THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in 21 Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

(1) PROPOSED CAPITAL REORGANISATION INVOLVING SHARE CONSOLIDATION; CAPITAL REDUCTION AND SHARE PREMIUM CANCELLATION; (2) PROPOSED CHANGE OF BOARD LOT SIZE; (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF TEN RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE; (4) VERY SUBSTANTIAL ACQUISITION — ACQUISITION OF 100% OF VIGOUR WELL LIMITED; (5) CONNECTED TRANSACTION — REPURCHASE AGREEMENT RELATING TO CONVERTIBLE NOTE DUE 23 JULY 2011 AND (6) RE-ELECTION OF DIRECTOR

Financial adviser to 21 Holdings Limited

英皇融資有限公司
Emperor Capital Limited

Underwriters of the Rights Issue

結好證券有限公司
GET NICE SECURITIES LIMITED

英皇證券(香港)有限公司
Emperor Securities Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

VEDA | CAPITAL
智 略 資 本

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 8 December 2010. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 22 December 2010 to Friday, 31 December 2010 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable) or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed. Any dealing in the nil-paid Rights Shares during the period from Wednesday, 22 December 2010 to Friday, 31 December 2010 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriters by notice in writing to the Company at any time prior to 4:00 p.m. on the Latest Time For Termination to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These events are set out under the paragraph headed "Termination of the Underwriting Agreement" on pages 22 to 23 of this circular. If the Underwriters terminate the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 23 to 24 of this circular being fulfilled or waived (as applicable). In the event that the above conditions have not been satisfied and/or waived in whole or in part by the Underwriters on or before 4:00 p.m. on Monday, 10 January 2011 (or such later date as the Underwriters and the Company may agree), the Underwriting Agreement shall terminate and no party shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

A letter of advice from Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 62 to 75 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 61 of this circular.

A notice convening a special general meeting of the Company to be held at 10:00 a.m. on Monday, 6 December 2010 at Room 1101, 11/F, 88 Gloucester Road Wanchai, Hong Kong is set out on pages 181 to 185 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

12 November 2010

** for identification purpose only*

CONTENTS

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Capital Reorganisation, the Change in Board Lot Size and the Rights Issue:

Latest time for lodging proxy forms for the SGM	10:00 a.m. on Saturday, 4 December 2010
Expected date of the SGM	10:00 a.m. on Monday, 6 December 2010
Announcement of the results of the SGM	Monday, 6 December 2010
Effective date of the Capital Reorganisation	Tuesday, 7 December 2010
Commencement of dealings in the Adjusted Shares	9:30 a.m. on Tuesday, 7 December 2010
Original counter for trading in the Existing Shares in existing share certificates in board lots of 20,000 Existing Shares temporarily closes	9:30 a.m. on Tuesday, 7 December 2010
Temporary counter for trading in board lots of 1,000 Adjusted Shares (in the form of existing share certificates) opens	9:30 a.m. on Tuesday, 7 December 2010
First day of free exchange of certificates for the Existing Shares into new certificates for the Adjusted Shares	Tuesday, 7 December 2010
Last day of dealings in the Adjusted Shares on a cum-right basis	Tuesday, 7 December 2010
Commencement of dealings in the Adjusted Shares on an ex-right basis	9:30 a.m. on Wednesday, 8 December 2010
Latest time for lodging transfer of the Adjusted Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 9 December 2010
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Friday, 10 December 2010 to Friday, 17 December 2010
Record Date for the Rights Issue	Friday, 17 December 2010
Despatch of the Prospectus Documents	Monday, 20 December 2010
Register of members re-opens	Monday, 20 December 2010

EXPECTED TIMETABLE

Original counter for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares (only new certificates for the Adjusted Shares can be traded at this counter) re-opens	9:30 a.m. on Tuesday, 21 December 2010
Parallel trading in the Adjusted Shares (in the form of new and existing certificates) commences	9:30 a.m. on Tuesday, 21 December 2010
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Adjusted Shares	Tuesday, 21 December 2010
First day of dealings in nil-paid Rights Shares	Wednesday, 22 December 2010
Latest time for splitting in nil-paid Rights Shares	4:30 p.m. on Tuesday, 28 December 2010
Last day of dealing in nil-paid Rights Shares	Friday, 31 December 2010
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Wednesday, 5 January 2011
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Monday, 10 January 2011
Temporary counter for trading in board lots of 1,000 Adjusted Shares (in the form of existing share certificates) closes	4:00 p.m. on Tuesday, 11 January 2011
Parallel trading in the Adjusted Shares (in the form of new and existing certificates) ends	4:00 p.m. on Tuesday, 11 January 2011
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Adjusted Shares	Tuesday, 11 January 2011
Announcement of results of the Rights Issue	Wednesday, 12 January 2011
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Thursday, 13 January 2011
Certificates for the Rights Shares expected to be despatched on or before	Thursday, 13 January 2011

Last day of free exchange of certificates
for the Existing Shares into new certificates
for the Adjusted Shares .... Thursday, 13 January 2011

Dealings in fully-paid Rights Shares commence .... 9:30 a.m. on Monday, 17 January 2011

Note: All references to time in this circular are references to Hong Kong time.

Dates or deadlines specified in this circular for events in the timetable for (or otherwise in relation to) the Capital Reorganisation, the Change in Board lot size and the Rights Issue is indicative only and may be extended or varied by agreement between the Company and the Underwriters, and subject to the approval by the Stock Exchange of such amendments. Any consequential changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

If there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 5 January 2011, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Right Shares will not take place at 4:00 p.m. on Wednesday, 5 January 2011, but will be extended to 5:00 p.m. on the same day instead; and

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 5 January 2011, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Right Shares will not take place on Wednesday, 5 January 2011, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Right Shares does not take place on Wednesday, 5 January 2011, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

The following terms have the following meanings in this circular unless the context otherwise requires:

"Acquisition"	the acquisition of 100% equity interest in the Target Company by the Purchaser
"Adjusted Shares"	the ordinary share(s) of HK$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
"Announcement"	the announcement of the Company dated 22 September 2010 in relation to, among other things, the Capital Reorganisation, the Rights Issue, the Acquisition and the Repurchase Offer
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors
"Business Agreements"	the agreements entered into between members of the Target Group as consultant and agent for various real estate projects in the PRC
"Business Day(s)"	a day (other than Saturday, Sunday and public holiday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the banks are open for business in Hong Kong
"BVI"	the British Virgin Islands
"Bye-Laws"	the bye-laws of the Company from time to time
"Capital Reduction"	the proposal for the reduction of the par value of the issued Consolidated Shares from HK$0.20 each to HK$0.01 each by cancelling HK$0.19 of the paid-up capital on each issued Consolidated Share
"Capital Reorganisation"	the proposed reorganisation of the capital of the Company by way of (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Premium Cancellation
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Change in Board Lot Size"	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Adjusted Shares

"Companies Act"	The Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
"Company"	21 Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1003)
"Completion"	the completion of the sale and purchase of the Sale Shares and Sale Loan under the SPA
"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 under the SPA
"Consolidated Share(s)"	the ordinary share(s) of HK$0.20 each in the capital of the Company immediately after Share Consolidation and prior to the Capital Reduction
"Convertible Note"	the 2% convertible note(s) due July 2011 issued by the Company with aggregate principal amount of HK$130,000,000 and outstanding principal amount of HK$70,000,000 as at the Latest Practicable Date
"Director(s)"	director(s) of the Company
"Emperor"	Emperor Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
"Enlarged Group"	the Group and the Target Group upon Completion
"Excess Application Form(s)" or "EAF(s)"	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters
"Excluded Overseas Shareholders"	the Overseas Shareholder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholders
"Existing Share(s)"	the ordinary share(s) of HK$0.01 each in the existing issued share capital of the Company, before the Capital Reorganisation becoming effective

"Get Nice"	Get Nice Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
"Group"	the Company and its subsidiaries
"Guangzhou MAG"	廣州美澳高房地產投資諮詢有限公司 (Guangzhou MAG Real Estate Investment Consultants Limited**), a company established in the PRC and will prior to Completion be converted into a wholly-foreign-owned enterprise the entire equity interest of which is legally and beneficially held by New Leader
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Independent Board Committee"	the committee of the Board comprising all the independent non-executive Directors established for the purpose of giving a recommendation to the Independent Shareholders on the Rights Issue and the Repurchase Offer
"Independent Shareholder(s)"	Shareholders other than Mr. Ng and his associates
"Independent Third Party(ies)"	third party(ies) independent of, and not connected with, the Company and its connected persons and are not connected persons of the Company
"Irrevocable Undertaking"	the irrevocable undertaking given by Mr. Ng in favour of the Company and the Underwriters on 14 September 2010, as more particularly set out in the subparagraph headed "Undertaking by Mr. Ng" in this circular
"Kingswick Strategy"	Kingswick Strategy Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 100% by New Leader
"Last Trading Day"	14 September 2010, being the last trading day before the suspension of the trading of the Shares on the Stock Exchange pending the release of the Announcement
"Latest Practicable Date"	9 November 2010 being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"Latest Time for Termination"	being the third business day after the latest time for acceptance of, and payment for, the offer of Rights Shares as described in the Prospectus, currently being 4:00 p.m. on Monday, 10 January 2011

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Ng"	Mr. Ng Kai Man, the Chairman and an executive Director of the Company
"New Leader"	New Leader Limited, a company incorporated in Hong Kong with limited liability and the wholly-owned subsidiary of the Target Company
"New PRC Company"	廣東經策房地產顧問有限公司 (Guangdong Kingstar Strategic Consultants Ltd.**), a company established in the PRC and a wholly-owned subsidiary of Kingswick Strategy
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appears on the register of members of the Company as at the close of the business on the Record Date and whose address(es) as shown on such register are outside Hong Kong
"Posting Date"	being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and despatch of the Prospectus to the Excluded Overseas Shareholders for information only, currently being Monday, 20 December 2010
"PRC"	The People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the Rights Issue prospectus to be despatched to Shareholders on the Posting Date in connection with, inter alia, the Rights Issue in such form as may be agreed between the Company and the Underwriters
"Prospectus Documents"	the Prospectus, the PALs and the EAFs
"Provisional Allotment Letter(s)" or "PAL(s)"	the provisional allotment letter to be used in connection with the Rights Issue proposed to be issued to the Qualifying Shareholders as mentioned herein, being in such usual form as may be agreed between the Company and the Underwriters
"Purchaser"	Asset Expert Limited, a wholly-owned subsidiary of the Company
"Qualifying Shareholders"	Shareholders other than the Excluded Overseas Shareholders
"Record Date"	the record date of which entitlements to the Rights Issue will be determined, currently being Friday, 17 December 2010
"Registrar"	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, the Company's Hong Kong branch share registrar

"Repurchase Agreement"	the agreement dated 14 September 2010 entered into between the Company and Mr. Ng in relation to the repurchase of the Convertible Note by the Company
"Repurchase Code"	The Hong Kong Code on Share Repurchases
"Repurchase Offer"	the agreement to repurchase the Convertible Note made under the Repurchase Agreement
"Rights Issue"	the proposed issue by way of rights of Rights Shares at a price of HK$0.19 per Rights Share on the basis of ten Rights Shares for every one Adjusted Share held on the Record Date on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
"Rights Share(s)"	1,126,955,740 Adjusted Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of ten Rights Shares for every one Adjusted Share held on the Record Date pursuant to the Rights Issue
"Sale Loan"	the entire amount owing by the Target Company to the Vendor on Completion
"Sale Shares"	1 share in the Target Company, representing the entire issued share capital of the Target Company, to be acquired by the Purchaser pursuant to the SPA
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Capital Reorganisation, the Rights Issue, the Acquisition, the Repurchase Offer and the re-election of Mr. Lam Kwok Cheong as an independent non-executive Director
"Share(s)"	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
"Share Consolidation"	the proposed consolidation of every 20 Existing Shares of HK$0.01 each into 1 Consolidated Share of HK$0.20 each in the issued share capital of the Company
"Share Premium Cancellation"	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SPA"	the sale and purchase agreement dated 14 September 2010 in respect of the Acquisition

"Specified Event"	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the undertakings, warranties and representations given by the Company under the Underwriting Agreement untrue or incorrect in any material respect
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price for the Rights Shares, being HK$0.19 per Rights Share
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Target Company"	Vigour Well Limited, a company established in the BVI with limited liability
"Target Group"	the Target Company and its subsidiaries (including New Leader, Kingswick Strategy, Guangzhou MAG and the New PRC Company)
"Underwriters"	Get Nice and Emperor
"Underwriting Agreement"	the underwriting agreement dated 14 September 2010 in relation to the Rights Issue entered into between the Company and the Underwriters
"Underwritten Shares"	1,126,955,740 Rights Shares underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
"Veda Capital" or "Independent Financial Adviser"	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Repurchase Offer
"Vendor"	Prolific Wise Limited, a company established in the BVI with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	renminbi, the lawful currency of the PRC
"%"	per cent.

For illustration purposes, amounts in RMB in this circular have been translated into HK$ at HK$1.00 = RMB0.8740.

** *The English names of the PRC companies are transliteration of their respective Chinese names included for information only and are not their official names.*

21 Holdings Limited
21 控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 1003)

Executive Directors:
Mr. Ng Kai Man *(Chairman)*
Mr. Cheng Yuk Wo
Mr. Ha Kee Choy, Eugene

Independent non-executive Directors:
Mr. Chui Chi Yun, Robert
Mr. Lam Kwok Cheong
Mr. Lui Siu Tsuen, Richard

Registered office:
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

Head office and principal place of business in Hong Kong
10th Floor
88 Gloucester Road
Wanchai
Hong Kong

12 November 2010

To the Shareholders, and for information only, holder of the Convertible Note

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION INVOLVING SHARE CONSOLIDATION; CAPITAL REDUCTION AND SHARE PREMIUM CANCELLATION; (2) PROPOSED CHANGE OF BOARD LOT SIZE; (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF TEN RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE; (4) VERY SUBSTANTIAL ACQUISITION — ACQUISITION OF 100% OF VIGOUR WELL LIMITED; (5) CONNECTED TRANSACTION — REPURCHASE AGREEMENT RELATING TO CONVERTIBLE NOTE DUE 23 JULY 2011 AND (6) RE-ELECTION OF DIRECTOR

INTRODUCTION

On 22 September 2010, the Board announced that the Company proposed to raise approximately HK$214.12 million before expenses, by way of the Rights Issue of 1,126,955,740 Rights Shares at the Subscription Price of HK$0.19 per Rights Share on the basis of ten Rights Shares for every one Adjusted Share held on the Record Date and payable in full on acceptance.

The Company also intended to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involves, inter alia, (i) Share Consolidation: the consolidation of every 20 issued Existing Shares of HK$0.01 each into 1 issued Consolidated Share of HK$0.20 each, (ii)

* *for identification purpose only*

Capital Reduction: the reduction of the nominal value of each Share in issue from HK$0.20 to HK$0.01 by cancelling paid-up capital to the extent of HK$0.19 on each issued Share of the Company, and (iii) Share Premium Cancellation: the cancellation of the entire amount standing to the credit of the share premium account of the Company on the date which the Capital Reorganisation becomes effective.

The Shares are currently traded in board lots of 20,000 Shares each. In order to raise the board lot value, the Company also announced that the board lot size of the Adjusted Shares for trading on the Stock Exchange will be changed from 20,000 Existing Shares to 10,000 Adjusted Shares upon the Capital Reorganisation becoming effective.

Under the Announcement, the Board also announced that on 14 September 2010 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the SPA with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire issued share capital of and shareholder's loan due by the Target Company at the consideration of HK$180 million.

On 14 September 2010 (after trading hours), the Company and Mr. Ng entered into the Repurchase Agreement pursuant to which the Company agreed, subject to the Rights Issue having been completed and the Repurchase Offer having been approved by the Independent Shareholders at the SGM, to repurchase the Convertible Note at a price of HK$67.9 million payable in cash, which equals to 97% of the outstanding principal amount of the Convertible Note.

On 8 September 2010, the Board announced the appointment of Mr. Lam Kwok Cheong ("Mr. Lam") as an independent non-executive Director and a member of the audit committee of the Company with effect from 9 September 2010. Pursuant to Appendix 14 Code of Corporate Governance Practices A.4.2 of the Listing Rules, Mr. Lam should be subject to election by Shareholders at the SGM.

The purpose of this circular is to provide you with, amongst other matters, (i) further information regarding the details of the Capital Reorganisation, the Rights Issue, the Acquisition, the Repurchase Offer and re-election of Mr. Lam as an independent non-executive Director; (ii) a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Repurchase Offer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Repurchase Offer; and (iv) a notice convening the SGM.

(1) PROPOSED CAPITAL REORGANISATION INVOLVING SHARE CONSOLIDATION, CAPITAL REDUCTION AND SHARE PREMIUM CANCELLATION

The Board proposes to put forward to the Shareholders the Capital Reorganisation proposal which will comprise:

(i) the consolidation of every 20 issued Existing Shares of par value HK$0.01 each into 1 issued Consolidated Share of par value HK$0.20 each;

(ii) the reduction of issued share capital whereby the par value of each issued Consolidated Share will be reduced from HK$0.20 to HK$0.01 by cancelling HK$0.19 of the paid-up capital on each issued Consolidated Share;

(iii) the cancellation of the entire amount standing to the credit of the share premium account of the Company;

(iv) the transfer of the credits arising from the Capital Reduction and the Share Premium Cancellation to the contributed surplus account of the Company; and

(v) the application of the contributed surplus account of the Company to set off the accumulated loss of the Company as permitted by the laws of Bermuda and the Bye-Laws.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK$500,000,000 divided into 50,000,000,000 Existing Shares, of which 2,253,911,490 Existing Shares are issued and credited as fully paid. Upon the proposed Share Consolidation becoming effective, the issued share capital of the Company will be 112,695,574 Consolidated Shares of par value of HK$0.20 each.

Upon the Capital Reduction becoming effective, the par value of all the Consolidated Shares shall be reduced from HK$0.20 each to HK$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK$0.19 per Consolidated Share in issue. Any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be aggregated and sold for the benefit of the Company. As advised by the legal advisers of the Company, approval from Court of Bermuda or Court of Hong Kong is not required for the capital reduction.

The resulting Adjusted Shares of par value of HK$0.01 each will rank pari passu in all respects with each other in accordance with Bye-Laws. The authorised share capital of the Company will remain unchanged upon the Capital Reduction becoming effective, but the issued share capital will be reduced to approximately HK$1,126,955.74 divided into 112,695,574 Consolidated Shares of par value of HK$0.01 each.

The credit of approximately HK$21,412,000 arising from the Capital Reduction and the credit arising from the Share Premium Cancellation will be transferred to the contributed surplus account of the Company and applied to set off against the accumulated loss of the Company as permitted by the laws of Bermuda and the Bye-Laws and the balance after such set off will remain at the contributed surplus account of the Company.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Company and the Shareholders as a whole.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Reasons for the Capital Reorganisation

The Board considers that (i) the Capital Reorganisation will give greater flexibility to the Company to raise funds through the issue of new Adjusted Shares in the future since the Company is not permitted to issue new Shares below their nominal value under the laws of Bermuda and its Bye-Laws; (ii) the Share Consolidation will reduce the transaction costs for dealing in the Shares, including those fees which are charged with reference to the number of board lots; and (iii) the elimination of the Company's accumulated loss will allow greater flexibility for the Company to pay dividends in the future.

As such, the Board is of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

(a) the passing of the necessary resolution(s) on a vote taken by way of poll at the SGM to approve the Capital Reorganisation by the Shareholders;

(b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares; and

(c) the compliance with the relevant procedures and requirements under the Listing Rules and the requirements of section 46(2) of the Companies Act to effect the Capital Reorganisation, including (i) publication of a notice in relation to the Capital Reorganisation in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reorganisation is to take effect; and (ii) that on the date of the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation, would be unable to pay its liabilities as they become due.

Subject to the fulfillment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on Tuesday, 7 December 2010.

Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares.

The Adjusted Shares will be identical in all respects and rank pari passu in all respects with each other. Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Fractional shares and odd lot trading arrangements

Fractional Adjusted Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Adjusted Shares will be aggregated and sold for the benefit of the Company.

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, the Company has procured Emperor to stand in the market to provide matching service for the odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Tuesday, 21 December 2010 to Tuesday, 11 January 2011 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. The Shareholders who wish to take advantage of this matching service either to dispose of their odd lots Shares or to top up to board lots of 10,000 Adjusted Shares, may contact Mr. Leung Shiu Keung of Emperor on 23rd to 24th Floors, Emperor Group Centre, 288 Hennessy Road, Hong Kong at telephone number (852) 2919 2919. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers.

Trading arrangement for the Adjusted Shares in new board lots

Subject to the Capital Reorganisation becoming effective, the arrangements proposed for dealings in the Adjusted Shares are expected to be as follows:

(i) from Tuesday, 7 December 2010, the original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares will be temporarily closed and a temporary counter for trading in the Adjusted Shares in board lots of 1,000 Adjusted Shares will be set up and opened;

(ii) with effect from Tuesday, 21 December 2010, the original counter for trading in the Adjusted Shares will be re-opened for trading Adjusted Shares in board lots of 10,000 Adjusted Shares;

(iii) during the period from Tuesday, 21 December 2010 to Tuesday, 11 January 2011 (both dates inclusive), there will be parallel trading at the above two counters; and

(iv) the temporary counter for trading in the Adjusted Shares in board lots of 1,000 Adjusted Shares will be removed after the close of trading at 4:00 p.m. on Tuesday, 11 January 2011. Thereafter, trading will only be in board lots of 10,000 Adjusted Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of 20 Existing Shares for 1 Adjusted Share.

Free exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for the Existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange from Tuesday, 7 December 2010 to Thursday, 13 January 2011 (both dates inclusive), at the expense of the Company for certificates in Adjusted Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. The existing certificates will be valid for trading and settlement up to Tuesday, 11 January 2011 (or such other date which may be announced by the Company), but will continue to be good evidence of legal title and may be exchanged for certificates of the Adjusted Shares at any time in accordance with the foregoing.

The new share certificates for the Adjusted Shares will be issued in orange colour in order to distinguish them from the existing green colour.

(2) CHANGE IN BOARD LOT SIZE

At present, Existing Shares are traded in board lots of 20,000. The Board proposes to change the board lot size for trading of the Adjusted Shares to 10,000 upon the Change in Board Lot Size becoming effective.

Based on the closing price of the Existing Shares of HK$0.077 as at the Last Trading Day and the existing board lot size of 20,000 Existing Shares, the prevailing board lot value is HK$1,540 (equivalent to HK$30,800 upon the Capital Reorganisation becoming effective). On the basis of the aforesaid closing price and the new board lot size of 10,000 Adjusted Shares, the new board lot value would be HK$15,400. The change in board lot size will result in Adjusted Shares being traded in a more reasonable board lot size and value.

(3) PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after the Capital Reorganisation becoming effective.

Issue statistics

Basis of the Rights Issue	:	ten Right Shares for every one Adjusted Share held on the Record Date
Subscription Price	:	HK$0.19 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	2,253,911,490 Existing Shares
Number of Shares in issue upon the Capital Reorganisation becoming effective	:	112,695,574 Adjusted Shares (assuming that no further Adjusted Shares are issued or repurchased between the Latest Practicable Date and the Record Date)
Number of Right Shares	:	1,126,955,740 Right Shares (with an aggregate nominal value of HK$11,269,557.4) *(Note)*

Note:

As at the Latest Practicable Date, Mr. Ng is holding the Convertible Note with the outstanding principal amount of HK$70,000,000 convertible into 167,464,114 Existing Shares at the conversion price of HK$0.418 per Existing Share (subject to adjustments). Mr. Ng has given an Irrevocable Undertaking, inter alia, not to transfer or deal with the Convertible Note and not to exercise the conversion rights attaching to the Convertible Note until the close of business on the Record Date pursuant to and subject to the terms of the Irrevocable Undertaking.

Save for the above outstanding Convertible Note, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. Further announcement will be made by the Company for the adjustment in the conversion price of the Convertible Note when the Capital Reorganisation and/or the Rights Issue proceeds.

Qualifying Shareholders

The Company will offer the Rights Shares for subscription to Qualifying Shareholders only. The Prospectus will be sent to the Excluded Overseas Shareholders for information only.

A Qualifying Shareholder must at the close of business on the Record Date:

(i) be registered as a member of the Company; and

(ii) not be an Excluded Overseas Shareholder.

In order to be registered as members of the Company on the Record Date and to qualify for the Rights Issue, Shareholders must lodge any transfer of the Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong by 4:30 p.m. on Thursday, 9 December 2010.

The address of the branch share registrar of the Company in Hong Kong is:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Closure of register of members

The register of members of the Company will be closed from Friday, 10 December 2010 to Friday, 17 December 2010 (both dates inclusive). No transfers of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK$0.19 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 87.66% to the adjusted closing price of HK$1.54 per Adjusted Share based on the closing price of HK$0.077 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(ii) a discount of approximately 87.20% to the adjusted average closing price of approximately HK$1.484 per Adjusted Share for the last five trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(iii) a discount of approximately 39.30% to the theoretical ex-rights price of HK$0.313 per Adjusted Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(iv) a discount of approximately 91.07% to the audited consolidated net asset value per Adjusted Share (based on 2,253,911,490 issued Shares as at the Latest Practicable Date) of approximately HK$239,649,000 as at 31 December 2009; and

(v) a discount of approximately 81.73% to the adjusted closing price of HK$1.04 per Adjusted Share based on the closing price of HK$0.052 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly to maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue (including the terms of the Underwriting Agreement) are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

As the estimated net proceeds from the Rights Issue will be approximately HK$208.6 million, the net price per Rights Share would be approximately HK$0.185.

Basis of provisional allotments

Ten (10) Rights Shares (in nil-paid form) for every one (1) Adjusted Share held by Qualifying Shareholders as at the close of business on the Record Date. The Rights Shares (nil-paid form) will be traded in board lots of 10,000.

Status of the Rights Shares

The Rights Shares will rank pari passu in all respects with the Adjusted Shares in issue on the date of allotment and issue of the fully-paid Rights Shares. Holders of the fully-paid Rights Shares (when allotted, issued and fully paid) will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

According to the register of members of the Company as at the Latest Practicable Date, there were two Overseas Shareholders with registered address in Macau and Australia respectively. The Company has made enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to these Overseas Shareholders. Based on the advice provided by the legal counsels on the laws of Macau currently in force, the Directors have decided to extend the Rights Issue to such Overseas Shareholder with registered address located in Macau as shown on the register of members of the Company as at the Record Date. Based on the advice of the Company's legal counsels on the laws of Australia and having regard the likely costs and time involved if overseas compliance were to be observed, the Board is of the opinion that it would be necessary or expedient to exclude such Overseas Shareholder whose registered address is in Australia as shown on the register of member of the Company as at the Record Date from the Rights Issue. Accordingly, the Overseas Shareholder whose registered address is in Australia will be regarded as an Excluded Overseas Shareholder. The Company will send a copy of the Prospectus to the Excluded Overseas Shareholder(s) for his/her information only on the Posting Date.

The Company will continue to ascertain whether there is any other Overseas Shareholder on the Record Date and will, if necessary, make further enquiries with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders on the Record Date and make relevant disclosures in the Prospectus.

It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares under the Rights Issue to satisfy himself as to the full observance of the laws of the relevant territory including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. Shareholders should consult their professional advisers if in any doubt.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Overseas Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expense, of more than HK$100 will be paid to the Excluded Overseas Shareholders pro-rata to their shareholdings held at the Record Date and time. In light of the administrative costs, the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlement of Excluded Overseas Shareholders to the Rights Shares, together with any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of the Rights Shares in nil-paid form. All fractions of the Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved and the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available for excess application.

Application for excess Rights Shares

Qualifying Shareholders may apply by using forms of application for excess Rights Shares for any unsold entitlement of the Excluded Overseas Shareholders together with any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not taken up by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

The Company will allocate excess Rights Shares to the Qualifying Shareholders at its discretion on a fair and equitable basis, with preference given to topping-up odd lots to whole board lots and thereafter on sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. the Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas the Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares).

The Qualifying Shareholders whose Shares are held by a nominee company should note that for the purposes of the principles above, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Qualifying Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the registrar of the Company for completion of the relevant registration by 4:30 p.m. on Thursday, 9 December 2010.

Shareholders or potential investors should note that the number of excess Rights Shares which may be allocated to them may be different where they make applications for excess Rights Shares by different means, such as making applications in their own names as against through nominees who also hold Shares for other Shareholders/investors. Shareholders and investors should consult their professional advisors if they are in any doubt as to whether they should register their shareholding in their own names and apply for the excess Rights Shares themselves.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all Rights Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares on or before Thursday, 13 January 2011 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on Thursday, 13 January 2011 by ordinary post to the applicants at their own risk.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Monday, 17 January 2011.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Undertaking by Mr. Ng

As at the Latest Practicable Date, Mr. Ng is holding the Convertible Note with the outstanding principal amount of HK$70,000,000 convertible into 167,464,114 Existing Shares at the conversion price of HK$0.418 per Existing Share (subject to adjustments).

Mr. Ng has given an Irrevocable Undertaking, inter alia, not to transfer or deal with the Convertible Note and not to exercise the conversion rights attaching to the Convertible Note until the close of business on the Record Date pursuant to and subject to the terms of the Irrevocable Undertaking.

UNDERWRITING AGREEMENT

Date	:	14 September 2010
Underwriters	:	Get Nice and Emperor To the best knowledge, information and belief of the Directors, the Underwriters are Independent Third Parties. The Underwriters do not have any beneficial interests in the Existing Shares
Number of Rights Shares underwritten	:	The Underwriters have agreed to underwrite the Rights Shares not subscribed by the Shareholders on a fully underwritten basis, being 1,126,955,740 Rights Shares, pursuant to the Underwriting Agreement as follows: (i) Get Nice shall underwrite up to 600,000,000 Rights Shares and (ii) Emperor shall underwrite the remaining number of the Rights Shares
Commission	:	(i) for Get Nice, 2.25% of the aggregate Subscription Price of the number of Rights Shares underwritten by Get Nice; and (ii) for Emperor, 2% of the aggregate Subscription Price of the number of Rights Shares underwritten by Emperor

The Rights Issue is fully underwritten. The Board is of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriters are fair as compared to the market practice and commercially reasonable as agreed between the parties of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriters may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to the Latest Time for Termination if:

(a) in the absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:

(i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(iii) any material adverse change in the business or in the financial or trading position or prospectus of the Group as a whole; or

(iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares or Adjusted Shares (as the case may be) generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

(vi) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or

(b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriters makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(c) the circular of the Company or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which in the absolute opinion of the Underwriters is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

If, at or prior to the Latest Time for Termination, there occurs:

(i) any material breach of any of the warranties or undertakings of the Company under the Underwriting Agreement comes to the knowledge of the Underwriters; or

(ii) any Specified Event comes to the knowledge of the Underwriters,

the Underwriters shall also be entitled by notice in writing to the Company prior to the Latest Time for Termination to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, the following conditions being fulfilled or waived:

(a) the Company despatching the circular to the Shareholders containing, among other matters, details of the Rights Issue together with proxy form and notice of SGM;

(b) the Capital Reorganisation becoming effective;

(c) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in the Adjusted Shares;

(d) the passing by the Shareholders (or, where appropriate, Independent Shareholders) at the SGM of ordinary resolutions to approve the Underwriting Agreement and the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Excluded Overseas Shareholders) and the transactions contemplated thereby by no later than the Posting Date;

(e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Posting Date;

(f) the Bermuda Monetary Authority granting consent to (if required) the issue of the Rights Shares by no later than the Posting Date;

(g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;

(h) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong; and

(i) there being no breach of the Irrevocable Undertakings by Mr. Ng.

Neither the Underwriters nor the Company may waive any of the conditions (a) to (f) (both inclusive), (h) and (i). The Underwriters may waive the condition (g) in whole or in part by written notice to the Company. If the conditions are not satisfied and/or waived in whole or in part by the Underwriters by 4:00 p.m. on or before the date falling on the expiry of 6 months from the date of Underwriting Agreement (or such other date as the Underwriters may agree with the Company in writing), the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

(4) ACQUISITION OF 100% OF VIGOUR WELL LIMITED

SALE AND PURCHASE AGREEMENT

The following is the brief summary of the principal terms of the SPA:

Date: 14 September 2010 (after trading hours)

Parties:

Vendor: Prolific Wise Limited

Purchaser: Asset Expert Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its respective ultimate beneficial owner(s) are Independent Third Parties.

Assets to be acquired

The assets to be acquired comprise of the Sale Shares, representing the entire issued share capital of the Target Company, and the Sale Loan, representing all amounts due to the Vendor by the Target Company on Completion.

Further information on the Target Company and its subsidiaries are set out in the paragraph headed "Information on the Vendor and the Target Group" below.

Consideration

The consideration for the Acquisition is HK$180 million (with the portion attributable to the consideration for the Sale Loan being the face value thereof and the balance attributable to the consideration for the Sale Shares) which shall be settled by the Purchaser in the following manner:

(i) HK$20 million in cash on Completion; and

(ii) the remaining balance of the Consideration, being approximately HK$160 million, (in whole or in installments of not less than HK$5,000,000 or integral multiple thereof at the sole discretion of the Purchaser) shall be paid by the Purchaser in cash to the Vendor within 2 months of the date of Completion subject to the right of the Purchaser to deduct and withhold therefrom the amounts for any breach of warranties by the Vendor.

There will not be any adjustment to the Consideration arising from any change in the amount of the Sale Loan, but the portion of the Consideration attributable to the Sale Shares will be adjusted depending on the final amount of the Sale Loan. As at the Latest Practicable Date, an aggregate sum of approximately HK$625,000 is due by the Target Company to the Vendor.

The Consideration shall be adjusted downwards on a dollar for dollar basis if the liabilities of Target Group on Completion exceeds HK$1,000,000 and the Vendor shall repay the amount of the excess to the Purchaser.

Basis of determination of the Consideration

The Consideration was determined between the Company and the Vendor after arm's length negotiations with reference to, among other things, (i) a preliminary valuation conducted by an independent valuer on a market approach basis valuing the 100% equity interest in the Target Group at approximately HK$180,000,000 as at 31 July 2010; and (ii) the latest market statistics and prospects of the real estate agency business in the PRC.

As the Target Group just started business in 2009 and majority of its Business Agreements were signed in 2010, the Directors are of the view that net book value of Target Group as at 31 December 2009 could not reflect the future business potential of the Target Group. The independent valuer has applied the market approach which was the guideline comparable company method and the "enterprise value to sales" multiple was used in the valuation. The major assumptions made for the valuation include:

(a) Upon completion of the Acquisition, Guangzhou MAG will be 100% held by New Leader as a wholly-foreign-owned-enterprise.

(b) The Target Group possesses all the relevant licenses and approvals necessary for carrying on the business operation of the Target Group upon completion of the Acquisition.

(c) The core business operation of the Target Group will not differ materially from those of present or expected.

(d) The Business Agreements and the leasing manager contract will not be terminated by the relevant real estate developers, the lessee or the Target Group.

The full text of the valuation report is set out in Appendix V to this circular. As stated in the valuation report, the market value of the Target Group was approximately HK$210,000,000 as at 30 September 2010.

