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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, 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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21 Holdings Limited

21 控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

**RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF A NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of 21 Holdings Limited (the “Company”) to be held at Room 804, 8/F., Shanghai Industrial Investment Building, 48–62 Hennessy Road, Wanchai, Hong Kong on 17 June 2014 at 10:30 a.m. is set out on pages 30 to 33 of this circular. Whether or not you intend to attend and vote at the meeting, you are requested to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding such meeting or any adjournment thereof to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

* *for identification purpose only*

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on 17 June 2014 at 10:30 a.m. or any adjournment thereof
“Announcement”	the announcement of the Company dated 25 April 2014 in relation to (i) placing of new Shares under the General Mandate and (ii) the Open Offer
“associates”	the meanings ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	shall have the meaning ascribed to “business day” under the Listing Rules
“Bye-laws”	the bye-laws of the Company
“Company”	21 Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	means (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“Affiliate”); or (ii) the trustees of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate
“Existing Share Option Scheme”	the share option scheme of the Company adopted on 17 September 2004 pursuant to an ordinary resolution passed by the then Shareholders on such date
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 24 May 2013, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of such annual general meeting

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time and “member(s) of the Group” shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“inside information”	has the meaning defined in the SFO
“Issue Mandate”	the general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with new Shares as set out in the notice of AGM
“Latest Practicable Date”	2 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Open Offer”	the proposed issue by way of open offer on the basis of one (1) Offer Share (as defined in the Announcement) for every two (2) existing Shares held on the record date as described in the Announcement
“Option(s)”	as the context may require, any option(s) granted or (as the case may be) to be granted to Eligible Participant(s) to subscribe for Share(s) under the New Share Option Scheme
“Placing”	the placing of up to 64,000,000 Placing Shares (as defined in the Announcement) as described in the Announcement
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares as set out in the notice of AGM
“Scheme Limit”	the maximum number of Shares which may be issued upon exercise of all options (excluding options lapsed in accordance with the Existing Share Option Scheme and any other share option scheme of the Company) that may be granted under the Existing Share Option Scheme

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	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:

Lei Hong Wai (*Chairman*)

Ng Kai Man

Cheung Kwok Fan

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Independent Non-executive Directors:

Chio Chong Meng

Wong Tak Chuen

Man Kong Yui

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

Room 804, 8/F.

Shanghai Industrial

Investment Building

48-62 Hennessy Road

Wanchai, Hong Kong

8 May 2014

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF A NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

This circular contains information relating to the re-election of Directors at the AGM, the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the proposal for termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme so as to provide all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions proposed at the AGM.

* for identification purpose only

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 102(B) of the Bye-laws, Mr. Lei Hong Wai, Mr. Cheung Kwok Fan, Ms. Chio Chong Meng, Mr. Wong Tak Chuen and Mr. Man Kong Yui, who were appointed by the Board on 10 April 2014, shall hold office until the AGM and, being eligible, will offer themselves for re-election at the AGM. Information on the Directors proposed to be re-elected at the AGM as required to be disclosed under the Listing Rules is set out in Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, an ordinary resolution will be proposed at the AGM to grant to the Directors a general and unconditional mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing the proposed resolution of the Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 320,759,235 Shares. Subject to the passing of the resolution approving the Issue Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be authorised to allot, issue and deal with up to a maximum of 64,151,847 new Shares. However, should the Placing and the Open Offer complete successfully before the AGM, the issued share capital of the Company would be increased to 577,138,852 Shares and the Company would be authorised to allot, issue and deal with up to a maximum of 115,427,770 new Shares.

In addition, if the Repurchase Mandate is granted, a separate ordinary resolution will be proposed at the AGM to extend the number of new Shares which may be allotted, issued and dealt with under the Issue Mandate by the number of Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued share capital of the Company as at the date of the grant of the Repurchase Mandate).

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors authority to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the proposed resolution of the Repurchase Mandate. An explanatory statement as required under the Listing Rules to provide the requisite information concerning the Repurchase Mandate is set out in Appendix II to this circular.

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

At the AGM, an ordinary resolution will be proposed to approve and adopt the New Share Option Scheme and to give the Directors the power to implement and administer the New Share Option Scheme.

LETTER FROM THE BOARD

Reason for adopting the New Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 17 September 2004. Pursuant to the terms of the Existing Share Option Scheme, it is effective for 10 years after its adoption date, and will therefore expire on 16 September 2014.

The Scheme Limit was refreshed at the annual general meeting of the Company held on 24 May 2013, pursuant to which the Directors were authorised to grant options carrying rights to subscribe for up to a total of 32,075,923 Shares under the Existing Share Option Scheme, representing 10% of the issued share capital of the Company at the date of that meeting.

