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**21 Holdings Limited**

**21 控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(stock code: 1003)**

## PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Financial Adviser to 21 Holdings Limited



**結好融資有限公司**  
GET NICE CAPITAL LIMITED

Placing Agent



**結好證券有限公司**  
GET NICE SECURITIES LIMITED

### PLACING OF NEW SHARES

On 19 January 2011 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, to independent Placees at a price of HK\$0.15 per Placing Share of up to an aggregate of 370,000,000 new Shares. The Placing Shares represent approximately (i) 29.85% of the Company's existing issued share capital; and (ii) 22.99% of the Company's issued share capital as enlarged by the Placing Shares.

The Placing Price of HK\$0.15 represents (i) a premium of approximately 1.35% over the closing price of HK\$0.148 per Share quoted on the Stock Exchange on 19 January 2011, being the date of the Placing Agreement; (ii) a discount of approximately 9.09% to the average closing price of approximately HK\$0.165 per Share quoted on the Stock Exchange for the last five consecutive trading days up to and including 19 January 2011; and (iii) a discount of approximately 38.02% to the average closing price of approximately HK\$0.242 per Share quoted on the Stock Exchange for the last ten consecutive trading days up to and including 19 January 2011.

The gross proceeds from the Placing will be up to a maximum amount of approximately HK\$55.50 million. The Company plans to use the net proceeds from the Placing of up to a maximum amount of approximately HK\$54.15 million as described in this announcement below.

The Placing is conditional upon the conditions summarized in this announcement below. The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the SGM.

**As completion of the Placing is subject to the satisfaction of a number of conditions, the Placing may or may not proceed. Shareholders and the public are reminded to exercise cautions when dealing in the Shares.**

A circular containing, among other things, (i) details regarding the Placing; and (ii) a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

\* for identification purpose only

## **THE PLACING AGREEMENT**

### **Date**

19 January 2011

### **Issuer**

The Company

### **Placing Agent and the Placees**

Get Nice Securities Limited is the placing agent, who has conditionally agreed to place up to an aggregate of 370,000,000 new Shares on a best effort basis pursuant to the Placing Agreement.

The Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company and are independent of and not connected with the Company and its connected persons.

The Placing Agent will place the Placing Shares to not less than six Placees. The Placees are expected to be independent institutional, professional and/or private investors, who and whose ultimate beneficial owner(s) will not be connected persons of the Company and will be independent of and not connected with the Company and its connected persons. It is expected that none of the Placees and their respective associates will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

### **Placing commission**

The Placing Agent will receive a placing commission of 2.0% on the gross proceeds of the Placing upon their respective completion. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

### **Number of Placing Shares**

The maximum of 370,000,000 Placing Shares represent approximately (i) 29.85% of the Company's existing issued share capital; and (ii) 22.99% of the Company's issued share capital as enlarged by the Placing Shares.

The Company and the Placing Agent agree that the Placing Agent may during the Placing Period require that the Placing Shares be issued by the Company to placees procured by the Placing Agent in Tranches in such amounts as notified by the Placing Agent in writing to the Company provided that the Placing Shares comprised in each Tranche shall not be less than a whole multiple of 1,000,000 Placing Shares save for the last Tranche.

The aggregate nominal value of the Placing Shares is HK\$3,700,000.

### **Placing Price**

The Placing Price of HK\$0.15 represents (i) a premium of approximately 1.35% over the closing price of HK\$0.148 per Share quoted on the Stock Exchange on 19 January 2011, being the date of the Placing Agreement; (ii) a discount of approximately 9.09% to the average closing price of approximately HK\$0.165 per Share quoted on the Stock Exchange for the last five consecutive trading days up to and including 19 January 2011; and (iii) a discount of approximately 38.02% to the average closing price of approximately HK\$0.242 per Share quoted on the Stock Exchange for the last ten consecutive trading days up to and including 19 January 2011.

The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Assuming that the Placing could be completed to its maximum extent, the net placing price under the Placing is approximately HK\$0.146 per Placing Share.

### **Placing Period**

A period commencing on the date of the SGM and expiring on the Longstop Date.