In light of the above, the Directors (including the independent non-executive Directors) consider that the consideration for the Acquisition is fair and reasonable.

Conditions of the Acquisition

The Acquisition is conditional upon, among other things, the following conditions being fulfilled or waived:

(a) the Purchaser being satisfied with the results of due diligence investigations with respect of the Target Group;

(b) the warranties remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the SPA and date of Completion;

(c) the conversion of Guangzhou MAG into a wholly-foreign-owned-enterprise, the entire equity interest of which being held by New Leader with revised business licence and certificate of approval reflecting such changes having been duly issued by the relevant PRC authorities;

(d) the New PRC Company having been duly established with business licence showing business scope containing "real estate project planning, agency and related consultancy services" and all other relevant licences and approvals required for the carrying on of such business having been issued;

(e) the delivery by the Vendor to the Purchaser of a legal opinion issued by a PRC lawyer acceptable to the Purchaser in approved form in respect of the due establishment of Guangzhou MAG and the New PRC Company and their respective business and assets, the legality, validity and enforceability of the material contracts of Guangzhou MAG and the New PRC Company, including the Business Agreements and any other matters in such form and substance to the satisfaction of the Purchaser;

(f) the delivery by the Vendor to the Purchaser of a legal opinion issued by a BVI law firm acceptable to the Purchaser confirming the due incorporation and good standing of the Target Company and the Vendor and the legality, validity and enforceability of SPA against the Vendor, such legal opinion to be in form and substance and in all respects satisfactory to the Purchaser;

(g) approval by the Shareholders at the SGM of the Capital Reorganisation and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Adjusted Shares;

(h) approval by the Shareholders at the SGM of the SPA and the transactions contemplated thereunder;

(i) approval by the Shareholders at the SGM of the Rights Issue;

(j) the Underwriting Agreement becoming unconditional and not being terminated;

(k) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities which requires compliance at any time prior to Completion; and

(l) no event arising which has a material and adverse effect on the financial performance and prospects of the Target Group.

Conditions (g), (i) and (j) of the Acquisition have the effect to constrain the Acquisition to be conditional upon the Capital Reorganisation becoming effective and the completion of the Rights Issue.

In the event that (i) the certificate of approval for the conversion of Guangzhou MAG into a wholly-foreign-owned enterprise with New Leader as holder of its entire equity interest is not obtained and condition (e) (other than the issue of the business licence to Guangzhou MAG required for completing the conversion) is not fulfilled within 45 days of the date of the SPA or if (ii) any of the other conditions are not satisfied or waived on or before the date falling on the expiry of 6 months from the date of SPA (i.e. the long stop day) (or such other date as the parties may agree in writing) and/or conditions (b) and (l) do not remain fulfilled (and are not waived by the Purchaser) on Completion, the rights and obligations of the parties under the SPA shall lapse and be of no further effect except for antecedent breach. The Purchaser may waive all of the conditions above except conditions (g), (h), (i), (j) and (k) above by notice in writing to the Vendor. Neither the Vendor nor the Purchaser may waive any of the conditions (g), (h), (i), (j) and (k) above.

The Company reserves the right to waive any conditions abovementioned. However, the Company has no present intention to waive any such conditions; nonetheless, the Directors will exercise their judgment in the best interests of the Company and the Shareholders as a whole in deciding whether to waive such conditions as and when appropriate.

Completion

Completion of the Acquisition shall take place within 7 Business Days after all the above conditions precedent have been fulfilled and/or waived by the Purchaser (or such later date as mutually agreed by the parties in writing). Upon Completion, the Purchaser will own 100% equity interest in the Target Group (including the Target Company, New Leader, Kingswick Strategy, Guangzhou MAG and the New PRC Company), details of which are set out in the section "Information on the Vendor and the Target Group" below.

INFORMATION ON THE VENDOR AND THE TARGET GROUP

As at the Latest Practicable Date, the Vendor is an investment holding company and the beneficial owner of the entire equity interest in the Target Company. The Target Group is principally engaged in provision of services including primary real estate agency and related consultancy services to real estate developers in the PRC on their first-hand residential, retail and commercial real estate projects. Set out below is information on each member of the Target Group based on information provided by Vendor:—

The Target Company

The Target Company is an investment holding company established in the BVI with limited liability on 15 April 2010 and is wholly-owned by the Vendor. The Target Company has not recorded any turnover and profit since its incorporation.

After its corporation, the Target Company proceeded with formation of the Target Group including (i) acquiring the entire equity interest of New Leader on 30 April 2010, (ii) converting Guangzhou MAG into a wholly-foreign-owned-enterprise and (iii) establishment of the New PRC Company.

New Leader

New Leader is an investment holding company incorporated in Hong Kong on 29 October 2004 with limited liability and is wholly-owned by the Target Company. New Leader has not carried out any significant business since its incorporation.

Kingswick Strategy

Kingswick Strategy is a company incorporated in Hong Kong on 2 December 2009 with limited liability and is wholly-owned by New Leader. The principal activities of Kingswick Strategy since its incorporation is the entering into of 3 agreements for the provision of real estate project planning and related consultancy services.

Guangzhou MAG

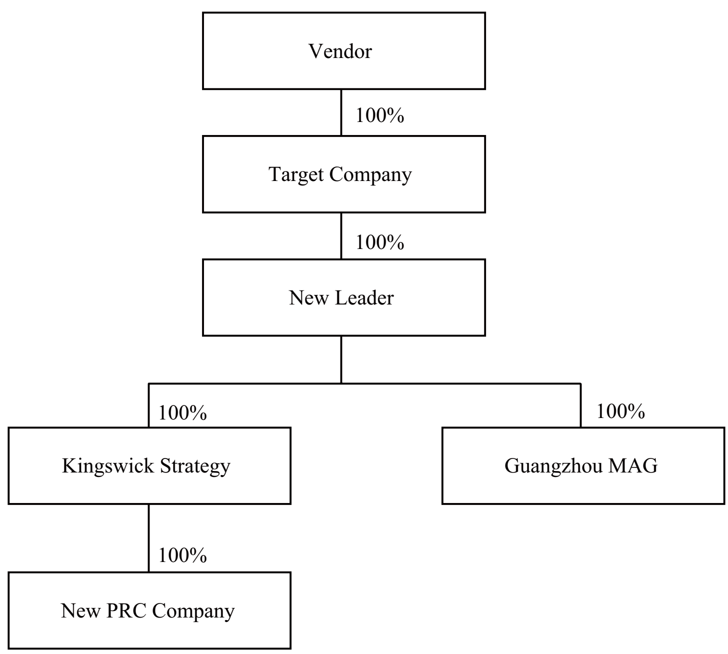
Guangzhou MAG is a company incorporated in the PRC on 19 January 2009 with limited liability by two independent third parties pursuant to an engagement by New Leader. It has a registered capital of RMB2 million, RMB300,000 of which has been paid up as at the Latest Practicable Date. Upon completion of internal reorganisation involving the conversion of Guangzhou MAG into a wholly-foreign-owned-enterprise, which is one of the conditions precedent to Completion, Guangzhou MAG will be 100% held by New Leader as a wholly-foreign-owned-enterprise. The principal activities of Guangzhou MAG is the provision of real estate agency and information enquiry services.

The New PRC Company

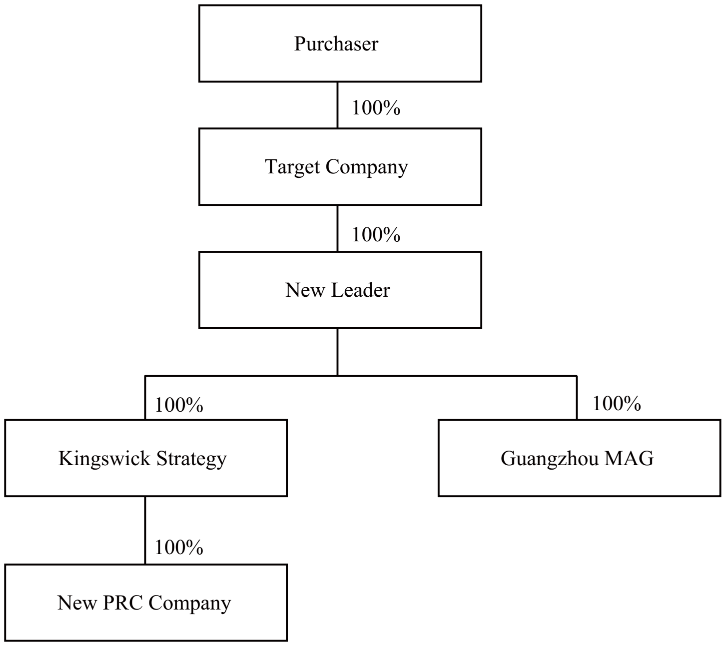
The New PRC Company is a new company established in the PRC on 17 September 2010 with limited liability and registered capital of RMB10 million (RMB1,503,416 of which has been paid up as at the Latest Practicable Date) and is wholly-owned by Kingswick Strategy. The New PRC Company will focus on large scale real estate agency projects and also provide real estate agency related services. It is one of the conditions precedent to Completion that the New PRC Company obtains all necessary approval and permits for operating real estate agency business in the PRC.

Immediately after Completion, the Company will indirectly hold the entire equity interest in the Target Company, New Leader, Kingswick Strategy, Guangzhou MAG and the New PRC Company. Set out below is the shareholding structure of the Target Group immediately before and after Completion:

Immediately before Completion:



Immediately after Completion:



Description of the Target Group's business

The Target Group provides comprehensive real estate agency services mainly in Guangzhou as well as various areas of the Guangdong province in the PRC. The Target Group currently focuses its business on the primary residential real estate market and also provides real estate developers with a range of ancillary services which includes marketing and information enquiry services.

Usually the developer client engages the Target Group at early stages of its real estate development process and the Target Group will formulate a marketing and sales and/or leasing plan including project positioning, and may include show flat design for creating a distinctive brand identity for the real estate project. Generally for the delivery of its service, the Target Group will first prepare a feasibility study on the real estate project, assemble profiles of typical buyers, form marketing strategies and then design marketing materials and promotional activities to attract prospective purchasers in the primary market and to establish long-term awareness of the real estate project. Furthermore, the Target Group will station sales staff specially trained for the relevant real estate project at project site and the sales office of the developer client until most of the units are sold or leased. The sales staff will present to prospective buyers various aspects of the relevant real estate project as well as information on the surrounding community and amenities, introduce appropriate floor plans based on their purchase criteria and accompany the prospective buyers to tour the units and the project amenities.

The Target Group earns sales commissions based on terms negotiated with its developer clients, which vary from project to project, with various considerations such as (i) the scale of the real estate project; (ii) the size of the sales team required to be stationed on-site; (iii) the expected sales volume of the real estate project; (iv) the commitment extent of the Target Group in the real estate project; and (v) the probability of future cooperation with the real estate developer. In general, the Target Group receives a relatively modest fixed fee for the planning stage and a fixed or progressive percentage as commission based on the aggregate of the sales and leasing proceeds of all real estate units the Target Group has sold for a project. As at the Latest Practicable Date, the Target Group had entered into 12 Business Agreements with different real estate developers under which members of the Target Group has been appointed to provide services as consultant and/or sales and leasing agent for various first-hand real estate development projects in the PRC. These projects, principally in Guangdong province and Shanghai, the PRC, comprise residential, retail and commercial properties with total gross floor area of over 2 million sq.m. and some projects are divided into phases of development spanning over periods of several years and may contribute continuously to the Enlarged Group's turnover for several years. The Target Group will be entitled to a commission income calculated by the relevant sales proceeds in these real estate projects multiplied by the commission rate (ranging from 0.5% to 3.0% as set out differently in each of the Business Agreements) and monthly rental of the premises leased. Set out below is the list of the Business Agreements entered into by members of the Target Group with various real estate developers in the PRC.

No.	Project Name	Real Estate Developer	Project Location	Usage	Contract Period	Commission Rate	Agency	Gross Floor Area (approximately) *(sq.m.)*
1	富盈・山水花城[1] (Cinese Shanshui Huacheng[**])	東莞市富盈房地產開發有限公司 (Dongguan Cinese Real Estate Development Company Limited[**])	Dongguan	Residential and commercial	20/12/2009 until sales are completed	1%	Non-exclusive	28,000
2	嘉駿中心(寫字樓)項目[1](Jia Jun Center (Office Units) Project[**])	東莞市嘉駿豪苑房地產開發有限公司 (Dongguan Jia Jun Haoyuan Real Estate Development Company Limited[**])	Dongguan	Commercial	10/3/2009 until sales are completed	1.2%-1.5%	Exclusive	106,000 (included hotel, offices, shops and apartments)
3	廣百新翼大廈15-18, 23-24樓 (15-18th and 23-24th Floor, Guangbai Xin Yi Building[**])	廣州市廣百新翼房地產開發有限公司 (Guangzhou Guangbai Xin Yi Real Estate Development Company Limited[**])	Guangzhou	Commercial	28/1/2010 to 27/7/2010[2]	1%	Exclusive	13,000
4	嘉駿豪苑項目[1] (Jia Jun Haoyuan Project[**])	增城市龍望經貿發展有限公司 (Zengcheng Longwang Development Company Limited[**])	Guangzhou	Residential and commercial	10/12/2008 to 09/12/2010	1.2%-1.5%	Exclusive	60,000
5	歐亞山莊 (Euro-Asia Villa[**])	廣州市金源置業有限公司 (Guangzhou Jinyuan Realty Company Limited[**])	Guangzhou	Residential	2/5/2010 until 12 months after announced publicly the date of offering when presale permit has been obtained	0.8%-1.2%	Exclusive	100,000

No.	Project Name	Real Estate Developer	Project Location	Usage	Contract Period	Commission Rate	Agency	Gross Floor Area (approximately) (sq.m.)
6	嘉駿豪苑二期[1] (Jia Jun Haoyuan, Phase II**)	增城市騰越房地產開發有限公司 (Zengcheng Tengyue Real Estate Development Company Limited**)	Guangzhou	Residential and commercial	3/4/2010 until 12 months after announced publicly the date of offering when pre-sale permit has been obtained	0.9%-1%	Exclusive	40,000
7	清溪嘉利項目 (嘉利豪庭)[3] (Qingxi Jiali Project (Jiali Haoting)**)	東莞市嘉利房地產開發有限公司 (Dongguan Jiali Real Estate Development Company Limited**)	Dongguan	Residential and commercial	1/1/2010 until 12 months after obtaining of the pre-sale permit	0.5%-1.2%	Exclusive	46,000
8	富盈 · 比華利山[4] (Cinese Beverly Hills**)	陽江市富盈房地產開發有限公司 (Yangjiang Cinese Real Estate Development Company Limited**)	Yangjiang	Residential	2/11/2009 until 15 months after announced publicly the date of offering when pre-sale permit has been obtained	0.7%-1.2%	Exclusive	97,000 (site area)
9	恩平富盈城[4] (Enping Cinese Town**)	恩平市富盈房地產開發有限公司 (Enping Cinese Real Estate Development Company Limited**)	Enping	Residential and commercial	2/11/2009 until 15 months after announced publicly the date of offering when pre-sale permit has been obtained	0.7%-1.2%	Exclusive	180,000 (site area)
10	鑫泰 · 金色藍灣[5] (Xintai Jinse Lanwan**) (currently known as 公園一號 (Park One**))	湛江鑫泰投資有限公司 (Zhanjiang Xintai Investment Company Limited**)	Zhanjiang	Mainly Residential	22/4/2010 until 18 months after signing the first sale and purchase agreement	0.8%-1.5%	Exclusive	450,000
11	名冠 · 駿凱豪庭[6] (Mingguan Jun Kai Haoting**)	江門市駿凱豪庭開發建設有限公司 (Jiangmen Jun Kai Haoting Development and Construction Company Limited**)	Jiangmen	Residential and commercial	1 year from 25/8/2010 and may automatically renew for 1 year	3%	Non-exclusive	1,480,000 (planned total construction area)
12	Nos. 5, 6,10 of Lane 699 & Lane 723, Laifang Road, Shanghai[7]	上海九贏房地產有限公司 (Shanghai Jiuying Real Estate Company Limited**)	Shanghai	Residential	1/10/2010 to 30/9/2011	1.5%-2%	Non-exclusive	80,000

Notes:

1. The commercial area of the project may be leased by the Target Group and the Target Group would be entitled to one month rental as its commission.

2. As confirmed by the Vendor, the Target Group will still be entitled to the sales commission in the event the Target Group sells the remaining units in the project even after the agreement has expired.

3. The real estate developer has the right to terminate the agreement given one month written notice and termination payment of RMB100,000.

4. The real estate developer has the right to terminate the agreement when the sales target is not reached.

5. The real estate developer has the right to terminate the agreement given one month written notice and termination payment of RMB300,000.

6. The real estate developer has the right to terminate the agreement given three months written notice.

7. The agreement was entered into by the Target Group after signing of the SPA.

In addition, the Target Group has signed a leasing manager contract for a shopping complex in Beijing with contract area of 1,448 sq.m. whereby the Target Group was appointed by the lease holder of the shopping complex to provide leasing and marketing services to the shopping complex, pursuant to which the Target Group undertakes that the income from the shopping complex will not be less than the rental payable by the lease holder and the Target Group is entitled to remuneration based on the income generated from the shopping complex.

Project Name	Lease holder	Project Location	Usage	Contract Period	Annual Rental Expense	Remuneration Rate (before rental expense) (per day per sq.m.)
No. 30 Cuiwei Road	可喜可樂(北京)物業服務有限公司 (Kexi Kele (Beijing) Property Services Company Limited**)	Beijing	Rental	21/3/2010-20/3/2019	RMB2,160,000	RMB5.8-RMB11

The management of the Target Group has extensive experience in providing real estate agency services for the primary real estate market in Guangdong province and Beijing, and has maintained good long-term business relationships with various real estate developers in the PRC such as the major clients mentioned in above list. The clients of the Target Group are the real estate developers who are independent third parties to the Target Group. For the year ended 31 December 2009 and the eight months ended 31 August 2010, turnover contributed by major clients of the Target Group, which are 增城市龍望經貿發展有限公司 (Zengcheng Longwang Development Company Limited**) ("Longwang") and 東莞市嘉駿豪苑房地產開發有限公司 (Dongguan Jia Jun Haoyuan Real Estate Development Company Limited**) ("Jia Jun") for year 2009 and Longwang and 東莞市富盈房地產開發有限公司 (Dongguan Cinese Real Estate Development Company Limited**) ("Cinese Real Estate") for the eight months ended 31 August 2010, amounted to approximately HK$2.03 million and HK$0.62 million respectively, representing approximately 95.86% and 68.06% of the Target Group's total turnover of the respective periods. Cinese Real Estate, the developer of 富盈 • 山水花城 (Cinese Shanshui Huacheng**), is a subsidiary of 富盈集團 (Cinese Group**). Cinese Group is involved in, among other business, real estate development, hotels and other related industries and its real estate arm has development sites in various cities including Dongguan, Yangjiang and Enping of the Guangdong province. Jia Jun, the developer of 嘉駿中心(寫字樓)項目(Jia Jun Center (Office Units) Project**), has developed several real estate projects in Dongguan since 2000 which have aggregate gross floor areas over 340,000 sq.m. Longwang is a company incorporated in the city of Zengcheng, the PRC in 1993 with limited liability and is the developer of 嘉駿豪苑項目 (Jia Jun Haoyuan Project**).

Seasonality

The turnover of the Target Group has historically been substantially lower during February than other months as a result of the relatively low level of real estate activities during the Chinese New Year holiday period, which normally falls around February of each year.

Employees and training

Other than servicing both real estate developers and buyers, the Target Group also designs and implements systematic training programs for new and existing sales staff for the continuous delivery of the requisite real estate agency services. The sales staffs of the Target Group are chosen for their education, qualification, poise and service oriented attitudes. Once recruited, the sales staffs of the Target Group receive comprehensive training on ethics and standard sales protocols, sales technique, and necessary training for the specific properties to which they are assigned. The Target Group has a commission scheme to share its commission revenue with its sales staff. The commission rate payable to sales staff for primary property transactions varies between real estate projects, depending upon numerous factors such as the commission rate payable by real estate developers, the projected sales result and input required of the Target Group for the relevant real estate projects and the sales price of the relevant real estate project. The average commission rate payable to sales staff is in the range from approximately 0.12% to 0.15% of the relevant sales proceeds in the real estate projects and as advised by the Vendor, such commission range is in line with the industry practice.

As at the Latest Practicable Date, the Target Group had 27 employees which comprised of sales staffs and general administrative staffs.

Senior management of the Target Group

The Target Group has an experienced management team, which consists of personnel with qualifications and experience in the real estate agency industry in the PRC and Hong Kong, to oversee its operation. Upon Completion, the Group will retain the current management team of the Target Group and may engage additional suitable candidates if necessary to ensure continual efficient operation of the Target Group. The Company currently has no plan to appoint any member of the management team of the Target Group as directors of the Company. Set out below are the biographies of Mr. Yeung Oi Leung, Mr. Leung Siu Fai and Mr. Chow Chi Wing, all being the existing members of the management team of the Target Group:

Mr. Yeung Oi Leung is the executive director of the Target Group and is responsible for overseeing the daily operation, financial activities and business development of the Target Group. He has over 15 years of experience in real estate agency and related industry in the PRC and Hong Kong. Mr. Yeung holds a Bachelor of Social Science degree from Lingnan College (currently known as Lingnan University). He has participated in large scale real estate projects including 廣州利豐大廈 (Guangzhou Lifeng Building**) and 中山香泉花園 (Zhongshan Xiangquan Garden**) in the Guangdong province. Mr. Yeung is also a committee member of the Chinese People's Political Consultative Conference in Shixing county, Guangdong province, a member of the executive committee of the Hong Kong-Jiang Su Exchange Promotion Association, and the founding vice-chairman of Hong Kong-HuiZhou Youth Exchange Promotion Association.

Mr. Leung Siu Fai is the chief executive officer of the Target Group and is responsible for real estate development, sales and marketing and strategic planning of the Target Group. He has over 20 years of experience in real estate agency and real estate development industries in the PRC and Hong Kong. Mr. Leung has participated in various real estate projects including 恒大金碧海岸花園(Evergrande Jinbi Seacoast Garden**), 萬科城(Dream Town**) and 保利林海山莊(Poly Forest Island Village**) in Guangzhou. He graduated from Lingnan College (currently known as Lingnan University) with an Honours Diploma in Sociology.

Mr. Chow Chi Wing is the associate director of the Target Group and is responsible for advising and supervising the business operation and strategic planning of the Target Group. He has years of experience in real estate agency and marketing industry in the PRC and Hong Kong. Mr. Chow has participated in large scale real estate projects including 中華廣場 (China Plaza**), with gross floor area of over 280,000 sq.m. and 荔灣廣場(Liwan Plaza**) in Guangzhou and was responsible in the sales of over 100 real estate projects from 1994 to 1998 alone.

In addition, Mr. Ng and the China division of the Group, which is led by a core group of 2 experienced managers, has over 10 years experience in acting as sales agents for overseas market (including Hong Kong) for real estate projects in the PRC, including 東方夏灣拿花園 (Oriental Havana Garden**) in Guangzhou, 羅馬家園 (Luo Ma Jia Yuan**) in Guangzhou, 北京南站北廣場(Beijing South Railway Station North Square**) in Beijing, 福塞斯商務辦公室及商務公寓(Forsyth Business Centre and Business Apartment**) in Shenzhen and No. 1 Yufang Hutong, Dongcheng District, Beijing. The Group will allocate the existing staff of China division of the Group cooperating with the management of the Target Group to develop the real estate agency services in the PRC and to recruit qualified professional for the new business, if necessary.

Comparison of the operation of real estate agency business in Hong Kong and the PRC

As compared with the Group's primary real estate agency business in Hong Kong, the Target Group takes a more active role in the real estate projects of which it is appointed in the PRC. The real estate agency business in the PRC will provide a wider scope of services including, among other things, preparing feasibility study and formulating marketing and sales plan. Further, as compared to simply acting as sales agents in Hong Kong, the agency services business in the PRC also derives its revenue during various stages of the development projects from ancillary services. For the provision of primary real estate agency business in Hong Kong, the Group is usually engaged, along with other real estate agencies, by developer clients when development project is ready to enter the sales phase. In this market segment, the Group will receive commission based on the transaction amount of all real estate units it has sold. In most cases, all the marketing campaigns, marketing materials, sales offices and outlets on-site related to the real estate project are formulated and undertaken by the developer clients and/or their other consultants.

Competition

The real estate services industry in the PRC is rapidly evolving, highly fragmented and competitive. Compared to real estate development, real estate agency services require a smaller commitment of capital resources. This relatively lower barrier of entry permits new competitors to enter the market quickly and compete with the Target Group.

In the primary real estate agency services market, the main competitors include Shenzhen World Union Property Consultancy Co., Ltd. ("World Union") and E-House (China) Holdings Limited, ("E-House") both of which operate in multiple cities in the PRC. World Union is listed in the Shenzhen Stock Exchange and operates mainly in Shenzhen, Guangzhou, Dongguan, Shanghai, Beijing and Tianjin as well as other cities. According to its 2009 annual report, approximately 90% of the revenue of World Union in year 2009 was generated from primary real estate agency market.

E-house is listed in the New York Stock Exchange and provides primary real estate agency services, secondary real estate brokerage services, real estate consultation and information services, real estate advertising services and real estate investment fund management. It operates in more than 43 cities in the PRC and, according to its 2009 annual report, approximately 60% of the revenue of E-House in 2009 was generated from primary real estate agency market. Both World Union and E-House focus on the large real estate developers.

Compared with these two major competitors, the Target Group is a small scale real estate agency service provider and focuses on the primary real estate agency market in Guangdong province. The Target Group can provide comprehensive and tailor-made service including feasibility study, product positioning and planning advice to the second and third tier real estate development projects.

In addition, the Target Group competes with local primary real estate agency services providers in Guangdong province and each geographic market. In the real estate information enquiry services market, the Target Group also competes with other leading international and domestic real estate services companies including DTZ International, Jones Lang LaSalle, CB Richard Ellis and Savills.

Competition in the real estate agency services industry is primarily based on business network, quality and variety of services, commission rates and overall client experience. The Directors believe that the synergy effect of the Group's brand name and business network, the breadth and quality of services and extensive experience of the Target Group, particularly in the primary real estate agency services market, give the Enlarged Group the competitive advantages over its competitors, especially smaller competitors who focus on a limited number of local markets.

Competitive advantages of the Target Group

The Directors consider that the competitive advantages of the Target Group are primarily attributable to the following:

Established business relationships with several real estate developers in the PRC

The Target Group has established business relationships with several real estate developers which are capable of developing medium to large scale real estate projects in the PRC. The Directors believe that with the range of quality services the Target Group is able to offer to these real estate developers, the Target Group could be able to retain these clients and procure appointment from them for new real estate projects developed by them.

Quality services to serve as a bridge between real estate developers and real estate buyers

The Target Group has a team of real estate agents with extensive knowledge and experience in the real estate agency business in the PRC. With in-depth knowledge of local lifestyles, the Target Group is able to understand the requirements of local buyers, thus serving as a bridge between real estate developers and local buyers. The Directors are of the view that the Target Group will be able to continue to maintain its competitiveness in the primary real estate agency market in the PRC.

Experienced management team to provide real estate agency services

The Target Group's management team has extensive experience in the real estate business in the PRC. Such experience not only relates to agency business but also includes ancillary services such as marketing and information enquiries. Such experience will enhance the Enlarged Group's ability to procure further business opportunities.

Future Plan

The Enlarged Group is expected to benefit from the increase in primary real estate sales and transactions in Guangzhou and other parts of the PRC. With its ability to provide comprehensive services among real estate agency business, it is expected that the Enlarged Group would be able to procure new appointments as more new development projects are being launched in Guangdong province and other cities in the PRC.

Expand geographic reach and enhance brand recognition

The Enlarged Group plans to expand its primary real estate agency business market into other cities in the PRC, including Beijing, Shanghai, Shanxi and inner Mongolia. Initially, it is intended that such expansion is to be achieved through capitalizing on established relationships from previous projects, and to obtain businesses from them as they expand their businesses and commence real estate development projects in other cities in the PRC. The Enlarged Group will also set up new branches in selected locations with good development potential, which will enable the Enlarged Group to establish and maintain closer relationships with local real estate developers and keep abreast of the latest local real estate market development. In addition, through such network, the Enlarged Group will be in a better position to identify and procure quality local real estate projects in such cities and their surrounding regions and has a better control over the real estate sales management in such locations, which will enable the Enlarged Group to diversify its sources of revenue and reduce risk of over-reliance on a single geographical market in the PRC. The first new branch will be located in Beijing.

As at the Latest Practicable Date, the Target Group had several potential real estate agency services agreements under negotiation and 4 of which are at the final stage of negotiation. Set out below is summary of the said agreements.

Project Location	Usage	Expected Contract Period	Expected Commission Rate	Agency	Gross Floor Area (approximately)
					sq.m.
Yingde, Guangdong	Commercial	November 2011 until 12 months from obtaining pre-sale permit for the second stage of the shopping complex	1%-1.2%	Exclusive	40,000
Huizhou, Guangdong	A complex including hotel and residential	24 months after announced publicly the date of offering	1%	Exclusive	90,000 (site area)
Qingyuan, Guangdong	Residential and commercial	To be negotiated	1%-3%	Exclusive	73,000
Beijing	Commercial	November 2010 to August 2011	1.5%	Non-exclusive	18,000

In addition, the Target Group is also in the initial stage of negotiation for providing real estate agency services for a large scale real estate project located in Tianjin, the PRC, comprising residential properties with total gross floor area of over 10.6 million sq. m. and dividing into phases of development spanning over period of over 10 years. However, Shareholders should note that Target Group may or may not be able to secure the above projects or any of them and the terms of appointment may be different from those mentioned above.

The Enlarged Group intends to further enhance its market recognition in the PRC through extensive advertising, such as in a number of magazines, periodic journals and on large billboards. The Enlarged Group also looks to continue to strengthen its marketing efforts in promoting properties handled by the Enlarged Group.

Secondary real estate brokerage services

In this stage, the Enlarged Group intends to strengthen its position in the PRC by gaining greater market share in existing markets, capturing market shares in new geographic markets and becoming one of the most recognized real estate agency services company in the markets where the Enlarged Group will operate. Therefore, the Enlarged Group intends to focus on its growth in primary real estate agency services in the PRC. In future, if the resources such as funding and related expertise is available, the Enlarged Group will consider participating in the secondary real estate brokerage market.

Funding requirements

The registered capital of Guangzhou MAG is RMB2 million (RMB300,000 of which has been paid) and the registered capital of the New PRC Company is RMB10 million (RMB1,503,416 of which has been paid). Under the SPA, the Vendor has further agreed to pay for the balance of the registered capital of Guangzhou MAG in the sum of RMB1,700,000 prior to Completion. After payment of such registered capital, the Directors expect that the Target Group would have sufficient working capital for its operation upon completion of the Acquisition.

The Group will be required to further inject RMB8.5 million, being the balance of the registered capital, into New PRC Company within two years from the date when the business license of the New PRC Company is issued. The Directors expected the Enlarged Group will be able to meet the funding requirement from positive cash flow generated from operation of the Enlarged Group together with the internal resources of the Group.

INDUSTRY OVERVIEW

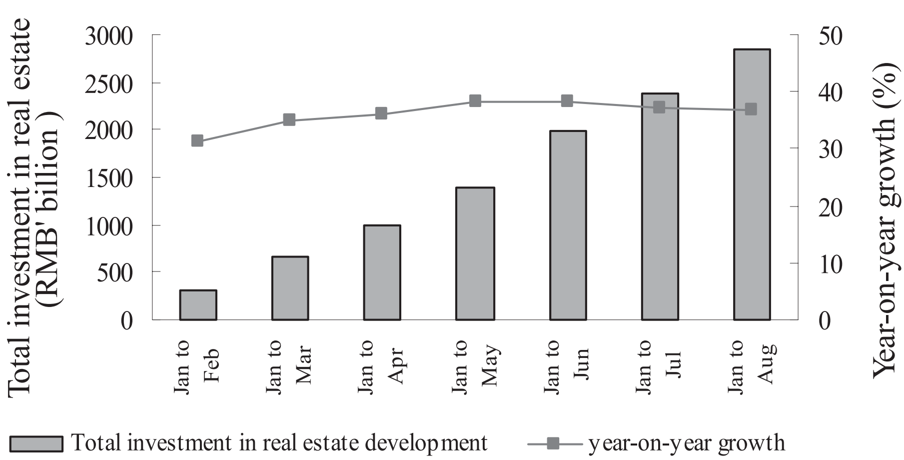
Overview of the real estate agency market in the Guangdong province

Real estate market in the PRC

The global financial meltdown in 2008 had hit the real estate development in the PRC hard when Chinese government proposed a series of real estate market boosting plans in order to stimulate domestic economic and accelerate china's recovery from the 2008 financial crisis. Under the policies, the real estate market started to recover and funds were attracted in 2009 from both domestic and international investors. The total investment in real estate development in the PRC amounted to RMB3,623.2 billion in 2009, a year-on-year increase of 16.1%. In 2009, the floor spaces under construction of real estate development enterprises nationwide amounted to 3,196 million sq.m., up by 12.8% year-on-year; the new started floor spaces of housing stood at 1,154 million sq.m., up by 12.5% year-on-year; the floor spaces completed reached 702 million sq.m., up by 5.5% year-on-year. Of which, the floor spaces completed of residential buildings hit 577 million sq.m., went up 6.2%. Selling price of housings in seventy medium-large sized cities in December 2009 also increased by 7.8% year-on-year.

From January to August 2010, the total investment in real estate development in the PRC was RMB2,835.5 billion, up by 36.7% year-on-year, whereby the monthly total investment in real estate development in the PRC in 2010 is shown in the chart below.

Total investment in real estate development in the PRC in 2010



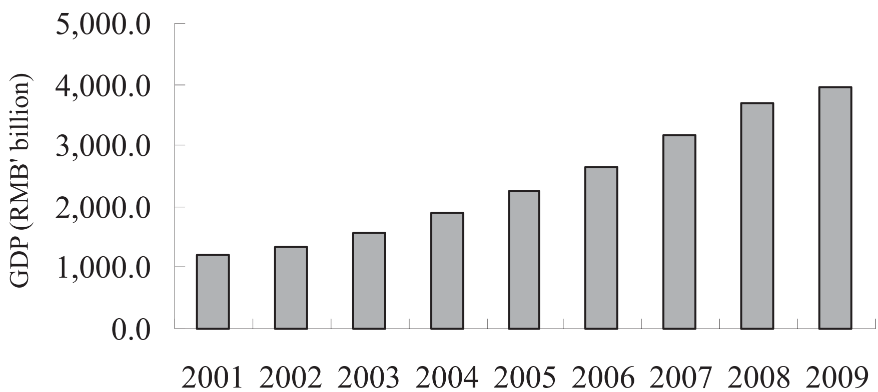
Source: National Bureau of Statistics of the PRC

As summarized from the above, the nationwide real estate market enjoyed a significant rebound in 2009 and housing prices in some cities show excessive growth and thus, creating real-estate speculation. The bubble has led the Chinese government to issue a series of policies to curb the rapid growth of housing prices including, amongst others, restrictions on loans for third-home purchases, increasing down payment requirements and increasing mortgage rates. Nonetheless, following the implementation of these tight policies in the real estate industry, the real estate market maintains a steady growth trend. In August 2010, sales price indices of buildings in 70 medium-large sized cities increased 9.3% year-on-year, narrowed 1.0% points over in July 2010 whereby the sales price of newly constructed residential buildings in August 2010 increased 11.7% year-on-year, fell 1.2% points over in July 2010.

