
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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;
(3) RE-ELECTION OF DIRECTOR;
AND
(4) 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 17 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 18 to 28 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 18 October 2011 at 10:00 a.m. is set out on pages 29 to 32 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.

* for identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	17
LETTER FROM VEDA CAPITAL	18
NOTICE OF THE SPECIAL GENERAL MEETING	29

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 25 May 2011
“Announcement”	the announcement of the Company dated 6 May 2011 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 30 May 2011
“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 29,751,026 Shares after adjusted for the effect of the Capital Reorganisation
“Existing Limit”	the maximum number of Shares that may be issued upon exercise of 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, which 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”	27 September 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 1,190,041,048 of rights Shares on the basis of eight 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 30 May 2011 and the prospectus of the Company dated 30 June 2011

DEFINITIONS

“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)
“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; (ii) the refreshment of the Existing Limit; and (iii) the re-election of Mr. Ding Chung Keung as an independent non-executive Director
“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

Registered office:

Canon's Court, 22 Victoria Street

Hamilton HM 12, Bermuda

Independent non-executive Directors:

Mr. Lam Kwok Cheong

Mr. Lui Siu Tsuen, Richard

Mr. Ding Chung Keung

*Head office and principal place of
business in Hong Kong:*

Unit 1303, 13/F

Tower 2, Lippo Centre

89 Queensway

Admiralty

Hong Kong

30 September 2011

To the Shareholders

Dear Sir or Madam,

- (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) RE-ELECTION OF DIRECTOR**

INTRODUCTION

The Board proposes to put forward for (a) the approval of the Independent Shareholders to refresh the Existing Issue Mandate; (b) the approval of the Shareholders to refresh the Existing Limit; and (c) the approval of the Shareholders to re-elect director at the SGM.

* for identification purpose only

LETTER FROM THE BOARD

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; (iv) further details and brief biography of the Director to be re-elected; and (v) 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, the refreshment of the Scheme Limit and the re-election of the Director.

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 dealt with under the Existing Issue Mandate has been adjusted to 29,751,026 Shares on 22 June 2011 upon the Capital Reorganisation becoming effective.

Since the AGM to the Latest Practicable Date, the Existing Issue Mandate has neither been utilized nor refreshed. However, as the result of the Capital Reorganisation and the substantial increase in the issued share capital of the Company pursuant to the issue of 1,190,041,048 Shares upon the completion of the Rights Issue on 22 July 2011, the maximum number of 29,751,026 Shares that are allowed to be issued, allotted and dealt with under the Existing Issue Mandate has been reduced substantially to only approximately 2.22% 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 1,338,796,179 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 267,759,235 Shares under the Refreshed Issue Mandate, representing 20% of the total number of Shares in issue as at the date of the SGM.

LETTER FROM THE BOARD

Reasons for the Refreshment of the Existing Issue Mandate

As at 31 August 2011, the unaudited bank balances and cash of the Group amounted to approximately HK\$105.3 million. The Board does not expect immediate funding need since a portion of net proceeds from the Rights Issue of approximately HK\$47.1 million has been reserved for the Group's current operation and business development including expansion of property agency business in Hong Kong and the PRC. The preliminary plan for expansion of property agency business includes, among others, setting up new subsidiaries/branches in selected locations in the PRC with good development potential, engaging additional suitable management personnel and sales agents for expansion of the sales network and strengthening marketing efforts to enhance brand recognition. It is preliminarily expected that the proceeds from the Rights Issue of approximately HK\$37.1 million will be used for such expansion within 12 months. However, the actual time of use and the development plan will be adjusted based on market sentiments. The Board is of the view that the granting of the Refreshed Issue Mandate is in the interest of the Company and its Shareholders as a whole for the following reasons:

- (i) the Company will be in a position to capture suitable fund raising opportunities which may arise before the next annual general meeting of the Company and thereby maintain the financial flexibility for the Group's future business development which is important to the growth of the Group given the nature of equity financing is non-interest bearing and requires no collaterals or pledge of securities;
- (ii) based on the historical record of Company's investments, the net proceeds from the Rights Issue may not be sufficient for the use of business investment and/or general working capital of the Group when suitable investment opportunities arise; and
- (iii) the grant of the Refreshed Issue Mandate would provide the Board with greater autonomy and flexibility to respond to the competitive and rapidly changing capital market in a timely manner; and to offer equity consideration as an alternative to cash payment in any possible acquisition and investment opportunities.

