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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, 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 enclosed 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 the transferee.

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21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

**(1) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND
ALLOT SHARES;
(2) REFRESHMENT OF THE LIMIT ON THE GRANT OF
OPTIONS UNDER THE SHARE OPTION SCHEME; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

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

**VEDA | CAPITAL
智 略 資 本**

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders of the Company is set out on page 11 of this circular. A letter from Veda Capital containing its advice to the Independent Board Committee and Independent Shareholders of the Company is set out on pages 12 to 16 of this circular.

A notice convening a special general meeting of the Company to be held at Unit 1303, 13/F, Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on 4 March 2011 at 9:30 a.m. is set out on pages 17 to 19 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 less than 48 hours before the time appointed for holding 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 meeting or any adjourned meeting should you so wish.

16 February 2011

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 23 June 2010
“Announcement”	The announcement of the Company dated 22 September 2010 in relation to, among other things, the Capital Reorganisation and the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Reorganisation”	the reorganisation of the capital of the Company, details of which were set out in the Announcement and the circular of the Company dated 12 November 2010
“Company”	21 Holdings Limited, a company incorporated under the law of Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1003)
“Director(s)”	the director(s) of the Company
“Existing Issue Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with 20% of the issued share capital of the Company as at the date of the AGM, representing 22,529,114 Shares after adjusted for the effect of the Capital Reorganisation
“Existing Limit”	the maximum number of Shares that may be issued upon exercise all options to be granted under the Share Option Scheme and other option scheme which was approved by the Shareholders at the AGM, representing 10% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent board committee formed by independent non-executive Directors to advise the Independent Shareholders in respect of the Refreshment of the Existing Issue Mandate
“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Latest Practicable Date”	14 February 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Refreshed Issue Mandate”	the general mandate proposed to be sought at the SGM to authorize the Directors to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM
“Refreshed Limit”	the proposed limit on the number of Shares that may be issued upon exercise of the options to be granted under the Share Option Scheme to be sought at the SGM, being 10% of the issued share capital of the Company as at the date of the SGM
“Refreshment of the Existing Issue Mandate”	the proposed refreshment of the Existing Issue Mandate to the Refreshed Issue Mandate
“Rights Issue”	the issue by way of rights of 1,126,955,740 of rights Shares on the basis of ten rights Shares for every Share held on the record date, details of which were set out in the Announcement, the circular of the Company dated 12 November 2010 and the prospectus of the Company dated 20 December 2010
“Scheme Limit”	the maximum number of Shares which may be issued upon exercise of all options (excluding options lapsed in accordance with the Share Option Scheme and any other share option scheme of the Company) that may be granted under the Share Option Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the (i) the Refreshment of the Existing Issue Mandate; and (ii) the refreshment of the Existing Limit
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme adopted and approved by the Company on 17 September 2004
“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 activities under the SFO, being appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of the Existing Issue Mandate
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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:*

Unit 1303, 13/F
Tower 2, Lippo Centre
89 Queensway
Admiralty
Hong Kong

16 February 2011

To the Shareholders

Dear Sir or Madam,

**(1) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND
ALLOT SHARES; AND
(2) REFRESHMENT OF THE LIMIT ON THE GRANT OF
OPTIONS UNDER THE SHARE OPTION SCHEME**

INTRODUCTION

The Board proposes to put forward the approval of the Independent Shareholders to refresh the Existing Issue Mandate and the approval of the Shareholders to refresh the Existing Limit at the SGM.

The purpose of this circular is to give you, among other things, (i) further details regarding the Refreshment of the Existing Issue Mandate and the refreshment of the Existing Limit; (ii) a letter of recommendation from the Independent Board Committee on the Refreshment of the Existing Issue Mandate; (iii) a letter of recommendation from Veda Capital to the Independent Board Committee and Independent Shareholders on the Refreshment of the Existing Issue Mandate; and (iv) a notice of the SGM at which resolutions will be proposed to consider and, if though fit, to approve the Refreshment of the Existing Issue Mandate and the refreshment of the Scheme Limit.

** for identification purpose only*

LETTER FROM THE BOARD

REFRESHMENT OF GENERAL MANDATE

At the AGM, the Shareholders approved an ordinary resolution for the granting of the Existing Issue Mandate pursuant to which the Directors are authorised to allot, issue and deal with 20% of the issued share capital of the Company as at the date of AGM. The maximum number of Shares that are allowed to be allotted, issued and deal with under the Existing Issue Mandate has been adjusted to 22,539,114 Shares on 7 December 2010 upon the Capital Reorganisation becoming effective.