Real estate market in the Guangdong province

Economic activities in the Guangdong province are primarily centered in cities located in the Pearl River Delta, including Guangzhou, the province's capital, and Shenzhen. The GDP of Guangdong province increased from approximately RMB1,203.9 billion in 2001 to approximately RMB3,948.3 billion in 2009, representing a compounded annual growth of approximately 16.0%.

GDP of Guangdong province



Source: Guangdong Province Statistical Bureau

Benefited from the strong economic development, the real estate market of Guangdong province has maintained a steady growth throughout 2001 to 2009. Investment in real estate development has increased from RMB183.4 billion in 2006 to RMB296.1 billion in 2009, representing a compounded annual growth of 17.3%. Total commodity flats sold had also increased from 51.1 million sq.m. in 2006 to 70.4 million sq.m. in 2009, representing a compounded annual growth rate of 11.2%.

Overall, the real estate boom in 2009 in Guangdong province was resulted from sufficient funds in the market, the increased number of completed real estate projects and investment in real estate market. Investment in real estate development has amounted to RMB150.8 billion in the first half of 2010, represents an increase of 32.8% compared to the same period in 2009.

Further, according to Guangdong Province Statistical Bureau, the sales volume of commodity flats for the first half of 2010 amounted to RMB206.0 billion, represents an increase of 13.7% compared to the same period in 2009 and sales floor area transacted was approximately 28.5 million sq.m., represents a decrease of 3.2% compared to the same period in 2009.

Real estate agency market in the PRC

As the real estate industry in the PRC grows in size and complexity, it has become increasingly specialized and the professional real estate services companies emerged in response to the specialization trends in real estate industry in the mid-90's. Meanwhile, the number of participants in the real estate services industry in the PRC grew from approximately 53,000 in 2006 to approximately 79,000 in 2008. The real estate market can be categorized into primary real estate agency market and secondary real estate brokerage services market.

Primary real estate agency market in the PRC

China's current real estate sales have focused primarily on newly developed properties. As indicated by the above strong economic indicator and the prospect of the real estate market in the Guangdong province, the Directors are the view that the Target Group may benefit from the increase in real estate development projects in Guangzhou and other cities in the PRC, as developers may be more inclined to seek the Target Group's expertise and services, such as marketing and real estate agency services, in launching new projects. Developers retain professional real estate agency services companies for consultancy, marketing, sales and other services throughout the project development, marketing and sales process, especially when these developers enter into new and unfamiliar local markets.

The growth of real estate agency services companies was further accelerated as a growing number of real estate developers expanded from local and regional participation to nationwide operations and started to focus their resources on their core business and outsource real estate marketing and sales functions to brand-name professional real estate agency services companies.

Secondary real estate brokerage services market in the PRC

Sales revenues generated from the secondary real estate brokerage services market represent a small portion of the total real estate sales revenues. The secondary real estate brokerage services market is fragmented and extremely competitive as entry barriers are relatively low. Brokers generally do not have exclusive listing contracts with sellers and in most instances represent the interests of both buyers and sellers.

Future prospect and challenges of the real estate agency services market

In light of the steady and strong real estate market and the prospective economic environment of the PRC, the Directors are optimistic about the long term prospect of the real estate agency services industry. However, with the low entry barriers and the fragmented real estate services industry, the industry will become more competitive. Real estate agency market participants need to compete effectively based on, among other things, their business network, quality of services, commission rates and range of services and the continuing success of the business relies on the quality of their management to maintain their competitive advantages and consistently deliver high-quality services.

Licensing requirements for real estate agencies in the PRC

Set out below are descriptions of certain key laws and regulations that could apply to the real estate agency industry in the PRC in which the Target Group operates.

(a) 中華人民共和國城市房地產管理法 (Urban Real Estate Administration Law of the People's Republic of China**) amended on 30 August 2007, promulgated by the Standing Committee of the National People's Congress and implemented nationwide, Article 58 of which provides that "a real estate agency shall conform to the following conditions:

(i) has a name and is an entity separately organized;

(ii) has fixed establishment for services;

(iii) has necessary assets and funds for operation;

(iv) has adequate number of professional staff; and

(v) conform to such other conditions as required by laws and administrative regulations.

To establish a real estate agency, the enterprise concerned should apply to the department of industry and commerce, and obtain a business license before it can commence operation."

(b) 城市房地產中介服務管理規定 (Administrative Regulations on Urban Real Estate Agency Services**) (PRC Ministry of Construction Order No.50, as implemented on 1 February 1996 and amended on 15 August 2001) promulgated by the Ministry of Construction of the PRC, and implemented nationwide. Among them:

Article 11 of this legislation provides that "An entity engaging in real estate valuation business trans-regionally across provinces, autonomous regions and municipalities should apply for filing with competent department for construction administration of the province or autonomous region, or competent departments of real estate administration of the municipality in which its operation takes place."

Article 12 of this legislation provides that any real estate agency should apply for registration of its establishment with local industrial and commercial administration department and within one month of its receipt of its business licence, file the record of its establishment with relevant real estate administration department so as to obtain a "房地產中介服務機構資質證書 (Real Estate Agency Services Qualification Certificate**)".

(c) 廣東省房地產經紀管理暫行辦法 (Provisional Measures on Administration of Real Estate Agencies in Guangdong Province**), formulated and implemented by the Construction Committee (now the Construction Department) of Guangdong Province on 1 August 1993 and takes effect within Guangdong Province. Article 8 of this measure provides that a real estate agency shall fulfill the following requirements for its establishment:

   (i) has a sound management and financial system with proper constitutional documents;

   (ii) has at least 3 professional staff who hold personal real estate agent licence;

   (iii) has fixed establishment for services; and

   (iv) has a registered capital of not less than RMB300,000.

(d) 廣東省建設委員會關於審批審理房地產開發公司物業管理公司和房地產中介服務機構的若干意見 (Certain Opinions on Examination and Approval of Real Estate Development Companies, Property Management Companies and Real Estate Agencies**), a directive opinion formulated and implemented by the Construction Committee (now the Construction Department) of Guangdong Province on 2 July 1998 and takes effect-within Guangdong Province. Article 2 of this directive opinion provides for "the establishment of regulated real estate development companies, property management companies and real estate agencies, and the establishment of an examination and approval and a qualification examination system for the same which should generally be conducted according to the following procedures:

   (i) make application to the Construction Committee or the Real Estate Administration Bureau;

   (ii) after approval by the Construction Committee or the Real Estate Administration Bureau, apply to the department of industry and commerce for name approval;

   (iii) after approval of company name by department of industry and commerce, apply for qualification examination with the Construction Committee or the Real Estate Administration Bureau;

   (iv) after obtaining the qualification certificate after passing the examination, complete registration and other formalities with the department for industry and commerce."

(e) 廣州市房地產中介服務管理條例 (Administrative Regulations on Real Estate Agency Services in Guangzhou City**), promulgated by the 11th Standing Committee of the People's Congress of Guangzhou City on 17 July 2002 and become effective on 1 January 2003 and takes effect within Guangzhou City. Among them:

"Article 7 provides that "the engagement of real estate agency service business requires the establishment of a corresponding agency services organization. The establishment of a real estate agency service organization should conform to the following conditions:

(i) has a name and is an entity separately organized;

(ii) has fixed establishment for services with an area of not less than 15 sq.m.;

(iii) has a registered capital of not less than RMB300,000, or not less than RMB100,000 for those engaged only in consultancy business; and

(iv) has not less than three staff members holding corresponding vocational qualification certificate for real estate agency services; and for those engaged in real estate agency services also has staff holding "real estate agent practicing qualification certificate of the People's Republic of China".

Article 8 provides that a real estate agency services organization or its branches should, within 30 days after obtaining its business license, apply for filing with competent urban real estate administration departments of Guangzhou City which should issue filing proof upon acceptance of the case. A real estate agency services organization which has completed the filing requirement will be issued with 房地產中介服務機構資質證書 (Real Estate Agency Services Qualification Certificate**).

"Article 10 provides that staff engaged in real estate agency services should partake in vocational qualification examinations for real estate agency services according to relevant regulations of the State, and, subject to passing the examination, obtain a vocational qualification certificate for real estate agency services."

Licenses required for the Target Group's operations

The principal activities of Guangzhou MAG and the New PRC Company are the provision of real estate agency services which are subject to, among others, the licensing requirements for real estate agencies in the PRC abovementioned.

As advised by the Company's PRC lawyers, as at the Latest Practicable Date, Guangzhou MAG is in compliance with all applicable laws and regulations including 廣州市房地產中介服務管理條例 (Administrative Regulations on Real Estate Agency Services in Guangzhou City**) and that Guangzhou MAG has also obtained all requisite licences for carrying on its business activities and the relevant licences are:

1. Business Licence (valid as from 19 January 2009 to long term); and

2. 廣州市房地產中介服務機構資質證書 (Guangzhou City Real Estate Agency Services Qualification Certificate**), valid as from 25 October 2010 to 31 December 2011, issued by 廣州市國土資源和房屋管理局 (Guangzhou Municipal Land Resources and Housing Administrative Bureau).

Based on the opinion provided by the Company's PRC lawyers, the above 房地產中介服務機構資質證書 (Real Estate Agency Services Qualification Certificate**) may be renewed upon its expiry and there is no major impediment for such renewal.

The Company's PRC advisers also advised that, as at the Latest Practicable Date, the New PRC Company has already obtained its Business Licence (valid from 17 September 2010 to 17 September 2040) but was still in the course of applying for a 房地產中介服務機構資質證書 (Real Estate Agency Services Qualification Certificate**) as mentioned above, which is one of the conditions precedent to Completion. The Company's PRC lawyers are of the opinion that upon the issue of the 房地產中介服務機構資質證書 (Real Estate Agency Services Qualification Certificate**), the New PRC Company will have obtained all requisite licences for carrying on its business activities.

As at the Latest Practicable Date, due diligence exercise on the Target Group was still ongoing and no material abnormal item was noted by the Purchaser. Nonetheless, it is one of the conditions precedent to Acquisition that the Purchaser is satisfied with the results of such due diligence review and the New PRC Company having obtained all relevant licences and approvals required for the carrying on of the business of real estate project planning, agency and related consultancy services.

In relation to other targeted markets of the Target Group, such as Beijing and Shanghai, the Company has engaged PRC legal advisers to review the requisite licences and approvals for their respective business activities in the relevant targeted markets.

As advised by the PRC legal advisers, given that Guangzhou MAG has already obtained 房地產中介服務機構資質證書 (Real Estate Agency Services Qualification Certificate**) which is valid throughout Guangdong province, the Target Group can participate in projects in Dongguan, Yangjiang, Enping and Zhanjiang and to expand its business to other cities or areas within Guangdong province. For the Target Group to expand its business to other regions of the PRC, the Company's PRC legal advisers advised that the relevant company of Target Group needs only apply for filing with the relevant local real estate administration department, which should not impose any material legal impediment. Under the SPA, it is not a condition precedent to completion of the Acquisition for the Target Group to obtain approval or licenses for operating in regions outside Guangdong province.

RISK FACTORS

Risk factors in connection with the Acquisition are as follows:

Investments in new business

The Acquisition constitutes an investment in new business operations in the PRC. The new business, coupled with the regulatory environment, may pose significant challenges to the Company's administrative, financial and operational resources. The Company may not be in a position to assure the timing and amount of any return or benefits that may be received from the new business. The development of the Target Group's real estate agency business is largely built on the expertise and experience of the management team of the Target Company, the relevant experiences of whom are set out in the paragraph headed "Senior management of the Target Group" above. In this respect, the Company will need to work and coordinate with the management team of the Target Group to ensure an effective operation of the Target Group.

Reliance on major customers

The Target Group's business relied on its business relationships with various real estate developers in the PRC. Despite the Target Group has a portfolio of various developer clients, in the event a significant number of these developer clients substantially reduces the volume of its business with the Target Group, or ceases to engage the services of Target Group by terminating any of the Business Agreements, or do not appoint the Target Group for new projects, and if the Target Group is unable to secure new real estate projects with similar project size and profit margin, these may adversely affect the business, results of operations and financial position of the Target Group.

Reliance on experienced qualified staff

One of the keys to the success of Target Group's real estate agency business in the PRC is dependent, to a large extent, on the performance of its management team and their continued services to the Enlarged Group. Although the Group intends to retain the current management team of the Target Group, loss of a significant number of the Target Group's management team may materially and adversely affect its operation and business if it cannot find suitable replacements in a timely manner. In this regard, the Group may consider engaging additional suitable management personnel after Completion to ensure the continual efficient operation of the Target Group as and when appropriate.

Operation of the Target Group

The commission income of the Target Group relies on the real estate sales amount in its various first-hand real estate development projects under which the Target Group acts as consultant and/or sales agent. The schedule for completion for these development projects and the timing of obtaining the real estate pre-sales permit are subject to various factors including statutory requirements, natural disasters, international crisis, industrial or workers disputes, litigation claims and other unforeseen circumstances. If the relevant real estate pre-sales permit are not obtained on time in whole or in part as a result of any such events, the real estate sales in the relevant development project may be delayed and the commission income under the agency services agreements may be adversely affected.

Fluctuations on real estate sales amount

The fluctuations in supply and demand of real estate in the PRC are caused by numerous factors beyond the Company's control, which include but not limited to global and domestic economic political conditions, competition from other similar real estate projects in the market, the real estate market condition and housing demands. There is no assurance that the demand for real estate will continue to grow, or will not decrease, and real estate price will continue to grow or will not decrease, any of which may adversely affect the real estate sales amount and therefore the revenue of the Target Group under the Business Agreements.

Non-recurrence of business nature

Target Group's turnover was generated from its provision of primary real estate agency services for real estate projects in the PRC. Such turnover will be generated on a project-by-project basis and, to that extent, is non-recurring in nature. In the event that the Target Group is unable to enter into agency services agreements with real estate developers for new real estate projects, the Target Group's business operations and profitability may be adversely affected.

Approval and/or renewal of the required licenses to carry on the real estate agency services

The Target Group is required to obtain all relevant licences required for the carrying on the real estate agency services and the details of the licensing requirements is set out in the paragraph headed "Licensing requirements for real estate agencies in the PRC" above. Should there be any changes in the regulatory requirements and the Target Group is not able to comply with them in a timely manner or if compliance of these requirements involved substantial costs, the business, results of operation and financial position of the Target Group may be adversely affected.

Real estate agency services industry is becoming increasingly competitive

As mentioned in the section "Competition" above, the Target Group operates in a competitive market as the real estate agency services industry in the PRC is rapidly evolving and highly fragmented and the Directors expect to face increasingly fierce competition from existing and new competitors. There is no assurance that the Target Group will be able to compete successfully in the future. Any failure by the Target Group to remain competitive against existing and new competitors would adversely affect its business, results of operations and financial position.

Fluctuation in the exchange rates of the RMB

The exchange rates between the RMB and HK$ is affected by, among other things, changes in the PRC's political and economic conditions. Following the 2008 financial crisis, there remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant fluctuation of the RMB against the US$, HK$ or other foreign currency. As substantially all of the Target Group's sales and operating costs were denominated in RMB whereas most of the Group's business transactions, assets and liabilities were denominated in HK$, the Enlarged Group's operations and performances might thus be affected in the event RMB exchange rate is becoming more volatile.

Changes in policies and social conditions

The business of the Target Group is dependent and sensitive on the political, economic, regulatory and social conditions in the PRC which Target Group operates as the revenue of its real estate agency business is also based in the PRC. Any changes in the policies implemented by the PRC government which may result in currency or interest rate fluctuations, capital restrictions, and changes in duties and taxes, or other factors detrimental to the Target Group's business could materially and adversely affect its operations, financial performance and future growth.

Political and regulations on real estate market

The business carried on by the Target Group and the real estate market in the PRC are subject to various governmental regulations, policies and controls. There can be no assurance that the central government or the relevant local government will not change such laws, regulations or controls or impose additional or more stringent laws, regulations or financial measures which may directly or indirectly affect the real estate market in the PRC or the markets in which Target Group operates and, as a result, may adversely affect sales in the real estate market and the business of the Target Group.

The following is a brief timeline regarding the recent real estate policy in the PRC since 2008:

2010

29 September 2010	The government announced strengthen real estate market regulation including to suspend bank loans for third home purchases and to require all first-home buyers will have to pay a down payment of at least 30% the purchase price
6 August 2010	The government called for stress tests on loans to a wide range of industries, including cement and steel, whose fortunes are closely tied to the real estate market
5 August 2010	The China Banking Regulatory Commission ordered lenders to test the impact of a fall in house prices of up to 60% in key cities and instructed banks to stop extending mortgages to people buying their third homes in four of the cities — Beijing, Shanghai, Shenzhen and Hangzhou
15 April 2010	The government announced a rise in down payments on second homes to 50% from 40% and mortgage rates for such homes must be no less than 1.1 times the benchmark rates. The government also set a minimum 30% down payment on first homes bigger than 90 sq.m..
23 March 2010	The government ordered 78 state companies whose core business is not real estate to submit plans to divest from the real estate sector within 15 working days
18 January 2010	The People’s Bank of China raised the deposit reserve requirement ratio by 0.5% points

2009

17 December 2009	The government announced measures to support the real estate market, including cuts in business and transaction taxes for real estate sales, and policies to make it easier for developers to obtain credit
9 December 2009	The government announced individuals must own their homes for five years to be eligible for sales tax exemption, up from the previous minimum of two years
7 November 2009	The government announced a RMB4 trillion two-year stimulus package with a tenth of which, or RMB400 billion, would be used on construction of affordable housing
22 October 2009	The government announced a series of policy changes including lower mortgage rates, reduced down payments, lower transaction taxes
Since mid-September 2009	The government cut preferential housing mortgage rate five times, in line with interest rates cuts aimed at boosting the economy

2008

2nd quarter of 2008	Many local governments, including Beijing, Shanghai, Nanjing and Hangzhou, announced measures to support real estate markets, such as cash subsidies
7 June 2008	For the fifth time in 2008, the People's Bank of China raised the amount that lenders must hold in reserve by a full percentage point, an indication of official alarm over the huge amount of cash flooding into the economy
16 January 2008	The government raised the proportion of deposits banks must hold in reserve for the 11th time since the start of 2007 to keep a flood of liquidity from entering the economy

Summarizing of the above, there are three major stages of real estate policy strategies imposed by the PRC government over the past two years in order to respond to the then economic environment and to maintain a healthy and steady real estate market.

(i) Curbing sharp prices

From late 2009 to the Latest Practicable Date, the PRC government aimed to guide the real estate market to develop in a healthy and steady way and to prevent an asset bubble after the borrowing spree in 2009 when the banks in the PRC probably doubled lending to approximately RMB10 trillion, complementing government's RMB4 trillion fiscal stimulus.

(ii) U-turn to support the real estate market

From second half of 2008 to late 2009, the PRC government launched various stimulus plans and measures, including the RMB4 trillion fiscal stimulus, to help buoy the real estate market and to cushion the economy from the global financial crisis in 2008.

(iii) Cooling measures in the real estate market

From the period from 2007 and first half of 2008, the PRC government introduced various cooling measures to curb property prices following an impressive growth in the real estate market in 2007, including a year-on-year growth of 24.8% in total investment in fixed assets in the PRC, and a continuous strong growth in the real estate market of Guangdong province and the PRC from 2001 to 2009.

To cope with the above risks, the Target Group periodically conducts management meeting to review the latest market information, economic environment and industry regulations in order to effectively assess the business environment and minimize the operation risk of its business.

POSSIBLE FINANCIAL EFFECTS OF THE ACQUISITION

Financial information on the Target Group

The Target Group comprises of the Target Company, New Leader, Kingswick Strategy, Guangzhou MAG and the New PRC Company. The Target Company was newly incorporated on 15 April 2010; New Leader was incorporated on 29 October 2004; Kingswick Strategy was incorporated on 2 December 2009 and Guangzhou MAG was incorporated on 19 January 2009. The combined financial information on the Target Group is illustrated below. Since the New PRC Company was incorporated on 17 September 2010, it is not included in the below combined financial information.

Set out below is the summary of the combined financial information on the Target Group for the year ended 31 December 2008, 2009 and the eight months ended 31 August 2010 extracted from the Accountants' Report on the Target Group as contained in Appendix II to this circular which is prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certificated Public Accountants.

	For the year ended 31 December 2008 (audited) *HK$*	For the year ended 31 December 2009 (audited) *HK$*	For the eight months ended 31 August 2010 (audited) *HK$*
Revenue	—	2,245,468	958,446
(Loss)/profit before income tax	(6,689)	3,575	(69,234)
(Loss)/profit for the year/period	(6,689)	(775)	(75,723)

	As at 31 December 2008 (audited) *HK$*	As at 31 December 2009 (audited) *HK$*	As at 31 August 2010 (audited) *HK$*
Total assets	39,902	940,076	652,395
Total liabilities	71,706	962,656	750,690
Net liabilities	31,804	22,580	98,295

The major components of the total assets mainly consist of trade and other receivables and bank balances and cash, while the major components of the total liabilities mainly consist of trade and other payables and amount due to the shareholder of the Target Group. The customers are obliged to settle the amounts in accordance with the terms of the relevant agreements and no general credit facilities are available. For the years ended 31 December 2008 and 2009 and the eight months ended 31 August 2010, most of the amount receivables were settled within one month. The trade and other payables of the Target Group mainly refers to the commission payables to real estate agents of the Target Group, which generally would be paid only after the relevant income is received from real estate developers.

Upon Completion, the Target Company will be an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

Effect on assets/liabilities

As extracted from the interim report of the Company for the six months ended 30 June 2010, the unaudited consolidated total assets and total liabilities of the Group were approximately HK$471.55 million and HK$175.21 million respectively as at 30 June 2010. With reference to the unaudited pro forma financial information on the Enlarged Group as contained in Appendix III to this circular, the Enlarged Group's total assets and total liabilities would be increased to approximately HK$681.03 million and decreased to approximately HK$176.08 million respectively.

Effect on earnings

In light of the potential future prospects of the Target Group, the Directors are of the view that the Acquisition would likely to have a positive impact on the future earnings of the Enlarged Group.

Effect on gearing and working capital

As disclosed in the annual report of the Company for the year ended 31 December 2009, the Group's gearing ratio (expressed as the percentage of total borrowings over total capital of the Group) was approximately 33.7% as at 31 December 2009. Total capital was calculated as total equity plus total borrowings. With reference to the unaudited pro forma financial information of the Enlarged Group as contained in Appendix III to this circular, the total borrowings of the Enlarged Group would be approximately HK$124.5 million while the Enlarged Group's total capital would be approximately HK$629.5 million. The Enlarged Group's gearing ratio would thus become 19.8% upon Completion. As payment of the cash Consideration (i.e. HK$180 million in total) will be satisfied by the Company using the net proceeds from the Rights Issue, the Directors expected that the Acquisition would not lead to material change in the working capital position of the Enlarged Group.

(5) REPURCHASE AGREEMENT RELATING TO CONVERTIBLE NOTE DUE 23 JULY 2011

As at the Latest Practicable Date, Mr. Ng is the holder of a 2% Convertible Note due 23 July 2011 with outstanding principal amount of HK$70,000,000 convertible into 167,464,114 Existing Shares at the current conversion price of HK$0.418 per Existing Share (subject to adjustments).

On 14 September 2010, the Company entered into the Repurchase Agreement with Mr. Ng pursuant to which the Company agreed (subject to the fulfilment of conditions precedent below) to repurchase the Convertible Note at a price of HK$67,900,000 in cash, which equals to 97% of its outstanding principal amount. Taking into consideration (i) the repurchase in July 2010 (the "Previous Repurchase") by the Company of HK$60,000,000 principal amount of Convertible Notes of the Company at a discount of 5% (details of which are set out in the announcement of the Company dated 5 July 2010) and (ii) the shorter period to maturity date under the Repurchase Offer as compared to that under the Previous Repurchase, the Directors are of the view that a discount of 3% under the Repurchase is fair and reasonable. The purchase price is to be satisfied by the net proceeds of the Rights Issue and as to the balance from internal resources of the Group. In the event the conditions of the Repurchase Offer are not fulfilled and the Repurchase Offer does not proceed, the Company will redeem the Convertible Note with internal resources of the Group when it matures.

In accordance with the Company's accounting policies which comply with Hong Kong Financial Reporting Standards, the Company shall allocate the repurchase consideration to the liability and equity components of the Convertible Note at the date of the repurchase. The method used in allocating the repurchase consideration to the separate components shall be consistent with that used in the original allocation to the separate components of the proceeds received by the Company when the Convertible Note was issued. Once the allocation of the repurchase consideration is made, any resulting gain or loss shall be treated in accordance with accounting principles applicable to the related component, as follows: (i) the amount of gain or loss relating to the liability component shall be recognised in profit or loss; and (ii) the amount of repurchase consideration relating to the equity component shall be recognised in equity.

Assuming the Company repurchases the Convertible Note at the close of business on 31 December 2010, it is estimated that there would be a gain on repurchase of approximately HK$0.5 million based on the repurchase consideration of HK$67.9 million and the carrying amount of the liability component of Convertible Note of approximately HK$68.4 million as at the same date.

Since the carrying amount and fair values of components of the Convertible Note at the date of completion of the Repurchase Offer may be different from the carrying amount and fair values used in the preparation of the above calculation, the final amount of the gain or loss to be recognised in connection with the Repurchase Offer will be different from such estimated amount.

Conditions of the Repurchase Offer

The completion of the Repurchase Agreement will be conditional upon:

(a) the passing of the necessary resolution(s) on a vote taken by way of poll at the SGM to approve the Repurchase Offer by the Independent Shareholders;

(b) all other consents and acts required of the Company in connection with the Repurchase Offer under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange; and

(c) the Rights Issue becoming unconditional and completed.

If the conditions above are not wholly fulfilled on or before the date falling on the expiry of 6 months from the date of the Repurchase Agreement, the Repurchase Agreement will lapse and be of no further effect except for antecedent breach.

Repurchase Code

The Repurchase Offer is made in accordance with the terms and conditions of the instrument constituting the Convertible Note and constitutes an exempt share repurchase by the Company under the Repurchase Code.

REASONS FOR THE ACQUISITION, THE RIGHTS ISSUE AND THE REPURCHASE OFFER AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are 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 interim report of the Company for the six months ended 30 June 2010, it is the Group's intention to broaden its revenue stream by searching for promising investment opportunities to enhance the performance and value of the Group. The Directors noted the strong economic figures in the Guangdong province including (i) a 32.7% growth in investment in real estate development in the province for the first half of 2010 and (ii) a target 9% provincial GDP growth in 2010 and are optimistic on the prospect of the Target Group's real estate agency business in Guangdong province. Further, the Target Group has secured 12 Business Agreements and is negotiating for other potential agency services agreements for first-hand real estate projects in Guangdong province and other parts of PRC, the Directors expect that the Acquisition is a good opportunity to penetrate its real estate agency business into the PRC and to enjoy a potential prospective profit.

The Directors also expect that the Acquisition will be able to add synergy to the Group in terms of project portfolio and expertise for its real estate agency business, and therefore strengthen the overall business of the Group in the real estate market of the PRC. In light of the above, the entering into of the SPA is beneficial to the Company and the Shareholders as a whole.

The Group has, over the years, being real estate agent for various PRC real estate developers in Hong Kong, established good relationship with PRC real estate developers and the management team of the Group has acquired extensive experience in real estate business in the PRC. In addition, the senior management of the Target Group has service agreements with Target Group for duration of at least two years from Completion to enable the Group to penetrate the real estate sales market in the PRC after the Acquisition.

Although the Board is confident of the business prospects of the Target Group, however, there are the usual start-up risks involved in its operations as the business is still in an early stage of development and there are risks, from both commercial and regulatory perspective, for operating business in the PRC. Detailed discussion of the relevant risk factors is set out under the paragraph headed "Risk Factors" of this circular.

The Board considers that the Rights Issue will provide funding for the Acquisition which will enable the Group to grow its business and to strengthen strategic business portfolio upon Completion. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and, hence the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Repurchase Offer, if completed, would lower the Group's gearing ratio upon cancellation of the Convertible Note but would also result in an immediate cash outflow. In addition, in light of (i) the maturity date of the Convertible Note is 23 July 2011 (which will be less than 12 months from the Latest Practicable Date), (ii) the Convertible Note is "out-of-the-money" as at the Latest Practicable Date as its conversion price is HK$0.418 per Existing Share (subject to adjustments) and (iii) the Convertible Note is redeemable at its face value at maturity, the Directors are of the view that the settling of the Convertible Note at 97% of the outstanding principal amount thereof under the Repurchase Offer will be beneficial to the Company as compared to the future redemption of the outstanding Convertible Note at its face value when it matures.

Taking into account of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition, the Rights Issue and the Repurchase Offer are fair and reasonable and the Acquisition, the Rights Issue and the Repurchase Offer are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Rights Issue will be approximately HK$214.12 million. The estimated net proceeds from the Rights Issue will be approximately HK$208.6 million after deducting all necessary expenses for the Rights Issue, which include the commission to the Underwriters, the fees to the Company's professional and legal advisers and printing and translation costs. The net proceeds of the Rights Issue is intended to be applied as to (i) approximately HK$180.0 million for payment of the consideration for the Acquisition; and (ii) the remaining balance of approximately HK$28.6 million for the settlement amount of the Repurchase Offer. In the event that the Acquisition and/or the Repurchase Offer does not proceed after completion of the Rights Issue, the relevant proceeds will be used as general working capital and further business development.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) after Capital Reorganisation becoming effective but before the completion of the Rights Issue, (iii) immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders), and (iv) immediately after the completion of the Rights Issue (assuming none of Rights Shares are subscribed by the Qualifying Shareholders).

	As at the Latest Practicable Date		**After Capital Reorganisation becoming effective but before the completion of the Rights Issue**		**Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)**		**Immediately after the completion of the Rights Issue (assuming none of Rights Shares are subscribed by the Qualifying Shareholders)** *(note 1)*	
	No. of Shares	*%*	*No. of Adjusted Shares*	*%*	*No. of Adjusted Shares*	*%*	*No. of Adjusted Shares*	*%*
Underwriters								
Get Nice	—	—	—	—	—	—	600,000,000	48.40
Emperor	—	—	—	—	—	—	526,955,740	42.51
Public Shareholders	2,253,911,490	100.00	112,695,574	100.00	1,239,651,314	100.00	112,695,574	9.09
Total	2,253,911,490	100.00	112,695,574	100.00	1,239,651,314	100.00	1,239,651,314	100.00

Notes:

1. The assumption that no Rights Shares are subscribed by the Qualifying Shareholders is for illustrative purpose only. Under the terms of the Underwriting Agreement, each of the Underwriters have undertaken to take all such steps as appropriate, including sub-underwriting its underwriting obligations under the Underwriting Agreement and/or placing down Rights Shares acquired by it, to avoid it together with parties acting in concert (as defined in the Takeovers Code) with it holding more than 29.9% or more of the issued share capital of the Company immediately after completion of the Rights Issue and such that the Company can comply with its obligations under the Listing Rules to maintain the public float of the Company. Each of the Underwriters (and their respective ultimate beneficial owners) is not a party acting in concert with each other. Each of the Underwriters and their respective ultimate beneficial owners are not connected persons of the Company.

2. The underwriters have confirmed to the Company that they have sub-underwritten their underwriting obligations under the Underwriting Agreement to sub-underwriters to ensure that the public float requirement under Rule 8.08 of the Listing Rules will be complied with upon completion of the Rights Issue.

3. The Company has always complied with and will continue to comply with the public float requirement under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
4 January 2010	Placing of 72,000,000 new Shares	HK$10.6 million	To be used for general working capital	HK$10.6 million was used as general working capital
26 April 2010	Placing of 375,000,000 new Shares	HK$48.8 million	To be used for general working capital and further business development (including property investment)	Approximately HK$35.5 million was used as general working capital and the balance of approximately HK$13.3 million remained unused and placed in bank accounts

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the Latest Practicable Date.

(6) ELECTION OF RETIRING DIRECTOR

According to Bye-Law 102(B), the Board have the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy on the Board or as an addition to the Board.

Pursuant to Code Provision A.4.2 in Appendix 14 to the Listing Rules, any Director so appointed by the Board shall hold office only until the next general meeting of the Company and shall then be eligible for election.

Therefore, Mr. Lam Kwok Cheong, an independent non-executive Director who was appointed by the Board during the year, shall hold office only until the SGM and being eligible, offer himself for re-election at the SGM. Brief biographies of Mr. Lam is set out below.

Mr. Lam, aged 56, holds Bachelor of Laws degree from the University of Hong Kong and has been a practicing solicitor in Hong Kong for over 30 years. Mr. Lam is a Justice of the Peace with Bronze Bauhinia Star (BBS) and a solicitor of the High Court of Hong Kong. He is currently a fellow of the Hong Kong Institute of Directors, Ex-Officio Member of Heung Yee Kuk New Territories, member of Buildings Ordinance Appeal Tribunal Panel and a Civil Celebrant of Marriages.

Mr. Lam is an independent non-executive director of Same Time Holdings Limited, Sparkle Roll Group Limited and Wing Lee Holdings Limited, all being public companies listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Lam has not held any directorships in other public listed companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Lam has not entered into any service contract with the Company. There is no specific term or proposed length of services for Mr. Lam's appointment but he is subject to retirement by rotation and be eligible for re-election at annual general meeting of the Company in accordance with the Listing Rules and the Bye-Laws. Mr. Lam will receive director's fee of HK$100,000 per annum which is determined by the Board with reference to his experience and responsibilities in the Company. Mr. Lam does not hold any other positions with the Company or other members of the Group.

Mr. Lam does not have any interest in the Shares within the meaning of Part XV of the SFO and does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company.

Save as disclosed above, there is no other information relating to the re-appointment of Mr. Lam as the independent non-executive director that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any matters that need to be brought to the attention of the Shareholders.

GENERAL

The Capital Reorganisation is subject to the approval by the Shareholders on a vote taken by way of poll at the SGM.

The Rights Issue is conditional upon, among other things, approval from the Shareholders on a vote taken by way of poll at the SGM and the Capital Reorganisation becoming effective. In accordance with Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates hold any Share. As completion of the Rights Issue is one of the conditions precedent to the Repurchase Offer, Mr. Ng is regarded as having a material interest in the Rights Issue and therefore Mr. Ng and his associates will be required to abstain from voting at the SGM in relation to the Rights Issue if they hold any Shares. As at the Latest Practicable Date, Mr. Ng and his associates do not hold any Shares and no Shareholder is required to abstain from voting in favour of the Rights Issue at the SGM.

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to, among other things, the Shareholders' approval at the SGM, the Capital Reorganisation becoming effective and the completion of the Rights Issue. As no Shareholder has any material interest in the Acquisition, no Shareholder is required to abstain from voting at the SGM in respect of the resolution(s) to approve the SPA and the transactions contemplated thereunder.

