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21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



英皇證券(香港)有限公司

Emperor Securities Limited

PLACING OF NEW SHARES

On 21 September 2009 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 43,500,000 new Shares to not less than six Placées at a price of HK\$0.42 per Placing Share.

The maximum of 43,500,000 Placing Shares represent approximately (i) 13.68% of the issued share capital of the Company as at the date of this announcement; and (ii) 12.04% of the issued share capital of the Company as enlarged by the issue of a maximum of 43,500,000 Placing Shares.

The Placing Price represents (i) a discount of approximately 2.33% to the closing price of HK\$0.430 per Share as quoted on the Stock Exchange on 21 September 2009, being the date of the Placing Agreement; (ii) a discount of approximately 7.28% to the average closing price of HK\$0.453 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 21 September 2009; and (iii) a discount of approximately 11.67% to the average closing price of HK\$0.476 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 21 September 2009.

The aggregate gross proceeds from the Placing will be approximately HK\$18.27 million. The Company plans to use the net proceeds of approximately HK\$17.70 million from the Placing for general working capital (including but not limited to repayment of the Promissory Note and other indebtedness of the Group).

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the existing General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

* for identification purpose only

THE PLACING AGREEMENT

Date

21 September 2009

Issuer

The Company

Placing Agent

Emperor Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees, who are independent institutional, professional and/or individual investors and not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code issued by the SFC), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules). None of the Placees and their respective concert parties shall become a substantial Shareholder upon completion of the Placing.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best endeavour basis, not less than six Placees to subscribe for a maximum of 43,500,000 Placing Shares at the Placing Price. The maximum of 43,500,000 Placing Shares represent approximately (i) 13.68% of the issued share capital of the Company as at the date of this announcement; and (ii) 12.04% of the issued share capital of the Company as enlarged by the issue of a maximum of 43,500,000 Placing Shares. The aggregate nominal value of the maximum number of 43,500,000 Placing Shares is HK\$435,000.

Placing Price

The Placing Price represents (i) a discount of approximately 2.33% to the closing price of HK\$0.430 per Share as quoted on the Stock Exchange on 21 September 2009, being the date of the Placing Agreement; (ii) a discount of approximately 7.28% to the average closing price of HK\$0.453 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 21 September 2009; and (iii) a discount of approximately 11.67% to the average closing price of HK\$0.476 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 21 September 2009.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Placing Agreement

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares; and
- (ii) any other approvals as may be required for the Placing.

The Placing Agreement shall automatically become null and void and of no effect if the conditions set forth above remain unfulfilled on 30 November 2009 or such date mutually agreed by both the Company and the Placing Agent and in such event either party shall have no claim against each other, save for those expressly reserved and agreed in the Placing Agreement.

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (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 Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not of the same nature with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
- (iv) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (v) any adverse change in the business, financial or trading position of any member of the Group which is material to the Placing; or

- (vi) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group or will otherwise likely to have a material prejudicial effect on the Placing.

Completion

Completion of the Placing shall take place within two Business Days after all the conditions as set out in the Placing Agreement are fulfilled or such other date to be agreed between the Company and the Placing Agent.

Placing commission

The Placing Agent shall receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

General Mandate

The maximum of 43,500,000 Placing Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 43,576,460 Shares.

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 Placing Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Placing, assuming a maximum of 43,500,000 Placing Shares are successfully placed by the Placing Agent.

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Placees (<i>Note</i>)	—	—	43,500,000	12.04
Other public Shareholders	317,882,298	100.00	317,882,298	87.96
Total	<u>317,882,298</u>	<u>100.00</u>	<u>361,382,298</u>	<u>100.00</u>

Note:

Pursuant to the Placing Agreement, the Placing Agent agreed to procure that the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

Mr. Ng Kai Man, the Chairman of the Company and an executive Director is holding a 2% convertible note due July 2011 issued by the Company with an aggregate principal amount of HK\$130,000,000 as at the date of this announcement. Details of the convertible note are set out in the circular of the Company dated 28 June 2008.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Event	Intended use of proceeds	Net proceeds	Actual use of proceeds up to the date of this announcement
Placing of Shares and convertible notes on best endeavor basis, details of which were set out in the announcement dated 22 December 2008	Set out in the announcement, the maximum amount of net proceeds intended to be raised was HK\$151 million of which HK\$100 million was intended for repayment of the Promissory Note and the remaining HK\$51 million for general working capital	First tranche was completed on 31 March 2009	(i) approximately HK\$30 million of the net proceeds from the first and second tranche were used to repay the Promissory Note; and
		— Placing of new Shares with the proceeds of HK\$19.5 million	
		Second tranche was completed on 14 May and 15 May 2009	
— Placing of new Shares with the proceeds of HK\$3.795 million and HK\$18 million of two-year convertible notes			
		Net proceeds of the first tranche and second tranche amounted to approximately HK\$40.32 million	

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in the provision of property agency and related services, trading of toys, gifts and premium products and securities trading and investments.

The gross proceeds from the Placing will be approximately HK\$18.27 million. The Company plans to use the net proceeds of approximately HK\$17.70 million from the Placing for general working capital (including but not limited to repayment of the Promissory Note and other indebtedness of the Group). The net placing price will be approximately HK\$0.41 per Share.

The Directors are of the view that the Placing will broaden the Shareholders' portfolio. The Placing will also strengthen the Group's financial position and enhance the Group's flexibility in future business developments or investments as and when opportunities arise. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the existing General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 23 June 2009 to issue and allot up to 43,576,460 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code issued by the SFC), and not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Placing”	the best endeavour placing of up to 43,500,000 Placing Shares
“Placing Agent”	Emperor Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 21 September 2009 in respect of the Placing
“Placing Price”	HK\$0.42 per Placing Share
“Placing Shares”	a maximum of 43,500,000 Shares to be issued under the Placing
“Promissory Note”	the promissory note issued by Kingbox Investments Limited, a wholly-owned subsidiary of the Company, to Mr. Ng Kai Man (the Chairman of the Company and an executive Director) as part of the consideration for the acquisition of the property agency business in July 2008, details of which are set out in the circular of the Company dated 28 June 2008
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 September 2009

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