The Company currently has no specific investment plan, identified merger and acquisition opportunities or any potential investments and acquisition targets in negotiation. The Company has no plan to utilise the Refreshed Issue Mandate as at the Latest Practicable Date.

LETTER FROM THE BOARD

Taking into account that (i) the general mandate granted by the Shareholders on 4 March 2011 has been utilized almost entirely and lapsed at the AGM; and the Existing Issue Mandate granted by the Shareholders at the AGM represented only approximately 2.22% of the existing issued share capital of the Company; (ii) a significant portion of proceeds from fund raising exercises conducted by the Company in the past 12 months was applied for specific purposes, including the payment of consideration of Acquisition (as defined in the announcement of the Company dated 22 September 2010), the settlement of the Repurchase Offer (as defined in the announcement of the Company dated 22 September 2010) and the funding requirement of the Company's legal proceedings; (iii) dilution effect of issue of new shares to the Shareholders's interest; and (iv) greater flexibility to be provided to the Company even it has no specific fund raising plans and/or committed investment plans. The Board considered that the granting of the Refreshed Issue Mandate is in the best interest of the Company and the Shareholders as a whole.

Other financing alternatives

In case when the Company identifies suitable investment opportunities before the next annual general meeting and does not have enough internal cash resources for such investment, the Company may consider other financing alternative available to the Group such as pre-emptive fund raising method (such as rights issue or open offer) and debt financing, to be other possible fund raising alternatives available to the Group.

Given that the Company has just completed the Rights Issue and the current market sentiment causing the difficulty to procure an underwriter, the Board believes that another pre-emptive issues on a fully underwritten basis may be difficult to proceed in the short term. Moreover, a pre-emptive issue usually will take a longer time of almost three months to complete and incur a higher advisory and underwriting cost.

With regard to debt financing, it is uncertain if appropriate debt financing such as bank borrowings would be available when investment opportunities arise. Moreover, debt financing is commonly associated with covenants, encumbrances and finance cost such as interest outlay and it would consume substantial time and resources to negotiate for suitable debt financing from the market. Given the subsisting legal proceedings against the Group, it would be difficult for the Group to obtain debt financing from commercial banks. As disclosed in the circular dated 30 May 2011 relating to the Rights Issue, the Group did not receive positive response from one bank when it approached the bank in March 2011. Since then, the Group had not approached other banks or financial institutions. For the reasons stated above, the Board considers that debt financing would be less favourable to the Group.

LETTER FROM THE BOARD

History of refreshment of the general mandate

The following table shows the Company's history of refreshment of general mandate since the annual general meeting of the Company held on 23 June 2010:

Date of general mandate granted	Extent and nature of usage of general mandate granted	Net proceeds raised from the utilization of the general mandate	Proposed use of the net proceeds	Actual use of the net proceeds
23 June 2010	Not utilized	n/a	n/a	n/a
4 March 2011	247,900,000 Shares has been issued pursuant to placing agreement dated 25 March 2011, which utilized approximately 99.99% of the general mandate	HK\$26.7 million	To be used for general working capital requirements (including its financial obligations)	HK\$25.0 million has been used for first payment into an interest bearing account of the Court as a condition for stay of execution of the judgment pending appeal, approximately HK\$1.7 million has been used for general working capital
25 May 2011	Not utilized	n/a	n/a	n/a

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 subjected 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. Mr. Ng Kai Man, the Chairman of the Company and the executive Director, together with his associates have 27,000,000 Shares, representing approximately 2.02% of the issued share capital of the Company and will be 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 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.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Capital raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
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	<p>(i) approximately HK\$180.0 million for payment of the consideration for the Acquisition (as defined in the announcement of the Company dated 22 September 2010); and</p> <p>(ii) the remaining balance of approximately HK\$28.6 million for the settlement amount of the Repurchase Offer (as defined in the announcement of the Company dated 22 September 2010).</p>	Approximately HK\$176.0 million has been used for payment of consideration for the Acquisition upon its completion on 18 January 2011 and approximately HK\$4.0 million was set aside for adjustments relating to the completion account in respect of the Acquisition and/or administrative expenses, including staff cost, rental expenses, audit fee and legal and professional fee etc.; and 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>)
19 January 2011	Placing of up to 370,000,000 new shares under specific mandate	HK\$54.2 million	<p>(i) approximately HK\$35.0 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 dated 19 January 2011 entered into between the Company and certain independent third parties in the PRC if such investment proceed; and</p> <p>(ii) the balance of approximately HK\$19.2 million for the general working capital of the Group and/or for its future expansion and development.</p>	The placing was terminated on 10 February 2011 as disclosed in the announcement of the Company dated 10 February 2011
25 March 2011	Placing of 247,900,000 new Shares	HK\$26.7 million	To be used for general working capital requirements (including its financial obligations).	HK\$25.0 million has been used for the first payment into an interest bearing account of the Court as a condition for stay of execution of the judgment pending appeal, approximately HK\$1.7 million has been used for general working capital
6 May 2011	Rights issue of 1,190,041,048 rights shares on the basis of eight rights share for every share held on the record date	HK\$115.1 million	(i) approximately HK\$25.0 million to meet the second payment into Court before 19 August 2011 under the consent order dated 15 June 2011;	HK\$25.0 million has been used for the second payment into an interest bearing account of the Court as a condition for stay of execution of the judgment pending appeal and approximately HK\$90.1 million remains unused and has been placed in bank accounts

