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21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

**DISCLOSEABLE TRANSACTION —
PROPOSED ACQUISITION OF THE ENTIRE ISSUED
SHARE CAPITAL OF
SINOFOCUS MEDIA (HOLDINGS) LIMITED
AND A SALE LOAN**

THE SALE AND PURCHASE AGREEMENT

On 7 October 2014 (after trading hours of the Stock Exchange), the Company and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loan at the Acquisition Price of HK\$97.00 million.

Completion is subject to fulfillment or waiver of the conditions precedent as set out in the section headed “Conditions precedent” below.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group. The Target Company is an investment holding company and the Target Group is principally engaged in the advertising agency business in the PRC. Further information on the Target Group has been disclosed under the section headed “INFORMATION ON THE TARGET GROUP” below.

GENERAL

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the announcement requirement of the Listing Rules.

* For identification purposes only

On 7 October 2014 (after trading hours of the Stock Exchange), the Company and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loan at the Acquisition Price of HK\$97.00 million.

THE SALE AND PURCHASE AGREEMENT

Date: 7 October 2014

Parties: (1) Purchaser: the Company
(2) Vendor: Frontier Services Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 500

The Vendor is an investment holding company and its subsidiaries are principally engaged in the aviation and logistics business, advertising agency business and financial market information business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its substantial shareholders (as defined under the Listing Rules) are Independent Third Parties.

The Acquisition

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share and the Sale Loan.

The Sale Share represents the entire issued share capital of the Target Company. The Target Company is an investment holding company and the Target Group is principally engaged in the advertising agency business in the PRC. Further information on the Target Group has been disclosed under the section headed "INFORMATION ON THE TARGET GROUP" below.

The Sale Loan represents all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion. As at the date of the Sale and Purchase Agreement, the Sale Loan amounted to approximately HK\$73.31 million.

The Acquisition Price

The Acquisition Price is HK\$97.00 million which shall be payable in cash by the Company to the Vendor or its nominee upon Completion.

The Acquisition Price was agreed between the Company and the Vendor after arm's length negotiations with reference to the unaudited consolidated net assets value of the Target Group of approximately HK\$23.30 million as at 31 July 2014 and the outstanding balance of the Sale Loan of approximately HK\$73.31 million as at 31 July 2014.

The Acquisition Price is funded by the internal resources of the Company.

Conditions precedent

Completion is conditional upon:

- (a) the publication of an announcement of the Vendor in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules;
- (b) the publication of an announcement of the Company in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules;
- (c) the warranties given by the Company under the Sale and Purchase Agreement remaining true and accurate in all material respects; and
- (d) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects.

The Company may at any time by notice in writing to the Vendor waive condition (d). The Vendor may at any time by notice in writing to the Company waive condition (c). If any of the conditions set out above is not satisfied or waived (as applicable) on or before 4:00 p.m. on 30 November 2014, or such later date as the Vendor and the Company may agree in writing, the Sale and Purchase Agreement shall cease and determine, and neither party shall have any obligations and liabilities towards each other thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the date falling within three Business Days after the fulfillment (or waiver) of the conditions set out above or such other time as the parties may mutually agree.

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

INDEMNITY AGAINST THE ACTION

In connection with the usual and ordinary course of business of the Target Group, 廣東中觀傳媒有限公司 (Guangdong Sinofocus Media Limited*), a wholly-owned subsidiary of the Target Company, as plaintiff has taken out a civil claim against certain defendants in the PRC for recovering a sum of approximately RMB9.61 million (equivalent to approximately HK\$12.14 million). The Action is still outstanding as at the date of the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, following Completion, the Company shall procure the Target Company to pursue, dispute, contend, resist or defend the Action in such manner as the Vendor may direct and/or agree. Without prejudice to the

generality of the foregoing, the Company shall procure the Target Company not to settle or compromise the Action without the prior written consent of the Vendor (such consent not to be unreasonably withheld or delayed).

The Vendor agrees to pay, as soon as reasonably practicable and in any event within ten days after a written demand is made by the Company, to the Company (on behalf and for the benefit of the Target Company), on a fully indemnity basis all the costs and expenses (including legal expenses) which may be properly and reasonably incurred by the Target Company in relation to or arising out of the Action provided that the maximum amount of the sum paid by the Vendor shall not exceed RMB250,000 (equivalent to approximately HK\$316,000). The Company shall, upon request by the Vendor, procure the Target Company to produce evidence of the payment of such costs and expenses incurred by the Target Company in relation to or arises out of the Action.

In the event that the amounts recovered or paid to the Target Company in relation to or arising out of the Action exceed the sum of RMB6,686,907 (equivalent to approximately HK\$8,446,000), irrespective of whether such amounts are recovered or paid to the Target Company as a result of an award, judgment or a determination by the court or settlement or compromises between the parties involved in the Action, the Company agrees to pay the amount in excess to the Vendor. Payment of such sum shall be made by the Company to the Vendor as soon as reasonably practicable and in any event within ten days after the recovery or payment of the relevant amounts to the Target Company.