Since the approval of the refreshed Scheme Limit on 24 May 2013 and up to the Latest Practicable Date, no options have been granted, exercised, lapsed or cancelled under the Existing Share Option Scheme.

As at the Latest Practicable Date, there was no outstanding share option granted under the Existing Share Option Scheme.

The Directors consider that in order to recognize the significant contributions of the Eligible Participants to the Group and/or to motivate and encourage the Eligible Participants to continue and improve their performance and efficiency, it is important for the Group to provide them with opportunities to obtain a shareholding interest in the Company and to reward them for keep contributing to the Group's long-term success and prosperity.

The Directors believe that with no requirement of performance targets, no minimum period for which an Option must be held by the Eligible Participants before it can be exercised and a fair mechanism for determining the exercise price of the Options, the Directors can have ample discretion in prescribing terms for grants of Options specific to the circumstance aimed to achieve the goals of the New Share Option Scheme which is to provide the best incentive to Eligible Participants for continuing support of the Group.

Under the terms of the Existing Share Option Scheme, the Company may at any time by ordinary resolution in a general meeting or the Board may at any time resolve to terminate the operation of the Existing Share Option Scheme. It is proposed that the Existing Share Option Scheme is to be terminated upon adoption of the New Share Option Scheme. Upon termination of the Existing Share Option Scheme, no further Options can be offered thereunder but the provisions of the Existing Share Option Scheme shall remain in all other respects in full force and effect in respect of any options granted prior to such termination but not yet exercised at the time of termination. The Directors confirm that prior to the AGM, they will not grant any options under the Existing Share Option Scheme.

Value of Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date prior to the approval of the New Share Option Scheme at the AGM will not be meaningful to the Shareholders, since the calculation of the value of the

LETTER FROM THE BOARD

Options is based on a number of variables such as subscription price, exercise period, interest rate, expected volatility and other relevant variables. As Options have not been granted under the New Share Option Scheme, certain variables are not available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would even be misleading to the Shareholders.

Conditions precedent to adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued upon the exercise of Options granted in accordance with the terms and conditions of the New Share Option Scheme up to 10% of the Shares in issue as at the date of the AGM; and
- (b) the passing of the necessary resolution by the Shareholders at the AGM to approve and adopt the New Share Option Scheme.

A summary of the principal terms of the rules of the New Share Option Scheme is set out in the Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Room 804, 8/F., Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong during normal business hours for the period from 8 May 2014 to 17 June 2014 (inclusive of both dates) and at the AGM.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme (up to 10% of the Shares in issue as at the date of the AGM).

As at the Latest Practicable Date, no Option has been granted or agreed to be granted under the New Share Option Scheme.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, chairman of the AGM will demand all the resolutions set out in the notice of AGM to be voted by way of poll in accordance with Bye-law 70 of the Bye-laws. Explanation of the detailed procedures for conducting a poll will be provided to the Shareholders at the AGM. As at the Latest Practicable Date, save that Thought Diamond shall abstain from voting on the resolution to be proposed at the AGM to re-elect Mr. Cheung Kwok Fan as a Director, to the best knowledge of the Directors, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

AGM

A notice convening the AGM is set out in this circular. A form of proxy for use at the AGM is enclosed in this circular. Whether or not you intend to attend and vote at the meeting, you are requested to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

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.

RECOMMENDATIONS

The Directors consider that the proposed re-election of the Directors, the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the proposal for termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of
21 Holdings Limited
Lei Hong Wai
Chairman

The particulars of the Directors proposed for re-election at the AGM are set out as follows:

1. **Mr. Lei Hong Wai**, aged 45, was appointed as an executive Director and the chairman of the Company on 10 April 2014. Mr. Lei has over 15 years of extensive experience in corporate management, investment and business development. He was a director of The Chamber of Hong Kong Listed Companies Limited, which promotes interaction amongst its members which are listed companies in Hong Kong and the People's Republic of China, in 2002. Mr. Lei has been an executive director and the chairman of the board of directors of Eternity Investment Limited (stock code: 764) ("Eternity"), a company listed on the Main Board of the Stock Exchange since 18 January 2010 and 1 February 2010 respectively.

Save as disclosed above, Mr. Lei has not held any directorships in other public listed companies in the past three years.

Mr. Lei has not entered into any service contract with the Company. There is no specific term or proposed length of services for Mr. Lei's appointment but he is subject to retirement by rotation and eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Mr. Lei is entitled to receive emolument of HK\$150,000 per annum which is determined by the Board with reference to his experience and responsibilities in the Company.