Since the AGM to the Latest Practicable Date, the Existing Issue Mandate has neither been utilized nor refreshed.

As the result of the Capital Reorganisation and the substantial increase in the issued share capital of the Company pursuant to the issue of 1,126,955,740 Shares upon the completion of the Rights Issue on 13 January 2011, the maximum number of 22,539,114 Shares that are allowed to be issued, allotted and deal with under the Existing Issue Mandate represents only approximately 1.82% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Board proposes to refresh the Existing Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

As at the Latest Practicable Date, the Company had 1,239,651,314 Shares in issue. Assuming that no Shares are issued and/or repurchased by the Company from the Latest Practicable Date to the SGM, subject to the passing of the relevant ordinary resolution to approve the Refreshment of the Existing Issue Mandate at the SGM, the Directors will be authorized to allot and issue up to a limit of 247,930,262 Shares under the Refreshed Issue Mandate, representing 20% of the total number of Shares in issue as at the date of the SGM.

As at the Latest Practicable Date, the cash and cash equivalent on hand of the Group amounted to approximately HK\$20.8 million and such amount is expected to be used as general working capital of the Group. In case when the Company identifies suitable investment opportunities in the future, it may not have sufficient funding to proceed with such investment opportunities. The Company has considered other pre-emptive fund raising method (such as rights issue or open offer). Given that the Company has just completed the Rights Issue and the current market sentiment, the Directors believe that another pre-emptive issues on a fully underwritten basis in the short term may be difficult to proceed. Moreover, a pre-emptive issue usually will take a longer time to complete and incur a higher costs.

The Directors consider that the Refreshed Issue Mandate provides a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares for its future business development and therefore the Refreshed Issue Mandate is in the interests of the Company and the Shareholders as a whole. Other than the MOU (as defined below), as announced by the Company on 14 February 2011, the Company is negotiating a possible investment in a company that is engaged in the property agency business in Hong Kong. No formal agreement for such investment has been reached as at the Latest Practicable Date. As at the Latest Practicable Date, the Company did not have any plan or negotiation of fund raising activities under the Refreshed Issue Mandate.

The Refreshed Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Refreshed Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the SGM at which the controlling Shareholders or, in the case where the Company has no controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall 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 executives of the Company and their respective associates held any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the Refreshed Issue Mandate at the SGM.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Refreshment of the Existing Issue Mandate. Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of the Existing Issue Mandate.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed the net use of proceeds	Actual use of the net proceeds
26 April 2010	Placing of 375,000,000 new shares of the Company	HK\$48.8 million	For general working capital and further business development (including property investment)	(i) approximately HK\$9.5 million has been used as general working capital comprising (a) professional fee of HK\$3.5 million; (b) administration expenses of HK\$4.6 million; and (c) interest payment of HK\$1.4 million for convertible note of the Company with principal amount of HK\$70 million; and (ii) approximately HK\$39.3 million has been used for the settlement of the Repurchase Offer (as defined in the Announcement) on 21 January 2011 <i>(Note 1)</i>
22 September 2010	Rights Issue of 1,126,955,740 rights shares on the basis of ten rights share for every share held on the record date	HK\$208.6 million	(i) approximately HK\$180.0 million for payment of the consideration for the Acquisition (as defined in the Announcement); 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.	(i) approximately HK\$170.0 million has been used for payment of consideration for the Acquisition upon its completion on 18 January 2011 and approximately HK\$10.0 million has been set aside and placed in bank accounts for final payment of consideration of Acquisition after adjustments relating to the completion account in respect of the Acquisition; and (ii) the balance of approximately HK\$28.6 million has been used for the settlement of the Repurchase Offer on 21 January 2011 <i>(Note 1)</i>

LETTER FROM THE BOARD

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed the net use of proceeds	Actual use of the net proceeds
19 January 2011	Placing of up to 370,000,000 new shares of the Company under specific mandate	HK\$54.15 million	(i) approximately HK\$35.00 million for its investment in a PRC entity which will be engaged in provision of community payment services and property agency services in the PRC pursuant to a non-legally binding memorandum of understanding (“MOU”) dated 19 January 2011 entered into between the Company and certain independent third parties in the PRC if such investment proceed (<i>Note 2</i>); and (ii) the balance of approximately HK\$19.15 million for the general working capital of the Group and/or for its future expansion and development.	The placing was terminated on 10 February 2011 as disclosed in the announcement of the Company dated 10 February 2011 (<i>Note 2</i>)