In the event that the amounts recovered or paid to the Target Company in relation to or arising out of the Action are less than the sum of RMB6,686,907 (equivalent to approximately HK\$8,446,000), irrespective of whether such amounts are recovered or paid to the Target Company as a result of an award, judgment or a determination by the court or settlement or compromises between the parties involved in the Action, the Vendor agrees to pay the amount in shortfall to the Company. Payment of such sum shall be made by the Vendor to the Company as soon as reasonably practicable and in any event within ten days after the recovery or payment of the relevant amounts to the Target Company.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands on 27 February 2007 with limited liability. The Target Company is an investment holding company and, upon Completion, owns the entire issued share capital/registered capital of the following companies:

- (a) Sinofocus Media Limited, a company incorporated in Hong Kong with limited liability and engaged in investment holding and advertising agency business;
- (b) Sinofocus Media Investment Limited, a company incorporated in Hong Kong with limited liability and is inactive;
- (c) 廣東中觀傳媒有限公司 (Guangdong Sinofocus Media Limited*), a limited liability company established under the laws of the PRC and engaged in advertising agency business in the PRC;

- (d) 北京合縱聯橫廣告有限公司 (Beijing Hezonglianheng Advertising Company Limited*), a limited liability company established under the laws of the PRC and is in the process of liquidation; and
- (e) 上海真樂見廣告有限公司 (Shanghai Zhenlejian Advertising Company Limited*), a limited liability company established under the laws of the PRC and is in the process of liquidation.

Financial information on the Target Group

According to the unaudited consolidated accounts of the Target Group for the years ended 31 December 2012 and 2013, the unaudited net assets of the Target Group as at 31 December 2012 and 2013 were approximately HK\$6.89 million and approximately HK\$16.24 million respectively. The unaudited loss before and after taxation for the year ended 31 December 2012 were approximately HK\$4.80 million and approximately HK\$7.47 million respectively. The unaudited profit before and after taxation for the year ended 31 December 2013 were approximately HK\$5.53 million and approximately HK\$5.28 million respectively.

According to the unaudited consolidated accounts of the Target Group for the period from 1 January 2014 to 31 July 2014, the unaudited net assets of the Target Group as at 31 July 2014 was approximately HK\$23.30 million. The unaudited profit before and after taxation for the period from 1 January 2014 to 31 July 2014 were approximately HK\$7.45 million and approximately HK\$8.05 million respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

According to a recent forecast from GroupM, one of the global leading media investment management groups, measured media advertising spending in the PRC is projected to increase to RMB473 billion (equivalent to approximately HK\$597.40 billion) in 2014, representing a 9.8% increase from 2013. The forecast also predicts that advertising spending in the PRC will reach about RMB525 billion (equivalent to approximately HK\$663.08 billion) in 2014, representing an 11% increase from the projected spending in 2014. The Directors believe that advertising and media industry is one of the fastest growing industries in the PRC in coming years.

The Directors are of the view that the Acquisition will enable the Group to diversify its businesses and broaden its profit base, which will have a positive impact on the Group's financial performance given the positive outlook of the PRC advertising and media industry.

Based on the above, the Directors consider that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property agency and related services, and securities trading and investments.

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the announcement requirement of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the proposed acquisition of the Sale Share and the Sale Loan by the Company from the Vendor subject to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Price”	HK\$97.00 million, being the aggregate consideration for the Sale Share and the Sale Loan payable by the Company to the Vendor pursuant to the Sale and Purchase Agreement
“Action”	the civil action in 廣東省越秀區人民法院 with case number (2014)穗越法民二初字第3308號 taken out by 廣東中觀傳媒有限公司 (Guangdong Sinofocus Media Limited*) as plaintiff against 遼寧廣播電視廣告有限公司 (Liaoning Radio & Television Advertisement Limited*) and joined by 上海龍韻廣告傳播股份有限公司 (Shanghai Longyun Advertising & Media Co., Ltd.*) in relation to a claim for recovering a sum of approximately RMB9.61 million (equivalent to approximately HK\$12.14 million) and the interests accrued thereon and the expenses incurred in relation thereto from 遼寧廣播電視廣告有限公司 (Liaoning Radio & Television Advertisement Limited*)
“Board”	the board of Directors
“Business Day”	a day on which the banks are open for business in Hong Kong (other than Saturday 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)
“Company”	21 Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1003)
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	main board of the Stock Exchange (excluding the option market) operated by the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 7 October 2014 and entered into between the Company as purchaser and the Vendor as vendor in relation to the Acquisition
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Share”	one share of US\$1.00 in the issued share capital of the Target Company in the name of and beneficially owned by the Vendor, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sinofocus Media (Holdings) Limited is a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries

“Vendor”	Frontier Services Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 500)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
21 Holdings Limited
Lei Hong Wai
Chairman

Hong Kong, 7 October 2014

As at the date of this announcement, the Board comprises Mr. Lei Hong Wai (Chairman), Mr. Ng Kai Man and Mr. Cheung Kwok Fan as executive Directors and Ms. Chio Chong Meng, Mr. Wong Tak Chuen and Mr. Man Kong Yui as independent non-executive Directors.

**: An informal English translation of its official Chinese name*