As at the Latest Practicable Date, save and except for Mr. Lei is the chairman of the board of directors and an executive director of Eternity and a substantial shareholder of Eternity by virtue of his 50% indirect shareholding interest in Twin Success International Limited, which beneficially owns 19.30% of the issued share capital of Eternity, and that Riche (BVI) Limited ("Riche"), a wholly-owned subsidiary of Eternity, has entered into a conditional sale and purchase agreement ("Share Disposal Agreement") with Mr. Cheung Kwok Fan ("Mr. Cheung"), an executive Director, in which Riche would acquire the entire issued share capital of Thought Diamond International Limited ("Thought Diamond"), which in turn holds 95,900,000 Shares in the Company, Mr. Lei does not have any relationship with any other directors, senior management or substantial Shareholders of the Company.

Save as aforesaid, as at the Latest Practicable Date, Mr. Lei does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information relating to the re-election of Mr. Lei as an executive Director 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.

2. **Mr. Cheung Kwok Fan**, aged 46, was appointed as an executive Director on 10 April 2014. Mr. Cheung has over 20 years' working experience in the field of architecture. He is a member of The Hong Kong Institute of Architects, a member of The Royal Australian Institute of Architects, Registered Architect in Hong Kong and an Authorised Person in the list of architects. He obtained his Bachelor Degree of Arts in Architectural Studies from The University of Hong Kong in 1989 and a Bachelor Degree in Architectural from The University of Hong Kong in 1991. He was selected as an awardee of the Ten Outstanding Young Persons Selection organised by Junior Chamber of International Hong Kong in 2005. Mr. Cheung has been the non-executive director of Eternity since 31 August 2011.

Save as disclosed above, Mr. Cheung has not held any directorships in other public listed companies in the past three years.

Mr. Cheung has not entered into any service contract with the Company. There is no specific term or proposed length of services for Mr. Cheung's appointment but he is subject to retirement by rotation and eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Mr. Cheung is entitled to receive emolument of HK\$150,000 per annum which is determined by the Board with reference to his experience and responsibilities in the Company.

As at the Latest Practicable Date, save and except for Mr. Cheung is (a) the non-executive director of Eternity; (b) a substantial shareholder of Eternity by virtue of his 25% indirect shareholding interest in Twin Success International Limited, which beneficially owns 19.30% of the issued share capital of Eternity; and (c) the director and the legal and beneficial owner of Thought Diamond, a substantial Shareholder holding 95,900,000 Shares representing approximately 29.90% of the issued share capital of the Company, and that Mr. Cheung has entered into the Share Disposal Agreement with Riche, Mr. Cheung does not have any interest in the Shares within the meaning of Part XV of the SFO and does not have any relationship with any other directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information relating to the re-election of Mr. Cheung as an executive Director 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.

3. **Ms. Chio Chong Meng**, aged 44, was appointed as an independent non-executive Director on 10 April 2014. Ms. Chio holds a Master Degree of Business Administration from The Hong Kong University of Science and Technology in Hong Kong. She has over 18 years of experience in hospitality industry and played a few senior executive roles including in a reputable chain hotel in Macau. Her previous position was a general manager of a hotel in Macau. Ms. Chio was an independent non-executive of China Media and Films Holdings Limited (stock code: 8172), a company listed on the Growth Enterprise Market operated by the Stock Exchange, during the period from 1 January 2009 to 25 May 2012.

Save as disclosed above, Ms. Chio has not held any directorships in other public listed companies in the past three years.

Ms. Chio has not entered into any service contract with the Company. There is no specific term or proposed length of services for Ms. Chio's appointment but she is subject to retirement by rotation and eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Ms. Chio is entitled to receive emolument of HK\$150,000 per annum which is determined by the Board with reference to her experience and responsibilities in the Company.

As at the Latest Practicable Date, Ms. Chio does not have any interest in the Shares within the meaning of Part XV of the SFO and does not have any relationship with any other directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information relating to the re-election of Ms. Chio as an independent non-executive Director 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.

4. **Mr. Wong Tak Chuen**, aged 49, was appointed as an independent non-executive Director on 10 April 2014. Mr. Wong is a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants in the United Kingdom, as well as a member of the Institute of Chartered Accountants in England and Wales. He has over 20 years of experience in auditing, financial management, mergers and acquisitions gained from certain senior finance related positions in an international accounting firm in Hong Kong, companies listed in Hong Kong and a company listed in the United States of America. He is currently the chief financial officer and the company secretary of a company listed on the Main Board of the Stock Exchange. Mr. Wong has been an independent non-executive director of Eternity since 7 November 2011.