Note:

1. The total repurchase consideration of HK\$67.9 million under the Repurchase Offer has been settled in full on 21 January 2011.
2. As at the Latest Practicable Date, no formal agreement to the MOU has been entered into. The formal agreement is subject to further negotiation and agreement and therefore the transactions contemplated under the MOU may or may not proceed. The Company may choose not to proceed with the MOU for whatever reasons including insufficiency of the Group’s internal resources. If the Company choose to proceed, the Company may use its internal resources and/or other external fund raising activities that are available to the Company at that time.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

REFRESHMENT OF THE LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders in the special general meeting of the Company held on 17 September 2004. Under the rules of the Share Option Scheme, the Scheme Limit must not in aggregate exceed 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme.

The Scheme Limit may be refreshed by obtaining approval of the Shareholders in general meeting provided that the refreshed Scheme Limit shall not exceed 10% of the Shares in issue as at the date of approval of such limit. Options previously granted under the Share Option Scheme and any other share option scheme of the Company (including those outstanding, cancelled, lapsed in accordance with the relevant scheme or exercised options) shall not be counted for the purpose of calculating the refreshed Scheme Limit.

Notwithstanding the foregoing, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

As at the Latest Practicable Date, the Company did not have any share option schemes other than the Share Option Scheme.

At the AGM, the Shareholders approved an ordinary resolution for the refreshment of the Scheme Limit pursuant to which the Directors are authorised to grant options under the Existing Limit to subscribe for 10% of the issued share capital of the Company as at the date of AGM. The maximum number of Shares allowed to be allotted and issued under the Existing Limit has been adjusted to 11,269,557 Shares on 7 December 2010 upon the Capital Reorganisation becoming effective.

Since the AGM and up to the Latest Practicable Date, the Company has not granted any options under the Share Option Scheme. As at the Latest Practicable Date, no options under the Share Option Scheme were outstanding.

As the result of the Capital Reorganisation and the substantial increase in the issued share capital of the Company pursuant to the issue of 1,126,955,740 Shares upon the completion of the Rights Issue on 13 January 2011, the maximum number of 11,269,557 Shares allowed to be allotted and issued under the Existing Limit represents only approximately 0.91% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Board proposes to refresh the Existing Limit to the Refreshed Limit not exceeding 10% of the issued share capital of the Company as at the date of the SGM.

As at the Latest Practicable Date, the Company had 1,239,651,314 Shares in issued. Assuming that no Shares are repurchased and/or issued from the Latest Practicable Date to the SGM, upon the approval of the refreshment of the Existing Limit at the SGM, the Directors will be authorised to issue options to subscribe for a total of 123,965,131 Shares under the Refreshed Limit, representing 10% of the total number of Shares in issue as at the date of SGM.

LETTER FROM THE BOARD

The Directors consider that the Refreshed Limit can provide the Company with greater flexibility in granting share options to eligible persons (including employees and directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company and therefore it is in the interest of the Company and the Shareholders as a whole.

The refreshment of the Existing Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholder at the SGM to approve the Refreshed Limit; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the new Shares to be issued pursuant to the exercise of any options granted under the Refreshed Limit.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder is required to abstain from voting on the refreshment of the Existing Limit at the SGM.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the new Shares to be issued pursuant to the exercise of any options granted under the Refreshed Limit.

SGM

The notice of the SGM is set on pages 17 to 19 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of 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 as soon as possible and in an event not less than 48 hours before the time appointed for holding 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 adjourned meeting should you so wish.

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.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 11 of this circular which contains its recommendation to the Independent Shareholders on the Refreshment of the Existing Issue Mandate. Your attention is also drawn to the letter of advice from Veda Capital as set out on pages 12 to 16 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of the Existing Issue Mandate.

The Independent Board Committee, having taken into account the advice of Veda Capital, considers that the Refreshment of the Existing Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM for approving the Refreshment of the Existing Issue Mandate.

The Board considers that the Refreshment of the Existing Issue Mandate and the refreshment of the Existing Limit are in the interests of the Company and the Shareholders as a whole, and accordingly, recommends all Shareholders to vote in favour of the relevant resolutions set out in the notice of the SGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

16 February 2011

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF THE GENERAL MANDATE TO ISSUE AND ALLOT SHARES

We refer to the circular of the Company dated 16 February 2011 (the “Circular”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of Independent Board Committee to advise you in respect of the Refreshment of the Existing Issue Mandate which will enable the Board to exercise the power of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM.