The Repurchase Offer is conditional upon, among other things, approval from the Independent Shareholders and the completion of the Rights Issue. The Repurchase Offer constitutes an exempt share repurchase under the Repurchase Code. However, as Mr. Ng, being an executive Director, is the holder of the Convertible Note, the purchase of the Convertible Note by the Company from Mr. Ng will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Repurchase Offer is therefore subject to the approval of the Independent Shareholders on a vote taken by way of poll at the SGM. Accordingly, Mr. Ng abstained from voting in the meeting of the Board in which the Repurchase Offer was approved. Mr. Ng and his associates shall abstain from voting at the SGM in relation to the Repurchase Offer.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND THE NIL-PAID RIGHTS SHARES

The Adjusted Shares will be dealt in on ex-rights basis from Wednesday, 8 December 2010. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 22 December 2010 to Friday, 31 December 2010 (both dates inclusive).

Any Shareholders or other persons contemplating selling or purchasing the Rights Shares in their nil-paid form during the period from Wednesday, 22 December 2010 to Friday, 31 December 2010 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares or the Adjusted Shares (as the case may be) up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and/or the Latest Time for Termination (which is expected to be Monday, 10 January 2011) and any persons dealing in the nil-paid Rights Shares during the above period will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Shareholders and potential investors of the Company should note that (i) the Rights Issue is conditional upon the Capital Reorganisation becoming effective and the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” above); (ii) the completion of the Acquisition is subject to the fulfillment of certain conditions (a summary of which is set out in the sub-section headed “Conditions of the Acquisition” above); and (iii) the completion of the Repurchase Offer is subject to the fulfillment of certain conditions (a summary of which is set out in the sub-section headed “Conditions of the Repurchase Offer” above). Accordingly, the Rights Issue, the Acquisition and the Repurchase Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, the Adjusted Shares or the Rights Shares in their nil-paid form, and if they are in any doubt about their position, they should consult their professional advisers.

SGM

The notice convening the SGM is set out on pages 181 to 185 of this circular. The SGM will be held at Room 1101, 11/F., 88 Gloucester Road, Wanchai, Hong Kong at 10:00 a.m. on Monday, 6 December 2010 for the purpose of, considering and, if thought fit, to approve the Capital Reorganisation, the Rights Issue, the Acquisition, the Repurchase Offer and re-election of Director.

An Independent Board Committee of the Company comprising the independent non-executive Directors has been established to make recommendations to the Independent Shareholders in respect of the Rights Issue and the Repurchase Offer. Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event the proxy shall be deemed to be revoked.

RECOMMENDATION

In relation to the Rights Issue and the Repurchase Offer, your attention is drawn to the letter from the Independent Board Committee on page 61 and the letter from Veda Capital set out on pages 62 to 75 of this circular. The Directors believe that the proposed resolutions in relation to the Capital Reorganisation, the Rights Issue, the Acquisition and the Repurchase Offer are in the best interest of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the aforesaid resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I to VI to this circular.

Yours faithfully,
On behalf of the Board
21 Holdings Limited
Ng Kai Man
Chairman

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue and the Repurchase Offer:

21 Holdings Limited
21 控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 1003)

12 November 2010

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TEN RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE; AND (2) REPURCHASE AGREEMENT RELATING TO CONVERTIBLE NOTE DUE 23 JULY 2011

We refer to the circular of the Company dated 12 November 2010 (the "Circular") of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Repurchase Offer are fair and reasonable insofar as the Independent Shareholders are concerned. Veda Capital has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, Veda Capital as set out in its letter of advice to you and us on pages 62 to 75 of the Circular, we are of the opinion that the Rights Issue and the Repurchase Offer are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Rights Issue and the Repurchase Offer.

Yours faithfully,
For and on behalf of
Independent Board Committee
Chui Chi Yun, Robert, Lui Siu Tsuen, Richard and Lam Kwok Cheong
independent non-executive Directors

** for identification purpose only*

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Repurchase Offer, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F., COSCO Tower
183 Queen's Road Central
Hong Kong

12 November 2010

To the Independent Board Committee and the Independent Shareholders of 21 Holdings Limited

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TEN RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE; AND (2) CONNECTED TRANSACTION — REPURCHASE AGREEMENT RELATING TO CONVERTIBLE NOTE DUE 23 JULY 2011

INTRODUCTION

We refer to the circular dated 12 November 2010 issued by the Company to the Shareholders of which this letter forms part (the "**Circular**") and our appointment as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Repurchase Offer, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the Circular. Capitalised terms used in this letter, unless the context otherwise requires, shall have the same meanings ascribed to them in the Circular.

On 22 September 2010, the Board announced that the Company proposed to raise approximately HK$214.12 million before expenses, by way of the Rights Issue of 1,126,955,740 Rights Shares at the Subscription Price of HK$0.19 per Rights Share on the basis of ten Rights Shares for every one Adjusted Share held on the Record Date and payable in full on acceptance.

The Rights Issue is conditional upon, among other things, approval from the Shareholders on a vote taken by way of poll at the SGM and the Capital Reorganisation becoming effective. In accordance with Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates hold any Share. As completion of the Rights Issue is one of the conditions precedent to the Repurchase Offer, Mr. Ng is regarded as having a material interest in the Rights Issue and therefore Mr. Ng and his associates will be required to abstain from voting at the SGM in relation to the Rights Issue if they hold any Shares. As at the Latest Practicable Date, Mr. Ng and his associates do not hold any Shares and no Shareholder is required to abstain from voting in favour of the Rights Issue at the SGM.

On 14 September 2010, the Company and Mr. Ng entered into the Repurchase Agreement pursuant to which the Company agreed, subject to the Rights Issue having been completed and the Repurchase Offer having been approved by the Independent Shareholders at the SGM, to repurchase the Convertible Note (due 23 July 2011) at a price of HK$67.9 million payable in cash, which equals to 97% of the outstanding principal amount of the Convertible Note. The purchase price is to be satisfied as to HK$28.6 million from the net proceeds of the Rights Issue and as to the balance from the internal resources of the Group.

The Repurchase Offer constitutes an exempt share repurchase under the Repurchase Code. However, as Mr. Ng, being an executive Director, is the holder of the Convertible Note, the purchase of the Convertible Note by the Company from Mr. Ng under the Repurchase Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Repurchase Offer is therefore subject to the approval of the Independent Shareholders on a vote taken by way of poll at the SGM.

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Lam Kwok Cheong and Mr. Lui Siu Tsuen, Richard) has been established to advise the Independent Shareholders as to (i) whether the Repurchase Offer is in the ordinary and usual course of business of the Group; (ii) whether the terms of the Rights Issue and the Repurchase Offer are normal and commercial and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Rights Issue and the Repurchase Offer are in the interests of the Company and the Independent Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Rights Issue and the Repurchase Offer at the SGM.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true at the date of the SGM.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

PRINCIPAL FACTORS AND REASONS

In arriving at our opinion in respect of the Rights Issue and the Repurchase Offer, we have taken into consideration the following principal factors and reasons:

Historical financial information

(i) Financial year ended 31 December 2009

According to the annual report 2009 of the Company ("**AR 2009**") for the year ended 31 December 2009, the Group recorded turnover of approximately HK$179.55 million, representing an increase of approximately 50.14% from that for the year ended 31 December 2008 of approximately HK$119.59 million. As set out in AR 2009, increases in revenue were principally due to (i) the acquisition of Century 21 Hong Kong Limited and its associated companies 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 financial year 2009.

The Group reported loss attributable to Shareholders of approximately HK$144.29 million for the year ended 31 December 2009, representing a decrease in loss of approximately 29.91% from that for the year ended 31 December 2008 of approximately HK$205.86 million. As advised by the Company, the reduction in loss was mainly due to the increase in revenue and the Group did not record any provision for impairment loss on goodwill for the financial year 2009 whilst the Group recorded provision for impairment loss on goodwill of approximately HK$173.96 million for the financial year 2008.

(ii) For the six months ended 30 June 2010

According to the interim report 2010 of the Company ("**IR 2010**") for the six months ended 30 June 2010, the Group recorded turnover of approximately HK$105.88 million for the six months ended 30 June 2010, representing an increase of approximately 24.17% from the corresponding period in the previous year of approximately HK$85.27 million. As advised by the Company, the increase in revenue was mainly due to more orders received for the toy products trading segment.

The Group reported loss attributable to Shareholders of approximately HK$2.70 million for the six months ended 30 June 2010, representing a decrease in loss of approximately 97.60% from the corresponding period in the previous year of approximately HK$112.68 million. As advised by the Company, the reduce in loss was mainly because the Group did not record any fair value loss on derivative component of convertible notes for the six months ended 30 June 2010 whilst the Group recorded such fair value loss of approximately HK$106.44 million for six months ended 30 June 2009.

A. Rights Issue

Reasons for the Rights Issue and the use of proceeds

The Company is an investment holding company and its subsidiaries are 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 IR 2010, it is the Group's intention to broaden its revenue stream by searching for promising investment opportunities to enhance the performance and value of the Group. As set out in the Board Letter, the Group entered into the SPA to acquire the entire issued share capital of the Target Company, which together with its subsidiaries are engaged in provision of services including primary real estate agency and related consultancy services to real estate developers in the PRC on their first-hand residential, retail and commercial real estate projects. The Directors noted the strong economic figures in the Guangdong province including (i) a 32.7% growth in investment in real estate development in the province for the first half of 2010; and (ii) a target 9% provincial GDP growth in 2010 are optimistic on the prospect of the Target Group's real estate agency business in Guangdong province. Further, the Target Group has secured 12 Business Agreements and is negotiating for other potential agency services agreements for first-hand real estate projects in Guangdong province and other parts of PRC, the Directors expect that the Acquisition is a good opportunity to penetrate its real estate agency business in the PRC and to enjoy a potential prospective profit. The Directors also expect that the Acquisition will be able to add synergy to the Group in terms of project portfolio and expertise for its real estate agency business, and therefore strengthen the overall business of the Group in the real estate market of the PRC.

The Board considers that the Rights Issue will provide funding for the Acquisition which will enable the Group to grow its business and to strengthen strategic business portfolio upon Completion. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and, hence the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds of the Rights Issue of approximately HK$208.60 million is intended to be applied as to (i) approximately HK$180.00 million for payment of the consideration for the Acquisition; and (ii) the remaining balance of approximately HK$28.60 million for the settlement amount of the Repurchase Offer. In the event that the Acquisition and/or the Repurchase Offer does not proceed after completion of the Rights Issue, the relevant proceeds will be used as general working capital and further business development.

As set out in the Board Letter, the consideration for the Acquisition amounted to HK$180 million and will be settled by cash. As noted from IR 2010, the Company has bank balances and cash of approximately HK$50.29 million as at 30 June 2010 and as noted from AR 2009, the Company has been loss making since the financial year 2006.

Having considered (i) the funding required for the Acquisition; (ii) the liquidity position of the Group as at 30 June 2010 and the persistent loss-making track records of the Company; and (iii) the benefits of the Repurchase Offer as mentioned under the subsection headed "Background and reasons for the Repurchase Offer" under the section headed "B. Repurchase Offer" below, we are of the view and concur with the view of the Directors that the Rights Issue, including the use of proceeds, is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

Principal terms of the Rights Issue

Subscription Price

The Subscription Price is HK$0.19 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

(i) a discount of approximately 87.66% to the adjusted closing price of HK$1.54 per Adjusted Share based on the closing price of HK$0.077 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(ii) a discount of approximately 87.20% to the adjusted average closing price of approximately HK$1.484 per Adjusted Share for the last five trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

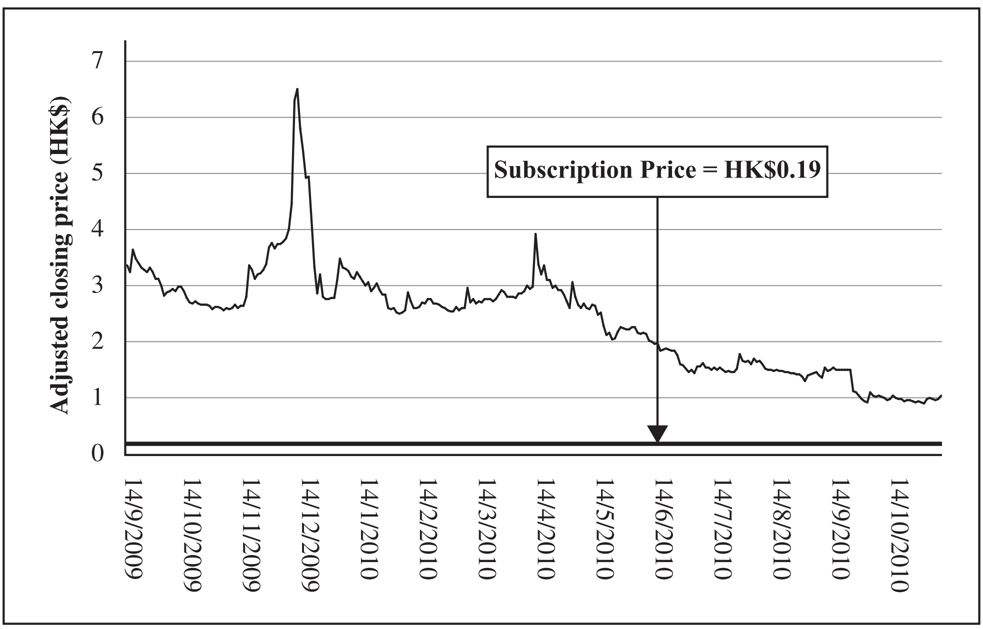
(iii) a discount of approximately 39.30% to the theoretical ex-rights price of HK$0.313 per Adjusted Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(iv) a discount of approximately 91.07% to the audited consolidated net asset value per Adjusted Share (based on 2,253,911,490 issued Shares as at the Latest Practicable Date) of approximately HK$239,649,000 as at 31 December 2009; and

(v) a discount of approximately 81.73% to the adjusted closing price of HK$1.04 per Adjusted Share based on the closing price of HK$0.052 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly to maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue (including the terms of the Underwriting Agreement) are fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the closing prices of the Shares for the period from 14 September 2009, being the 12-month period prior to the date of the Underwriting Agreement, up to and including the Latest Practicable Date (the "**Review Period**"). The chart below illustrates the daily closing prices of the Shares (adjusted for the effect of the Capital Reorganisation) versus the Subscription Price during the Review Period:



Source: *the website of the Stock Exchange*

Note: *Trading of Shares has been suspended on 12 October 2009 and from 15 September to 22 September 2010.*

During the Review Period, the highest adjusted closing price and the lowest adjusted closing price of the Shares were HK$6.50 on 9 December 2009 and HK$0.90 on 1 November 2010 respectively. The Subscription Price is lower than the adjusted closing prices of the Shares during the Review Period as shown in the chart above. The Subscription Price represents a discount of approximately 97.08% and approximately 78.89% respectively to such highest and lowest adjusted closing prices of the Shares during the Review Period.

We note that it is a common market practice that, in order to enhance the attractiveness of a rights issue exercise and to encourage the existing shareholders to participate in a rights issue, the subscription price of a rights issue normally represents a discount to the prevailing market prices of the relevant shares. Hence, the fact that the Subscription Price is lower than the prevailing market prices of the Shares at the time of the Underwriting Agreement is in line with general practice and is acceptable.

We also consider a broader comparison of rights issues conducted by other companies listed on the Stock Exchange to provide a more general reference for the Subscription Price. We have identified rights issues (the "**Comparables**") announced by companies that are listed on the Main Board and the Growth Enterprise Market of the Stock Exchange from 14 April 2010 up to and including 14 September 2010, being the date of the Underwriting Agreement, for reference. As the terms of the Comparables are determined under similar market conditions and sentiments as the Rights Issue, we believe that the Comparables may reflect the recent trend of rights issue transactions in the market and consider the Comparables are fair and representative samples. Details of the Comparables are summarized in the following table:

Comparables (stock code)	**Date of announcement**	**Basis of entitlement**	**Premium/(discount) of subscription price over/(to) the closingprice on the last trading day** *(%)*	**Premium/(discount) of subscription price over/(to) the theoretical ex-entitlementprice** *(%)*	**Maximum dilution** *(Note 1)* *(%)*	**Underwriting Commission** *(%)*
Polyard Petroleum International Group Limited (8011)	13-Aug-10	1 for 2	(28.10)	(20.60)	33.33	1.50
Wai Yuen Tong Medicine Holdings Limited (897)	09-Aug-10	5 for 1	(83.10)	(35.91)	83.33	2.50
China Star Investment Holdings Limited (764)	28-Jul-10	3 for 1	(29.82)	(9.09)	75	1.00
Unity Investments Holdings Limited (913)	27-Jul-10	8 for 1	(73.13)	(23.22)	88.89	2.50
Ruyan Group (Holdings) Limited (329)	21-Jul-10	20 for 1	(90.83)	(32.06)	95.24	3.00
China Star Entertainment Limited (326)	8-Jul-10	1 for 2	(12.28)	(8.26)	33.33	1.00
Great World Company Holdings Limited (8003)	6-Jul-10	1 for 1	(61.54)	(44.44)	50.00	3.00
Sau San Tong Holdings Limited (8200)	6-Jul-10	6 for 1	(83.33)	(41.18)	85.71	2.50
Global Bio-Chem Technology Group Company Limited (809)	14-Jun-10	2 for 5	(50.00)	(42.00)	28.57	3.00
Genvon Group Limited (formerly known as Wang Sing International Holdings Group Limited) (2389)	11-Jun-10	3 for 2	(35.60)	(18.00)	60.00	1.50
Radford Capital Investment Limited (901)	10-Jun-10	4 for 1	(61.54)	(24.24)	80.00	2.50
Bank of Communications Co Limited (3328)	6-Jun-10	1.5 for 10 (H Shares)	(37.20)	(34.00)	13.04	Did not disclose in the announcement
TCC International Holdings Limited (1136)	17-May-10	1 for 2	(27.08)	(19.85)	33.33	1.50 *(Note 2)*
China Trends Holdings Limited (8171)	28-Apr-10	4 for 1	(89.61)	(63.30)	80.00	2.00
Ruyan Group (Holdings) Limited (329)	20-Apr-10	1 for 2	(53.27)	(43.18)	33.33	5.00
Maximum			**(12.28)**	**(8.26)**	**95.24**	**5.00**
Minimum			**(90.83)**	**(63.30)**	**13.04**	**1.00**
Mean			**(54.43)**	**(30.62)**	**58.21**	**2.32**
Company		**10 for 1**	**(87.66)**	**(39.30)**	**90.91**	**2.25 and 2.00**

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Maximum dilution effect of each rights issue is calculated as: ((number of rights shares and (if any) bonus shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the rights shares under the basis of entitlement + number of rights shares and (if any) bonus shares to be issued under the basis of entitlement)x100%, e.g. for a rights issue with basis of 10 rights shares for every share held, the maximum dilution effect is calculated as (10/(10+1))x100%=90.91%.

2. Pursuant to the announcement dated 17 May 2010 of TCC International Holdings Limited, there are three underwriters for the rights issue. Two of the underwriters charged the underwriting commission at 2.25% and the remaining underwriter didn't charge any underwriting commission. As such, the average underwriting commission of 1.50% has been used for the calculation for the mean of the underwriting commission of the Comparables.

As shown in the above table, the discounts represented by the subscription prices to the closing prices of shares of the Comparables on the last trading days prior to the release of the respective announcements ranged from approximately 12.28% to approximately 90.83% (the "**LTD Market Range**"). The discount of approximately 87.66% as represented by the Subscription Price to the adjusted closing price of the Shares on the Last Trading Day falls within the LTD Market Range and depicts a deeper discount as compared to the mean of the Comparables of 54.43%.

The discount represented by the subscription prices to the theoretical ex-entitlement prices of the shares of the Comparables ranged from approximately 8.26% to approximately 63.30% (the "**TEP Market Range**"). The discount of approximately 39.30% as represented by the Subscription Price to the theoretical ex-entitlement price falls within the TEP Market Range and depicts a deeper discount as compared to the mean of the Comparables of 30.62%.

In general, we consider that it is common for the listed issuers in Hong Kong to issue rights shares at a discount to the market price in order to enhance the attractiveness of a rights issue transaction. Although the discounts represented by the Subscription Price to the adjusted closing prices of the Shares on the Last Trading Day and to theoretical ex-entitlement price depict deeper discount as compared to the respective means of the Comparables, having considered that (i) the Subscription Price was determined after arm's length negotiations between the Company and the Underwriters; (ii) the discount represented by the Subscription Price to the adjusted closing price of the Shares on the Last Trading Day falls within the LTD Market Range; (iii) the discount represented by the Subscription Price to the theoretical ex-entitlement price falls within the TEP Market Range; (iv) the persistent loss making track records of the Company; and (v) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares, we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Underwriting Commissions

The Company will pay an underwriting commission of 2.25 % of the aggregate Subscription Price of the number of Rights Shares underwritten by Get Nice to Get Nice and an underwriting commission of 2.00% of the aggregate Subscription Price of the number of Rights Shares underwritten by Emperor to Emperor. The underwriting commissions are determined at after arm's length negotiation between the Company and each of the Underwriters with reference to the prevailing market rate. As set out in the Board Letter, the Board is of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriters are fair as compared to the market practice and commercially reasonable as agreed between the parties of the Underwriting Agreement.

In view that the underwriting commissions fall within and below the mean of the range of commissions of the Comparables, we consider the underwriting commissions are in line with the market and are fair and reasonable as far as the Independent Shareholders are concerned.

Application for excess Rights Shares

Qualifying Shareholders may apply by using forms of application for excess Rights Shares for any unsold entitlement of the Excluded Overseas Shareholders together with any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not taken up by the Qualifying Shareholders or otherwise subscribed for by transferees of nil paid Rights Shares.

The Company will allocate excess Rights Shares to the Qualifying Shareholders at its discretion on a fair and equitable basis, with preference given to topping-up odd lots to whole board lots and thereafter on sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. the Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas the Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares).

We are of the view that since the trading cost of odd-lot is relatively higher than the whole-lot and the aforesaid principles is for rounding up odd-lot holdings to whole-lot holdings and is also based on a sliding scale with reference to the number of excess Rights Shares applied by them, the aforesaid principles are justifiable.

Risk associated with the Rights Issue

Shareholders should note that, as stated in the Board Letter, the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriting Agreement not being terminated in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" in the Board Letter). As such, the Rights Issue may or may not proceed. The Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Alternatives to the Rights Issue

We have enquired with the Company and are advised that they have considered other methods of fund raisings such as placement of new Shares or other convertible securities and bank borrowing. Taking into account that (i) debt financing and bank borrowing will increase the gearing and incur interest burden to the Company; (ii) any placing of new Shares without first offering the existing Shareholders the opportunity to participate in the Company's equity raising exercise would result in dilution of shareholding of the existing Shareholders; and (iii) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, and should the Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit, we concur with the view of the Directors that fund raising by way of the Rights Issue is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Potential dilution

As the Rights Issue is offered to all Qualifying Shareholders on the same basis, Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their allotments under the Rights Issue in full. Any Qualifying Shareholders who choose not to take up in full their assured entitlements under the Rights Issue will have their shareholdings in the Company diluted by up to a maximum of approximately 90.91% from their shareholding interests upon completion of the Rights Issue.

In all cases of rights issues, the dilution on the shareholding of those qualifying shareholders who do not take up in full their assured entitlements under the rights issues is inevitable. In fact, the dilution magnitude of any rights issues depends mainly on the extent of the basis of entitlement under such exercises since the higher offering ratio of new shares to existing shares is the greater the dilution on the shareholding would be.

Having taking into consideration that:

(i) the funding required for the Acquisition;

(ii) the liquidity position of the Group as at 30 June 2010 and the persistent loss-making track records of the Company;

(iii) the benefits of the Repurchase Offer as mentioned under the subsection headed "Background and reasons for the Repurchase Offer" under the section headed "B. Repurchase Offer" below;

(iv) the discount represented by the Subscription Price to the adjusted closing price of the Shares on the Last Trading Day falls within the LTD Market Range;

(v) the discount represented by the Subscription Price to the theoretical ex-entitlement price falls within the TEP Market Range;

(vi) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, and should the Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit; and

(vii) the inherent dilutive nature of Rights Issue in general,

we consider the potential dilution effect on the shareholding which may only happen to the Qualifying Shareholders who decide not to accept the Rights Issue to be acceptable.

Financial effects of the Rights Issue

(a) Net tangible assets

According to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix IV to the Circular, the unaudited adjusted consolidated net tangible assets of the Group as at 30 June 2010 was approximately HK$40.35 million and the unaudited pro forma adjusted consolidated net tangible assets of the Group would increase to approximately HK$248.95 million as a result of the inflow of the estimated net proceeds of approximately HK$208.60 million from the Rights Issue.

Also set out in the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the unaudited pro forma adjusted consolidated net tangible asset per Adjusted Shares based on the enlarged issued share capital of 1,239,651,314 Adjusted Shares immediately after completion of the Capital Reorganisation and the Rights Issue was approximately HK$0.201, represented a decrease of approximately HK$0.157 per Adjusted Share from the unaudited adjusted consolidated net tangible asset per Adjusted Share of approximately HK$0.358 based on 112,695,574 Adjusted Shares after completion of the Capital Reorganisation but before completion of the Rights Issue.

The decrease in the unaudited consolidated net tangible assets per Adjusted Share upon completion of the Rights Issue is inevitable because the Right Shares will be issued at a discount to the net tangible asset per Adjusted Share. Having considered all Qualifying Shareholders are offered the same opportunities to enjoy the benefit of subscribing the Rights Shares at the Subscription Price which is at a discount to the market price of the Shares, we consider such decrease in the unaudited consolidated net tangible assets per Adjusted Share is acceptable.

(b) Working capital

Upon the completion of the Rights Issue, the cash and bank balance of the Group will be increased as a result of the net proceeds from the Rights Issue.

Accordingly, the working capital of the Group will be improved as a result of the Rights Issue.

B. Repurchase Offer

Background and reasons for the Repurchase Offer

As set out in the Board Letter, the Repurchase Offer, if completed, would lower the Group's gearing ratio upon cancellation of the Convertible Note but would also result in an immediate cash outflow. In addition, in light of (i) the maturity date of the Convertible Note is 23 July 2011 (which will be less than 12 months from the Latest Practicable Date), (ii) the Convertible Note is "out-of-the-money" as at the Latest Practicable Date as its conversion price is HK$0.418 per Existing Share, and (iii) the Convertible Note is redeemable at its face value at maturity, the Directors are of the view that the settling of the Convertible Note at 97% of the outstanding principal amount thereof under the Repurchase Offer will be beneficial to the Company as compared to the future redemption of the outstanding Convertible Note at its face value when it matures. We were given to understand that save for the Convertible Note, the Company does not have other interest-bearing borrowings as at the Latest Practicable Date.

We are aware that there will be an immediate cash outflow effect to the Company as a result of the Repurchase Offer, however, having consider the (i) the Convertible Note is "out-of-the-money" as at the Latest Practicable Date and is due within 12 months from the Latest Practicable Date, it is fair expectation that Mr. Ng unlikely will exercise the Convertible Note at a conversion price which is higher than the market price of the Shares; (ii) the Repurchase Offer would enable the Group to settle the Convertible Note at 97% of the outstanding principal amount and hence, reduce its cash outflow for fulfilling its repayment obligation under the Convertible Note; (iii) the Repurchase Offer would enable the Group to reduce the finance costs arising from the interest expense of the Convertible Note; and (iv) the Repurchase Offer would reduce the liabilities of the Company and may allow the Company to have a stronger financial position for its future development and investments if opportunities arise, we consider the Repurchase Offer is in the interest of the Company and the Independent Shareholders as a whole.

We noted from the Company's announcement dated 5 July 2010, the Company has entered into agreements to repurchase HK$60 million principal amount convertible notes at a discount of 5% (the "**Previous Repurchase**"). Taking into consideration (i) the Convertible Note remain as an out-of-money position since the Previous Repurchase and up to the date of the Repurchase Agreement; and (ii) the shorter period to maturity date under the Repurchase Offer as compared with the Previous Repurchase, we consider it is commercially justifiable that the Repurchase Offer has a smaller discount as compared with the Previous Repurchase.

Possible financial effects

(a) Gain/loss

As set out in the Board Letter, assuming the Company repurchases the Convertible Note at the close of business on 31 December 2010, it is estimated that there would be a gain on repurchase of approximately HK$0.5 million based on the repurchase consideration of HK$67.9 million and carrying amount of the liability component of Convertible Note of approximately HK$68.4 million as at the same date. Since the carrying amount and fair values of components of the Convertible Note at the date of completion of the Repurchase Offer may be different from the carrying amount and fair values used in the preparation of the above calculation, the final amount of the gain or loss to be recognised in connection with the Repurchase Offer will be different from such estimated amount.

(b) Net asset value

As set out in IR 2010, the unaudited consolidated net asset value of the Group was approximately HK$296.4 million as at 30 June 2010. As set out in the Board Letter, the carrying amount of the liability component of Convertible Note as at 31 December 2010 amounted to approximately HK$68.4 million. As advised by the Company, on the basis that as if the Repurchase Offer had been completed at 31 December 2010, the total liabilities would be reduced by approximately HK$68.4 million and the total assets would be reduced by approximately HK$67.9 million (of which approximately HK$28.6 million was the net proceeds from the Rights Issue and approximately HK$39.3 million was the internal resources of the Group) and hence, it is expected that the Repurchase Offer would increase the net assets of the Group by approximately HK$0.5 million. Since the carrying amount of components of the Convertible Note at the date of completion of the Repurchase Offer may be different from the fair values used in the preparation of the above calculation, the final amount of the increase or decrease in net assets in connection with the Repurchase Offer will be different from such estimated amount.

(c) Gearing

As set out in IR 2010, the unaudited consolidated total assets and total liabilities of the Group were approximately HK$471.6 million and approximately HK$175.2 million respectively and the total asset would be increased to approximately HK$680.2 million upon completion of the Rights Issue by the inflow of net proceeds of approximately HK$208.6 million. The gearing ratio (as defined by the total liabilities divided by total assets) after the Right Issue is approximately 0.26.

As mentioned above, on the basis that as if the Repurchase Offer had been completed at 31 December 2010, the total liabilities would be reduced by approximately HK$68.4 million to approximately HK$106.8 million and the total assets would be reduced by approximately HK$67.9 million to approximately HK$612.3 million and hence the gearing ratio would be approximately 0.17.

In light of the abovementioned enhancement on the financial position of the Group, we consider the Repurchase Offer is in the interest of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Taking into account the factors and reasons as mentioned under the above section headed "A. Rights Issue", which include (i) reasons for the Rights Issue and the use of proceeds; (ii) principal terms of the Rights Issue; (iii) alternatives to the Rights Issue; (iv) potential dilution effect on the shareholding interests; and (v) financial effects of the Rights Issue, we consider that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. We would therefore advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Rights Issue to be proposed at the SGM.

In addition, having considered the factors and reasons as mentioned under the above section headed "B. Repurchase Offer", notwithstanding that we consider the Repurchase Offer is not in the ordinary and usual course of business of the Group, we are of the view that (i) the terms of the Repurchase Offer are fair and reasonable and are normal and commercial; and (ii) the Repurchase Offer is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Repurchase Offer to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited

Hans Wong	**Julisa Fong**
Chairman	*Managing Director*

A. THREE-YEAR FINANCIAL INFORMATION

Financial information with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheets together with the notes on the annual accounts of the Group for each of the three years ended 31 December 2007, 2008 and 2009 and half year ended 30 June 2010 are disclosed in pages 27 to 111 of annual report 2007, pages 30 to 119 of annual report 2008, pages 29 to 113 of annual report 2009 and pages 1 to 17 of interim report 2010 of the Company respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.irasia.com/listco/hk/21holdings).

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

For the six months ended 30 June 2010

Business and operation review

Property Agency

The property agency segment reported revenue of HK$47.0 million for the six months ended 30 June 2010, a mild decline of about 6.4% as compared with HK$50.2 million for the same period of year 2009, which is mainly contributed by the closure of the two self-operating property agency branches in the first half of 2009. The other side of the coin is the Group no longer required to bear heavy fixed operating cost for the two self-operating property agency branches and more resources could be directed to the primary property market and expansion of the franchising network.

Toy Products Trading

With the gradual improvement in the global business environment, the performance of the toy product trading segment improved. Revenue from this segment during the six months ended 30 June 2010 was HK$58.8 million, being a surge of HK$23.7 million or 67.5% when compared with the corresponding period in 2009. However, the increased revenue hardly covered the distribution costs and the administrative expenses and the toy trading segment reported a loss of HK$2.5 million.

Securities Trading and Investments

The business of the securities trading and investments has been reactivated since January 2010 with primary objective of gaining from capital growth. During the period, the Group has acquired investments held for trading of HK$26.0 million and convertible notes designated at fair value through profit or loss of HK$24.2 million. As at 30 June 2010, the fair value of investments held for trading and convertible notes designated at fair value through profit or loss was HK$22.1 million and HK$27.3 million, respectively with decrease in fair values of HK$0.8 million recognised in condensed consolidated statement of comprehensive income for the period. The segment reported a loss of HK$0.6 million as a result of the temporary fluctuation of the financial market.

Save as disclosed above, as at 30 June 2010, the Group did not have any other material investments.

Review of results

For the six months ended 30 June 2010, the Group reported revenue of HK$105.9 million, representing an increase of HK$20.6 million or 24.2% when compared with that of the last corresponding period. Gross profits declined mildly by HK$1.6 million from HK$16.7 million for the last corresponding period to HK$15.1 million. Increase in revenue with mild decline of gross profit was mainly due to more orders received for the toy product trading segment which has a lower gross margin.

Administrative expenses reduced by HK$1.2 million or 7.7% as compared with that of last corresponding period as benefited from the closure of the two self-operating property agency branches. Finance cost, which mainly composed of interest charge for the promissory note (the "PN") and Convertible Notes issued by the Group, reduced by HK$1.5 million with the full repayment of the interest bearing PN in 2009.

On 15 December 2009, the Group entered into an agreement with an independent third party for the disposal of the Group's investment properties at a consideration of HK$18.2 million. The transaction was completed on 25 February 2010 and a gain on disposal of investment properties of HK$4.1 million was recognised in the condensed consolidated statement of comprehensive income during the six months period ended 30 June 2010.

In combination of the above factors, the Group recorded a loss of HK$2.7 million for the six months ended 30 June 2010.

Liquidity and financial resources

The Group maintained sufficient working capital as at 30 June 2010 with bank balances and cash of HK$50.3 million.

The Group has no bank borrowings as at 30 June 2010. However, Convertible Note with aggregate principal amount of HK$130.0 million issued as part of the consideration for acquiring Century 21 Hong Kong Limited and its associated companies (the "C21 Group") in year 2008 remained outstanding as at 30 June 2010. The Convertible Notes 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, expressed as the percentage of total borrowings over total capital, of the Group as at 30 June 2010 was 29.6% (31 December 2009: 33.7%). Total capital was calculated as total equity plus total borrowings. The improvement in the gearing ratio was caused by the issue of new shares through placings during the period ended 30 June 2010.

Capital structure

As at 30 June 2010, the Company had 2,253,911,490 Shares in issue. Convertible Notes of aggregate principal amount of HK$60 million were repurchased by the Company on 2 July 2010. The remaining outstanding Convertible Note of principal amount of HK$70 million was convertible into 167,464,114 Shares at a conversion price of HK$0.418 per Share (subject to adjustments).

