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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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**21 Holdings Limited**

**21 控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(stock code: 1003)

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智 略 資 本**

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A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 7 of this circular. A letter from Veda Capital containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 8 to 12 of this circular.

A notice convening the special general meeting of 21 Holdings Limited to be held at Room 1101, 11/F., 88 Gloucester Road, Wanchai, Hong Kong at 9:30 a.m. on Thursday, 15 April 2010 is set out on pages 13 to 15 of this circular. Whether or not you are able to attend the meeting in person, please 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 Rooms 1806-07, 18/F, 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 holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

26 March 2010

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

|                               |   |
|-------------------------------|---|
| “associate”                   | has the meaning ascribed thereto under the Listing Rules  |
| “Board”                       | the board of Directors  |
| “Company”                     | 21 Holdings Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange   |
| “Director(s)”                 | director(s) of the Company  |
| “General Mandate”             | the general mandate proposed to be granted to the Directors to issue, allot and deal with further securities not exceeding 20% of the issued share capital of the Company as at the date of passing such resolution   |
| “Group”                       | the Company and its subsidiaries  |
| “Independent Board Committee” | the independent board committee formed by the independent non-executive Directors to advise the Independent Shareholders on the refreshment of the Previous General Mandate   |
| “Independent Shareholders”    | any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates |
| “Latest Practicable Date”     | 24 March 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Listing Rules”               | Rules Governing the Listing of Securities on the Stock Exchange   |
| “Placing”                     | the placing of 72,000,000 new Shares pursuant to the Placing Agreement  |
| “Placing Agreement”           | the placing agreement dated 4 January 2010 entered into between the Company and Emperor Securities Limited in relation to the placing of 72,000,000 new Shares at a placing price of HK\$0.15 per Placing Share   |
| “Placing Shares”              | the 72,000,000 new Shares placed pursuant to the Placing  |

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## DEFINITIONS

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|----------------------------|--|
| “Previous General Mandate” | the general mandate granted to the Directors at the special general meeting of the Company held on 13 November 2009 to issue new Shares not exceeding 20% of the then issued share capital of the Company  |
| “Rights Issue”             | the issue by way of rights of 1,445,529,192 Rights Shares at the price of HK\$0.10 per Rights Share on the basis of four Rights Shares for every Share held, details of which were set out in the announcement of the Company dated 12 October 2009  |
| “Rights Shares(s)”         | the 1,445,529,192 Shares issued pursuant to the Rights Issue   |
| “SGM”                      | the special general meeting of the Company to be held for the purpose of approving the ordinary resolution in relation to the refreshment of the Previous General Mandate  |
| “Shares”                   | ordinary shares of HK\$0.01 each of the Company  |
| “Shareholder(s)”           | shareholder(s) of the Company  |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited  |
| “Veda Capital”             | Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Previous General Mandate |
| “HK\$”                     | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                        | per cent   |

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## LETTER FROM THE BOARD

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**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. Ha Kee Choy, Eugene  
Ms. Ma Wai Man, Catherine

*Independent non-executive Directors:*

Mr. Cheng Yuk Wo  
Mr. Chui Chi Yun, Robert  
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

26 March 2010

*To the Shareholders, and for information only,  
holders of the convertible note*

Dear Sir/Madam,

### **PROPOSED REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES**

#### **INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information regarding the refreshment of the general mandate to issue new Shares up to 20% of the issued share capital of the Company as at the date of passing the relevant resolution at the SGM and to set out the recommendation of the Independent Board Committee and the letter of advice from Veda Capital so as to enable the Independent Shareholders to make an informed decision as to whether to vote for or against the resolution in relation to the refreshment of the general mandate to issue new Shares.

#### **REFRESHMENT OF PREVIOUS GENERAL MANDATE**

At the special general meeting of the Company on 13 November 2009, the Independent Shareholders approved the Previous General Mandate. Under the Previous General Mandate, the Company could issue up to 72,276,459 new Shares, being 20% of the number of Shares in issue as at the date of passing the resolution.

