the liability component of the May 2011 Convertible Notes at the conversion dates were transferred to and recorded as the share capital and share premium of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

2009, a year of recovery after the financial tsunami in the last quarter of 2008, was an inspiring year for the Group. The bringing in of Century 21 Hong Kong Limited and its associated companies (the "C21 Group") proved as an approving decision which elevated both the revenue and gross profit of the Group, notwithstanding that there was a slow and suffering time immediately after such acquisition in the second half of year 2008.

Property Agency

In the past year, the management of the Group has implemented various measures to sail through the 2008 financial crisis. Two self-operating property agency branches were closed down in the first quarter of 2009 and more resources were directed to the primary property market and expansion of the franchising network.

Benefited from the low interest rate, influx of buyers from Mainland China and relaxed monetary policy, the property market in Hong Kong has flourished again since the second quarter of 2009. Coupled with the launching of a number of large-scaled residential projects and the considerable price growth, performance of the Group in this new business segment improved significantly.

Revenue from property agency segment for the year ended 31 December 2009 was HK$91.6 million whilst the revenue from this segment for the last five months of year 2008 after the completion of the acquisition of C21 Group in July 2008 was HK$15.7 million only. Operating profits from the property agency segment for the year under review amounted to HK$6.8 million whilst the operating loss (excluding any provision for impairment loss on goodwill) for the last five months of year 2008 was HK$3.0 million.

Toy Products Trading

Unlike the property market, the business environment of consumer industry remains challenging after the economy downturn. Major customers have their orders cut and the Group has been more observant in accepting new customers and granting credit. Revenue generated from toy trading segment further diminished this year and amounted to HK$87.9 million, being a drop of 15.4% when compared with last year.

On the other side of the coin, the onerous market situations enable the Group to bargain for better terms with its suppliers in Mainland China, which are also struggling in the harsh environment. Furthermore, quality of receivables was improved due to vigorous credit control and, consequently, provision for impairment loss on trade receivables reduced from HK$1.5 million last year to nil this year. Toy trading segment recorded operating loss of HK$5.1 million in year 2009, representing a mitigation of 38.6% when compared with loss of HK$8.3 million in last corresponding year.

Securities Trading and Investments

Similar to the property market, the financial market has resumed its dynamics since the second quarter this year. However the sluggish economic statistic still cast uncertainty to the investment environment which became fluctuated in the second half of the year. Thus, the management continued its prudent stance and temporarily suspended activities in securities trading and investment during the year under review.

Prospects

With the backdrop of low interest rate, abundant capital resources and increasing demand of properties in Hong Kong, we are positive on the property market. To catch up in this prosperity and stretch our presence in the real estate industry, in the years to come, more resources will be allotted to strengthen the task force, expand the franchising network and promote the customers royalty. We are confident that the property agency business will grow as a dominant segment of the Group.

We shall also endeavor to maintain a balance and best mix business of the Group and continue to search for good and promising investments which will enhance the performance and value of the Group.

Financial Review

Review of Results

The Group reported revenue of HK$179.6 million for the year ended 31 December 2009, being a surge of HK$60.0 million or 50.1% when compared with that of last year. Gross profit boomed by 1.7 times from HK$11.5 million for the last year to HK$31.0 million. Increases in revenue and gross profit were principally due to (i) the acquisition of C21 Group in July 2008 which generated new revenue and profit stream for the Group and offset the shrinkage effect from the deteriorating toy trading segment; and (ii) the prosperity of property market during the year. For the same reason, C21 Group pushed up the administrative expenses of the Group.

Finance costs in both years were essentially interest charged for the promissory note (the "PN") and convertible notes issued by the Group as part of the consideration for the acquisition of C21 Group in July 2008. When compared with the five-month interest incurred in year 2008, the finance costs in current year, which accounted for full year interest, increased by HK$5.5 million.

Loss for this reporting year was HK$144.3 million, substantially attributable to the noteworthy fair value loss of HK$127.3 million which was resulted from the valuation of the conversion options embedded in HK$18.0 million convertible notes issued by the Company in May 2009 and were fully converted into shares of the Company in July 2009.