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

(i) On 12 January 2010, 72,000,000 Shares were allotted and issued by the Company at a placing price of HK$0.15 per Share pursuant to general mandate granted by Shareholders in the special general meeting held on 13 November 2009 and a placing agreement dated 4 January 2010.

(ii) On 3 May 2010, the Company further allotted and issued 375,000,000 Shares at a placing price of HK$0.133 per Share pursuant to the general mandate granted by the Shareholders in the special general meeting held on 15 April 2010 and a placing agreement dated 26 April 2010.

The aggregate net proceed from the share placings amounted to HK$59.4 million of which HK$19.2 million used as the general working capital of the Company. The balance of HK$40.2 million remained unused as at 30 June 2010 and was kept in bank accounts of the Group.

Charges on assets

As at 30 June 2010 none of the assets of the Group was under charges.

Exposure to exchange rates

Most of the Group's business transactions, assets and liabilities were denominated in Hong Kong dollars, United States dollars and RMB. The Group's exposure to United States dollars currency risk was minimal as Hong Kong dollars is pegged to United States dollars. Nevertheless, operations and performances of the Group might be affected by the fluctuation of RMB. For the six months ended 30 June 2010, the Group did not have any currency hedging policy but will closely monitor RMB exchange rate and take appropriate measures to minimise any adverse impact that may be caused by its fluctuation.

Contingent liabilities

The Group had no material contingent liabilities save that a writ of summons dated 8 October 2004 was filed by Mr. Kwok Chin Wing ("Kwok"), a former director of the Company, against the Company in respect of the loans due from two former subsidiaries of the Company for a sum of approximately HK$44.5 million together with accrued interests thereof (the "Action").

The Action is currently pending trail at the High Court of Hong Kong. The trial date of the Action was fixed for 3 January 2011 (hearing dates of 3 to 28 January 2011 are also reserved) and there will be a pre-trial review hearing on 5 November 2010.

The solicitors and counsel acting for the Company had reviewed the pleadings and all evidence disclosed in the Action and they still hold good for their advice previously delivered to the Company. With the benefit of the advice of the solicitors and counsel acting for the Company, the directors of the Company formed the opinion that Kwok did not have a valid claim against the Company and therefore it is unlikely to have any material adverse financial impact on the Group.

Employees

As at 30 June 2010, the Group had 39 employees and 231 agents and the staff cost (include Directors' emoluments) amounted to approximately HK$6.8 million. To attract, retain and motivate its employees and agencies, the Group had developed effective remuneration policies that are subject to review on regular basis. The Group's employees and agencies were remunerated with competitive packages which were in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme were also in place to recognise the outstanding employees.

Prospect

The management is of the view that the favourable factors, including low interest rates, abundant capital resources and positive buying sentiment, will continue support the prosperity of the property market in the second half of 2010. The management is confident that the property agency segment will have stable performance this year. The management also envisages that the performance of toy trading segment will be moderately improved though remains difficult.

Searching for promising opportunities to enhance the performance and value of the Group is always the key task of the management. The Board will continue to search for good and promising investments for healthy growth of the Group and better return to the Shareholders.

For the year ended 31 December 2009

Business review

Year 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 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

For the year ended 31 December 2009, the management of the Group had 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 the PRC 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 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 in year 2009 and amounted to HK$87.9 million, being a drop of 15.4% when compared with year 2008.

On the other side of the coin, the onerous market situations enable the Group to bargain for better terms with its suppliers in the PRC, 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 in year 2008 to nil in year 2009. 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 in year 2009. 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. As at 31 December 2009, the Group did not have any material securities investments.

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 year 2008. Gross profit boomed by 1.7 times from HK$11.5 million for the year 2008 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 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 year 2009, 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 on derivative component of the Convertible Notes of HK$127.3 million. On 15 May 2009, the Company issued 2-year 2.25% convertible notes with an aggregate principal amount of HK$18 million (the "May 2011 Convertible Notes"). The May 2011 Convertible Notes 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 or loss. In addition, 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 or loss. During the year ended 31 December 2009, the fair value loss resulted from initial recognition and revaluation at date of conversion was HK$127.3 million.

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.

The Group had no bank borrowings as at 31 December 2009. 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 remained outstanding as at 31 December 2009. The Convertible Notes 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 in issue and the outstanding Convertible Note are convertible into 311,004,784 Shares at a conversion price of HK$0.418 per Share (subject to adjustments).

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

(i) On 12 February 2009, pursuant to a special resolution passed by 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.

(ii) 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.

(iii) 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.

The placing price of HK$0.42 represented a discount of approximately 2.33% to the closing price of HK$0.43 per Share as quoted on the Stock Exchange on 21 September 2009, being the date on which the terms of the placing agreement dated 21 September 2009 were fixed. The net placing price, after deducting the relevant expenses, was approximately HK$0.41 per Share and the aggregate nominal value of the Shares issued was HK$435,000.

The net proceeds was approximately HK$17.7 million, out of which HK$16.0 million was applied for partial repayment of the PN and the balance of approximately HK$1.7 million was used as the general working capital of the Company.

(iv) 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 (ii), (iii) and (iv) 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.

Charges on assets

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

Exposure to exchange rates

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and RMB. The Group's exposure to United States dollars currency risk was minimal as Hong Kong dollars is pegged to United States dollars. Nevertheless, operations and performances of the Group might be affected by the fluctuation of RMB. In Year 2009, the Group did not have any currency hedging policy but will closely monitor RMB exchange rate and take appropriate measures to minimise any adverse impact that may be caused by its fluctuation.

Contingent liabilities

The Group has no material contingent liabilities save that a writ of summons dated 8 October 2004 was filed by Mr. Kwok Chin Wing, a former director of the Company, against the Company in respect of the loans due from two former subsidiaries of the Company for a sum of approximately HK$44.5 million together with accrued interests thereof.

The Action was currently pending trail at the High Court of Hong Kong. The trial date of the Action was fixed for 3 January 2011 (hearing dates of 3 to 28 January 2011 were also reserved) and there will be a pre-trial review hearing on 5 November 2010.

The solicitors and counsel acting for the Company had reviewed the pleadings and all evidence disclosed in the Action and they still held good for their advice previously delivered to the Company.

With the benefit of the advice of the solicitors and counsel acting for the Company, the directors of the Company formed the opinion that Kwok did not have a valid claim against the Company and therefore it is unlikely to have any material adverse financial impact on the Group.

Employees

As at 31 December 2009, the Group had 29 employees and 229 agents and the staff cost (include Directors' emoluments) amounted to approximately HK$14.4 million. To attract retain and motivate its employees, the Group had developed effective remuneration policies that were subject to review on regular basis. The Group's employees were remunerated with competitive packages which were in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme are also in place to recognise the outstanding employees.

Prospect

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

For the year ended 31 December 2008

Business and operation review

The unprecedented financial tsunami hits most of the industries and countries and all the three business segments of the Group were unavoidably adversely affected.

Toy Products Trading

The financial crisis aggravated the ever-tightening orders in toys industry on a global scale. Revenue generated from toys trading segment of the Group were HK$103.9 million in 2008, represented a decline of 21.9% when compared with year 2007. 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 had 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 in year 2008 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 the PRC. Gross profit margin of toys trading business maintained at around 4.1% in year 2008. However, distribution costs and administration expenses hanged at a high level due to inflation and appreciation of RMB 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 segment 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 the equity interests in Consecutive Profits Limited, Pacific Pointer Limited, Real Clever Profits Limited, Century 21 Hong Kong Limited and Century 21 Limited at a consideration of HK$430.0 million ("C21 Acquisition"). C21 Group possessed 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 had consistently maintained over 100 sub-franchisees.

C21 Group by itself actively engaged and had 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, was 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 PN in HK$100.0 million and (iii) by issuing a Convertible Note in HK$130.0 million.

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).

The carrying amount of goodwill arising from the acquisition of C21 Group has been allocated to the cash generating units ("CGU") of the property agency segment for impairment testing. The recoverable amount of the property agency CGU was based on its value-in-use and was determined with the assistance of BMI Appraisals Limited, an independent professional qualified valuer. 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, the carrying amount of the CGU was determined to be higher than its recoverable amount and an impairment loss on goodwill of HK$174.0 million was recognised. The property agency segment recorded a substantial loss of HK$176.9 million during the year.

Material acquisition of properties

On 29 November 2007, Kennex Investments Limited, a wholly-owned subsidiary of the Company, entered into sales and purchase agreement with Bao Chang Investment Holding Limited to purchase a property at a cash consideration of HK$17.7 million. The transaction was completed on 20 February 2008.

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 year 2007. Gross profit improved by HK$8.5 million from HK$3.0 million for year 2007 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 in year 2008 basically comprised of interests accrued for the PN and the Convertible Note issued on 23 July 2008 and amounted to HK$4.5 million, surged by 3.8 times when compared with year 2007.

After deducting other operating expenses which solely comprise of loss on disposals of securities held for trading in HK$4.5 millions, 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.

The Group has no bank borrowings as at 31 December 2008. However, the PN and the Convertible Notes 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 Convertible Notes 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%. 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 Convertible Note 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, 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 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.

Resulting from the capital reorganisation and the share placing of 130 million new Shares abovementioned, the initial conversion price of the Convertible Notes HK$0.1375 was adjusted according to the terms of the Convertible Notes. Assuming that the Convertible Notes is fully converted at the prevailing conversion price of HK$1.366, the number of new Shares 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.

Exposure to exchange rates

Most of the Group's business transactions, assets and liabilities were denominated in Hong Kong dollars, United States dollars and RMB. The Group's exposure to United States dollars currency risk was minimal as Hong Kong dollars was pegged to United States dollars. Nevertheless, operations and performances of the Group might be affected by the fluctuation of RMB. In year 2008, the Group did not have any currency hedging policy but will closely monitor RMB exchange rate and take appropriate measures to minimise any adverse impact that may be caused by its fluctuation.

Contingent liabilities

The Group had no material contingent liabilities save that a writ of summons dated 8 October 2004 was filed by Mr. Kwok Chin Wing, a former director of the Company, against the Company in respect of the loans due from two former subsidiaries of the Company for a sum of approximately HK$44.5 million together with accrued interests thereof.

The Company had already completed discovery of all documentary evidence and exchange of witness statement and was ready to proceed with the trial since early 2006. However, Kwok took out applications in July 2006 for substantial amendments to his Re-Re-Amended Statement of Claim and joinder of party to the Action, both of which were granted by the Court on 19 April 2007.

The Action was now pending the filing of the witness statement by the newly joined defendant. Recently, Kwok indicated that further amendment to his statement of claim would be required. It is foreseeable that the trail of the Action would be further delayed.

Notwithstanding the contemplated amendments to the Re-Re-Re-Amended Statement of Claim, the solicitors and counsel acting for the Company still held good for their advice previously delivered to the Company. With the benefit of the advice of the solicitors and counsel acting for the Company, the directors of the Company formed the opinion that Kwok did not have a valid claim against the Company and therefore it is unlikely to have any material adverse financial impact on the Group.

Employees

As at 31 December 2008, the Group had 113 employees, of which 82 were sales agents and the staff cost (include Directors' emoluments) amounted to approximately HK$9.8 million. The substantial increase in the number of staff during the year was attributable to the acquisition of C21 Group. To attract, retain and motivate its employees, the Group has developed effective remuneration policies that were subject to review on regular basis. The Group's employees were remunerated with competitive packages which were in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme were also in place to recognise the outstanding employees.

Prospect

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.

For the year ended 31 December 2007

Business and operation review

After the discontinuation of the secondary consumer products business in year 2006, the Company made headway in the streamlining process by disposing its idle assets and underperformed manufacturing operation during the year. The disposals caused the Group suffering from notable loss and substantial downsizing. Nevertheless, such decisive moves relieved the Group's financial and management resources from those detrimental businesses to more viable operations.

Despite that a significant part of assets was discarded in the first half of the year, the Group still maintained to record a turnover of HK$133.0 million for its toy segment in year 2007, being a marginal increase of 2.2% when compared with year 2006. However, competition in toy industry was getting more intensive and, in order to sustain market share, margin was unavoidably weakened. The persistent appreciation of RMB and increasing operation cost in mainland China that hampering the Group's suppliers had causal adverse impact on the Group's cost of supply. Loss for the toy segment in the year was HK$14.3 million.

The Group ceased to have any contribution from the disposed consumer products business in the year but it reactivated, in November 2007, the inactive securities trading and investments business. Since the securities market is becoming volatile, the Group was very cautious in its investing strategy and the market value of its portfolio which composed of equity securities listed in Hong Kong and equity linked investments, was kept at HK$11.3 million only as at 31 December 2007. The Group recorded a mild loss of HK$0.7 million from this segment for the year, mainly attributable to the decrease in the fair value of the marketable securities. Save as disclosed above, the Group did not have any other material investment as at 31 December 2007.

Material disposal of subsidiaries

Good Prosper Trading Limited

The Company entered into an agreement in November 2006 to dispose of its entire equity interest in and the amount due from Good Prosper Trading Limited ("GPTL"), the principal assets of which were the land use rights in respect of parcels of adjacent lands situated at Boluo, Huizhou and the infrastructure erected thereon (the "GPTL Disposal") to an independent third party, Sky Hawk International Limited ("Sky Hawk"), for an aggregate consideration of HK$20.0 million. HK$2.0 million was paid by Sky Hawk upon signing of the agreement and the balance would be settled on completion.

At the request of Sky Hawk, the payment terms for the outstanding consideration of HK$18.0 million were revised pursuant to a supplemental agreement entered into between the Company and Sky Hawk. According to the supplemental agreement, Sky Hawk paid a further sum of HK$2.0 million and delivered to the Company a promissory note with a principal amount of HK$16.0 million, which was interest free, due on 31 December 2007 and secured by the entire issued share capital of GPTL on 28 June 2007, the completion date of GPTL Disposal. The deferred consideration was fully settled in accordance with the terms of the promissory note.

As a result of GPTL Disposal, the Group recorded a gain on disposal of subsidiaries of approximately HK$5.0 million.

GFT Holding Limited

On 16 April 2007, Prosper Overseas Limited, a wholly owned subsidiary of the Company, entered into an agreement to dispose its entire interest in and amounts due from GFT Holding Limited and its subsidiaries (the "Disposed Group"), a sub-group of the Company engaged in toy manufacturing at Boluo, Huizhou and toy trading, to a company beneficially owned by Mr. Leung Wai Ho and Mr. Wong Chung Shun, both were the former directors and substantial shareholders of the Company, at an aggregate consideration of HK$2.0 (the "GFT Disposal").

GFT Disposal constituted a major disposal and connected transaction for the Company under the Listing Rules and was approved by the independent shareholders of the Company in a special general meeting held on 28 May 2007.

Completion of GFT Disposal took place on 28 June 2007, upon which the obligations of the Company as a corporate guarantor under the banking facilities granted to the Disposed Group has been released by the bank and the Company ceased its operation in manufacturing of toy products. As a result of GFT Disposal, the Group recorded a gain on disposal of subsidiaries of approximately HK$15.4 million and wrote off an amount due from a subsidiary in approximately HK$68.6 million.

Review of results

The Group reported a turnover of HK$133.0 million for the year ended 31 December 2007, being a marginal increment of HK$2.9 million or 2.2% when compared with year 2006. Gross profits increased by HK$2.8 million from HK$0.2 million for year 2006 to HK$3.0 million, mainly due to the fact that the Group ceased to bear the fixed cost incurred by the underutilized manufacturing plant after its disposal in the first half of the year. For the same reason, operation expenses of the Group declined during the year.

Despite that gain on disposal of subsidiaries of HK$20.4 million was recognized from the disposals discussed above, the Group, on the other side, has to write off an amount due from a disposed subsidiary in HK$68.6 million, which largely explained the substantial loss for the year incurred by the Group in HK$75.0 million.

Capital structure

On 23 July 2007, the Company issued convertible notes in an aggregate principal amount of HK$34.0 million to finance the working capital and future expansion of the Group. The convertible notes were non-interest bearing, would be matured on 23 July 2009 and were convertible into shares of the Company at conversion price of HK$0.10 per share (subject to anti-dilutive adjustments). All the convertible notes were converted during the year and 340,000,000 new shares of the Company were issued and allotted. The Group has no debt capital as at 31 December 2007.

Liquidity and financial resources

The Group has no borrowings as at 31 December 2007. As at 31 December 2006, total borrowings of the Group amounted to HK$12.4 million, of which HK$10.6 million was repayable within one year.

The Group maintained sufficient working capital as at 31 December 2007 with net current assets of HK$247.5 million and bank balances and cash of HK$235.4 million. As the Group has no borrowing as at 31 December 2007, gearing ratio, expressed as the percentage of total borrowings over total equity, of the Group was zero.

Charges on assets

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 has ever been drawn. As at 31 December 2006, certain building, land use right and plant and machinery with carrying value of HK$38.0 million, HK$3.4 million and HK$4.8 million respectively were pledged to banks to secure bank loans and finance leases granted to the Group.

Exposure to exchange rates

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and RMB. The Group's exposure to United States dollars currency risk is minimal as Hong Kong dollars is pegged to United States dollars. Nevertheless, as RMB was becoming more volatile, the Group's operations and performances might thus be affected. In year 2007, the Group did not have any currency hedging policy but will closely monitor the fluctuation of RMB exchange rate and take appropriate measures to minimise any adverse impact that may be caused by such fluctuation.

Contingent liabilities

The Group had no material contingent liabilities save that a writ of summons dated 8 October 2004 was filed by Mr. Kwok Chin Wing, a former director of the Company, against the Company in respect of the loans due from two former subsidiaries of the Company for a sum of approximately HK$44.5 million together with accrued interests thereof.

The Company had already completed discovery of all documentary evidence and exchange of witness statement and was ready to proceed with the trial since early 2006. However, Kwok took out applications in July 2006 for substantial amendments to his Re-Re-Amended Statement of Claim (the "Amendment Application") and joinder of party to the Action (the "Joinder Application"). The Amendment Application and the Joinder Application had substantially delayed the setting down of the Action for trial.

The Amendment Application and the Joinder Application were granted by the Court on 19 April 2007. The newly joined defendant had filed his defence and the Company had also properly dealt with all consequential amendments to the pleadings. Discovery and inspection of documentary evidence between Kwok and the newly joined defendant were completed and the Action was now pending the exchange of witness statements as to facts between Kwok and the newly joined defendant. It was foreseeable that the Action will set down for trial after the completion of exchange of witness statements as to the facts between Kwok and the newly joined defendant.

Notwithstanding the substantial amendments made to the Re-Re-Amended Statement of Claim and the joining of a new party to the Action, the solicitors and counsel acting for the Company still held good for their advice previously delivered to the Company. With the benefit of the advice of the solicitors and counsel acting for the Company, the directors of the Company formed the opinion that Kwok did not have a valid claim against the Company and therefore it is unlikely to have any material adverse financial impact on the Group.

Employees

As at 31 December 2007, the Group had 8 employees and the staff costs (include Directors' emoluments) amounted to approximately HK$10.6 million. The substantial decrease in the number of staff during the year was attributable to the disposal of the Disposed Group which employed over 2,000 workers and staff in Hong Kong and the PRC. To attract, retain and motivate its employees, the Group had developed effective remuneration policies that were subject to review on regular basis. The Group's employees were remunerated with competitive packages which were in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme were also in place to recognize the outstanding employees.

Prospect

It is the Company's primary ambition to seek prosperous and lucrative investments that will benefit the Group, especially after GPTL Disposal and GFT Disposal and the prevailing market conditions indicate that toy industry players are inevitably facing with difficult years. The Company, with fund raised from the placements and the rights issue executed in year 2007, is relatively sufficient in resources and is ready to make the critical move when the opportunities emerge.

However, the worldwide securities and capital markets step into downturn and become vulnerable after the peak at October 2007. Investment sentiment is shaky and hence the Directors are paying extra caution on the Group's activity in securities investment and the identification of new investments/business for future expansion.

C. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

For the eight months ended 31 August 2010

The Target Group comprised of the Target Company, New Leader, Kingswick Strategy and Guangzhou MAG for the eight months ended 31 August 2010. The Target Company is an investment holding company established in the BVI with limited liability on 15 April 2010 and is wholly-owned by the Vendor. New Leader is an investment holding company and hold two subsidiaries, Kingswick Strategy and Guangzhou MAG. New Leader had not carried out any significant business since the date of its incorporation. Kingswick Strategy is a company incorporated in Hong Kong on 2 December 2009 with limited liability and is wholly-owned by New Leader. Guangzhou MAG is a company incorporated in the PRC on 19 January 2009 with limited liability by two independent third parties pursuant to an engagement by New Leader.

As at 31 August 2010, the Target Group has entered into 12 Business Agreements with different real estate developers under which members of the Target Group were appointed to provide services as consultant and/or sales agent and leasing agent for various first-hand real estate development projects in the PRC. These projects, principally in Guangdong province and Shanghai, the PRC, comprise residential, retail and commercial properties with total gross floor area of over 2 million sq.m.. Some of these Business Agreements had started generating revenue to the Target Group during the period of eight months ended 31 August 2010.

Turnover

During the period of eight months ended 31 August 2010, the Target Group recorded a turnover of HK$0.96 million, representing a decrease of HK$0.08 million as compared with same period of 2009. Such decrease is mainly due to temporary fluctuation of real estate market. Over 90% of the turnover was generated from the commission income of the provision of real estate agency services of 4 projects located in Dongguan and Guangzhou in Guangdong province while the remaining part was generated from the provision of ancillary services.

Cost of sales, distribution cost and administrative expenses

Cost of sales represented direct tax which is calculated based on 5.5% of the turnover. The slight decrease in cost of sales by HK$4,334 as compared to corresponding period in 2009 was consistent with the decrease in turnover.

Distribution costs mainly consisted of staff costs of the real estate agents and rent and rates. The distribution cost increase from HK$539,755 for the period ended 31 August 2009 to HK$863,535 for the period ended 31 August 2010 because more staff was employed with the expansion of the sales network. Administrative expenses mainly consisted of traveling cost and office expenses. Administrative expenses for the period ended 31 August 2010 amounted to HK$112,157, representing a decrease of HK$228,332 or 67% as compared to corresponding period in 2009 mainly because few office expenses were incurred.

Trade and other receivables

Trade and other receivables decreased by HK$270,450 from HK$274,819 at 31 December 2009 to HK$4,369 at 31 August 2010. Such decrease was mainly due to decrease in trade receivables with all payment was received from the real estate developers before the period ended 31 August 2010.

Bank balances and cash

Bank and cash balances at 31 August 2010 decreased by HK$17,566 to HK$638,654 (2009: HK$656,220).

Trade and other payables

Trade and other payables decreased from HK$876,228 at 31 December 2009 to HK$315,562 at 31 August 2010. Such decrease was mainly attributable to a decrease in receipt in advance from real estate developers to Nil (2009: HK$293,692) as subject to the payment terms of business agreements with the said real estate developers and no advance payment for projects on hand as at 31 August 2010. In addition, there is a decrease in accruals of HK$254,939 from HK$566,403 at 31 December 2009 to HK$311,464 at 31 August 2010, which is mainly due to no accrual for double paid was required at 31 August 2010.

Capital structure, liquidity, financial resources and gearing

As at 31 August 2010, the current assets and current liabilities of the Target Group were approximately HK$0.64 million and HK$0.75 million respectively. The Target Group had bank balances and cash of approximately HK$0.64 million as at 31 August 2010. The amount due to the shareholder as at 31 August 2010 was approximately HK$0.43 million, representing an increase of HK$0.34 million when compared with that of 31 December 2009, because of funding requirement for setting up the New PRC Company. The amount was unsecured, interest-free and repayable on demand. There is no bank borrowings as at 31 August 2010. The gearing ratio of the Target Group, calculated as total liabilities to total assets, was approximately 1.15.

Treasury policies

The Target Group consistently maintains a prudent financial policy and its operations were generally financed by shareholder's loan.

Investment, material acquisition and disposal of subsidiaries and affiliated companies

During the period, the Target Group did not have any investments nor material acquisitions and disposal of subsidiaries and affiliated companies.

Charges on assets

As at 31 August 2010, the Target Group did not have any assets pledged nor guarantee for any credit facilities.

Segmental information

During the period, the Target Group was principally engaged in a single operating segment of the provision of real estate agency and related consultancy services and its turnover was earned in the PRC. Therefore, there was no business or geographical segment analysis of the Target Group.

Contingent liabilities

As at 31 August 2010, the Target Group had no significant contingent liabilities and outstanding litigation.

Capital commitments

The Target Group did not have any capital commitments outstanding as at 31 August 2010.

Future plans for material investments or capital assets

As at 31 August 2010, the Target Group had no future plans for material investments or capital assets.

Exposure to fluctuation in exchange rates

Substantially all of the Target Group's sales and operating costs were denominated in the functional currency of the group entity making the sales or incurring the costs. Accordingly, the management of the Target Group considered that the currency risk is not significant. The Target Group currently does not have a formal foreign currency hedging policy. However, the management of the Target Group did closely monitor foreign exchange exposure and will consider undertaking foreign exchange hedging activities to neutralise the impact of foreign exchange rate movements on the Target Group's operating results.

Employee information

As at 31 August 2010, the Target Group had employed approximately 54 staff and the staff cost (include director's emoluments) amounted to approximately HK$0.9 million. For PRC staff, they were employed in full compliance with the relevant employment regulations in PRC and their remuneration was determined by their performance and professional experience within the industry. Appropriate training will be provided to staff when necessary. Discretionary bonus will be determined year end based on performance and therefore there was no double paid accrued as at 30 August 2010. As at 31 August 2010, the Target Group did not adopt any share option scheme.

For the year ended 31 December 2009

The Target Group comprised of New Leader, Kingswick Strategy and Guangzhou MAG for the year ended 31 December 2009. New Leader is an investment holding company and hold two subsidiaries, Kingswick Strategy and Guangzhou MAG. New Leader had not carried out any significant business since its incorporation.

Kingswick Strategy is a company incorporated in Hong Kong on 2 December 2009 with limited liability and is wholly-owned by New Leader. Kingswick Strategy had not carried out any significant business since its incorporation.

Guangzhou MAG is a company incorporated in the PRC on 19 January 2009 with limited liability by two independent third parties pursuant to an engagement by New Leader. The principal activities of Guangzhou MAG is the provision of real estate agency and information enquiry services. Guangzhou MAG had entered into several Business Agreements with different real estate developers to provide services as consultant and/or sales agent for various first-hand real estate development projects in the PRC.

Turnover

During the year ended 31 December 2009, the Target Group recorded a turnover of approximately HK$2.25 million with the commencement of operation of Guangzhou MAG. Over 90% of the turnover was generated from the commission income of the provision of real estate agency services of 2 projects located in Dongguan and Guangzhou in Guangdong province while the remaining part was generated from the provision of ancillary services.

Cost of sales, distribution cost and administrative expenses

Cost of sales represented direct tax which is calculated based on 5.5% of the turnover. Distribution costs mainly consisted of staff costs of the real estate agents and rent and rates. Administrative expenses mainly consisted of traveling cost and office expense.

Trade and other receivables

Trade and other receivables at 31 December 2009 amounted to HK$274,819. (2008: nil)

Bank balance and cash

Bank and cash balances at 31 December 2009 increased by HK$616,318 to HK$656,220 (2008: HK$39,902). Such increase is contributed by increase in receipt in advance from the property developers of HK$293,692 and increase in accruals of HK$551,533 partly net off by the increase in trade and other receivables of HK$274,819 as compared to last year.

Trade and other payables

Trade and other payables increased from HK$14,870 at 31 December 2008 to HK$876,228 at 31 December 2009. Such dramatic increase was mainly attributable to increase in receipt in advance from the property developers of HK$293,692 and accruals of staff costs and other expenses of HK$551,533 with the commencement of operation of Guangzhou MAG.

Capital structure, liquidity, financial resources and gearing

As at 31 December 2009, the current assets and current liabilities of the Target Group were approximately HK$0.93 million and HK$0.96 million respectively. The Target Group had bank balance and cash of approximately HK$0.66 million as at 31 December 2009. The amount due to the shareholder as at 31 December 2009 was approximately HK$0.08 million and was unsecured, interest-free and repayable on demand. There was no bank borrowings as at 31 December 2009. The gearing ratio of the Target Group, calculated as total liabilities to total assets, was approximately 1.02.

Treasury policies

The Target Group consistently maintained a prudent financial policy and its operations were generally financed by shareholder's loan.

Investment, material acquisition and disposal of subsidiaries and affiliated companies

During the period, the Target Group did not have any investments nor material acquisitions and disposal of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2009, the Target Group did not have any assets pledged nor guarantee for any credit facilities.

Segmental information

During the period, the Target Group was principally engaged in a single operating segment of the provision of real estate agency and related consultancy services and its turnover was earned in the PRC. Therefore, there was no business or geographical segment analysis of the Target Group.

Contingent liabilities

As at 31 December 2009, the Target Group had no significant contingent liabilities and outstanding litigation.

Capital commitments

The Target Group did not have any capital commitments outstanding as at 31 December 2009.

Future plans for material investments or capital assets

As at 31 December 2009, the Target Group had no future plans for material investment or capital assets.

Exposure to fluctuation in exchange rates

Substantially all of the Target Group's sales and operating costs were denominated in the functional currency of the group entity making the sales or incurring the costs. Accordingly, the management of the Target Group considered that the currency risk is not significant. The Target Group currently did not have a formal foreign currency hedging policy. However, the management of the Target Group did closely monitor foreign exchange exposure and will consider undertaking foreign exchange hedging activities to neutralise the impact of foreign exchange rate movements on the Target Group's operating results.

Employee information

As at 31 December 2009, the Target Group had employed approximately 58 staff and the staff cost (include director's emoluments) amounted to approximately HK$1.1 million. For PRC staff, they were employed in full compliance with the relevant employment regulations in the PRC and their remuneration was determined by their performance and professional experience within the industry. Appropriate training will be provided to staff when necessary. As at 31 December 2009, the Target Group did not adopt any share option scheme.

For the year ended 31 December 2008

The Target Group comprised of New Leader only for the year ended 31 December 2008. New Leader had not carried out any significant business since the date of its incorporation.

Turnover and operating results

During the period, New Leader did not generate any revenue and recorded a loss of HK$6,689. The loss arose from administrative expenses and auditor's remuneration incurred.

Bank balance and cash

Bank and cash balances at 31 December 2008 increased by HK$8,018 to HK$39,902 (2007: HK$31,884).

Trade and other payables

Trade and other payables at 31 December 2008 amounted to HK$14,870.

Liquidity and financial resources

As at 31 December 2008, New Leader had HK$39,902 bank balances and cash. The amount due to the shareholder was HK$56,836 as at 31 December 2008 and was unsecured, interest-free and repayable on demand. As at 31 December 2008, New Leader did not have any bank borrowings.

Capital structure and gearing

As at 31 December 2008, New Leader had 1 share of HK$1.00 each issued.

The gearing ratio of New Leader, calculated as total liabilities to total assets, was approximately 1.80.

Treasury policies

New Leader consistently maintained a prudent financial policy and its operations are generally financed by shareholder's loan.

Investment, material acquisition and disposal of subsidiaries and affiliated companies

During the year, New Leader did not have any investments nor material acquisitions and disposal of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2008, New Leader did not have any assets pledged nor guarantee for any credit facilities.

Segment information

As no revenue was generated by New Leader during the year, no segment information is disclosed.

Contingent liabilities

As at 31 December 2008, New Leader had no significant contingent liabilities and outstanding litigation.

Capital commitments

New Leader did not have any capital commitments outstanding as at 31 December 2008.

Future plans for material investments or capital assets

As at 31 December 2008, New Leader had no future plans for material investment or capital assets.

Exposure to fluctuation in exchange rates

As at 31 December 2008, New Leader did not expose to significant exchange rate risk due to limited foreign currency transactions.

Employee information

As at 31 December 2008, New Leader had not employed any workforce and no staff cost was incurred during the year.

For the year ended 31 December 2007

The Target Group comprised of New Leader only for the year ended 31 December 2007. New Leader had not carried out any significant business since the date of its incorporation.

Turnover and operating results

During the period, New Leader did not generate any revenue and recorded a loss of HK$8,106. The loss arose from administrative expenses and auditor's remuneration incurred.

Bank balance and cash

Bank and cash balances at 31 December 2007 amounted to HK$31,884.

Trade and other payables

Trade and other payables at 31 December 2007 amounted to HK$10,500.

Liquidity and financial resources

As at 31 December 2007, New Leader had HK$31,884 bank balances and cash. The amount due to the shareholder was HK$46,499 as at 31 December 2007 and was unsecured, interest-free and repayable on demand. As at 31 December 2007, New Leader did not have any bank borrowings.

Capital structure and gearing

As at 31 December 2007, New Leader had 1 share of HK$1.00 each issued.

The gearing ratio of New Leader, calculated as total liabilities to total assets, was approximately 1.79.

Treasury policies

New Leader consistently maintained a prudent financial policy and its operations are generally financed by shareholder's loan.

Investment, material acquisition and disposal of subsidiaries and affiliated companies

During the year, New Leader did not have any investments nor material acquisitions and disposal of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2007, New Leader did not have any assets pledged nor guarantee for any credit facilities.

Segment information

As no revenue was generated by New Leader during the year, no segment information was disclosed.

Contingent liabilities

As at 31 December 2007, New Leader had no significant contingent liabilities and outstanding litigation.

Capital commitments

New Leader did not have any capital commitments outstanding as at 31 December 2007.

Future plans for material investments or capital assets

As at 31 December 2007, New Leader had no future plans for material investment or capital assets.

Exposure to fluctuation in exchange rates

As at 31 December 2007, New Leader did not expose to significant exchange rate risk due to limited foreign currency transactions.

Employee information

As at 31 December 2007, New Leader had not employed any workforce and no staff cost was incurred during the year.

D. INDEBTEDNESS

At the close of business on 30 September 2010, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

(i) Convertible note

The Convertible Note with an outstanding principal amount of HK$70.0 million which is unsecured, bears interest at the rate of 2% per annum and will mature on 23 July 2011. The carrying amount of the liability component of the Convertible Note as at 30 September 2010 was approximately HK$67.7 million; and

(ii) Amount due to a minority shareholder

An amount due to a minority shareholder of a subsidiary of approximately HK$8.8 million, which is unsecured, interest-free and repayable on demand.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 30 September 2010.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Enlarged Group since 30 September 2010 and up to the Latest Practicable Date.

E. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources, the borrowings, the estimated net proceeds from the Rights Issue, the estimated net cash outflow arising on the Acquisition and Repurchase Offer, in the absence of unforeseen circumstances, the Enlarged Group has sufficient working capital for at least the next twelve months from the date of publication of this circular.

F. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Company were made up.

G. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Trading prospect

The management is in the view that the favourable factors, including low interest rates, abundant capital resources and positive buying sentiment, will continue support the prosperity of the property market in the second half of 2010. The management is confident that the property agency segment in Hong Kong will have stable performance this year. The management also envisages that the performance of toy trading segment will be moderately improved though remains difficult.