*\* for identification purpose only*

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## LETTER FROM THE BOARD

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On 12 October 2009, the Company announced the Rights Issue pursuant to which the Company would issue 1,445,529,192 Shares. The Rights Issue was completed on 21 December 2009 and 1,445,529,192 new Shares were issued and allotted pursuant thereto.

On 4 January 2010, the Company announced the Placing. The Placing was completed on 12 January 2010. 72,000,000 new Shares were issued and allotted pursuant to the Placing, which utilized 99.62% of the Previous General Mandate.

The Directors now propose to refresh the Previous General Mandate for the following reasons:

- (i) the majority of the Previous General Mandate has been utilized by the Placing. As at the Latest Practicable Date, only a further 276,459 new Shares can be issued under the Previous General Mandate and should any investment opportunities arise or, any investor who would like to invest in the Company that require the issue of new Shares, a specific mandate would have to be sought and there would be no certainty as to whether the requisite Shareholders' approval could be obtained in a timely manner; and
- (ii) the issued share capital of the Company was enlarged by the Placing Shares and the Rights Shares in an aggregate of 1,517,529,192 new Shares, which is 420% of the then issued share capital of the Company as at the date of approving the Previous General Mandate. The Directors will seek the approval of the Independent Shareholders for a refreshed General Mandate at the SGM so as to allow flexibility for the Company to issue new Shares under the enlarged issued share capital.

As at the Latest Practicable Date, approximately HK\$73.76 million of the net proceeds from the Rights Issue and the Placing was remained unused. The remaining amount will be set aside for daily operation of the Group and the Company does not intend to change its usage as new investment funding so as to maintain stability of the cashflow of the Group. As such, additional funding is required if new business investment opportunity arises. The Company has been searching for investments opportunities from time to time, and the Company has been approached by companies with new projects and there were negotiations carried out by the Directors with various business associates during the past few months. Although the Company has not identified any concrete investment plans at present, the Company would not rule out any possibility of finding suitable investment before the next annual general meeting of the Company (which is expected to be held in June 2010 and which any existing general mandate will lapse and the Company will seek the Shareholders' approval for a new mandate for issue of Shares). In view of the improving economic condition after the financial tsunami in year 2008 /2009, the Directors consider that it is necessary to ensure flexibility for the Company to make swift investment decisions under this economic condition.

As at the Latest Practicable Date, the Company had 1,878,911,490 Shares in issue. Subject to the passing of the ordinary resolution for the refreshment of the Previous General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the refreshed General Mandate to allot and issue up to 375,782,298 Shares, representing 20% of the total number of Shares in issue as at the date of the SGM.

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## LETTER FROM THE BOARD

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### **Utilization of the Previous General Mandate**

Since the last annual general meeting of the Company in June 2009, the Company had refreshed the general mandate to issue Shares once which was approved at the special general meeting on 13 November 2009.

The Previous General Mandate was utilized as to 99.62% in the Placing. The net proceeds raised amounted to approximately HK\$10.56 million and were intended to be used for general working capital. The entire sum remained unused as at the Latest Practicable Date and was deposited in an interest bearing account maintained with a licensed bank in Hong Kong.

According to Rule 13.36(4) of the Listing Rules, any refreshment of general mandate to issue shares before the next annual general meeting shall be subject to the approval by the Independent Shareholders where the controlling Shareholders, or in the case that the Company has no controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company, and their respective associates are required to abstain from voting in favour of the relevant resolution at the SGM. As at the Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors, the chief executive of the Company and their respective associates holds any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the relevant resolution at the SGM. Voting on the said resolution will be taken by way of poll at the SGM.

### **SGM**

The notice convening the SGM is set out on pages 13 to 15 of this circular. Resolution in respect of the refreshment of the Previous General Mandate will be proposed at the SGM.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the 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 Rooms 1806-07, 18/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM in person should you so wish.

