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21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

ANNOUNCEMENT PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

Reference is made to the announcements of 21 Holdings Limited (the “Company”) dated 2 March 2011, 16 March 2011 and 31 March 2011 (the “Announcements”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the 2009 Annual Report of the Company, Mr. Kwok Chin Wing (“Plaintiff”), a former director of the Company, issued legal proceedings against the Company in respect of loans due from two former subsidiaries of the Company, claiming a sum of approximately \$44.5 million (“Principal Sum”) together with interest thereon. Hearing of the case was held in January 2011 and as announced by the Company on 2 March 2011, judgment was awarded in favour of the Plaintiff for the sum of HK\$44.5 million together with interest and costs (“Judgment”).

As further announced by the Company on 31 March 2011, the Company has filed a Notice of Appeal against the Judgment (“Appeal”). The Appeal has now been set down for hearing on 8 and 9 December 2011. Pending the hearing of the Appeal, the Company and the Plaintiff have on 18 April 2011 agreed that execution of the Judgment be stayed until the determination or other disposal of the Appeal or further order of the Court subject to the condition that the Company shall pay into Court a sum of HK\$25 million as security on or before 25 April 2011 and another sum of HK\$25 million or provide the Plaintiff with a bank guarantee for the same amount as further security before 17 July 2011. Consent Order was granted by the Court on the same terms for the stay of execution of the Judgment, in compliance with which the Company has paid the first HK\$25 million into Court.

A separate hearing was held on 11 April 2011 on the issues of interest and costs payable by the Company under the Judgment. The Plaintiff claimed for enhanced interest on the Principal Sum and adverse costs order against the Company and the Company vigorously contested such claim. On 20 May 2011, the trial judge handed down his decision on the issues of interest and costs and denied the Plaintiff’s claims for enhanced interest and adverse costs order. It is ordered by the trial judge that the Company should only be liable for the Plaintiff under the Judgment for : (i) the Principal Sum HK\$44.5 million; (ii) interest in the sum of HK\$6,498,000 for the period from 1 April 1999 to 31 December 2000; (iii) interest on the Principal Sum at the prime lending rate from 1 January 2001 to 2 March 2011 amounting to HK\$26,691,953.42; (iv) interest on the Principal Sum at the judgment rate (currently 8% per annum) as from 3 March 2011 until payment; and (v) costs on party and party basis to be taxed. As at the date of Judgment, i.e., 2 March 2011, the Principal Sum and interest due amounted to HK\$77,689,953.42, and based on the advice of the Company’s legal advisors, the board of directors assessed that the total costs payable on party and party basis would not exceed approximately HK\$4 million.

** for identification purpose only*

Furthermore, interest continues to accrue on the Principal Sum as from 3 March 2011 until payment at the judgment rate. Therefore, if the Company loses the Appeal, the Company shall bear further interest on the Principal Sum as from 3 March 2011 until payment. The further interest payable on the Principal Sum as from 3 March 2011 to the date of hearing of the Appeal on 9 December 2011 would be HK\$2,750,465.75. In addition, the Company may also be liable for the Plaintiff's legal costs incurred for the Appeal, if the Company loses the Appeal, on which the Company does not have any information yet. Based on the assessment of the Company's legal advisers, such costs are estimated not to exceed approximately HK\$2 million. Therefore, subject to the parties' right to appeal, the Company's exposure under the Judgment for the Principal Sum, interest calculated up to the date of hearing of the Appeal on 9 December 2011 as well as the costs of the action and the appeal payable to the Plaintiff would be approximately HK\$86.5 million.

The legal advisors of the Company have reviewed from time to time the merit of the Appeal and they still hold good of the chance of success thereof.

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

Hong Kong, 20 May 2011

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