LETTER FROM THE BOARD

Date of announcement	Capital raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
			<p>(ii) approximately HK\$40.0 million to meet potential liability under the judgment over and above the payments into Court;</p> <p>(iii) approximately HK\$3.0 million as legal and professional fee for launching appeal against the judgment during the year;</p> <p>(iv) approximately HK\$10.0 million as administrative expenses, including staff cost, rental expenses, audit fee and legal and professional fee etc.; and</p> <p>(v) the remaining balance of the proceeds for capital expenditure needs for the further business development including expansion of property agency business in Hong Kong and the PRC.</p> <p>Should the Company be successful in its appeal against the judgment, approximately HK\$3.0 million will be used for legal and professional fee for launching appeal against the judgment during the year and the remaining balance of the net proceeds will be used for capital expenditure needs for the further business development including expansion of property agency business in Hong Kong and the PRC .</p>	

Note:

1. The total repurchase consideration of HK\$67.9 million under the Repurchase Offer has been settled in full on 21 January 2011.

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

For illustration purpose only, the disclosure on the cumulative dilution effect to the Shareholders as a result of the series of placing and rights issues conducted in the past twelve months immediately preceding the Latest Practicable Date (assuming the Shareholdings did not participate in the rights issues over the last twelve months) for Shareholders information. The public Shareholders were interested in 2,253,911,490 Shares as at 22 September 2010 (the “2010 Public Shareholders”), representing the entire issued share capital of the Company (the “2010 Public Shareholdings”). The Company announced a rights issue on 22 September 2010 (the “2010 Rights Issue”). Assuming none of the rights shares of the 2010 Rights Issue is subscribed by the 2010 Public Shareholders, the 2010 Public Shareholdings was diluted from 100% to approximately 9.09% upon completion of the 2010 Rights Issue. On 25 March 2011, the Company announced a placing of 247,900,000 new Shares (the “2011 Placing”). Upon completion of the 2011 Placing, the 2010 Public Shareholdings was diluted from approximately 9.09% to approximately 7.58%. The Company announced a rights issue on 6 May 2011 (the “2011 Rights Issue”). Assuming none of the rights shares of the 2011 Rights Issue is subscribed by the 2010 Public Shareholders, the 2010 Public Shareholdings was diluted from approximately 7.58% to approximately 0.84% upon completion of the 2011 Rights Issue. If the Refreshed Issue Mandate is approved and such mandate is fully utilized for issuance of 267,759,255 new Shares of the Company, the 2010 Public Shareholdings will be further be diluted from approximately 0.84% to approximately 0.70%.

Taking into account that the Refreshment of the Existing Issue Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the Refreshed Issue Mandate; (ii) will provide more options of financing to the Group for further development of its business as well as in other potential future investment as and when such opportunities arise; and (iii) the shareholding interests of all the Shareholders will be diluted proportionately to their respective shareholdings upon any utilization of the Refreshed Issue Mandate, the Directors are of the view that the potential dilution effect to the shareholdings of the Shareholders is acceptable.

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.

LETTER FROM THE BOARD

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 14,875,513 Shares on 22 June 2011 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 1,190,041,048 Shares upon the completion of the Rights Issue on 22 July 2011, the maximum number of 14,875,513 Shares allowed to be allotted and issued under the Existing Limit represents only approximately 1.11% 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 1,338,796,179 Shares in issue. 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 133,879,617 Shares under the Refreshed Limit, representing 10% of the total number of Shares in issue as at the date of SGM.