### **RECOMMENDATION**

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the refreshment of the Previous General Mandate and Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same. Veda Capital considers the terms of the refreshment of the Previous General Mandate fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. The text of the letter of advice from Veda Capital containing its recommendation in respect of the refreshment of the Previous General Mandate is set out on pages 8 to 12 of this circular.

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the advice of Veda Capital, considers the refreshment of the Previous General Mandate fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the refreshment of the Previous General Mandate. The full text of the letter from the Independent Board Committee is set out on page 7 of this circular.

Based on the reason mentioned above, the Directors consider the ordinary resolution in relation to the refreshment of the Previous General Mandate is in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

Yours faithfully,  
By order of the Board  
**21 Holdings Limited**  
**Ng Kai Man**  
*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**21 Holdings Limited**

**21 控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(stock code: 1003)

26 March 2010

*To the Independent Shareholders*

Dear Sir or Madam,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES**

We have been appointed as members of the Independent Board Committee to advise you in connection with the refreshment of the Previous General Mandate, details of which are set out in the letter from the Board in a circular dated 26 March 2010 to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Veda Capital has been appointed to advise us and the Independent Shareholders on whether the refreshment of the Previous General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the best interests of the Company and the Shareholders as a whole. Details of its advice is set out on pages 8 to 12 of the Circular.

Having taken into account the principal reasons and factors considered by, and the advice and recommendation of, Veda Capital, we are of the opinion that the refreshment of the Previous General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the refreshment of the Previous General Mandate.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Cheng Yuk Wo**

**Chui Chi Yun, Robert**

**Lui Siu Tsuen, Richard**

*Independent non-executive Directors*

*\* for identification purpose only*

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## LETTER FROM VEDA CAPITAL

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*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 proposed refreshment of the Previous General Mandate, 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

26 March 2010

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

Dear Sir or Madam,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES**

#### **INTRODUCTION**

We refer to the circular dated 26 March 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 proposed refreshment of the Previous General Mandate, 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.

Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Previous General Mandate is subject to the approval of the Independent Shareholders by way of poll at the SGM. The controlling Shareholders (as defined in the Listing Rules) and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates shall abstain from voting in favour of the relevant resolution at the SGM. As at the Latest Practicable Date, there is no controlling Shareholders (as defined in the Listing Rules) and none of the Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates have any interest in the Company. Accordingly, no Shareholder is required to abstain from voting in favour of the relevant resolution at the SGM.

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Chui Chi Yun, Robert and Mr. Lui Siu Tsuen, Richard) has been established to advise the Independent Shareholders in respect of the proposed refreshment of the Previous General Mandate.

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## LETTER FROM VEDA CAPITAL

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### **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.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associated companies.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the proposed refreshment of the Previous General Mandate, we have taken into consideration the following principal factors and reasons:

#### **Background and reasons for the proposed refreshment of the Previous General Mandate**

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.

At the special general meeting of the Company held on 13 November 2009, the Previous General Mandate was approved by the Independent Shareholders and the Directors were granted, among others, the rights to allot and issue up to 72,276,459 new Shares. On 4 January 2010, the Company announced that, among others, it entered into a placing agreement in respect of the Placing and 72,000,000 new Shares were issued and allotted under the Placing under the Previous General Mandate. The Placing was completed on 12 January 2010. Accordingly, the Previous General Mandate was utilized as to approximately 99.62% as a result of the Placing.

On 12 October 2009, the Company announced, among others, to raise approximately HK\$144.55 million before expenses by way of the Rights Issue and 1,445,529,192 new Shares were issued and allotted pursuant thereto. The Rights Issue was completed on 21 December 2009.