### **Ranking of the Placing Shares**

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with all other Shares in issue on the respective date of allotment and issue of each Tranche of the Placing Shares.

### **Disposal and lock-up restriction**

The Placing Shares are not subject to any lock-up or other disposal restrictions.

### **Mandate for the issue of the Placing Shares**

The Placing Shares will be allotted and issued under the Specific Mandate to be granted to the Directors by a resolution of the Shareholders to be passed at the SGM. 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 Specific Mandate 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 Placing Shares.

### **Conditions of the Placing**

The Placing, is conditional upon, among other things:

1. the passing of a resolution by the Shareholders at the SGM to approve the Placing Agreement and the transactions contemplated thereunder including the Specific Mandate; and
2. the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares under the relevant Tranche(s) of the Placing.

If the above conditions are not fulfilled by the Longstop Date (or such later date as agreed by the Company and the Placing Agent), the Placing shall cease and lapse and none of the parties to the Placing Agreement shall have any claim against the others for any costs or losses (save for any prior breaches of the Placing Agreement).

### **Completion of the Placing**

Completion of the Placing shall take place not later than the third Business Day after the above conditions have become satisfied (or such later date as may be agreed between the Company and the Placing Agent).

**As completion of the Placing is subject to the satisfaction of a number of conditions, the Placing may or may not proceed. Shareholders and the public are reminded to exercise cautions when dealing in the Shares.**

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

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.

The aggregate gross proceeds from the Placing will be up to a maximum amount of approximately HK\$55.50 million. In respect of the net proceeds from the Placing of up to a maximum amount of approximately HK\$54.15 million, the Company plans to use (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; 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. If such investment stipulated in the MOU cannot proceed, the Company will use the entire net proceeds from the Placing of up to a maximum amount of approximately HK\$54.15 million for the general working capital of the Group and/or for its future business expansion and development.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company, and will strengthen the Group’s financial position. The Directors consider that the Placing offers good opportunities to raise further capital for the investment stipulated in the MOU and can enhance the Group’s flexibility to make further investments as and when opportunities arise. Accordingly, they consider that the terms of the Placing are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

#### **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

<b>Date of announcement</b>	<b>Capital raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
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)	Approximately HK\$37.0 million was used as general working capital and the balance of approximately HK\$11.8 million remained unused and placed in bank accounts
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 (as defined in the Announcement). 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.	Approximately HK\$94 million has been used for partial payment of consideration for the Acquisition and the balance of approximately HK\$114.6 million remains unused and placed in bank accounts

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the twelve months immediately preceding the date of this announcement.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Placing, the shareholding structure of the Company is as follows:

	<b>As at the date of this announcement</b>		<b>Immediately after completion of the Placing</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Public Shareholders:</b>				
- Placees	-	-	370,000,000	22.99
- Others	<u>1,239,651,314</u>	<u>100.00</u>	<u>1,239,651,314</u>	<u>77.01</u>
<b>Total</b>	<b><u>1,239,651,314</u></b>	<b><u>100.00</u></b>	<b><u>1,609,651,314</u></b>	<b><u>100.00</u></b>

## GENERAL

A circular containing, among other things, (i) details regarding the Placing; and (ii) a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Announcement”	The announcement of the Company dated 22 September 2010
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	the date falling 90 days after the date of the SGM (or such later date as the Company and the Placing Agent may agree)

“Placee(s)”	any institutional, professional or private investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation within the meaning of the SFO
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 19 January 2011 in relation to the Placing
“Placing Period”	a period commencing on the date of the SGM and expiring on the Longstop Date
“Placing Price”	HK\$0.15 per Placing Share
“Placing Shares”	up to 370,000,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“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 Placing Agreement and together with the transactions contemplated thereunder including the grant of the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the SGM to allot and issue the Placing Shares pursuant to the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche(s)”	each tranche of Placing Shares to be placed under the Placing Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**21 HOLDINGS LIMITED**  
**Ng Kai Man**  
*Chairman*

Hong Kong, 19 January 2011

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