As at the Latest Practicable Date, the Company had no other outstanding convertible securities, options or warrants in issue or other similar rights which confer any right to convert or exchange into or subscribe for the Shares.

LETTER FROM THE BOARD

Reasons for the refreshment of the Existing Limit

The Board considers 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. As the Scheme Limit was last refreshed on 25 May 2011 and the existing share structure of the Company is different from that before the Rights Issue, the Board considers that it is in the interest of the Company and the Shareholders as a whole to refresh the Scheme Limit to the 10% limit provided under Chapter 17 of the Listing Rules so as to provide the Company with the flexibility of granting share options under the Share Option Scheme and to provide incentives to, and recognise the contributions of, the Group's employees and other selected grantees. With many companies in Hong Kong offering share options to their employees as part of their total compensation package, the Board considers that the flexibility of being able to offer share options to qualified employees or recruits an important factor for the Company to retain existing employees and officers and to attract potential recruits.

Conditions

The refreshment of the Existing Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders 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.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTOR

According to Bye-Law 102(B), the Board has the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy on the Board or as an addition to the Board.

Pursuant to Code Provision A.4.2 in Appendix 14 to the Listing Rules, any Director so appointed by the Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election.

Therefore, Mr. Ding Chung Keung (“Mr. Ding”), an independent non-executive Director who was appointed by the Board on 1 September 2011, shall hold office only until the SGM and being eligible, offer himself for re-election at the SGM. Brief biography of Mr. Ding is set out below.

Mr. Ding, aged 42, holds a bachelor degree in business administration from The Chinese University of Hong Kong. Mr. Ding is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. He has been in the investment, audit and finance industries for more than twenty years.

Mr. Ding is the executive director and Chief Executive Officer of Goldbond Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Ding has not held any directorships in other public listed companies in the past three years.

Mr. Ding has not entered into any service contract with the Company. There is no specific term or proposed length of services for Mr. Ding’s appointment but he is subject to retirement by rotation and eligible for re-election at annual general meeting of the Company in accordance with the bye-laws of the Company. Mr. Ding will receive director’s fee of HK\$120,000 per annum which is determined by the Board with reference to his experience and responsibilities in the Company. Mr. Ding does not hold any other positions with the Company or other members of the Group.

Mr. Ding does not have any interest in the shares of the Company within the meaning of Part XV of the SFO and does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company.

Save as disclosed above, there is no other information relating to the appointment of Mr. Ding as an independent non-executive director and members of audit committee and remuneration committee of the Company that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any matters that need to be brought to the attention of the Shareholders of the Company.

LETTER FROM THE BOARD

SGM

The notice of the SGM is set on pages 29 to 32 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.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 17 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 18 to 28 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 Issue 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.

LETTER FROM THE BOARD

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)

30 September 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 30 September 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 18 to 28 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

Lam Kwok Cheong, Lui Siu Tsuen, Richard Ding Chung Keung

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

30 September 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 30 September 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 Refreshment of the Existing Issue Mandate will be subjected 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 Refreshment of the Existing Issue Mandate. As at the Latest Practicable Date, there were no controlling Shareholders in the Company and Mr. Ng Kai Man, the Chairman of the Company and the executive Director, together with his associates have 27,000,000 Shares, representing approximately 2.02% of the existing issued share of the Company will abstain from voting in favour of the relevant resolution to approve the Refreshment of the Existing Issue Mandate.

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.

LETTER FROM VEDA CAPITAL

As noted from the Board Letter, since the annual general meeting of the Company held on 23 June 2010, the Company has refreshed the general mandate on 4 March 2011 (the “**1st Refreshment of General Mandate**”). Upon the approval of the 1st Refreshment of General Mandate, 247,900,000 Shares have been issued pursuant to a placing agreement dated 25 March 2011 and approximately 99.99% of the then general mandate has been utilized. Net proceeds of approximately HK\$26.7 million was raised and has been utilized as to approximately HK\$25.0 million for first payment into an interest bearing account of the Court as a condition for stay of execution of a judgment pending appeal and as to approximately HK\$1.7 million for general working capital of the Company. The general mandate was then refreshed at the AGM on 25 May 2011. 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 1,190,041,048 Shares upon the completion of the Rights Issue on 22 July 2011, the maximum number of 29,751,026 Shares that are allowed to be issued, allotted and dealt with under the Existing Issue Mandate has been reduced substantially to only approximately 2.22% 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 1,338,796,179 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 267,759,235 Shares under the Refreshed Issue Mandate, representing 20% of the total number of Shares in issue as at the date of SGM.