Upon Completion, the Group will further penetrate into the real estate agency business in the PRC and the income source of the Group will be expanded. Other than the successful delivery and meeting of the sales target of the real estate projects under the Business Agreements, the Target Group aims to secure more business agreements for other real estate projects by leveraging on its experience for servicing both real estate developers and buyers in various real estate projects and its well established business network with real estate developers in the PRC.

Further, the Target Group will also market its wide range of services in the areas of sales and marketing and information enquiry to other real estate developers in the PRC. With the combined expertise and experience from the management teams of the Enlarged Group and the ability to provide comprehensive services, the Enlarged Group is well-positioned to provide a similar range of services to real estate developers in the PRC as the Target Group expands and commences the negotiation of new real estate agency service projects in Guangzhou and other cities, including Beijing, Shanghai, Shanxi and inner Mongolia of the PRC. The Group will allocate the existing staff of China division of the Group cooperating with the management of the Target Group to develop the real estate agency services in the PRC.

The Company intends to continue its current business after the Acquisition and, with the synergy effect on its brand name, business network and resources from the Enlarged Group, the Directors are optimistic that the future prospect of the Group and are of the view that the Acquisition is beneficial to the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Board has not entered any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination or scaling-down of its existing business.

Liquidity and Financial Resources

The Group maintained sufficient working capital as at 30 June 2010 with bank balances and cash of HK$50.3 million.

The Group has no bank borrowings as at 30 June 2010. However, the Convertible Note with outstanding principal amount of HK$70.0 million as at the Latest Practicable Date convertible into 167,464,114 Existing Shares at the conversion price of HK$0.418 per Existing Share (subject to adjustments), bears interest of 2% per annum, matures on 23 July 2011 and carries rights to convert the outstanding principal amount into shares of the Company.

Gearing ratio, expressed as the percentage of total borrowings over total capital, of the Group as at 30 June 2010 was 29.6% (31 December 2009: 33.7%). Total capital is calculated as total equity plus total borrowings. The improvement in the gearing ratio is caused by the issue of new shares through placings during the 6 months ended 30 June 2010.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

12 November 2010

The Directors
21 Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Vigour Well Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") for the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010 (the "Relevant Periods"), for inclusion in the circular of 21 Holdings Limited (the "Company") dated 12 November 2010 (the "Circular"). The Financial Information comprises the combined statements of financial position, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows, and a summary of significant accounting policies and other explanatory notes.

The Target Company was incorporated in the British Virgin Islands on 15 April 2010 as a private company with limited liability. Through a corporate reorganisation as explained in Note 1 to the Section A, the Target Company has become the holding company of Target Group since 30 April 2010.

The Target Group is principally engaged in provision of real estate agency, marketing and information enquiry services to real estate developers on their first-hand residential, retail and commercial properties projects.

As at the date of this report, the Target Company has the following wholly-owned subsidiaries:

Name of subsidiary	Legal form, date and place of incorporation/ establishment/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Target Company	Principal activities
New Leader Limited 樂穎有限公司	Limited liability company incorporated on 29 October 2004, Hong Kong	10,000 ordinary shares of HK$1 each	100% (direct)	Investment holding
Kingswick Strategy Limited 經緯策略有限公司	Limited liability company incorporated on 2 December 2009, Hong Kong	10 ordinary shares of HK$1 each	100% (indirect)	Provision of real estate project planning and related consultancy services

Name of subsidiary	Legal form, date and place of incorporation/ establishment/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Target Company	Principal activities
廣州美澳高房地產投資諮詢有限公司 (transliterated as Guangzhou MAG Real Estate Investment Consultants Limited)	Limited liability company established on 19 January 2009, the People's Republic of China (the "PRC")	Registered capital of RMB300,000	100% (indirect)	Provision of real estate agency, and information enquiry services

The financial year end date of the companies now comprising the Target Group is 31 December.

No audited statutory financial statements have been prepared for the Target Company since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

The statutory consolidated financial statements of New Leader Limited and its subsidiaries for the years ended 31 December 2009 and the statutory financial statements of New Leader for the year ended December 2007 and 2008 were audited by Miles C. M. Ko & Co., Certified Public Accountants, Hong Kong.

For the purpose of this report, the sole director of Target Company have prepared the combined financial statements of the Target Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The sole director of Target Company is responsible for the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of Target Company and the Target Group for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements for the purpose of preparing our report for inclusion in the Circular. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The sole director of Target Company is responsible for the Underlying Financial Statements and the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 1 of Section A below, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Group as at 31 December 2007, 2008 and 2009 and 31 August 2010, and of the combined results and combined cash flows of the Target Group for the Relevant Periods.

We draw attention to Note 2 of Section A below which indicates that the Target Group had net liabilities of HK$98,295 at 31 August 2010. In addition, the Target Group incurred net losses of HK$8,106, HK$6,689, HK$775 and HK$75,723 for the years ended 31 December 2007, 2008 and 2009, and the eight months ended 31 August 2010, respectively. These matters, along with other matters as set forth in Note 2 below, indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern.

The comparative combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows of Target Group for the eight months ended 31 August 2009 together with the notes thereon have been extracted from the combined financial information of Target Group for the same period (the "Comparative Financial Information") which was prepared by the sole director of Target Group solely for the purpose of this report. We have reviewed the Comparative Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the HKICPA. Our review consists principally of making enquiries of management and applying analytical and other review procedures to the Comparative Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information. Base on our review, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

Combined statements of comprehensive income

	Notes	Year ended 31 December 2007 HK$	Year ended 31 December 2008 HK$	Year ended 31 December 2009 HK$	Period ended 31 August 2009 HK$ (Unaudited)	Period ended 31 August 2010 HK$
Revenue	7	—	—	2,245,468	1,037,247	958,446
Cost of sales		—	—	(123,500)	(57,049)	(52,715)
Gross profit		—	—	2,121,968	980,198	905,731
Other income	8	99	131	471	142	727
Distribution costs		—	—	(1,253,128)	(539,755)	(863,535)
Administrative expenses		(8,205)	(6,820)	(865,736)	(340,489)	(112,157)
(Loss)/Profit before income tax		(8,106)	(6,689)	3,575	100,096	(69,234)
Income tax expense	9	—	—	(4,350)	(711)	(6,489)
(Loss)/Profit and comprehensive (expense)/income for the year/period	10	(8,106)	(6,689)	(775)	99,385	(75,723)

Combined statements of financial position

	Notes	As at 31 December 2007 HK$	As at 31 December 2008 HK$	As at 31 December 2009 HK$	As at 31 August 2010 HK$
Non-current assets					
Property, plant and equipment	13	—	—	9,037	9,372
Current assets					
Trade and other receivables	14	—	—	274,819	4,369
Bank balances and cash	15	31,884	39,902	656,220	638,654
		31,884	39,902	931,039	643,023
Total assets		31,884	39,902	940,076	652,395
Current liabilities					
Trade and other payables	16	10,500	14,870	876,228	315,562
Amount due to the shareholder	17	46,499	56,836	84,408	431,658
Provision for tax		—	—	2,020	3,470
		56,999	71,706	962,656	750,690
Net current liabilities		(25,115)	(31,804)	(31,617)	(107,667)
Net liabilities		(25,115)	(31,804)	(22,580)	(98,295)
Capital and reserves					
Share capital	18	—	—	—	8
Reserves		(25,115)	(31,804)	(22,580)	(98,303)
Total equity		(25,115)	(31,804)	(22,580)	(98,295)

Combined statements of changes in equity

	Share capital *HK$* *(Note 18)*	Capital reserves *HK$* *(Note)*	(Accumulated losses)/Retained profits *HK$*	Equity attributable to owners of the Target Company *HK$*
Balance at 1 January 2007	—	1	(17,010)	(17,009)
Total comprehensive expense for the year	—	—	(8,106)	(8,106)
Balance at 31 December 2007	—	1	(25,116)	(25,115)
Total comprehensive expense for the year	—	—	(6,689)	(6,689)
Balance at 31 December 2008	—	1	(31,805)	(31,804)
Total comprehensive expense for the year	—	—	(775)	(775)
Issue of ordinary shares	—	9,999	—	9,999
Balance at 31 December 2009	—	10,000	(32,580)	(22,580)
Total comprehensive expense for the period	—	—	(75,723)	(75,723)
Issue of a ordinary share	8	—	—	8
Balance at 31 August 2010	8	10,000	(108,303)	(98,295)
(Unaudited)				
Balance at 1 January 2009	—	1	(31,805)	(31,804)
Total comprehensive income for the period	—	—	99,385	99,385
Balance at 31 August 2009	—	1	67,580	67,581

Note: Capital reserves represent the aggregate issued paid-up capital of New Leader Limited, the subsidiary of the Target Company.

Combined statements of cash flows

	Year ended 31 December 2007 HK$	Year ended 31 December 2008 HK$	Year ended 31 December 2009 HK$	Period ended 31 August 2009 HK$ (Unaudited)	Period ended 31 August 2010 HK$
Cash flows from operating activities					
(Loss)/Profit before income tax	(8,106)	(6,689)	3,575	100,096	(69,234)
Adjustments for:					
Interest income	(99)	(131)	(471)	(142)	(727)
Depreciation of property, plant and equipment	—	—	948	316	1,265
Operating (loss)/profit before working capital changes	(8,205)	(6,820)	4,052	100,270	(68,696)
(Increase)/Decrease in trade and other receivables	—	—	(274,819)	(310,254)	270,450
Increase/(Decrease) in trade and other payables	3,500	4,370	861,358	314,239	(560,666)
Cash (used in)/generated from operations	(4,705)	(2,450)	590,591	104,255	(358,912)
Income taxes paid	—	—	(2,330)	(711)	(5,039)
Net cash (used in)/generated from operating activities	(4,705)	(2,450)	588,261	103,544	(363,951)
Cash flows from investing activities					
Interest received	99	131	471	142	727
Purchase for property, plant and equipment	—	—	(9,985)	(9,985)	(1,600)
Net cash generated from/(used in) investing activities	99	131	(9,514)	(9,843)	(873)
Cash flows from financing activities					
Increase in amount due to the shareholder	36,300	10,337	27,572	—	347,250
Net proceeds from issued of share capital of the Target Company	—	—	—	—	8
Net proceeds from issued of shares capital of New Leader Limited	—	—	9,999	—	—
Net cash generated from financing activities	36,300	10,337	37,571	—	347,258
Net increase/(decrease) in cash and cash equivalents	31,694	8,018	616,318	93,701	(17,566)
Cash and cash equivalents at the beginning of year/period	190	31,884	39,902	39,902	656,220
Cash and cash equivalents at the end of year/period	31,884	39,902	656,220	133,603	638,654
Representing:					
Bank balances and cash	31,884	39,902	656,220	133,603	638,654

Notes to the Financial Information

1. CORPORATE REORGANISATION

Prior to its proposed acquisition by the Company, Vigour Well Limited ("Target Company") underwent a corporate reorganisation which included the following steps:

a) On 15 April 2010, Target Company was incorporated and controlled by Prolific Wise Limited ("Vendor"), a company controlled by Ms. Hui Ping Lam and Mr. Yeung Oi Leung.

b) On 30 April 2010, Target Company acquired the entire equity interest of New Leader Limited, a company controlled by Ms. Hui Ping Lam and Mr. Yeung Oi Leung for a cash consideration of HK$10,000.

Accordingly, for the purpose of the preparation of the Financial Information, the Target Company is considered as the holding company of the companies now comprising the Target Group throughout the Relevant Periods. The Target Group comprising the Target Company and its subsidiaries resulting from the corporate reorganisation is regarded as a continuing entity. The Target Group is under the control of Ms. Hui Ping Lam and Mr. Yeung Oi Leung prior to and after the corporate reorganisation. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Target Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period. The combined statements of financial position as at 31 December 2007, 2008 and 2009 and 31 August 2010 have been prepared to present the assets and liabilities of the companies comprising the Target Group as at the respective dates as if the current group structure had been in existence at those dates.

2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Financial Information has been prepared on the historical cost basis, as explained in the accounting policies set out below which conform with HKFRSs issued by the HKICPA.

In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Financial Information of the Target Company is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Target Company.

At the end of each reporting years/period stated in the Relevant Periods, the Target Group had net liabilities of HK$25,115, HK$31,804, HK$22,580 and HK$98,295 as at 31 December 2007, 31 December 2008, 31 December 2009 and 31 August 2010, respectively. In addition, the Target Group incurred a net loss of HK$8,106 HK$6,689, HK$775 and HK$75,723 for the years ended 31 December 2007, 31 December 2008, 31 December 2009, and the eight months ended 31 August 2010, respectively. Accordingly, as at the date of this report, the Target Group is reliant on Ms. Hui Ping Lam and Mr. Yeung Oi Leung for support in order to meet its existing short term financial obligations.

The sole director of the Target Company is aware that, due to the above conditions, a material uncertainty exists which may cast doubt upon the Target Group's ability to continue as a going concern. However, the sole director of Target Company is of the opinion that there is a reasonable expectation that the Target Group will be able to continue as going concerns on the basis that Ms. Hui Ping Lam and Mr. Yeung Oi Leung will continue to provide funding to the Target Group up until the date of completion of the Acquisition and the Company will provide ongoing funding to the Target Group after completion of the Acquisition.

Notes to the Financial Information *(Continued)*

2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION *(Continued)*

Consequently, the sole director of the Target Group has concluded that the Target Group will be able to continue as a going concern and has prepared the Financial Information on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has throughout the Relevant Periods consistently adopted Hong Kong Accounting Standard ("HKAS"), HKFRS, amendments and interpretations, which are effective for annual periods beginning on or after 1 January 2010.

At the date of this report, the HKICPA has issued the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [1]
HKAS 24 (Revised)	Related Party Disclosures [2]
HKAS 32 (Amendments)	Classification of Rights Issues [3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters [4]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets) [5]
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement [2]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments [4]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 January 2011.
3 Effective for annual periods beginning on or after 1 February 2010.
4 Effective for annual periods beginning on or after 1 July 2010.
5 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Target Group's financial assets.

The sole director of the Target Company anticipate that the application of the other new or revised standards, amendments and interpretations will have no material effect on how the results and financial position of the Target Group are prepared and presented.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries are entities over which the Target Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Target Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Merger accounting for common control combinations

The Financial Information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the combined financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Target Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates.

Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Agency commission and service income from real estate agency is recognised in the accounting period in which the services are rendered. This is usually taken as the time when the relevant agreement becomes unconditional or irrevocable.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Office equipment	20%

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Impairment of non-financial assets

Goodwill arising on an acquisition of subsidiary, property, plant and equipment measured under the cost model and interest in subsidiaries are subject to impairment testing.

Goodwill with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Target Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods (including impairment losses recognised in an interim period). In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Target Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges as the lessee

Where the Target Group has the right to use the assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to the profit or loss in the accounting period in which they are incurred.

Financial assets

The Target Group's accounting policies for financial assets are set out below.

The Target Group's financial assets other than hedging instruments are classified as loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Target Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest and transaction cost.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Target Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the Target Group and, national or local economic conditions that correlate with defaults on the assets in the Target Group.

Impairment loss of financial assets other than trade receivables are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Target Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Accounting for income taxes *(Continued)*

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Target Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Target Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entity; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Retirement benefit costs and short term employee benefits

Retirement benefits to employees are provided through a defined contribution plan.

Defined contribution plan

The Target Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Target Group in an independently administered fund. The Target Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Segment reporting

The Target Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the sole director for her decision about resources allocation to the Target Group's business components and for her review of the performance. The business components in the internal financial information reported to the sole director is determined following the Target Group's major product and service lines.

The measurement policies the Target Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs. No asymmetrical allocations have been applied to reportable segments.

Financial liabilities

The Target Group's financial liabilities mainly include amount due to the shareholder and trade and other payables. They are included in line items in the statement of financial position.

Financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Target Group's accounting policy for borrowing costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Target Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Information *(Continued)*

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions, contingent liabilities and contingent assets *(Continued)*

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Target Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Target Group or exercise significant influence over the Target Group in making financial and operating policy decisions, or has joint control over the Target Group;

(ii) the Target Group and the party are subject to common control;

(iii) the party is an associate of the Target Group or a joint venture in which the Target Group is a venturer;

(iv) the party is a member of key management personnel of the Target Group or the Target Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Target Group or of any entity that is a related party of the Target Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Notes to the Financial Information *(Continued)*

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation of property, plant and equipment

The Target Group depreciates the property, plant and equipment in accordance with the accounting policies stated in Note 4. The estimated useful lives reflect the sole director's estimates of the periods that the Target Group intends to derive future economic benefits from the use of these assets.

Estimated impairment of trade and other receivables

The policy for the impairment of trade and other receivables of the Target Group is based on, where appropriate, the evaluation and ageing analysis of accounts. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history for each debtor. If the financial conditions of debtors of the Target Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required.

6. SEGMENT INFORMATION

The sole director of the Target Company reviews the Target Group's internal financial reporting and other information and also obtains other relevant external information in order to assess performance and allocate resources and operating segment is identified with reference to these.

The sole director of the Target Company considers that the business of the Target Group is organised in one operating segment as real estate agency in the PRC. Additional disclosure in relation to segment information is not presented as the sole director assesses the performance of the only operating segment identified based on the consistent information as disclosed in the Financial Information.

The total net segment income is equivalent to total comprehensive income for the Relevant Periods as shown in the combined statements of comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the combined statements of financial position.

Details of interest income and depreciation in relation to the operating segment are disclosed in Notes 8 and 10, respectively.

The Target Company is domiciled in the British Virgin Islands with the Target Group's major operations in the PRC. Total revenue as disclosed in Note 7 below represented the revenue from external customers arising from provision of real estate agency services in the PRC. Substantially all the assets of the Target Group are located in the PRC.

Notes to the Financial Information *(Continued)*

6. SEGMENT INFORMATION *(Continued)*

Real estate agency services income from customers of Relevant Periods contributing over 10% of total revenue of the Target Group are as follows:

Information about major customers	Year ended 31 December 2007 *HK$*	Year ended 31 December 2008 *HK$*	Year ended 31 December 2009 *HK$*	Period ended 31 August 2009 *HK$* *(Unaudited)*	Period ended 31 August 2010 *HK$*
Customer A	—	—	1,569,334	673,092	432,877
Customer B	—	—	464,684	307,106	177,102
Customer C	—	—	—	—	183,540
	—	—	2,034,018	980,198	793,519

7. REVENUE

Revenue represents revenue arising on provision of real estate agency services for the Relevant Periods.

8. OTHER INCOME

	Year ended 31 December 2007 *HK$*	Year ended 31 December 2008 *HK$*	Year ended 31 December 2009 *HK$*	Period ended 31 August 2009 *HK$* *(Unaudited)*	Period ended 31 August 2010 *HK$*
Interest income on bank deposits	99	131	471	142	727

9. INCOME TAX EXPENSE

	Year ended 31 December 2007 *HK$*	Year ended 31 December 2008 *HK$*	Year ended 31 December 2009 *HK$*	Period ended 31 August 2009 *HK$* *(Unaudited)*	Period ended 31 August 2010 *HK$*
Current income tax:					
— Hong Kong Profit Tax	—	—	—	—	—
— PRC Enterprise Income Tax	—	—	4,350	711	6,489
	—	—	4,350	711	6,489

All the Hong Kong subsidiaries of the Target Company are subject to Hong Kong profits tax of the rate of 17.5% for the year ended 31 December 2007 and at the rate of 16.5% thereafter on their respective estimated assessable profits.

No provision for Hong Kong Profits Tax has been made as the Target Group has no estimated assessable profit arising in or derived from Hong Kong for the Relevant Periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25%.

Notes to the Financial Information *(Continued)*

9. INCOME TAX EXPENSE *(Continued)*

The tax charge for the Relevant Periods can be reconciled to the (loss)/profit per the combined statements of comprehensive income as follows:

	Year ended 31 December 2007 HK$	Year ended 31 December 2008 HK$	Year ended 31 December 2009 HK$	Period ended 31 August 2009 HK$ (Unaudited)	Period ended 31 August 2010 HK$
(Loss)/Profit before income tax	(8,106)	(6,689)	3,575	100,096	(69,234)
Tax (credit)/charge at the applicable income tax rate of 16.5% (2007: 17.5%)	(1,419)	(1,104)	590	16,516	(11,424)
Tax effect of income not taxable for tax purpose	(17)	(22)	(5)	(4)	(2)
Tax effect of expenses not deductible for tax purpose	1,436	1,126	3,004	—	14,979
Effect of different tax rates for subsidiaries operating in other jurisdictions	—	—	761	(15,801)	2,936
Income tax expense for the year/period	—	—	4,350	711	6,489

The Target Group did not have any significant unprovided deferred taxation at the end of each reporting period.

10. (LOSS)/PROFIT FOR THE YEAR/PERIOD

(Loss)/Profit for the year/period has been arrived at after charging:

	Year ended 31 December 2007 HK$	Year ended 31 December 2008 HK$	Year ended 31 December 2009 HK$	Period ended 31 August 2009 HK$ (Unaudited)	Period ended 31 August 2010 HK$
Director's emoluments *(Note 11)*	—	—	—	—	—
Other staff costs	—	—	1,092,439	575,046	883,670
Contributions to retirement benefits schemes, excluding the sole director of the Target Company	—	—	17,793	7,281	21,636
Total staff costs	—	—	1,110,232	582,327	905,306
Depreciation of property, plant and equipment	—	—	948	316	1,265
Operating lease rentals in respect of rented premises	—	—	15,568	9,341	25,848
Auditors' remuneration	3,000	3,000	8,000	—	5,333

Notes to the Financial Information *(Continued)*

11. DIRECTOR'S AND EMPLOYEES' EMOLUMENTS

Director's emoluments

The emoluments paid or payable to the sole director of the Target Company were as follows:

	Year ended 31 December 2007 *HK$*	Year ended 31 December 2008 *HK$*	Year ended 31 December 2009 *HK$*	Period ended 31 August 2009 *HK$* *(Unaudited)*	Period ended 31 August 2010 *HK$*
Ms. Hui Ping Lam					
Fees	—	—	—	—	—
Salaries and other benefits	—	—	—	—	—
Contributions to retirement benefits schemes	—	—	—	—	—
	—	—	—	—	—

Employees' emoluments

	Year ended 31 December 2007 *(Number of individuals)*	Year ended 31 December 2008 *(Number of individuals)*	Year ended 31 December 2009 *(Number of individuals)*	Period ended 31 August 2009 *(Number of individuals)* *(Unaudited)*	Period ended 31 August 2010 *(Number of individuals)*
Director	—	—	—	—	—
Non-director	—	—	5	5	5
5 highest-paid individuals	—	—	5	5	5

The emoluments of the above non-director, highest paid individuals were as follows:

	Year ended 31 December 2007 *HK$*	Year ended 31 December 2008 *HK$*	Year ended 31 December 2009 *HK$*	Period ended 31 August 2009 *HK$* *(Unaudited)*	Period ended 31 August 2010 *HK$*
Salaries and other benefits	—	—	119,113	74,886	120,593
Contributions to retirement benefits schemes	—	—	5,912	—	15,795
Total emoluments	—	—	125,025	74,886	136,388

Note: The emoluments of each of the above non-director, highest paid individuals were below HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the Target Group to the sole director or the five highest paid individuals (including director and employees) as an inducement to join or upon joining the Target Group or as compensation for loss of office. None of the director waived any emoluments during the Relevant Periods.

Notes to the Financial Information *(Continued)*

12. EARNINGS PER SHARE

Earnings per share have not been presented as such information is not meaningful having regard to the purpose of this report.

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment
	HK$
Cost	
Balance at 1 January 2007, 31 December 2007 and 2008	—
Additions	9,985
Balance at 31 December 2009	9,985
Additions	1,600
Balance at 31 August 2010	11,585
Accumulated depreciation and impairment	
Balance at 1 January 2007, 31 December 2007 and 2008	—
Depreciation expense	948
Balance at 31 December 2009	948
Depreciation expense	1,265
Balance at 31 August 2010	2,213
Carrying amounts	
Balance at 31 August 2010	9,372
Balance at 31 December 2009	9,037
Balance at 31 December 2008	—
Balance at 31 December 2007	—

Notes to the Financial Information *(Continued)*

14. TRADE AND OTHER RECEIVABLES

	As at 31 December 2007 *HK$*	As at 31 December 2008 *HK$*	As at 31 December 2009 *HK$*	As at 31 August 2010 *HK$*
Trade receivables	—	—	250,339	—
Other receivables	—	—	24,480	4,369
	—	—	274,819	4,369

The sole director of the Target Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

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) at the end of each Relevant Periods are as follows:

	As at 31 December 2007 *HK$*	As at 31 December 2008 *HK$*	As at 31 December 2009 *HK$*	As at 31 August 2010 *HK$*
0-30 days	—	—	250,339	—

All trade receivables were neither past due nor impaired. These related to a number of diversified customers for whom there was no recent history of default.

15. BANK BALANCES AND CASH

The bank balances carried interest at prevailing market rates. Certain of the Target Group's bank balances and cash with an aggregate amount of HK$ nil, HK$ nil, HK$623,382 and HK$347,058 at 31 December 2007, 31 December 2008 and 31 December 2009 and 31 August 2010, respectively, were denominated in RMB which is not a freely convertible currency in the international market. The government of the PRC has implemented foreign exchange control and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

16. TRADE AND OTHER PAYABLES

	As at 31 December 2007 *HK$*	As at 31 December 2008 *HK$*	As at 31 December 2009 *HK$*	As at 31 August 2010 *HK$*
Receipts in advance	—	—	293,692	—
Accruals	10,500	14,870	566,403	311,464
Other payables	—	—	16,133	4,098
	10,500	14,870	876,228	315,562

Notes to the Financial Information *(Continued)*

17. AMOUNT DUE TO THE SHAREHOLDER

The amount is unsecured, interest-free and repayable on demand. The carrying amount approximates its fair value.

18. SHARE CAPITAL

The Target Company was incorporated in the British Virgin Islands on 15 April 2010, with authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each and issued share capital of 1 ordinary share of US$1 (equivalent to HK$8) upon the incorporation. Save for the aforesaid and the corporate reorganisation, the Company has not conducted any business since the date of its incorporation.

19. RETIREMENT BENEFIT PLANS

The employees of the Target Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Target Group with respect to the retirement benefit plan is to make the specified contributions.

The total expenses recognised in the combined statements of comprehensive income amount to HK$ nil, HK$ nil, HK$17,793, HK$7,281 and HK$21,636 for the years ended 31 December 2007, 31 December 2008 and 31 December 2009 and the eight months ended 31 August 2009 and 2010, respectively, and represents contributions payable to these plans by the Target Group at rates specified in the rules of the plans.

20. RELATED PARTY DISCLOSURES

The remuneration of key management personnel during the Relevant Periods was as follows:

	Year ended 31 December 2007	**Year ended 31 December 2008**	**Year ended 31 December 2009**	**Period ended 31 August 2009**	**Period ended 31 August 2010**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Compensation of key management personnel					
Short-term employee benefits	—	—	23,426	15,114	62,131
Post-employment benefits	—	—	1,478	—	5,449
	—	—	24,904	15,114	67,580

Notes to the Financial Information *(Continued)*

21. OPERATING LEASES

At the end of each Relevant Periods, the Target Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	Year ended 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 31 August 2010
	HK$	*HK$*	*HK$*	*HK$*
Within one year	—	—	18,682	17,845

Operating lease payments represent rentals payable by the Target Group for PRC and Hong Kong office. Leases are negotiated and rentals are fixed for a period of 1 year.

22. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that the entities in the Target Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of net debt (which includes amount due to the shareholder), cash and cash equivalents and equity attributable to owners of the Target Company (comprising issued share capital and reserves).

The sole director of the Target Company reviews the capital structure regularly. As part of this review, the sole director of the Target Company considers the cost of capital and the risks associated with each class of the capital. The Target Group seeks to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 31 August 2010
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Loans and receivables (including cash and cash equivalents)	31,884	39,902	931,039	643,023
Financial liabilities				
Amortised cost	56,999	71,706	666,944	747,220

Notes to the Financial Information *(Continued)*

23. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, amount due to the shareholder, bank balances and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Substantially all of the Target Group's sales and operating costs are denominated in the functional currency of the group entity making the sales or incurring the costs. Accordingly, the sole director considers that the currency risk is not significant.

The Target Group currently does not have a formal currency hedging policy in relation to currency risk. The sole director monitors the Target Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances. However, the sole director considers that the risk is insignificant to the Target Group.

Price risk

As the Target Group has no significant investments, the Target Group is not subject to significant price risk.

Credit risk

At the end of each Relevant Periods, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Group reviews the recoverable amount of each individual trade debt at the end of each Relevant Periods to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the sole director of the Target Company considers that the credit risk of the Target Group is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Notes to the Financial Information *(Continued)*

23. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The table includes both contractual interest and principal cash flows.

Liquidity table

Non-derivative financial liabilities	Weighted average interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
31 December 2007						
Trade and other payables	N/A	10,500	—	—	10,500	10,500
Amount due to the shareholder	N/A	46,499	—	—	46,499	46,499
		56,999	—	—	56,999	56,999
31 December 2008						
Trade and other payables	N/A	14,870	—	—	14,870	14,870
Amount due to the shareholder	N/A	56,836	—	—	56,836	56,836
		71,706	—	—	71,706	71,706
31 December 2009						
Trade and other payables	N/A	582,536	—	—	582,536	582,536
Amount due to the shareholder	N/A	84,408	—	—	84,408	84,408
		666,944	—	—	666,944	666,944
31 August 2010						
Trade and other payables	N/A	315,562	—	—	315,562	315,562
Amount due to the shareholder	N/A	431,658	—	—	431,658	431,658
		747,220	—	—	747,220	747,220

Notes to the Financial Information *(Continued)*

23. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable/unobservable inputs).

The sole director of the Target Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the Financial Information approximate their fair values.

B. SUBSEQUENT EVENTS

The followings events have occurred subsequent to 31 August 2010:

In accordance with the PRC registered capital report, the paid-in registered capital of Guangzhou MAG Real Estate Investment Consultants Limited was increased from RMB30,000 to RMB300,000 on 18 October 2010.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 31 August 2010.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. Introduction

The unaudited pro forma financial information of the Enlarged Group, comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group (the "Pro Forma Financial Information"), has been prepared by the Directors to illustrate the effects of the Capital Reorganisation, the Rights Issue and the Acquisition.

The Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I, the financial information of the Target Group as set out in Appendix II and other financial information included elsewhere in this circular. The Pro Forma Financial Information does not take account of any trading or other transactions subsequent to the date of the financial statements included in the Pro Forma Financial Information.

2. Unaudited pro forma consolidated statement of financial position

The following is the unaudited pro forma consolidated statement of financial position of the Enlarged Group as if the Capital Reorganisation, the Rights Issue and the Acquisition had been completed at the date reported on. The unaudited pro forma consolidated statement of financial position has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010 as extracted from the published interim report of the Company for the six months ended 30 June 2010, after incorporating the pro forma adjustments as described in the accompanying notes to illustrate the effect of the Capital Reorganisation, the Rights Issue and the Acquisition.

The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 30 June 2010 or any future date.

	The Group As at 30 June 2010 *HK$'000*	The Target Group As at 31 December 2009 *HK$'000* *Note 2.1*	Pro forma adjustments *HK$'000*	*Notes*	Pro forma Enlarged Group *HK$'000*
Non-current assets					
Property, plant and equipment	487	9			496
Goodwill	256,000	—	23	*2.2*	435,939
			(84)	*2.2*	
			180,000	*2.2, 2.5*	
	256,487	9			436,435
Current assets					
Trade and other receivables	58,418	275			58,693
Other deposits	57,000	—			57,000
Financial assets at fair value through profit or loss	49,364	—			49,364
Bank balances and cash	50,285	656	208,600	*2.4*	79,541
			(180,000)	*2.2, 2.5*	
	215,067	931			244,598
Current liabilities					
Trade and other payables	49,725	877			50,602
Amount due to the shareholder	—	84	(84)	*2.2*	—
Convertible notes — due within one year	57,476	—			57,476
Provision for tax	949	2			951
	108,150	963			109,029
Non-current liabilities					
Convertible notes — due after one year	67,055	—			67,055
Net assets	296,349	(23)			504,949
Share capital	22,539	—	(21,412)	*2.3*	12,397
			11,270	*2.4*	
Reserves	273,810	(23)	23	*2.2*	492,552
			21,412	*2.3*	
			197,330	*2.4*	
Total equity	296,349	(23)			504,949

Notes to unaudited pro forma consolidated statement of financial position

2.1 The adjustments reflect the inclusion of the assets, liabilities and equity of the Target Group, as if the Acquisition had been completed at the date reported on. The balances have been extracted from the audited combined statement of financial position of the Target Group as at 31 December 2009 as set out in Appendix II to this circular.

2.2 The adjustments reflect the excess of the consideration for the Acquisition of HK$180,000,000 over the net liabilities and the aggregate face value of the Target Group's sale loan of approximately HK$84,000 as at 31 December 2009, as if the Acquisition had been completed at the date reported on. This excess is recognised as goodwill arising from the Acquisition on the unaudited pro forma consolidated statement of financial position. For the purpose of the preparation of the unaudited pro forma consolidated statement of financial position, the net liabilities of the Target Group as at 31 December 2009 have been assumed to approximate the fair values of the assets, liabilities and contingent liabilities of the Target Group at Completion.

Since the actual fair values of the assets, liabilities and contingent liabilities of the Target Group at Completion would be different from their estimated fair values used in the preparation of the unaudited pro forma consolidated statement of financial position presented above, the actual goodwill arising from the Acquisition might be materially different from the estimated amount shown in this Appendix.

An impairment testing conducted in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36") issued by the Hong Kong Institute of Certified Public Accountants involves the determination of the recoverable amount of the cash-generating unit to which the goodwill has been allocated, being the higher of the cash-generating unit's fair value less costs to sell and its value in use. For the purpose of the preparation of the Pro Forma Financial Information, the Directors have estimated the value in use of the Target Group, and assessed that there was no indication of impairment of goodwill arising from the Acquisition and hence no impairment was required. The reporting accountants concurred with the Directors' assessment of impairment of goodwill in Pro Forma Financial Information and adoption of consistent accounting policies and principal assumptions in the preparation of the consolidated financial statements of the Group after Completion.

2.3 The adjustments reflect the transfer of the credit arising from the Capital Reduction of approximately HK$21,412,000 (based on 112,695,574 Consolidated Shares multiplied by HK$0.19 per Consolidated Share) to the contributed surplus account of the Company, as if the Capital Reorganisation had been completed at the date reported on.

2.4 The adjustments reflect the estimated net proceeds of the Rights Issue of approximately HK$208,600,000, as if the Rights Issue had been completed at the date reported on.

2.5 The adjustments reflect the Company's intention to utilise the net proceeds of the Rights Issue as to approximately HK$180,000,000 for payment of the consideration for the Acquisition.

3. Unaudited pro forma consolidated statement of comprehensive income

The following is the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group as if the Capital Reorganisation, the Rights Issue and the Acquisition had been completed at the commencement of the period reported on. The unaudited pro forma consolidated statement of comprehensive income has been prepared based on the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009 as extracted from the published annual report of the Company for the year ended 31 December 2009, to illustrate the effects of the Capital Reorganisation, the Rights Issue and the Acquisition.

The unaudited pro forma consolidated statement of comprehensive income has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the results of the Group for the year ended 31 December 2009 or any future periods.