Liquidity and Financial Resources

The Group maintained sufficient working capital as at 31 December 2009 with bank balances and cash of HK$97.2 million (31 December 2008: HK$11.9 million).

The Group has no bank borrowings as at 31 December 2009 and 2008. However, convertible notes with aggregate principal amount of HK$130.0 million issued as part of the consideration for acquiring C21 Group in year 2008 (the "CNs") remained outstanding as at 31 December 2009. The CNs bear interest of 2% per annum, mature on 23 July 2011 and carry 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 2009 was 33.7% (31 December 2008: 79.4%). Total capital is calculated as total equity plus total borrowings. The improvement in gearing ratio is caused, on one hand, by the repayment of the PN in HK$100.0 million which lessen the borrowing level and, on the other hand, the issue of new shares through placings, conversion of convertible notes and rights issue during the year which substantially build up the equity.

Capital Structure

As at 31 December 2009, the Company has 1,806,911,490 shares of HK$0.01 each (the "Shares") in issue and the outstanding CNs are convertible into 311,004,784 Shares at a conversion price of HK$0.418 per Share.

During the year, the share capital of the Company has the following changes:

a. On 12 February 2009, pursuant to a special resolution passed by the shareholders of the Company (the "Shareholders"), the Company effected a capital reorganisation, which included (i) share consolidation of every twenty shares of HK$0.125 each into one consolidated share of HK$2.50 each; (ii) 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 (iii) 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 and was applied to eliminate the accumulated losses of the Company.

b. Pursuant to the specific mandates granted by the Shareholders on 11 February 2009, the Company issued a total of 155.3 million Shares at a subscription price of HK$0.15 per Share in March and May 2009 and convertible notes with aggregate principal amount of HK$18.0 million in May 2009. Such convertible notes bore interest of 2.25% per annum and were fully converted into 99,999,994 Shares at a conversion price of HK$0.18 in July 2009.

c. The Company has, pursuant to the general mandate granted by the Shareholders in the annual general meeting held on 23 June 2009 and a placing agreement dated 21 September 2009, allotted and issued 43.5 million Shares at a placing price of HK$0.42 per Share to not less than six independent institutional, professional and/or individual investors.

d. On 12 October 2009, the Company proposed a rights issue of issuing 1,445,529,192 rights Shares on the basis of four rights Shares for every Share held on 23 November 2009 at a price of HK$0.10 per Share, which was approved by the Shareholders on 23 November 2009 and was completed on 21 December 2009.

The aggregate net proceeds from the share placings, issue of convertible notes and rights issue mentioned in (b), (c) and (d) above amounted to HK$198 million, HK$100 million and HK$12 million of which have been utilised to repay the PN and as general working capital of the Group respectively. The balance of approximately HK$86 million remained unused as at 31 December 2009 and was kept in bank accounts of the Group.

Subsequent to the year ended date on 12 January 2010, 72.0 million new Shares were allotted and issued by the Company pursuant to a placing agreement entered into on 4 January 2010 and the general mandate granted by the Shareholders on 13 November 2009.

Charges on Assets

None of the assets of the Group was under charge as at 31 December 2009 and 2008.

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 2009 except for the deviations from Code A.2.1 and Code A.4.1 of the CG Code.

Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ng Kai Man has been designated as the Chairman of the Company with effect from 1 July 2009 and takes up the leadership role to ensure that the Board works effectively in discharging its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner. Mr. Ng, who is the founder of the property agency business of the Group and has considerable experience in real estate industry, also carries out the function of chief executive officer of the Group. Taken into account that there is a strong and independent non-executive element on the Board and a clear division of responsibility in running the business of the Group, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

None of the non-executive directors of the Company is appointed for specific term which is deviated from Code A.4.1 of the CG Code. 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 2009.

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

Hong Kong, 20 April 2010

As at the date of this announcement, the Board comprises Mr. Ng Kai Man (Chairman), Mr. Ha Kee Choy, Eugene and Ms. Ma Wai Man, Catherine as executive directors and Mr. Cheng Yuk Wo, Mr. Chui Chi Yun, Robert and Mr. Lui Siu Tsuen,Richard as independent non-executive directors.