As stated in the interim report 2011 of the Company (the “**IR 2011**”) for the six months ended 30 June 2011, the Group reported loss attributable to Shareholders of approximately HK\$52.3 million for six months ended 30 June 2011. As set out in the IR 2011, the loss was mainly attributable to net loss on investments held for trading and impairment loss on goodwill. Also, as stated in the annual report 2010 of the Company (the “**AR 2010**”) for the year ended 31 December 2010, the Group has recorded loss of approximately HK\$242.5 million for the financial year ended 31 December 2010. As set out in the AR 2010, the loss was mainly due to the noteworthy impairment loss on goodwill of HK\$164.0 million. The Group had loss-making track record from the six months ended 30 June 2006 to 30 June 2011.

LETTER FROM VEDA CAPITAL

As set out in the IR 2011, 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 IR 2011, the Rights Issue was completed on 22 July 2011 and the net proceeds from the Rights Issue was amounted to approximately HK\$115.1 million. As advised by the Company, as at the Latest Practicable Date, approximately HK\$25.0 million of such net proceeds has been utilized for second payment into an interest bearing account of the Court under consent order as a condition for stay of execution of a judgment pending appeal (the “**Legal Proceedings**”) and the remaining proceeds of approximately HK\$90.1 million is intended to be used as to (i) approximately HK\$43.0 million for the further potential payments in relation to the Legal Proceedings in order to meet the potential liability, as well as both legal and professional fee calculated up to the date of hearing on 9 December 2011 under the judgment over and above the payments into Court (details of which has been set out in the circular of the Company dated 30 May 2011); (ii) approximately HK\$10.0 million as administrative expenses, including staff cost, rental expenses, audit fee and legal and professional fee etc.; and (iii) the remaining balance of approximately HK\$37.1 million for capital expenditure needs for the further business development including expansion of property agency business in Hong Kong and the PRC. As set out in the Board Letter, the preliminary plan for expansion of property agency business includes, among others, setting up new subsidiaries/branches in selected locations in the PRC with good development potential, engaging additional suitable management personnel and sales agents for expansion of the sales network and strengthening marketing efforts to enhance brand recognition. It is preliminarily expected that the remaining proceeds of approximately HK\$37.1 million will be used within 12 months. However, the actual time of use and the development plan will be adjusted based on market sentiments.

As set out in the Board Letter, as at 31 August 2011, the unaudited bank balances and cash of the Group amounted to approximately HK\$105.3 million. The Company currently has no specific investment plan, identified merger and acquisition opportunities or any potential investments and acquisition targets in negotiation. As at the Latest Practicable Date, the Company did not have any plan or negotiation of fund raising activities under the Refreshed Issue Mandate. Given that (i) the Company will be in a position to capture suitable fund raising opportunities which may arise before the next annual general meeting of the Company and thereby maintain the financial flexibility for the Group’s future business development; (ii) based on the historical record of the Company’s investment, the net proceeds from the Rights Issue may not be sufficient for the use of business investment and/or general working capital of the Group when suitable investment opportunities arise; (iii) the grant of the Refreshed Issue Mandate would provide the Board with greater autonomy and flexibility to respond to the competitive and rapidly changing capital market in a timely manner; and to offer equity consideration as an alternative to cash payment in any

LETTER FROM VEDA CAPITAL

possible acquisition and investment opportunities; (iv) the general mandate granted by the Shareholders on 4 March 2011 has been utilized almost entirely and lapsed at the AGM; and the Existing Issue Mandate represented only approximately 2.22% of the existing issued share capital of the Company; (v) a significant portion of proceeds from the fund raising exercises conducted by the Company in the past 12 months was applied for the specific purposes, including the payment of consideration of Acquisition (as defined in the announcement of the Company dated 22 September 2010), the settlement of the Repurchase Offer (as defined in the announcement of the Company dated 22 September 2010) and the funding requirement of the Company's legal proceedings; (vi) dilution effect of issue of new Shares to the Shareholder's interest; and (vii) greater flexibility to be provided to the Company even it has no specific fund raising plans and/or committed investment plans, the Board considered that the granting of the Refreshed Issue Mandate is in the interests of the Company and the Shareholders as a whole.