	The Group Year ended 31 December 2009	**The Target Group Year ended 31 December 2009**	**Pro forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*
		Note 3.1	
Revenue	179,550	2,245	181,795
Cost of sales	(148,600)	(123)	(148,723)
Gross profit	30,950	2,122	33,072
Other income	1,223	—	1,223
Distribution costs	(5,832)	(1,253)	(7,085)
Administrative expenses	(32,769)	(866)	(33,635)
Fair value loss on derivative component of convertible notes	(127,262)	—	(127,262)
Finance costs	(10,039)	—	(10,039)
(Loss)/Profit before income tax	(143,729)	3	(143,726)
Income tax expense	(559)	(4)	(563)
Loss and total comprehensive expense for the year	(144,288)	(1)	(144,289)

Note to unaudited pro forma consolidated statement of comprehensive income

3.1 The adjustments reflect the inclusion of the income and expenses of the Target Group, as if the Acquisition had been completed at the commencement of the period reported on. The balances have been extracted from the audited combined statement of comprehensive income of the Target Group for the year ended 31 December 2009 as set out in Appendix II to this circular.

4. Unaudited pro forma consolidated statement of cash flows

The following is the unaudited pro forma consolidated statement of cash flows of the Enlarged Group as if the Capital Reorganisation, the Rights Issue and the Acquisition had been completed at the commencement of the period reported on. The unaudited pro forma consolidated statement of cash flows has been prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 December 2009 as extracted from the published annual report of the Company for the year ended 31 December 2009, after incorporating the pro forma adjustments as described in the accompanying notes to illustrate the effects of the Capital Reorganisation, the Rights Issue and the Acquisition.

The unaudited pro forma consolidated statement of cash flows has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the cash flows of the Group for the year ended 31 December 2009 or any future periods.

	The Group Year ended 31 December 2009	**The Target Group Year ended 31 December 2009**	**Pro forma adjustments**		**Pro forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		Note 4.1			
Cash flows from operating activities					
Profit/(Loss) before income tax	(143,729)	3			(143,726)
Adjustments for:					
Depreciation of property, plant and equipment	97	1			98
Depreciation of investment properties	376	—			376
Provision for impairment losses on trade receivables	399	—			399
Reversal of provision for impairment loss on trade receivables	(676)	—			(676)
Fair value loss on derivative component of convertible notes	127,262	—			127,262
Loss on disposal of property, plant and equipment	294	—			294
Finance costs	10,039	—			10,039
Interest income	(1)	—			(1)

	The Group Year ended 31 December 2009 *HK$'000*	The Target Group Year ended 31 December 2009 *HK$'000* *Note 4.1*	Pro forma adjustments *HK$'000*	*Notes*	Pro forma Enlarged Group *HK$'000*
Operating loss before working capital changes	(5,939)	4			(5,935)
Increase in trade and other receivables	(14,975)	(275)			(15,250)
(Decrease)/Increase in amount due to a director	(862)	—			(862)
Increase in amount due to the shareholder	—	28			28
Increase in trade and other payables	15,831	861			16,692
Cash (used in)/generated from operations	(5,945)	618			(5,327)
Income taxes paid	(4,123)	(2)			(4,125)
Interest paid	(6,244)	—			(6,244)
Net cash (used in)/generated from operating activities	(16,312)	616			(15,696)
Cash flows from investing activities					
Payment of consideration for the Acquisition, net of cash and cash equivalents of the Target Group acquired	—	—	(180,000)	*4.2*	
			40	*4.2*	(179,960)
Interest received	1	—			1
Purchase of property, plant and equipment	(82)	(10)			(92)
Proceeds from disposal of property, plant and equipment	41	—			41
Deposits received for disposal of investment properties	1,820	—			1,820
Net cash generated from/(used in) investing activities	1,780	(10)			(178,190)
Cash flows from financing activities					
Net proceeds from issue of shares	186,117	10			186,127
Estimated net proceeds from the Rights Issue	—	—	208,600	*4.3*	208,600
Proceeds from issue of convertible notes	18,000	—			18,000
Share issue expenses	(4,319)	—			(4,319)
Repayment of promissory note	(100,000)	—			(100,000)
Net cash generated from financing activities	99,798	10			308,408
Net increase in cash and cash equivalents	85,266	616			114,522
Cash and cash equivalents at beginning of year	11,888	40	(40)	*4.2*	11,888
Cash and cash equivalents at end of year	97,154	656			126,410

Notes to unaudited pro forma consolidated statement of cash flows

4.1 The adjustments reflect the inclusion of the cash flows of the Target Group, as if the Acquisition had been completed at the commencement of the period reported on. The balances have been extracted from the audited combined statement of cash flows of the Target Group for the year ended 31 December 2009 as set out in Appendix II to this circular.

4.2 The adjustments reflect the payment of the consideration for the Acquisition of HK$180,000,000, net of cash and cash equivalents of the Target Group acquired, as if the Acquisition had been completed at the commencement of the period reported on. This adjustment is not expected to have a continuing effect on the Enlarged Group.

4.3 The adjustments reflect the estimated net proceeds of the Rights Issue of approximately HK$208,600,000, as if the Rights Issue had been completed at the commencement of the period reported on. This adjustment is not expected to have a continuing effect on the Enlarged Group.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

12 November 2010

The Board of Directors
21 Holdings Limited
10th Floor, 88 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

We report on the unaudited pro forma financial information of 21 Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), and Vigour Well Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Enlarged Group"), comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group (the "Unaudited Pro Forma Financial Information"), as set out in Section A entitled "Unaudited Pro Forma Financial Information of the Enlarged Group" in Appendix III to the Company's circular dated 12 November 2010 (the "Circular"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Capital Reorganisation, the Rights Issue and the Acquisition (as defined in the Circular) might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix III to the Circular.

Respective responsibilities of the directors of the Company and the reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group as at 30 June 2010 or any future date; or

- the results or cash flows of the Enlarged Group for the year ended 31 December 2009 or any future periods.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Pro Forma NTA Statement") of the Group which has been prepared in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Capital Reorganisation and the Rights Issue on the net tangible assets of the Group as if the Capital Reorganisation and the Rights Issue had been completed on 30 June 2010.

The Pro Forma NTA Statement has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 30 June 2010 or any future date; or (ii) the consolidated net tangible assets per share of the Group as at 30 June 2010 or any future date.

		HK$'000
Unaudited consolidated net assets of the Group as at 30 June 2010	*Note 1*	296,349
Less: Intangible assets (goodwill) of the Group as at 30 June 2010	*Note 1*	(256,000)
Unaudited adjusted consolidated net tangible assets of the Group as at 30 June 2010 (before completion of the Rights Issue)		40,349
Add: Estimated net proceeds from the Rights Issue	*Note 2*	208,600
Unaudited pro forma adjusted consolidated net tangible assets of the Group after completion of the Rights Issue		248,949
Unaudited adjusted consolidated net tangible assets per Existing Share based on 2,253,911,490 Existing Shares in issue as at the Latest Practicable Date and before completion of the Capital Reorganisation and the Rights Issue		HK$0.018
Unaudited adjusted consolidated net tangible assets per Adjusted Share based on 112,695,574 Adjusted Shares after the Capital Reorganisation but before completion of the Rights Issue		HK$0.358
Unaudited pro forma adjusted consolidated net tangible assets per Adjusted Share based on the enlarged issued share capital of 1,239,651,314 Adjusted Shares immediately after completion of the Capital Reorganisation and the Rights Issue	*Note 3*	HK$0.201

Notes:

1. The figures have been extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010 as extracted from the published interim report of the Company for the six months ended 30 June 2010.

2. The estimated net proceeds from the Rights Issue of approximately HK$208,600,000 are based on the proceeds of approximately HK$214,120,000 from the issue of 1,126,955,740 Rights Shares at the Subscription Price of HK$0.19 per Rights Share on the basis of ten Rights Shares for every one Adjusted Share held on the Record Date and payable in full on acceptance, less estimated expenses for the Rights Issue of approximately HK$5,520,000.

3. Based on the enlarged issued share capital of 1,239,651,314 Adjusted Shares after completion of the Rights Issue (comprising (i) 112,695,574 Adjusted Shares after the Capital Reorganisation but before completion of the Rights Issue and (ii) 1,126,955,740 Rights Shares to be issued by way of the Rights Issue).

4. Other than those pro forma adjustments relating to the Capital Reorganisation and the Rights Issue, the Pro Forma NTA Statement does not take account of any trading or other transactions subsequent to the date of the financial statements included in the Pro Forma NTA Statement.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

12 November 2010

The Board of Directors
21 Holdings Limited
10th Floor, 88 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Introduction

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma NTA Statement") of 21 Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Capital Reorganisation and the Rights Issue (as defined in the Circular) might have affected the financial information presented, for inclusion in the Company's circular dated 12 November 2010 (the "Circular"). The basis of preparation of the Unaudited Pro Forma NTA Statement is set out in Section A of Appendix IV of the Circular.

Respective responsibilities of the directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma NTA Statement in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma NTA Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma NTA Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma NTA Statement with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma NTA Statement has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma NTA Statement as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma NTA Statement is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 30 June 2010 or any future date; or (ii) the consolidated net tangible assets per share of the Group as at 30 June 2010 or any future date.

Opinion

In our opinion:

a. the Unaudited Pro Forma NTA Statement has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma NTA Statement as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

The following is the text of a letter prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 30 September 2010 of the market value of a 100% equity interest in Vigour Well Limited.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

Suite 11-18, 31/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
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Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

12 November 2010

The Directors
21 Holdings Limited
10th Floor
No. 88 Gloucester Road
Wan Chai
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from 21 Holdings Limited (referred to as the "Company") for us to provide our opinion on the market value of a 100% equity interest in Vigour Well Limited (referred to as the "Target Company") and its subsidiaries (referred to as the "Target Group") as at 30 September 2010 (the "date of valuation").

This report includes the background of Target Group, a brief industry overview, the basis of valuation and assumptions. It also explains the valuation methodology applied and presents our conclusion of value.

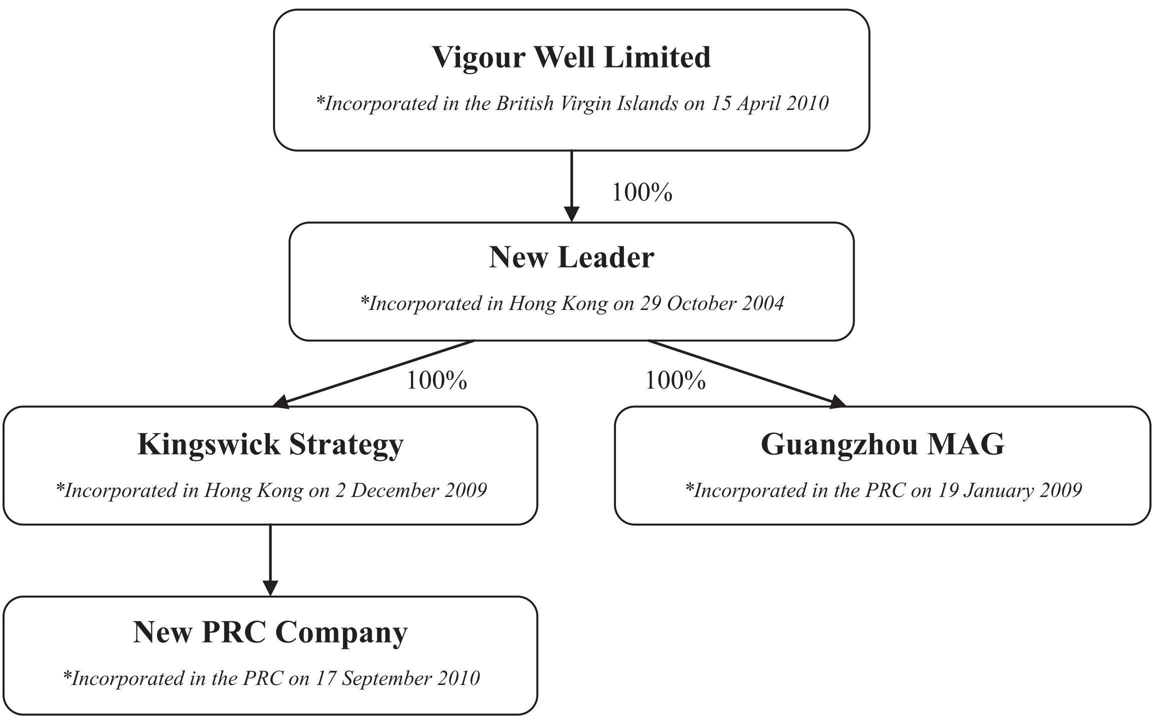
BASIS OF VALUATION

This valuation has been carried out on the basis of market value. Market value is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

BACKGROUND OF THE TARGET GROUP

The Company is planning to acquire the 100% equity interest in the Target Group (the "Acquisition"). The Target Company is a company incorporated in the British Virgin Islands with limited liabilities. Its principal activity is investment holding. The Target Company has 100% ownership in New Leader Limited樂穎有限公司 (referred to as "New Leader"), which holds 100% equity interest in both Kingswick Strategy Limited 經緯策略有限公司 (referred to as "Kingswick Strategy") and 廣州美澳高房地產投資諮詢有限公司 (Guangzhou MAG Real Estate Investment Consultants Limited**) (referred to as "Guangzhou MAG"). New Leader and Kingswick Strategy were incorporated with limited liabilities in Hong Kong on 29 October 2004 and 2 December 2009, respectively, while Guangzhou MAG was incorporated in the People's Republic of China (referred to as the "PRC") on 19 January 2009. 廣東經策房地產顧問有限公司 (Guangdong Kingstar Strategic Consultants Ltd**) (referred to as "New PRC Company") is wholly-owned by Kingswick Strategy and was incorporated in the PRC on 17 September 2010.

Please refer to below for the group chart of the Target Group upon completion of the Acquisition:



The Target Group is principally engaged in provision of real estate agency, marketing and information enquiry services to real estate developers in the PRC on their first-hand residential, retail and commercial properties projects.

The Target Group had entered into business agreements with different property developers under which members of the Target Group agreed to provide services as consultant and/or sales and leasing agent for various first-hand real estate development projects in the PRC. These projects, which comprise residential, retail and commercial properties, are principally located in Guangdong Province, the PRC. The Target Group will be entitled to a commission income calculated by the relevant sales proceeds in these real estate projects multiplied by the commission rate as agreed under the respective business agreements and monthly rental of the premises leased.

Below is a list of projects held by the Target Group which will generate sales in 2011:

No.	Project Name	Project Location	Usage	Gross Floor Area (approximate) (square meter)	Contract Period	Commission Rate
1	歐亞山莊 (Euro-Asia Villa**)	Guangzhou	Residential	100,000	2/5/2010 until 12 months after public announcement of the date of offering when pre-sale permit has been obtained	0.8%-1.2%
2	嘉駿豪苑二期[5] (Jia Jun Haoyuan, Phase II**)	Guangzhou	Residential and commercial	40,000	3/4/2010 until 12 months after public announcement of the date of offering when pre-sale permit has been obtained	0.9%-1%
3	清溪嘉利項目 (嘉利豪庭)[2] (Qingxi Jiali Project (Jiali Haoting)**)	Dongguan	Residential and commercial	46,000	1/1/2010 until 12 months after obtaining of the pre-sale permit	0.5%-1.2%
4	富盈・比華利山 (Cinese Beverly Hills**)	Yangjiang	Residential	97,000[1]	2/11/2009 until 15 months after announced publicly the date of offering when pre-sale permit has been obtained	0.7%-1.2%
5	恩平・富盈城 (Enping Cinese Town**)	Enping	Residential and commercial	180,000[1]	2/11/2009 until 15 months after announced publicly the date of offering when pre-sale permit has been obtained	0.7%-1.2%
6	鑫泰・金色藍灣[3] (Xintai Jinse Lanwan** (currently known as "公園一號" (Park One)**)	Zhanjiang	Mainly residential	450,000	22/4/2010 until 18 months after signing of the first sale and purchase agreement	0.8%-1.5%
7	名冠・駿凱豪庭[4] (Mingguan Jun Kai Haoting**)	Jiangmen	Residential and commercial	1,480,000 (planned total construction area)	1 year from 25/8/2010 and may automatically renew for 1 year	3%

Note 1. The total gross floor area is not stated in the business agreements. Instead, the figures represent the Total Site Area.

Note 2. The real estate developer has the right to terminate the agreement given one month written notice and termination payment of RMB100,000.

Note 3. The real estate developer has the right to terminate the agreement given one month written notice and termination payment of RMB300,000.

Note 4. The real estate developer has the right to terminate the agreement given three months written notice.

Note 5. There is an option to lease out the commercial part of the property, which represents less than 1% of the total selling area of the above seven agreements.

In addition, the Target Group has signed the leasing manager agreement for a shopping complex in Beijing whereby the Target Group was appointed by the lease holder of the shopping complex to provide leasing and marketing services pursuant to which the Target Group undertakes that the income from the shopping complex will not be less than the rental payable by the lease holder and the Target Group is entitled to remuneration based on the income generated from the shopping complex.

No.	Project Name	Project Location	Usage	Leasing Manager Contract Area (square meter)	Contract Period	Annual Rental Expense	Remuneration Rate (before rental expense) (per day per square meter)
8	翠微路30號 (No.30 Cuiwei Road**)	Beijing	Rental	1,448	21/3/2010-20/3/2019	RMB2,160,000	RMB5.8-RMB11

INDUSTRY OVERVIEW

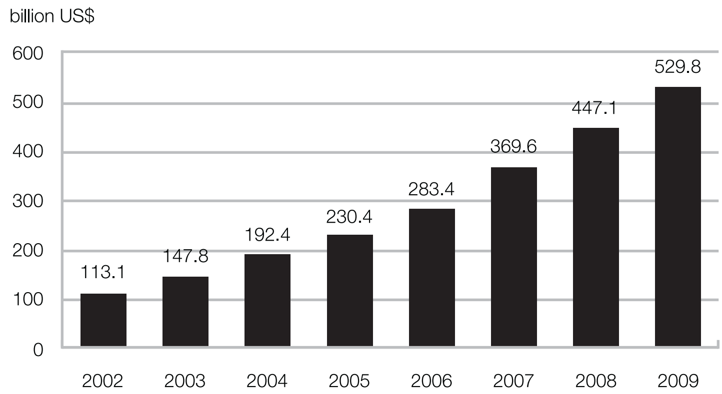
General Development in the PRC's Real Estate Industry

The financial crisis in 2008 has greatly upset the real estate development in the PRC. However, since 2009, the market starts to rebound. Real estate entrepreneurs have enhanced their confidence in the market and therefore, more investments were carried out. In 2009, fixed assets investment in the PRC has reached RMB19.4 trillion with year-on-year growth rate of 30.5%. Among that, the investment in the real estate development was RMB3.6 trillion, representing an increase of 16.1% than that in 2008.

According to the National Bureau of Statistics of the PRC, the real estate market in the PRC has experienced a steady expansion throughout the last 8 years. On average, the year-on-year increase of total investment in real estate development is 21.7%.

Below is the historical trend of the PRC real estate development:

Total Investment in Real Estate Development



Source: National Bureau of Statistics

With the recovery of the real estate market, house prices in some cities show excessive growth and thus, creating real-estate speculation. The bubble has led the Chinese government to issue a series of policies to curb the rapid growth of house prices. With the implementation of the tight policy in the real estate industry, such as curbing bank's real estate lending by increasing the level of required bank reserve and higher mortgage rates and down-payment ratios for second homes, investment and speculative demands are expected to reduce to some degree.

However, historical data reinforce that real estate market price is principally affected by economic factors such as demand and supply. The PRC government has increased the interest rate from 2006 to 2008 to suppress the real estate market; however, the real estate market was not severely dampened. The following tables demonstrate the changes in interest rate and the respective changes in Guangdong Province's real estate market price.

Table 1: Changes in interest rate in the PRC

Period	1-year Lending Rate in the PRC	Year-on-year % Change
First Half of 2010	5.56	4.7%
Average in 2009	5.31	-26.0%
Average in 2008	7.18	6.9%
Average in 2007	6.71	14.5%
Average in 2006	5.86	5.1%
Average in 2005	5.58	

Table 2: Real estate market prices in Guangdong Province

Period	Average Price per Square Meter	Year-on-year % Change
First Half of 2010	7,224	17.5%*
2009	6,518	9.2%
2008	5,970	1.3%
2007	5,891	10.9%
2006	5,314	

* compared to the average price of first half of 2009

According to a research report published by a reputable financial institution in 2010, there are several factors to support the long term growth of the real estate market in the PRC. The first factor is housing upgrade. It is estimated that two-thirds of the properties were constructed before the housing reform in 1998 and during the early years posts the reform, the properties were well below the quality level desired by today's population in the PRC.

The second factor is housing affordability. It is estimated that the top 40% urban population could afford the mortgage payment while maintain a comfortable living standard. The current commercialized homeownership ratio is 22%, and there is significant potential for the homeownership ratio to grow.

The third factor is increasing urbanization in the PRC. By the end of 2009, the urbanization ratio is 47%, and the central government targets to increase the ratio to 50% and 65% by 2015 and 2030 respectively. With the increasing urbanization, the demand for commodity property will increase as well.

Affected by to the above factors, the real estate market price may fluctuate temporarily due to short term market information (e.g. interest rate fluctuation); but in the long term, the real estate market price will steadily go upward based on the unbalanced demand and supply of the real estate market in the PRC.

Guangdong Province's Real Estate Market

Due to the rising economic development, the real estate market of Guangdong Province has been encountering steady growth throughout 2006 to 2009. Investment in real estate development has increased from RMB183.4 billion in 2006 to RMB296.1 billion in 2009, represents a growth of 61.5%. Total commodity flats sold from 2006 to 2009 has also shown an upward trend from 51 million square meters in 2006 to 70.4 million square meters in 2009.

The investment in real estate development of Guangdong from 2006 to 2009 is represented as follows:

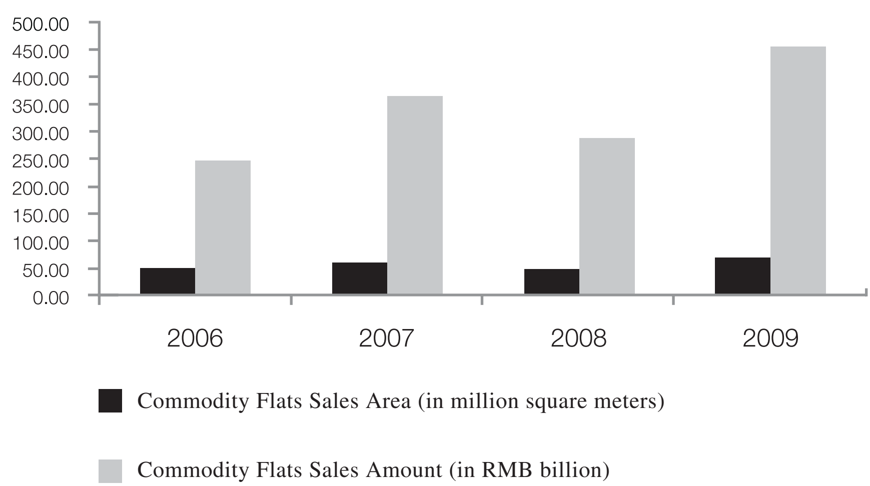
Investment in Real Estate Development 2006-2009

Source: Guangdong Real Estate website (www.gdfdc.com)

Affected by the financial crisis in 2008, the real estate development has greatly deteriorated, as demonstrated by the drop of commodity flat sales area and sales amount in 2008 in the figure below. Nevertheless, the market recovered and achieved a quick rebound in 2009.

The commodity flats sales area and sales amount from 2006 to 2009 are shown in the following figure:

Commodity Flats Sales Area and Sales Amount 2006-2009



Source: Guangdong Real Estate website (www.gdfdc.com)

For the first half of 2010, GDP of Guangdong Province has continued to achieve sustainable growth. Investment in real estate development amounted to RMB150.8 billion, representing a growth of 32.8% than in first half of 2009. Investment in real estate development to GDP was 7.7% for the first half of 2010, which is higher than that in the same period in 2009.

Statistics on Investment in Real Estate Development in Guangdong Province (in RMB billion)

Period	GDP	Fixed Assets Investment	Investment in Real Estate Development	Fixed Assets Investment to GDP	Investment in Real Estate Development to Fixed Assets Investment	Investment in Real Estate Development to GDP
Jan - Jun 2009	1,653.8	525.2	113.6	31.8%	21.6%	6.9%
Jan - Jun 2010	1,966.8	644.9	150.8	32.8%	23.4%	7.7%
Growth (%)	18.9	22.8	32.8	1.0	1.8	0.8

Note: The figures may not add up due to rounding.

Source: Guangdong Real Estate website (www.gdfdc.com)

Total Investment in residential, office and retail and commercial properties for the first half of 2010 were RMB106.7 billion, RMB5.7 billion and RMB14.2 billion respectively. All these categories achieved significant growth as compared to the same period in 2009, i.e. growth of at least 30% in each category.

Investment in Real Estate Development According to Usage (in RMB billion)

Period	Residential	Office Building	Retail and Commercial	Other Investments	Total Investment in Real Estate Development
Jan - Jun 2009	82.1	4.1	10.5	16.9	113.6
Jan - Jun 2010	106.7	5.7	14.2	24.2	150.8
Growth (%)	30.0	39.0	35.2	43.4	32.8

Note: The figures may not add up due to rounding.

Source: Guangdong Real Estate website (www.gdfdc.com)

Compared with the first half of 2009, total area for commodity flats sold was 3.2% lower. However, total sales amount and the average price of the commodity flats have increased by 13.7% and 17.5% year-on-year respectively. This shows that the real estate market in the PRC has continued to grow despite the government's measures in curbing down the overheated real estate market. The average growth rate on sales of commodity flats for first half of 2010 is 18.4% as compared to the corresponding period of previous year.

Statistics on Real Estate Transactions

Period	**Commodity Flats Sales Area (in million square meters)**	**Average Price per Square Meter (in RMB)**	**Commodity Flats Sales Amount (in RMB billion)**
Jan - Jun 2009	29.5	6,148.0	181.1
Jan - Jun 2010	28.5	7,224.0	206.0
Growth (%)	-3.2	17.5	13.7

Note: The figures may not add up due to rounding.

Source: Guangdong Real Estate website (www.gdfdc.com)

Beijing's Real Estate Market-Retail Lease

According to Beijing Statistical Information Net, total investment in real estate development from January 2010 to July 2010 is RMB145.2 billion, representing a 20.5% growth as compared to the corresponding period of previous year.

Gross floor area for newly commenced projects on commodity flats for the period is 131.5 million square meters, representing a growth of 39.4% as compared to the corresponding period of previous year. Gross floor area for newly commenced retail and commercial projects has accounted for 8.4% of the total newly commenced projects, which is 11 million square meters, representing an increment of 36.7% than the previous period.

On the other hand, gross floor area for completed projects on commodity flats for the period is 86.9 million square meters. There is a slight decline of 6% as compared to that of last year. Gross floor area for completed retail and commercial projects has accounted for 14.5% of the total completed projects, which is 12.6 million square meters, a growth of 24.4% than the previous period.

According to Beijing Statistics Bureau, Beijing residents' disposable income and retail sales increased by 8.7% and 15.8% year-on-year respectively during January to May 2010, and it has suggested that the growing momentum should continue over the rest of 2010. To enjoy the fast expanding consumer market, both overseas and local retailers from luxury fashion brands, food and beverage, watches, home and lifestyle, jewellery and cosmetics sectors are planning to enter or further penetrate into the local market which greatly boosted the demand of retail lease.

According to a research done by Colliers International, optimism in the market was reflected in the second quarter of 2010, with dropping vacancy rate and increasing rents on both a quarter-on-quarter and year-on-year basis. Benefiting from the robust leasing demand and the favourable pre-leasing performance in new completions, the overall vacancy rate of Beijing's mid-to high-end shopping centres dropped by 1.8% quarter-on-quarter, to 14.3% in second quarter of 2010.

Also, many landlords have held firm to, or even raised their rentals to the level before the financial crisis. Colliers International has indicated in second quarter of 2010, the average ground floor fixed rent in Beijing's mid-to high-end shopping centres increased by 2.8% quarter-on-quarter or 5% year-on-year, demonstrating a sound and virtual market improvement relative to the previous year.

SOURCE OF INFORMATION

For the purpose of our valuation, we have been furnished with the financial and operational data related to the Target Group, which were given by the senior management of the Target Group.

The valuation of required consideration of all pertinent factors affecting the economic benefits of the Target Group and its abilities to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- The business nature and the history of the Target Group from the inception of its members;
- The financial information of the Target Group;
- The specific economic environment and competition for the market in which the Target Group operates or will operate;
- The financial and business risks of the Target Group, including the continuity of income and the projected future results;
- The business agreements for Projects 1 to 7 and the leasing manager contract for Project 8; and
- The market derived investment returns of entities engaged in similar lines of business.

SCOPE OF WORKS

In the course of our valuation work, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the Target Group:

- Interviewed with the senior management of the Target Group;
- Obtained all relevant financial and operational information in respect of the Target Group;
- Examined all relevant bases and assumptions of both the financial and operational information in respect of the Target Group, which were provided by the senior management of the Target Group;
- Conducted appropriate research in order to obtain sufficient industrial information and statistical figures;
- Prepared a business financial model based on generally accepted valuation procedures and methodologies to derive our concluded value; and
- Presented all relevant information on the background of the Target Group, an industry overview, the basis of valuation, the source of information, the scope of works, the valuation assumptions, the valuation methodology and our conclusion of value in this report.

VALUATION ASSUMPTIONS

Due to the changing environment in which the Target Group operates or will operate, a number of assumptions had to be established in order to sufficiently support our concluded opinion of value of the Target Group. The major assumptions adopted in our valuation were:

- There will be no major changes in the existing political, legal and economic conditions in the jurisdiction where the Target Group operates or will operate, which will materially affect the revenues generated;

- There will be no major changes in the current taxation law in the jurisdiction related to the Target Group, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;

- The core business operation of the Target Group will not differ materially from those of present or expected;

- The financial projections in respect of the Target Group have been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration by the senior management of the Target Group;

- The Target Group has adopted appropriate contingency measures against any human disruptions or natural disasters that will materially affect the business operation of the Target Group;

- Economic conditions will not deviate significantly from economic forecasts;

- Upon completion of the Acquisition, Guangzhou MAG will be 100% held by New Leader as a wholly-foreign-owned-enterprise;

- The Target Group possesses all the relevant licenses and approvals necessary for carrying on the business operation of the Target Group upon completion of the Acquisition;

- Upon completion of the Acquisition, the Target Group effectively holds the business agreement listed above; and

- The business agreements and the leasing manager contract will not be terminated by the relevant real estate developers, the lessee or the Target Group.

VALUATION METHODOLOGY

Three generally accepted valuation methodologies have been considered in valuing the Target Group. They are the market approach, the cost approach and the income approach.

The market approach provides indications of value by comparing the assets subjected to valuation to similar businesses, business ownership interests and securities that have been sold in the market, with appropriate adjustments for the differences between the assets subjected to valuation and the comparable assets.

The cost approach provides indications of value by studying the amounts required to recreate the asset for which a value conclusion is desired.

The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the asset than an amount equal to the present worth of anticipated future benefits from the same or a substantially similar asset with a similar risk profile.

Among the three approaches, the cost approach was regarded not appropriate in the valuation. The cost approach does not take future growth potential of the Target Group. Furthermore, cost approach only considers the costs of recreating the Target Group and the costs may not represent the market value. The income approach was also considered inadequate in the valuation. Income approach relies on detailed forecasts on profits, earnings or cash flows, and a lot of assumptions have to be made in determining the forecasts. Any inappropriate assumption would greatly affect the accuracy of the valuation. Market approach provides indications of value by comparing the business subjected to valuation to similar companies that have been traded in the market.

Therefore, we determined that the market approach was the most appropriate approach for the valuation of the Target Group.

In our valuation, the guideline public company method was adopted. The guideline public company method entails a comparison of the subject company to publicly-traded companies. The comparison is generally based on published data regarding the public companies' stock price and financials, which is expressed as a fraction known as a "multiple". The advantage of this method is the potentially large pool of guideline companies and the significant descriptive, financial and trading information available.

By considering that the principal business of the Target Group is provision of real estate agency services in the PRC, The following companies have been extracted from Bloomberg for our selection:

Company Name	**Bloomberg Ticker**
Hopefluent Group Holdings Limited ("Hopefluent")	733 HK
Midland Holdings Limited ("Midland")	1200 HK
Fortune Sun China Holdings Limited ("Fortune Sun")	352 HK
21 Holdings Limited	1003 HK
Shenzhen World Union Properties Consultancy Co., Limited ("Shenzhen World Union")	002285 CH
E-House (China) Holdings Limited ("E-House (China)")	EJ US

Comparative analysis was then carried out to compare the Target Group and the selected companies in the field of the business nature, target market, place of operation and availability of projected sales. The comparable companies for the Target Group were then selected based on the following criteria:

— the companies were principally engaged in the real estate agency business;

— the real estate agency business were principally focus on primary market;

— the companies' principal businesses were located in the PRC; and

— the projected sales in 2011 were available from Bloomberg.

The table presents the reasons for which the following companies are not being selected as the comparable companies of the Target Group:

Company Name	**Reason for Not Being Selected**
Hopefluent	Less than a half of its revenue is from first-hand real estate market.
Midland	Its business is principally located in Hong Kong.
Fortune Sun	The projected sales is not available from Bloomberg.
21 Holdings Limited	Its business is principally located in Hong Kong.

Therefore, an exhaustive list of the selected two comparable companies is listed below:

Comparable Company 1

Name of Company	:	Shenzhen World Union Properties Consultancy Co., Limited
Bloomberg Ticker	:	002285 CH
Stock Market	:	the PRC
Core Businesses	:	Shenzhen World Union develops and invests in real estate. The principal business of the company is real estate agency, consultancy and management services.
Business Location	:	Pearl River Delta Region-the PRC, Areas Surrounding Bo Sea-the PRC, Yangtze Delta Region-the PRC

Comparable Company 2

Name of Company	:	E-House (China) Holdings Limited
Bloomberg Ticker	:	EJ US
Stock Market	:	United States
Core Businesses	:	E-House (China) principally offers real estate services. The company offers primary agency services to residential real estate developers; lists and brokers properties for resale; offers land acquisition consulting and real estate development; and real estate online and advertising services. The principal business is real estate agency service.
Business Location	:	the PRC

We have reviewed the public information of the selected comparable companies including financial statements, annual reports and announcements, and no specific factors which may materially distort the valuation were found.

Please refer to the following tables for the analysis in comparables:

	002285 CH	**EJ US**
Business Location	100% of the sales were generated from the PRC. Approximately 70% of sales are derived from Guangdong Province.	100% of the sales were generated from the PRC, including Guangdong Province.

Both comparable companies' businesses are all located in the PRC and all of the sales are generated from the PRC which is the same of the Target Group. The real estate prices in different cities of the PRC generally have similar growth pattern in history. Therefore, it is considered that the selected two companies are comparable in terms of business location.

	002285 CH	**EJ US**
Target Market	Approximately 90% of its revenue was generated from first-hand real estate market.	Approximately 60% of its revenue was generated from first-hand real estate market.