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## LETTER FROM VEDA CAPITAL

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As set out in the Board Letter, in view that the majority of the Previous General Mandate has been utilized and the issued share capital of the Company was enlarged by the Placing Shares and the Rights Shares in an aggregate of 1,517,529,192 new Shares, which is approximately 420% of the issued share capital of the Company as at the date of approving the Previous General Mandate, the Directors propose to refresh the Previous General Mandate in order to allow flexibility for the Company to issue new Shares under the enlarged issued Share capital. As at the Latest Practicable Date, only a further 276,459 new Shares can be issued under the Previous General Mandate, representing approximately 0.01% of the issued share capital of the Company of 1,878,911,490 Shares as at the Latest Practicable Date, and should any investment opportunities arise or any investor who would like to invest in the Company that require the issue of new Shares, a specific mandate would have to be sought and there would be no certainty as to whether the requisite Shareholders' approval could be obtained in a timely manner.

As at the Latest Practicable Date, the Company had 1,878,911,490 Shares in issue. Subject to the passing of the ordinary resolution for the refreshment of the Previous General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the General Mandate to allot and issue up to 375,782,298 Shares, representing 20% of the total number of Shares in issue as at the date of the SGM.

We were advised by the Company that the aggregate net proceeds raised from the Rights Issue and the Placing was amounted to approximately HK\$150.76 million, of which approximately HK\$54.0 million was used for repayment of a promissory note which had been issued by a subsidiary of the Company as part of consideration for the acquisition of a property agency business in July 2008, approximately HK\$23 million was used for general working capital of the Group and approximately HK\$73.76 million of the net proceeds was remained unused as at the Latest Practicable Date. As set out in the Board Letter, the remaining net proceeds will be set aside for daily operation of the Group and the Company does not intend to change its usage as new investment funding so as to maintain stability of the cashflow of the Group. As such, additional funding is required if new business investment opportunity arises. The Company has been searching for investments from time to time and the Company has been approached by companies with new projects and there were negotiations carried out by the Directors with various business associates during the past few months. Although the Company has not identified any concrete investment plans at present, the Company would not rule out any possibility of funding suitable investment before the next annual general meeting of the Company (which is expected to be held in June 2010 and which any existing general mandate will lapse and the Company will seek the Shareholders' approval for a new mandate for issue of Shares). In view of the improving economic condition after the financial tsunami in year 2008/2009, the Directors considers that it is necessary to ensure flexibility for the Company to make swift investment decisions under this economic condition.

We noted from the interim report 2009 of the Company (the "IR 2009") that the Group has recorded bank balances and cash of approximately HK\$12.42 million and trade payables due within 90 days amounted to approximately HK\$22.18 million as at 30 June 2009. We also noted from the annual reports of the Company and IR 2009 that the Company recorded net loss for the three years ended 31 December 2008 and for the six months ended 30 June 2009. As set out in the monthly return of the Company for the month ended 28 February 2010, the Company has outstanding convertible note due July 2011 amounted to approximately HK\$130 million.

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## LETTER FROM VEDA CAPITAL

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We also noted from the IR 2009 of the Company that searching for promising opportunities to enhance the performance and value of the Group is always the key task of the management. The Board will keep on looking for suitable and favorable investments for healthy growth of the Group and better return to the Shareholders.

We are aware of the remaining balance of the unutilized net proceeds of approximately HK\$73.76 million from the Rights Issue and the Placing as at the Latest Practicable Date, however, having considered that (i) the Previous General Mandate has almost been fully utilized; (ii) the General Mandate would enhance the financial flexibility for the Group to raise funds for future business development if necessary and hence to strengthen the capital base and financial position of the Company; (iii) the Company has been searching for promising investments opportunities and will keep on looking for suitable and favorable investments; and (iv) due to the persistent loss making track record of the Company and the size of the outstanding amount of the convertible note, the Company may not able to procure bank loans, of which the terms are in the favour of the Company, in a timely manner when suitable investment opportunities arise, we are of the view that the refreshment of the Previous General Mandate will provide a financial flexibility to the Company to raise capital in a simpler and less lead time process and avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner when suitable opportunities arise. In addition, we also considered there is no certainty that existing cash and facility resources will be adequate for any appropriate investment that may be identified by the Company in the future in particular at the time before the next coming annual general meeting of the Company where the Directors, subject to Shareholders' approval, will be granted, among others, the rights to allot and issue up to 20% of the issued Shares as at the date of such general meeting given the Previous General Mandate has almost been fully utilized and the Company has been seeking for potential investment opportunities, additional funding may still be needed in a timely manner when necessary for financing future investments should suitable investment opportunities arise given that investment decisions and deposits or initial payments may have to be made immediately. As such, we consider the refreshment of the Previous General Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