Veda Capital has been appointed to advise us and the Independent Shareholders as to whether the Refreshment of the Existing Issue Mandate is fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 12 to 16 of the Circular.

Having considered the advice of Veda Capital, we are of the opinion that the Refreshed Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and that the grant of the Refreshed Issue Mandate is in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Refreshment of the Existing Issue Mandate.

Yours faithfully,

For and on behalf of

Independent Board Committee

Chui Chi Yun, Robert, Lam Kwok Cheong, Lui Siu Tsuen, Richard

Independent non-executive Directors

** for identification purpose only*

LETTER FROM VEDA CAPITAL

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 Refreshment of the Existing Issue 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

16 February 2011

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

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

We refer to the circular dated 16 February 2011 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 Refreshment of the Existing Issue 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 Refreshed Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the SGM at which the controlling Shareholders or, in the case where the Company has no controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall 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 executives of the Company and their respective associates held any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the Refreshed Issue Mandate at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Refreshment of the Existing Issue Mandate.

LETTER FROM VEDA CAPITAL

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 CONSIDERED

In arriving at our opinion in respect of the Refreshment of the Existing Issue Mandate, we have taken into consideration the following principal factors and reasons:

Background and reasons for the Refreshment of the Existing Issue Mandate

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.

At the AGM, the Shareholders approved an ordinary resolution for the granting of the Existing Issue Mandate pursuant to which the Directors are authorised to allot, issue and deal with 20% of the issued share capital of the Company as at the date of AGM. The maximum number of Shares that are allowed to be allotted, issued and deal with under the Existing Issue Mandate has been adjusted to 22,539,114 Shares with effective of Capital Reorganisation on 7 December 2010. Since the AGM to the Latest Practicable Date, the Existing Issue Mandate has neither been utilized nor refreshed.

As the result of the Capital Reorganisation and the substantial increase in the issued share capital of the Company pursuant to the issue of 1,126,955,740 Shares upon the completion of the Rights Issue on 13 January 2011, the maximum number of 22,539,114 Shares that are allowed to be issued, allotted and deal with under the Existing Issue Mandate represents only approximately 1.82% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Board proposes to refresh the Existing Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

LETTER FROM VEDA CAPITAL

As at the Latest Practicable Date, the Company had 1,239,651,314 Shares in issue. Assuming that no Shares are issued and/or repurchased by the Company from the Latest Practicable Date to the SGM, subject to the passing of the relevant ordinary resolution to approve the Refreshment of the Existing Issue Mandate at the SGM, the Directors will be authorized to allot and issue up to a limit of 247,930,262 Shares under the Refreshed Issue Mandate, representing 20% of the total number of Shares in issue as at the date of SGM.

As set out in the interim report 2010 of the Company (the “**IR 2010**”), the Company recorded bank balances and cash of approximately HK\$50.29 million and convertible notes due within one year of approximately HK\$57.48 million as at 30 June 2010. We also noted in IR 2010 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 continue to search for good and promising investments for healthy growth of the Group and better return to the Shareholders.

As noted from the Board Letter, the Company has conducted placement of new Shares (the “**Previous Placing**”) and the Rights Issue in the past twelve months. The net proceeds from the Previous Placing amounted to approximately HK\$48.8 million, of which (i) approximately HK\$9.5 million has been used as general working capital comprising (a) professional fee of HK\$3.5 million; (b) administration expenses of HK\$4.6 million; and (c) interest payment of HK\$1.4 million for convertible note of the Company with principal amount of HK\$70 million; and (ii) approximately HK\$39.3 million has been used for the settlement of the Repurchase Offer (as defined in the Announcement) on 21 January 2011. The net proceeds from the Rights Issue amounted to approximately HK\$208.6 million, of which (i) approximately HK\$170 million has been used for payment of consideration for the Acquisition upon its completion on 18 January 2011 and approximately HK\$10.0 million has been set aside and placed in bank accounts for final payment of consideration of Acquisition after adjustments relating to the completion account in respect of the Acquisition; and (ii) the balance of approximately HK\$28.6 million has been used for the settlement of the Repurchase Offer on 21 January 2011.

As set out in the Board Letter, as at the Latest Practicable Date, the cash and cash equivalent on hand of the Group amounted to approximately HK\$20.8 million and such amount is expected to be used as general working capital of the Group. In case when the Company identifies suitable investment opportunities in the future, it may not have sufficient funding to proceed with such investment opportunities. The Company has considered other pre-emptive fund raising method (such as rights issue or open offer). Given that the Company has just completed the Rights Issue and the current market sentiment, the Directors believe that another pre-emptive issues on a fully underwritten basis in the short term may be difficult to proceed. Moreover, a pre-emptive issue usually will take a longer time to complete and incur a higher costs.