We also noted from the Board Letter the equity fund raising activities of the Company in the past twelve months immediately prior to the Latest Practicable Date as set out below:

Date of announcement	Capital raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
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 of the Company dated 22 September 2010); and (ii) the remaining balance of approximately HK\$28.6 million for the settlement amount of the Repurchase Offer (as defined in the announcement of the Company dated 22 September 2010).	approximately HK\$176.0 million has been used for payment of consideration for the Acquisition upon its completion on 18 January 2011 and approximately HK\$4.0 million was set aside for adjustments relating to the completion account in respect of the Acquisition; and/or administrative expenses, including staff cost, rental expenses, audit fee and legal and professional fee etc.; and 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 VEDA CAPITAL

Date of announcement	Capital raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
19 January 2011	Placing of up to 370,000,000 new shares under specific mandate	HK\$54.2 million	(i) approximately HK\$35.0 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 dated 19 January 2011 entered into between the Company and certain independent third parties in the PRC if such investment proceed; and (ii) the balance of approximately HK\$19.2 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
25 March 2011	Placing of 247,900,000 new Shares	HK\$26.7 million	To be used for general working capital requirements (including its financial obligations)	HK\$25.0 million has been used for the first payment into an interest bearing account of the Court as a condition for stay of execution of a judgment pending appeal, approximately HK\$1.7 million has been used for general working capital

LETTER FROM VEDA CAPITAL

Date of announcement	Capital raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
6 May 2011	Rights issue of 1,190,041,048 rights shares on the basis of eight rights share for every share held on the record date	HK\$115.1 million	<ul style="list-style-type: none"> (i) approximately HK\$25.0 million to meet the second payment into Court before 19 August 2011 under the consent order dated 15 June 2011; (ii) approximately HK\$40.0 million to meet potential liability under the judgment over and above the payments into Court; (iii) approximately HK\$3.0 million as legal and professional fee for launching appeal against the judgment during the year; (iv) approximately HK\$10.0 million as administrative expenses, including staff cost, rental expenses, audit fee and legal and professional fee etc.; and (v) the remaining balance of the proceeds for capital expenditure needs for the further business development including expansion of property agency business in Hong Kong and the PRC. <p>Should the Company be successful in its appeal against the judgment, approximately HK\$3.0 million will be used for legal and professional fee for launching appeal against the judgment during the year and the remaining balance of the net proceeds will be used for capital expenditure needs for the further business development including expansion of property agency business in Hong Kong and the PRC.</p>	HK\$25.0 million has been used for the second payment into an interest bearing account of the Court as a condition for stay of execution of a judgment pending appeal and approximately HK\$90.1 million remains unused and has been placed in bank accounts

Note:

1. The total repurchase consideration of HK\$67.9 million under the Repurchase Offer has been settled in full on 21 January 2011.

LETTER FROM VEDA CAPITAL

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.

We are aware that the Company has conducted fund raising activities in the past twelve months, the cash position of the Company as at 31 August 2011 and approximately HK\$90.1 million of the net proceeds from the Rights Issue remains unused, however, having considered that (i) although the Company can issue the maximum of 29,751,026 Shares under the Existing Issue Mandate, the Existing Issue Mandate represents only approximately 2.22% of the issued share capital of the Company; (ii) 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; (iii) the Company will continue searching for promising investments opportunities and will keep on looking for suitable and favorable investments for expansion. Having said that, as at the Latest Practicable Date, the Group has not identified any investment target or entered into any agreement for acquisition or investment; (iv) approximately HK\$43.0 million of the remaining net proceeds has been reserved for the payment incurred by the Legal Proceedings which is calculated up to the date of hearing on 9 December 2011 and approximately HK\$37.1 million has been reserved for the expansion of property agency business in Hong Kong and the PRC including, among others, setting up new subsidiaries/branches in selected locations in the PRC with good development potential, engaging additional suitable management personnel and sales agents for expansion of the sales network and strengthening marketing efforts to enhance brand recognition based on the Company's current preliminary plan; and (v) due to the persistent loss making track record of the Company and the Legal Proceedings, the Company may not have sufficient cash inflow from operations to finance any potential investments or 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 granting of the Refreshed Issue Mandate will provide a financial flexibility to the Company to raise capital in a simpler and less lead time process and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner when suitable opportunities arise. 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 set out in the Board Letter, in case when the Company identifies suitable investment opportunities before the next annual general meeting and does not have enough internal cash resources for such investment, the Company may consider other financing alternative available to the Group such as pre-emptive fund raising method (such as rights issue or open offer) and debt financing, to be other possible fund raising alternatives available to the Group.