### **Other financing alternatives**

As debt financing may incur interest burden to the Group, equity financing such as issuance of new Shares for cash or equity swaps may be an appropriate mean to fund such investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group, given the Group's financial position, capital structure, cost of funding and the then financial market condition. Other financing methods such as debt financing or internal cash resources to fund future business development of the Company shall be taken into consideration in appropriate circumstances.

We consider that the refreshment of the Previous General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance. As such, we are of the view that the refreshment of the Previous General Mandate will be in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM VEDA CAPITAL

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### Potential dilution to shareholdings of the Independent Shareholders

Set out below is a table showing the shareholdings of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings upon full utilization of the General Mandate assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the SGM:

|  | As at the Latest<br>Practicable Date |               | Immediately upon full utilization<br>of the General Mandate |               |
|--|--------------------------------------|---------------|---|---------------|
|  | <i>Number of<br/>Shares</i>          | <i>%</i>      | <i>Number of<br/>Shares</i>                                 | <i>%</i>      |
| Independent Shareholders   | 1,878,911,490                        | 100.00        | 1,878,911,490   | 83.33         |
| Additional Shareholders<br>upon full utilization of<br>the General Mandate | —                                    | —             | 375,782,298   | 16.67         |
| Total:   | <u>1,878,911,490</u>                 | <u>100.00</u> | <u>2,254,693,788</u>  | <u>100.00</u> |

As illustrated in the table above, the existing aggregate shareholding of the Independent Shareholders will decrease from 100% as at the Latest Practicable Date to approximately 83.33% upon full utilization of the General Mandate. Taking into account that the General Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the General Mandate; (ii) provides more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilization of the General Mandate, we consider such dilution or potential dilution to shareholdings of the Independent Shareholders to be justifiable.

### RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that the refreshment of the Previous General Mandate is in the interests of the Company and the Independent Shareholders as a whole, and is fair and reasonable. 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 refreshment of the Previous General Mandate to be proposed at the SGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the General Mandate is utilized.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Hans Wong**                      **Julisa Fong**  
*Chairman*                              *Managing Director*

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## NOTICE OF THE SPECIAL GENERAL MEETING

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**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 9:30 a.m. on Thursday, 15 April 2010 at Room 1101, 11/F., 88 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as ordinary resolution:

### ORDINARY RESOLUTION

**“THAT**

- (a) the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to allot, issue and deal with shares of the Company (the “Shares”) as approved by the shareholders of the Company (the “Shareholders”) at the special general meeting of the Company held on 13 November 2009 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any other securities which carrying rights to subscribe for and are convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any other securities which carrying rights to subscribe for and are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (d) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) an issue of Shares upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into Shares, or (iii) an issue of Shares upon the exercise of options granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to any eligible grantees to acquire Shares, or (iv) any scrip dividend or similar arrangement of the Company providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

*\* for identification purpose only*

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## NOTICE OF THE SPECIAL GENERAL MEETING

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(e) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution; and

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

By order of the Board  
**21 Holdings Limited**  
**Lau Siu Mui**  
*Company Secretary*

Hong Kong, 26 March 2010



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## NOTICE OF THE SPECIAL GENERAL MEETING

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*Notes:*

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member. A form of proxy for use at the meeting is enclosed herewith.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-07, 18/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (3) In the case of joint registered holders of any share in the capital of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such Shares as if he/she was solely entitled thereto, but if more than one of such joint registered holders is present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the registrar of the members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (4) Completion and return of the form of proxy will not preclude members from attending and voting at the meeting or any adjourned meeting if you so wish. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.