Majority of both comparable companies' sales are generated from first-hand real estate market, which is similar to that of the Target Group. The 2 companies are comparable in terms of the target market.

	002285 CH	**EJ US**
2009 Sales	RMB738 million	RMB2,046 million
Market Capitalization	approx.RMB7,120 million	approx. RMB9,600 million
EV/Sales	5.22	3.53

No clear direct relationship is observed between size and EV/Sales multiple. Large company does not have a premium over the smaller one. Size difference is not relevant in the valuation.

The "EV/Sales" multiple has been adopted to value the equity interest of the Target Group. "Enterprise value" is defined as the sum of claims of all the security-holders, including the debt holder, preferred shareholders, minority shareholders and common shareholders, which can also be described as follows:

Enterprise value = market capitalization + preferred equity + minority interest + short-term and long-term interest-bearing debt - cash and cash equivalents

The rationale for subtracting cash and cash equivalents is that an acquirer's net price paid for the Acquisition of Target Group would be lowered by the amount of the Target Group's cash and cash equivalents.

We have determined the "enterprise value to sales" ("EV/Sales") multiples of the two comparable companies. Then, we multiplied the annual projected sales of the Target Group by the average predicted enterprise value to sales of the two comparable companies. Since enterprise value is not identical to the market value of equity interest, it was adjusted for preferred equity, minority interest, short-term and long-term interest-bearing debt, and cash and cash equivalents to come up with the market value of the equity interest of the Target Group. The estimated sales figures extracted from Bloomberg are adopted for the selected comparable companies. The estimated sales figures extracted from Bloomberg are the consensus values in which several analysts' projections done by professional equity research firms are taken into account and consolidated by Bloomberg. An equity research report done by a professional analyst encompasses procedures such as, regular interviews with management, industry research, accounting and financial analysis, and spread sheet modelling, etc., before projections could be made. We have not identified any specific factor that may materially distort the results of the valuation by considering the available assumptions of the accessible research reports.

Both the comparable companies and the Target Group are expected to have rapid growth in coming years, owing to the fast growing property market in the PRC. By considering that both the comparable companies and the Target Group are focused on the first-hand real estate market in the PRC, the selected comparable companies are considered comparable to the Target Group. Direct comparison method is therefore justified for the valuation.

The details including the EV/Sales multiples of the comparable companies engaging in real estate agency business in the PRC are listed below:

Company	**Bloomberg Ticker**	**EV/Sales**
Shenzhen World Union	002285 CH	5.22
E-House (China)	EJ US	3.53
Average:		4.38

(Source: Bloomberg)

The EV/Sales multiples adopted in the valuation for real estate agency business in the PRC is 4.38, being the average multiples of the two comparable companies listed above. The US equity market is considered to be a more mature market and generally has a lower valuation compared to the PRC equity market. E-House (China) has a lower EV/Sales multiple than Shenzhen World Union. By taking into account the comparable company in the US market (i.e. E-House (China)), the valuation is more prudent.

The sales figure in year 2011 was adopted in the valuation. Sales figures in years 2009 and 2010 were not adopted as the Target Group has been undergoing a growth stage. Since the agreements have been signed in years 2009 and 2010 after the commencement of business of Kingswick Strategy and Guangzhou MAG in year 2009, there will be a time gap between the signing of contract and revenue generation. Concluding from the above, most of the revenue derived from the agreements will not be accounted until year 2011 and thereafter. On the other hand, since the company is negotiating for other potential agency service agreement for first-head real estate projects with developers on an on-going basis, it is expected that revenue would further be enhanced in year 2012 and thereafter. Therefore, the sales figure in year 2011 was adopted in the valuation.

Only one of the Target Group on a non-exclusive basis, and as advised by the senior management of Target Group, only 10% of the project's total selling area will be considered in the projected sales over four years.

As advised by the Target Group, based on their previous experience in real estate industry in the PRC and the cordial relationship with project developers, coupled with the competitive commission rate, offered by the Target Group, those contracts are unlikely to be terminated.

The commission income is calculated as the expected property sales amount multiplied by the respective commission rate. The expected property sales amount is calculated by the expected sales area multiplied by the price per square meter.

Below is the list of the price per square meter for luxury houses, apartments and commercial properties of Guangdong Province for deriving the total sales from the signed agreements for the Target Group in 2011:

	Luxury Houses	**Apartments**	**Commercial**
Price per square meter (RMB)	8,000-22,000	4,000-9,000	16,000-20,000

The expected commission income from each agreement is shown in the following table:

No.	**Project Name**	**Project Type**	**Expected Sales Area in 2011 (square meter)**	**Commission Rate**	**Expected Commission Income in 2011 (RMB Million)**
1	歐亞山莊 (Euro-Asia Villa**)	Luxury houses and apartments	57,799	0.8%-1.2%	9.7
2	嘉駿豪苑二期 (Jia Jun Haoyuan, Phase II**)	Apartments and commercial	34,584	0.9%-1%	2.6
3	清溪嘉利項目 (嘉利豪庭) (Qingxi Jiali Project (Jiali Haoting)**)	Apartments and commercial	38,420	0.5%-1.2%	2.8
4	富盈‧比華利山 (Cinese Beverly Hills**)	Luxury houses and apartments	40,788	0.7%-1.2%	3.9
5	恩平‧富盈城 (Enping Cinese Town**)	Luxury houses, apartments and commercial	47,447	0.7%-1.2%	3.6

No.	Project Name	Project Type	Expected Sales Area in 2011 (square meter)	Commission Rate	Expected commission Income in 2011 (RMB Million)
6	鑫泰・金色藍灣 (Xintai Jinse Lanwan**) (currently known as "公園一號" (Park One)**)	Apartments and commercial	79,275	0.8%-1.5%	8.0
7	名冠・駿凱豪庭 (Mingguan Jun Kai Haoting**)	Luxury houses, apartments and commercial	33,100	3%	6.6
8	翠微路30號 (No. 30 Cuiwei Road**)	Shopping complex	1,580[1]	RMB5.8-RMB11[2]	4.8[3]

Note 1. The stated amount is the leased area.

Note 2. The stated amount is the remuneration rate per day per square meter.

Note 3. The stated amount is projected remuneration based on the income generated from the shopping complex.

The revenue from rental income of Project 8 is included in the total commission income. The reasons for inclusion of Project 8 for deriving the total commission income are as follows: a) the projected remuneration based on the income generated from the shopping complex does not constitute a substantial portion of the total income, b) the selected comparable companies also engage in businesses, inter alia, brokerage of leasing and online advertising, and c) there are no listed companies solely engaged in the leasing management business in the PRC.

We have adopted the sales included in the financial projections in respect of the Target Group provided by the senior management of the Target Group in our valuation. We have reviewed the signed business agreements of the Target Group and have verified the reasonableness of the expected sales and the average selling price for the projects on hand by the Target Group. Further, there is no clear pattern in history that the change in interest rate will have direct impact on the real estate market in the PRC. We have noted the average selling price for the projects adopted in the calculation are generally in line with the market price as at the valuation date, which should reflect all available market information as at such date. The sales areas in calculating the sales are also consistent with the business agreements. Moreover, the stated commission rates of the projects on hand are generally in line with that of the industry level. The total sales projected from the signed business agreements are approximately RMB42.0 million in 2011.

The enterprise value of the Target Group was then calculated by multiplying the EV/Sales multiples to the corresponding sales.

The enterprise value of the Target Group was calculated as follows:

RMB42.0 million x 4.38 = RMB184 million

The calculated enterprise value was then adjusted for the preferred equity, minority interest, short-term and long-term interest-bearing debt, and cash and cash equivalents, and initial capital expenditure was then deducted to arrive at the market value of the Target Group. The Target Group's cash balance was approximately RMB0.2 million and the Target Group had no preferred equity, minority interest or debt.

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. Compared with those comparable companies, the Target Group is not publicly traded and there's no ready market for its shares. Researches suggest the shares in a privately held company are usually worth less than the shares of otherwise comparable companies which are publicly listed. A discount of 25% was taken into account in the valuation of its being lack of marketability, which is determined with reference to EVCA Valuation Guidelines, March 2001, issued by European Private Equity & Venture Capital Association (EVCA).

Researches also suggest that there are differences between minority and controlling interest in most merger and acquisition transactions. Acquirers are usually willing to pay a premium for controlling interests compared to those minority interests. As the market capitalizations of those comparable companies were calculated based on the trading price of minority shares, and the 100% equity interest in the Target Group is a controlling interest, we adopted a 30% premium adjustment, which is determined with reference to FactSet Mergerstat LLC, Mergerstat Review 2006.

Taking into account the lack of marketability discount and the control premium, our concluded opinion value of the Target Group was arrived at as below:

Market Value of the Target Group * (1 - Lack of Marketability Discount) * (1 + Control Premium)

The concluded value of the Target Group is calculated as follows:

(RMB184 million + RMB0.2 million) x (1 - 25%) x (1 + 30%) = RMB180 million

REMARKS

For the purpose of this valuation and in arriving at our opinion of value, we have referred to the information provided by the senior management of the Target Group. We are unable to accept the responsibility and have had no reason to doubt the truth and accuracy of the information provided to us by the Target Group. We have also sought and received confirmation from the Target Group that no material facts have been omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis.

Unless otherwise specified, all money amounts stated herein are in Hong Kong Dollars (HK$) and no allowances have been made for any exchange transfers. The exchange rate adopted as at the date of valuation is RMB1=HK$1.1594.

** The English name of PRC companies are transliteration of their respective Chinese names included for information only and are not their official names.

CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices in accordance with the Business Valuation Standards published by the Hong Kong Business Valuation Forum in 2005, which rely substantially on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

Further, whilst the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Target Group or us.

Based on our investigation and analysis outlined in this report, it is our opinion that the market value of a 100% equity interest in the Target Group as at 30 September 2010 was **HK$210,000,000 (HONG KONG DOLLARS TWO HUNDRED AND TEN MILLION ONLY).**

We hereby certify that we have neither present nor prospective interest in the Company, the Target Group or the result reported.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C. H. Cheng
BSc, MUD, MBA(Finance), MSc(Eng), PhD(Econ), MHKIS, FRSM, MCIArb, AFA, SIFM, FCIM, SCIME, MASCE, MIET, MIEEE, MASME, MIIE
Managing Director

Marco T. C. Sze
B.Eng(Hon), PGD(Eng), MBA(Acct), CFA, AICPA/ABV, RBV
Director

Notes:

1. Dr. Tony C. H. Cheng serves as the Chairman of Institute of Mechanical Engineers, China and is a member of the Hong Kong Institute of Surveyors (General Practice), a member of the American Society of Civil Engineers, a member of the American Society of Mechanical Engineers and a member of Institute of Industrial Engineers (U.K.). He has over 10 years' experience in valuing similar assets or companies engaged in similar business activities as those of the Target Group worldwide.

2. Mr. Marco T. C. Sze is a holder of Chartered Financial Analyst, a member of the American Institute of Certified Public Accountants (AICPA) and is accredited in Business Valuation (ABV) by the AICPA. In addition, he is a Registered Business Valuer under the Hong Kong Business Valuation Forum. He has over 3 years' experience in valuing similar assets or companies engaged in similar business activities as those of the Target Group worldwide.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company immediately following the completion of the Rights Issue (assuming the Capital Reorganisation had become effective on the Latest Practicable Date and no further issue of Shares from the Latest Practicable Date to the Record Date) were as follows:

Authorised:		*HK$*
50,000,000,000	Adjusted Shares of HK$0.01 each	500,000,000.00
Issued and to be issued:		
112,695,574	Adjusted Shares in issue as at the Latest Practicable Date	1,126,955.74
1,126,955,740	Rights Shares to be allotted and issued under the Rights Issue	11,269,557.40
1,239,651,314	Adjusted Shares in issue immediately after completion of the Rights Issue	12,396,513.14

All the Rights Shares to be issued will, when issued and fully paid, rank pari passu with the Adjusted Shares to be issued in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt on/in any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares, the Adjusted Shares, Rights Shares or any other securities of the Company to be listed or dealt on/in any other stock exchange.

As at the Latest Practicable Date, Mr. Ng is holding the Convertible Note with an outstanding principal amount of HK$70,000,000 convertible into 167,464,114 Existing Shares at the conversion price of HK$0.418 per Existing Share (subject to adjustments).

Save for the above outstanding Convertible Note, the Company had no other outstanding convertible securities, options or warrants in issue or other similar rights which confer any right to convert or exchange into or subscribe for the Shares as at the Latest Practicable Date.

Dealings in the Shares and the Adjusted Shares may be settled through CCASS and you should consult your stockbroker or other registered dealer of securities, bank manager, solicitors, professional accountant or other professional adviser for details of these settlement arrangements and how such arrangements may affect your rights and interest.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the underlying Shares:

Name of Director	Capacity	Number of underlying Shares	Approximate percentage of shareholding
Mr. Ng	Beneficial owner	167,464,114 *(Note 1)*	7.43% *(Note 2)*

Notes:

1. Mr. Ng held the Convertible Note with an outstanding principal amount of HK$70,000,000 convertible into 167,464,114 Existing Shares at the conversion price of HK$0.418 per Existing Share (subject to adjustments).

2. The percentage of shareholding in the Company is calculated with reference to the number of Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(i) Long position in the Shares:

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Get Nice Holdings Limited	Interest of controlled corporations	600,000,000 *(Note 1)*	48.40% *(Note 3)*
Get Nice Incorporated	Interest of controlled corporations	600,000,000 *(Note 1)*	48.40% *(Note 3)*
Get Nice	Beneficial owner	600,000,000 *(Note 1)*	48.40% *(Note 3)*
Dr. Yeung Sau Shing, Albert	Founder of a trust	526,955,740 *(Note 2)*	42.51% *(Note 3)*
STC International Limited	Trustee	526,955,740 *(Note 2)*	42.51% *(Note 3)*
Million Way Holdings Limited	Interest of controlled corporations	526,955,740 *(Note 2)*	42.51% *(Note 3)*
Win Move Group Limited	Interest of controlled corporations	526,955,740 *(Note 2)*	42.51% *(Note 3)*
Emperor Capital Group Limited	Interest of controlled corporations	526,955,740 *(Note 2)*	42.51% *(Note 3)*
Emperor	Beneficial owner	526,955,740 *(Note 2)*	42.51% *(Note 3)*
Ms. Luk Siu Man, Semon	Interest of spouse	526,955,740 *(Note 2)*	42.51% *(Note 3)*
Sanfull Securities Limited	Beneficial owner	157,900,000 *(Note 4)*	12.74% *(Note 3)*
Mr. Kwong Chi Fai, Gorman	Beneficial owner	157,900,000 *(Note 4)*	12.74% *(Note 3)*

Notes:

1. These are the Rights Shares which Get Nice has underwritten pursuant the Underwriting Agreement. Get Nice is wholly-owned by Get Nice Incorporated which in turn is wholly-owned by Get Nice Holdings Limited.

2. These are the Rights Shares which Emperor has underwritten pursuant the Underwriting Agreement. Emperor is an indirect wholly-owned subsidiary of Emperor Capital Group Limited, the shares of which are listed on the Stock Exchange. 47.90% of the shares of Emperor Capital Group Limited are held by Win Move Group Limited. The entire issued share capital of Win Move Group Limited is held by Million Way Holdings Limited, which in turn is held by STC International Limited on trust for The Albert Yeung Discretionary Trust ("AY Trust"). Dr. Yeung Sau Shing, Albert, as founder of the AY Trust, and Ms. Luk Siu Man, Semon, as the spouse of Dr. Yeung Sau Shing, Albert, are deemed to be interested in the 526,955,740 Rights Shares by virtue of the underwriting commitment of Emperor.

3. The percentage of shareholding in the Company is calculated with reference to the number of Shares to be in issue immediately after completion of the Rights Issue.

4. These are the Rights Shares under sub-underwriting.

(ii) Interest in other members of the Group

Name of non-wholly owned subsidiary of the Company	Name of registered substantial shareholders (other than members of the Group)	Number of shares held	Approximate percentage of shareholding
Yanyan Force Limited	Ng Kai Lok, Paul	40 ordinary shares of HK$1 each	40%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

(i) As at the Latest Practicable Date, none of the Directors had, or had had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Enlarged Group since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

(ii) There is no contract or arrangement entered into by any member of the Enlarged Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group as a whole.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, interests of the Directors in competing businesses to the Group required to be disclosed pursuant to Rule 8.10 of the Listing Rules were set out as below:—

Name of Director	Name of entity	Nature of competing business	Nature of interest
Mr. Ng	Century 21 Best Mortgage Limited	provision of agency services for mortgage financing	director and shareholder
	Century 21 Singapore Holdings Pte Limited	provision of franchise and property agency services in Singapore	director and shareholder
	Century 21 Real Estate of Taiwan Ltd.	provision of franchise and property agency services in Taiwan	director and shareholder

Save as disclosed above, none of the Directors or their respective associates were interested in any business apart from the Group's businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

7. EXPERTS

The following is the qualifications of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Veda Capital	a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activities under the SFO
HLB Hodgson Impey Cheng	Certified Public Accountants
BMI Appraisals Limited	Professional valuation firm

As at the Latest Practicable Date, none of the above experts had direct or indirect shareholdings in any member of the Enlarged Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Enlarged Group, respectively, since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports or opinions and references to its name in the form and context in which they appear.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company or any other member of the Enlarged Group (excluding contracts expiring or which may be terminated by the Company within one year without payment of any compensation (other than statutory compensation)).

9. LITIGATION

On 8 October 2004, Mr. Kwok Chin Wing ("Kwok"), a former director of the Company, commenced legal proceedings (the "Action") against the Company in respect of the loans due from two former subsidiaries of the Company, namely, Rockapetta Industrial Company Limited and Grand Extend Investment Limited, for a sum of approximately HK$44.5 million together with accrued interests thereof.

In July 2006 Kwok made substantial amendments to his Re-Re-Amended Statement of Claim and joined Mr. Chan Sheung Wai ("Chan"), another former director of the Company, as second Defendant in the Action. Pleadings, discovery, inspection of documentary evidence and exchange of witness statements between the parties have been completed. In December 2009 Kwok set down the Action for trial and the High Court directed that the Action be tried on 3 January 2011 (hearing dates of 3 to 28 January 2011 are reserved). A pre-trial review has been held on 5 November 2010.

Both Counsel and the Solicitors acting for the Company have reviewed all pleadings, documentary evidence and witness statement and hold good of their advice that Kwok does not have a valid claim against the Company at all and the Company has good defence to the Action. With the benefit of the advice of Solicitors and Counsel acting for the Company, the directors of the Company formed the opinion that Kwok does not have a valid claim against the Company and therefore the Action is unlikely to have any material adverse financial impact on the Group.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

10. MATERIAL CONTRACTS

The following contracts have been entered into by the Enlarged Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

1. the conditional share placing agreement dated 17 December 2008 entered into between the Company and Hani Securities (H.K.) Limited as the placing agent in respect of the proposed placing of up to 220,000,000 Shares at a price of HK$0.15 per Share;

2. the conditional convertible notes placing agreement dated 17 December 2008 entered into between the Company and Get Nice as the placing agent in respect of the proposed placing of the convertible notes with an aggregate principal amount of up to HK$120,000,000;

3. the conditional investment collaboration agreement dated 24 July 2009 entered into between Century Profit Investments Limited ("Century Profit"), a wholly-owned subsidiary of the Company, and Champion Wind Energy Investment and Management Limited ("Champion") in relation to the establishment of a joint venture company for running renewable energy business in the PRC (the "Investment Collaboration Agreement");

4. the termination agreement dated 8 September 2009 entered into between Century Profit and Champion to terminate the Investment Collaboration Agreement;

5. the conditional share placing agreement dated 21 September 2009 entered into between the Company and Emperor as the placing agent in respect of the placing of up to 43,500,000 Shares at a price of HK$0.42 per Share;

6. the underwriting agreement dated 9 October 2009 entered into between the Company, Get Nice and Emperor as the Underwriters in respect of proposed rights issue of 1,445,529,192 Shares at HK$0.10 each;

7. the provisional sale and purchase agreement dated 15 December 2009 entered into between Kennex Investments Limited, a wholly owned subsidiary of the Company, as the vendor and China All Access Group Limited as the purchaser and a property agency in respect of the disposal of a property in Hong Kong at a consideration of HK$18,200,000;

8. the conditional share placing agreement dated 4 January 2010 entered into between the Company and Emperor as the placing agent in respect of the placing of up to 72,000,000 Shares at a price of HK$0.15 per Share;

9. the conditional share placing agreement dated 26 April 2010 entered into between the Company and Emperor as the placing agent in respect of the placing of up to 375,000,000 Shares at a price of HK$0.133 per Share;

10. the repurchase offer dated 29 June 2010 to independent third parties in respect of the repurchase of part of the outstanding convertible notes issued by the Company on 23 July 2008 in the principal amount of HK$60,000,000 at a discount of 5%;

11. the Underwriting Agreement;

12. the SPA; and

13. the Repurchase Agreement.

11. CORPORATION INFORMATION

Registered office	Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
Head office and principal place of business in Hong Kong	10th Floor 88 Gloucester Road Wanchai, Hong Kong
Principal Share Registrar	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke, Bermuda
Hong Kong Branch Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Authorised representatives	Mr. Ng Kai Man and Ms. Chiu Lo 10th Floor 88 Gloucester Road Wanchai Hong Kong
Company secretary	Ms. Chiu Lo 10th Floor 88 Gloucester Road Wanchai Hong Kong
Legal advisers to the Company	*As to Hong Kong law* Vincent T.K. Cheung, Yap & Co. Solicitors & Notaries 11th Floor, Central Building 1-3 Pedder Street Central Hong Kong *As to Bermuda law* Appleby 8th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong

Auditors	Grant Thornton *Certified Public Accountants* 6th Floor Nexxus Building 41 Connaught Road Central Central Hong Kong
Principal bankers	The Hong Kong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong
Financial adviser to the Company	Emperor Capital Limited 28th Floor, Emperor Group Centre 288 Hennessy Road, Wanchai, Hong Kong
Independent financial adviser to Independent Board Committee and the Independent Shareholders	Veda Capital Limited Suite 3214, 32nd Floor, Cosco Tower 183 Queen's Road Central Hong Kong
Underwriters	Get Nice Securities Limited 10th Floor, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
	Emperor Securities Limited 23rd-24th Floor, Emperor Group Centre 288 Hennessy Road, Wanchai Hong Kong

DIRECTORS

Particulars of Directors

Name	**Address**
Executive Directors	
Mr. Ng Kai Man	10th Floor 88 Gloucester Road Wanchai, Hong Kong
Mr. Cheng Yuk Wo	10th Floor 88 Gloucester Road Wanchai, Hong Kong
Mr. Ha Kee Choy, Eugene	10th Floor 88 Gloucester Road Wanchai, Hong Kong

Independent non-executive Directors

Mr. Chui Chi Yun, Robert	10th Floor 88 Gloucester Road Wanchai, Hong Kong
Mr. Lui Siu Tsuen, Richard	10th Floor 88 Gloucester Road Wanchai, Hong Kong
Mr. Lam Kwok Cheong	10th Floor 88 Gloucester Road Wanchai, Hong Kong

Executive Directors:

Mr. Ng Kai Man, aged 56, joined the Company as an executive Director in July 2008 and has been designated as the Chairman of the Company with effect from 1 July 2009. He is also appointed as the director of certain subsidiaries of the Company. Mr. Ng holds a master degree from the London School of Economics & Political Sciences, University of London in the United Kingdom. Mr. Ng had held senior positions in Mandarin Property Consultants Limited, The Chase Manhattan Bank, N.A., World Trade Group and The Bank of Canton. He possesses extensive experience in real estate industry and is the founder of Century 21 Hong Kong Limited.

Mr. Ng does not hold any directorship in other public listed companies in the past three years. Mr. Ng has entered into a service agreement with the Company for a term of three years commenced from 1 July 2009, subject to termination by the Company or Mr. Ng by giving not less than three months' notice in writing. He is also subject to retirement by rotation and eligible for re-election at annual general meeting of the Company in accordance with the Bye-laws.

Mr. Ng beneficially holds the Convertible Note which carrying rights to convert into Shares at a conversion price of HK$0.418 per Existing Share (subject to adjustment). Upon full conversion of the Convertible Note, Mr. Ng will beneficially own 167,464,114 Shares, representing approximately 7.43% of the issued share capital of the Company as of the Latest Practicable Date or 6.92% of the issued share capital of the Company as enlarged by the Shares to be issued upon conversion.

Mr. Cheng Yuk Wo, aged 49, joined the Company as an independent non-executive Director in October 2007 and has been re-designated as an executive Director with effect from 1 May 2010. He is also appointed as the director of certain subsidiaries of the Company. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. He is the managing director of a certified public accounting practice limited and the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honours) degree in Accounting.

Currently, Mr. Cheng is an independent non-executive director of C.P. Lotus Corporation (formerly known as Chia Tai Enterprises International Limited), Chong Hing Bank Limited, CPMC Holdings Limited, CSI Properties Limited, Goldbond Group Holdings Limited, HKC (Holdings) Limited, Imagi International Holdings Limited and South China Land Limited, all being public companies listed in Hong Kong. He was also a non-executive director of Henry Group Holdings Limited, company listed on the Stock Exchange. Save as disclosed above, Mr. Cheng has not held any directorships in other public listed companies in the past three years.

Mr. Ha Kee Choy, Eugene, aged 53, joined the Company as an executive director in July 2004 and is also appointed as the director of certain subsidiaries of the Company. Mr. Ha holds a Master's degree in business administration and is a fellow member of the Association of Chartered Certified Accountants. Mr. Ha possesses over 20 years of experience in the finance and banking industry and acts as director of a number of private and listed companies in Hong Kong.

Mr. Ha is currently an independent non-executive director of Heritage International Holdings Limited, the shares of which are listed on the Stock Exchange. Save as disclosed above, Mr. Ha has not held any directorships in other public listed companies in the past three years.

Independent non-executive Directors:

Mr. Chui Chi Yun, Robert, aged 53, joined the Company as an independent non-executive Director in July 2004. Mr. Chui holds a Bachelor's degree in Commerce (major in Accounting) and is a practicing Certified Public Accountant in Hong Kong. Mr. Chui is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom.

Mr. Chui is currently an independent non-executive director of Tse Sui Luen Jewellery (International) Limited and National Arts Holdings Limited (formerly known as Vertex Group Limited), both of which are companies listed on the Stock Exchange. Save as disclosed above, Mr. Chui has not held any directorships in other public listed companies in the past three years.

Mr. Lui Siu Tsuen, Richard, aged 54, joined the Company as an independent non-executive Director in June 2009. Mr. Lui holds a Master of Business Administration degree from the University of Adelaide in Australia. Mr. Lui is a member of the Institute of Chartered Accountants in England and Wales, the CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants in the United Kingdom. He has 30 years of experience in accounting, financial and corporate management and had held senior financial position in an international accounting firm and various private and public listed companies.

Currently, Mr. Lui is executive director of eSun Holdings Limited and an independent non-executive director of Prosperity Investment Holdings Limited, both being public companies listed in Hong Kong. He was an executive director of Hanny Holdings Limited and Rosedale Hotel Holdings Limited, both are public companies listed on the Stock Exchange. Mr. Lui was also an executive director of PSC Corporation Ltd, a company whose shares are listed on the Singapore Exchange Limited, and a director of MRI Holdings Limited, a company whose shares were listed on the Australian Securities Exchange. Save as disclosed above, Mr. Lui has not held any directorships in other public listed companies in the past three years.

Mr. Lam Kwok Cheong, aged 56, holds Bachelor of Laws degree from the University of Hong Kong and has been a practicing solicitor in Hong Kong for over 30 years' experience. Mr. Lam is a Justice of the Peace with Bronze Bauhinia Star (BBS) and a solicitor of the High Court of the Hong Kong Special Administrative Region. He is currently a fellow of the Hong Kong Institute of Directors, Ex-Officio Member of Heung Yee Kuk New Territories, member of Buildings Ordinance Appeal Tribunal Panel and a Civil Celebrant of Marriages.

Mr. Lam is an independent non-executive director of Same Time Holdings Limited, Sparkle Roll Group Limited and Wing Lee Holdings Limited, all being public companies listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Lam has not held any directorships in other public listed companies in the past three years.

12. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Chiu Lo, who is currently a member of the Hong Kong Institute of Certified Public Accountants.

(b) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistencies.

13. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK$5.52 million on the basis of 1,126,955,740 Rights Shares to be issued and will be payable by the Company.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 10th Floor, 88 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association of the Company and the Bye-laws;

(b) the annual reports of the Company for the three financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 and the interim report of the Company for the six months ended 30 June 2010;

(c) the letter of advice from Veda Capital, the text of which is set out on pages 62 to 75 of this circular;

(d) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 61 of this circular;

(e) the accountants' report on the Target Group issued by HLB Hodgson Impey Cheng as set out in appendix II to this circular;

(f) the letter on the unaudited pro forma financial information on the Enlarged Group issued by HLB Hodgson Impey Cheng as set out in appendix III to this circular;

(g) the letter on unaudited pro forma statement of adjusted consolidated net tangible assets of the Group issued by HLB Hodgson Impey Cheng as set out in appendix IV to this circular;

(h) the valuation report on the Target Group prepared by BMI Appraisals Limited as set out in appendix V to this circular;

(i) the material contracts disclosed in the paragraph headed "Material Contracts" in this appendix;

(j) the written consents as referred to in the paragraph headed "Experts" in this appendix; and

(k) this circular.

21 Holdings Limited
21 控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 1003)

NOTICE IS HEREBY GIVEN that a special general meeting of **21 Holdings Limited** (the "Company") will be held at Room 1101, 11/F, 88 Gloucester Road Wanchai, Hong Kong, at 10:00 a.m. on Monday, 6 December 2010 for the purpose of considering and, if thought fit, passing the following resolutions as resolutions of the Company:

SPECIAL RESOLUTION

1. "**THAT**, conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) and (ii) the compliance by the Company with the requirements of section 46(2) of the Companies Act 1981 of Bermuda to effect the Capital Reorganisation (as defined below), with effect from 9:30 a.m. (Hong Kong time) on the business day (not being a Saturday) immediately after the passing of this resolution:

   (a) every twenty (20) issued shares of par value HK$0.01 each in the share capital of the Company be consolidated ("**Share Consolidation**") into one (1) issued share of par value HK$0.20 ("**Consolidated Share(s)**");

   (b) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK$0.19 on each of the issued Consolidated Shares such that the nominal value of each of the issued Consolidated Shares of the Company be reduced ("**Capital Reduction**") from HK$0.20 to HK$0.01 ("**Adjusted Share(s)**");

   (c) the entire amount standing to the credit of the share premium account of the Company be cancelled ("**Share Premium Cancellation**", together with Share Consolidation and Capital Reduction, "**Capital Reorganisation**")) and the authorised share capital of the Company shall remain unchanged;

   (d) the credit arising from the Capital Reduction and the Share Premium Cancellation be credited to the contributed surplus account of the Company and the directors of the Company ("**Directors**") be and are hereby authorized to apply the amount in the contributed surplus account of the Company to set off the accumulated loss of the Company in the manner permitted by the laws of Bermuda and the bye-laws of the Company without further authorisation from the shareholders of the Company; and

* *for identification purpose only*

(e) the board of Directors of the Company ("**Board**") be and is hereby authorized generally to sign and execute such documents and do all such acts and things and to take all such steps as it consider necessary, expedient or desirable in connection with and to give effect to the Capital Reorganisation."

ORDINARY RESOLUTIONS

2. "**THAT**, subject to and conditional upon (i) the passing of the resolution numbered 1; (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Rights Shares (as defined below) (in their nil-paid and fully-paid forms) and not having withdrawn or revoked such listing and permission, (iii) the filing of all documents relating to the Rights Issue (as defined below) required to be filed with the Registrars of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda (as amended) and with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance in Hong Kong, and (iv) the underwriting agreement dated 14 September 2010 ("**Underwriting Agreement**") made between the Company and Get Nice Securities Limited ("**Get Nice**") and Emperor Securities Limited ("**Emperor**", together with Get Nice, "**Underwriters**") (a copy of which marked "A" is produced to this meeting and signed for the purpose of identification by the Chairman of this meeting) becoming unconditional and not being rescinded or terminated in accordance with its terms:

(a) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the underwriting of the Rights Shares (as defined below) not validly applied for by the shareholders of the Company ("**Shareholders**") by the Underwriters) be and are hereby approved, confirmed and ratified;

(b) the issue of 1,126,955,740 Adjusted Shares ("**Rights Share(s)**") by way of rights issue ("**Rights Issue**") at the subscription price of HK$0.19 per Rights Share to the Shareholders whose names appear on the register of members of the Company on the Record Date (as defined in the circular of the Company dated 12 November 2010 ("**Circular**", a copy of which has been produced to the meeting marked "B" and signed by the Chairman of the meeting for the purpose of identification) excluding those Shareholders whose registered addresses as shown on such register are outside Hong Kong on the Record Date and to whom the directors of the Company, after making enquiries, on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange of that place, consider it necessary or expedient not to offer the Rights Shares, in the proportion of ten Rights Shares for every Adjusted Share then held on the Record Date, on and subject to the terms and conditions set out in the Circular be and is hereby approved;

(c) the Board be and is hereby authorized to allot and issue the Rights Shares (in their nil paid and fully paid forms) and to do all such acts and things, to sign and execute all such further documents and to take such steps as the Board may in its absolute discretion consider necessary, appropriate, desirable or expedient to implement the Rights Issue or otherwise in connection therewith and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interest of the Company."

3. "**THAT**, subject to and conditional upon the passing of the resolutions numbered 1 and 2,

(a) the sale and purchase agreement dated 14 September 2010 ("**Acquisition Agreement**") (a copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "C") entered into between Asset Expert Limited, a wholly-owned subsidiary of the Company, as purchaser and Prolific Wise Limited as vendor, the terms and conditions thereof and the transactions contemplated thereunder, and the execution of the Acquisition Agreement be and are hereby approved, confirmed and ratified; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it consider necessary or expedient or desirable in connection with or to give effect to the Acquisition Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interest of the Company."

4. "**THAT**, subject to and conditional upon the passing of the resolutions numbered 1 and 2,

(a) the agreement dated 14 September 2010 ("**Repurchase Agreement**") (a copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "D") entered into between the Company and Mr. Ng Kai Man ("Mr. Ng"), the holder of the 2% convertible note due 23 July 2011 issued by the Company with the outstanding principal amount of HK$70,000,000 ("**Convertible Note**") in relation to the repurchase by the Company of the Convertible Note from Mr. Ng at a price of HK$67,900,000 in cash, the terms and conditions thereof and the transactions contemplated thereunder, and the execution of the Repurchase Agreement be and are hereby approved, confirmed and ratified; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it consider necessary or expedient or desirable in connection with or to give effect to the Repurchase Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interest of the Company."

5. "**THAT**, Mr. Lam Kwok Cheong be re-elected as an independent non-executive Director."

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

Hong Kong, 12 November 2010

Notes:

1. A form of proxy to be used for the meeting is enclosed.

2. Any shareholder of the Company entitled to attend and vote at the meeting of the Company may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent as such shareholder of the Company could exercise.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

4. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, **Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong**, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.

5. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.