LETTER FROM VEDA CAPITAL

Given that the Company has just completed the Rights Issue and the current market sentiment causing the difficulty to procure an underwriter, the Board believes that another pre-emptive issues on a fully underwritten basis may be difficult to proceed in the short term. Moreover, a pre-emptive issue usually will take a longer time of almost three months to complete and incur a higher advisory and underwriting cost.

With regard to debt financing, it is uncertain if appropriate debt financing such as bank borrowings would be available when investment opportunities arise. Moreover, debt financing is commonly associated with covenants, encumbrances and finance cost such as interest outlay and it would consume substantial time and resources to negotiate for suitable debt financing from the market. Given the subsisting Legal Proceedings against the Group, it would be difficult for the Group to obtain debt financing from commercial banks. As disclosed in the circular dated 30 May 2011 relating to the Rights Issue, the Group did not receive positive response from one bank when it approached the bank in March 2011. Since then, the Group had not approached other banks or financial institutions. For the reasons stated above, the Board considers that debt financing would be less favourable to the Group.

Having considered that (i) the Group could not obtain any positive response of financing from one bank in March 2011; (ii) the subsisting Legal Proceedings and the persistent loss making records of the Group; (iii) debt financing may incur interest burden to the Group; (iv) 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 pre-emptive fund raising methods and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner when the Company has an immediate funding need; and (v) 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 concur with the view of the Board 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>
Mr. Ng Kai Man (<i>Note 1</i>)	27,000,000	2.02	27,000,000	1.68
Independent Shareholders				
– Tomson Group Limited (<i>Note 2</i>)	174,545,000	13.04	174,545,000	10.86
– Other Independent Shareholders	1,137,251,179	84.94	1,137,251,179	70.79
Shares which may be issued under the Refreshed Issue Mandate	–	–	267,759,235	16.67
Total	1,338,796,179	100.00	1,606,555,414	100.00

Notes:

- Mr. Ng Kai Man is the Chairman of the Company and an executive Director.
- The 174,545,000 Shares were held by Humphreys Estate (Strawberry Houses) Limited, which was indirectly wholly-owned by Tomson Group Limited through Tomson Investment Limited and Tomson Financial Investment Limited. As disclosed by the relevant disclosure notices on 18 August 2011, (i) approximately 7.64% and 10.66% interests in the total issued share capital of Tomson Group Limited was held by E-Shares Investments Limited and King China Holdings Limited respectively, (ii) Madam Hsu Feng held the entire interests of E-Shares Investments Limited and King China Holdings Limited and approximately 8.25% interests in total issued share capital of Tomson Group Limited and (iii) Mr. Tong Chi Kar, Charles and Mr. Tong Albert held approximately 11.34% and 12.64% interests in the total issued share capital of Tomson Group Limited respectively.

LETTER FROM VEDA CAPITAL

As illustrated in the table above, the aggregate shareholding of the existing Independent Shareholders will decrease from approximately 97.98% as at the Latest Practicable Date to approximately 81.65% immediately upon full utilization of the Refreshed Issue Mandate. Taking into account that (i) the Refreshed Issue Mandate will provide an alternative to increase the amount of capital which may be raised under the Refreshed Issue Mandate; (ii) the Refreshed Issue Mandate 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) fund raising exercise pursuant to the Refreshed Issue Mandate provides the Company a simpler and less lead time process than other pre-emptive fund raising methods and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner when the Company has immediate funding need; (iv) due to the persistent loss making track record of the Company and the Legal Proceedings, the Company may not be 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; and (v) 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 including but not limited to the potential dilution effect to the shareholdings of the Independent Shareholders upon full utilization of the Refreshed Issue Mandate, 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
Chairman

Julisa Fong
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 18 October 2011 at 10:00 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 25 May 2011 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 “**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;

* for identification purpose only

NOTICE OF THE SPECIAL GENERAL MEETING

- (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); (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
- (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).”

NOTICE OF THE SPECIAL GENERAL MEETING

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.”

3. “**THAT**, Mr. Ding Chung Keung be re-elected as an independent non-executive Director of the Company and the Board be hereby authorised to fix his remuneration.”

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

Hong Kong, 30 September 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.