The Directors consider that the Refreshed Issue Mandate provides a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares for its future business development and therefore the Refreshed Issue Mandate is in the interests of the Company and the Shareholders as a whole. Other than the MOU, as announced by the Company on 14 February 2011, the Company is negotiating a possible investment in a company that is engaged in the property agency business in Hong Kong. No formal agreement for such investment has been reached as at the Latest Practicable Date. As at the Latest Practicable Date, the Company did not have any plan or negotiation of fund raising activities under the Refreshed Issue Mandate.

LETTER FROM VEDA CAPITAL

We are aware that the Company has conducted fund raising activities in the past twelve months, however, having considered that (i) Existing Issue Mandate represents only approximately 1.82% of the issued share capital of the Company; (ii) the net proceeds from the Previous Placing has been fully utilised and the intended usage of the remaining unutilized net proceeds from the Rights Issue of approximately HK\$10.0 million for final payment of consideration of Acquisition after adjustments relating to the completion account in respect of the Acquisition; (iii) the Refreshed Issue 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; (iv) the Company has been searching for promising investments opportunities and will keep on looking for suitable and favorable investments; and (v) 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, 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 may have to be made immediately, we consider the Refreshment of the Existing Issue 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.

Having considered that (i) debt financing may incur interest burden to the Group; (ii) rights issue or open offer may take a longer time to complete while fund raising exercise pursuant to general mandate provides the Company a simpler and less lead time process than other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; and (iii) the Refreshment of the Existing Issue 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, we are of the view that the Refreshment of the Existing Issue Mandate will be in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM VEDA CAPITAL

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 Refreshed Issue 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 Practicable Date		Immediately upon full utilization of the Refreshed Issue Mandate	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Independent Shareholders	1,239,651,314	100.00%	1,239,651,314	83.33%
Additional Shareholders upon full utilization of the Refreshed Issue Mandate	—	—	247,930,262	16.67%
Total:	<u>1,239,651,314</u>	<u>100.00%</u>	<u>1,487,581,576</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 Refreshed Issue Mandate. Taking into account that the Refreshed Issue Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the Refreshed Issue 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 Refreshed Issue 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 Existing Issue Mandate is in the interests of the Company and 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 Existing Issue 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 Refreshed Issue Mandate is utilized.

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

NOTICE OF THE SPECIAL GENERAL MEETING



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 Unit 1303, 13/F, Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on 4 March 2011 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT,**

- (a) to the extent not already exercised, the mandate to allot and issue and deal with shares of the Company given to the directors of the Company (the “**Directors**”) at the annual general meeting of the Company held on 23 June 2010 be and is hereby revoked;
- (b) subject to paragraph (d) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the (the “**Listing Rules**”), 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 of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any other securities which carry rights to subscribe for and are convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) above 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 carry 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 allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) and issued by the Directors pursuant to the approval in paragraph (b) of this resolution above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any issue of Shares upon exercise of rights of subscription or conversion under the terms of any securities which are convertible into Shares; (iii) the issue of Shares upon 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 of the Company; or (iv) any issue of Shares as scrip dividend pursuant to the bye-laws of the Company in force from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the said approval shall be limited accordingly; and

** for identification purpose only*

NOTICE OF THE SPECIAL GENERAL MEETING

(e) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the 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 Company Act 1981 of Bermuda or any other applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company or any recognised regulatory body or any stock exchange applicable to the Company).”

2. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of options granted under the share option scheme adopted by the Company on 17 September 2004 (the “**Scheme**”), the existing limit in respect of the granting of options to subscribe for Shares under the Scheme be and is hereby refreshed and renewed provided that the total number of Shares which may be allotted and issued upon exercise of the options granted under the Scheme and any other share option scheme of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme or such other share option scheme of the Company) shall not exceed 10 per cent. of the total number of Shares in issue as at the date of passing of this resolution (the “**Refreshed Limit**”) and that the Directors be and are hereby authorized, subject to compliance with the Listing Rules, to grant options under the Scheme up to the Refreshed Limit and to exercise all powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options.”

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

Hong Kong, 16 February 2011

NOTICE OF THE SPECIAL GENERAL MEETING

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 authorized 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.