Save as disclosed above, Mr. Wong has not held any directorships in other public listed companies in the past three years.

Mr. Wong has not entered into any service contract with the Company. There is no specific term or proposed length of services for Mr. Wong's appointment but he is subject to retirement by rotation and eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Mr. Wong is entitled to receive emolument of HK\$150,000 per annum which is determined by the Board with reference to his experience and responsibilities in the Company.

As at the Latest Practicable Date, Mr. Wong does not have any interest in the Shares within the meaning of Part XV of the SFO. Save and except for Mr. Wong is an independent non-executive director of Eternity, Mr. Wong does not have any relationship with any other directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information relating to the re-election of Mr. Wong as an independent non-executive Director 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.

5. **Mr. Man Kong Yui**, aged 54, was appointed as an independent non-executive Director on 10 April 2014. Mr. Man has been involved in the investment and financial industries for over 35 years and has extensive experience in bullion, foreign exchange, securities, futures and asset management business. He has held various senior positions with prominent banks, international financial institutions and listed companies in Hong Kong. He holds a Bachelor Degree in Business Administration from The Chinese University of Hong Kong. He is currently a general manager of securities brokerage firm. Mr. Man has been an independent non-executive director of Get Nice Holdings Limited (stock code: 64), a company listed on the Main Board of the Stock Exchange, since 3 October 2005.

Save as disclosed above, Mr. Man has not held any directorships in other public listed companies in the past three years.

Mr. Man has not entered into any service contract with the Company. There is no specific term or proposed length of services for Mr. Man's appointment but he is subject to retirement by rotation and eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Mr. Man is entitled to receive emolument of HK\$150,000 per annum which is determined by the Board with reference to his experience and responsibilities in the Company.

As at the Latest Practicable Date, Mr. Man does not have any interest in the Shares within the meaning of Part XV of the SFO and does not have any relationship with any other directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information relating to the re-election of Mr. Man as an independent non-executive Director 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.

This explanatory statement, as required under Rule 10.06(1)(b) of the Listing Rules, serves to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 320,759,235 Shares. Subject to the passing of the resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be authorised to repurchase up to a maximum of 32,075,923 Shares. However, should the Placing and the Open Offer complete successfully before the AGM, the issued share capital of the Company would be increased to 577,138,852 Shares and the Company would be authorised to repurchase up to a maximum of 57,713,885 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Repurchase may, depending on market conditions and funding arrangement at the time, result in enhancement of the net assets value and/or earnings per Share and will only be made when the Directors consider that such repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchase will only be made out of funds which are legally available for such purpose in accordance with the memorandum of association of the Company, the Bye-laws and the laws of Bermuda. Under Bermuda law, a company may repurchase its shares out of the capital paid up on the relevant shares or out of the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purposes of the repurchase. Any premium payable may only be paid out of funds of the company which would otherwise be available for dividend or distribution or out of the company's share premium account.

As compared with the financial position disclosed in the latest published audited financial statements of the Company as at 31 December 2013, there might have adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate was to be exercised in full. However, the Directors do not propose to make any repurchase to the extent that would have a material adverse effect on the working capital requirement or gearing level of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. EFFECT OF THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of repurchase of Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder

or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's voting right at the time, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons had interests or short positions in the Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding (Note 2)
Thought Diamond	Beneficial owner	95,900,000 (Note 1)	29.90%
Mr. Cheung	Interest of controlled corporation	95,900,000 (Note 1)	29.90%
Riche	Interest of controlled corporation	95,900,000 (Note 1)	29.90%
Eternity	Interest of controlled corporation	95,900,000 (Note 1)	29.90%
Kingston Securities Limited (the "Underwriter")	Underwriter	144,429,617 (Note 3)	45.03%
Galaxy Sky Investments Limited (“Galaxy Sky”)	Interest of controlled corporation	144,429,617 (Note 3)	45.03%
Kingston Capital Asia Limited (“Kingston Capital”)	Interest of controlled corporation	144,429,617 (Note 3)	45.03%
Kingston Financial Group Limited (“Kingston Financial”)	Interest of controlled corporation	144,429,617 (Note 3)	45.03%
Active Dynamic Limited (“Active Dynamic”)	Interest of controlled corporation	144,429,617 (Note 3)	45.03%
Chu Yuet Wah (“Mrs. Chu”)	Interest of controlled corporation	144,429,617 (Note 3)	45.03%

Notes:

1. As disclosed by the relevant disclosure notices received by the Company on 1 April 2014, (i) the 95,900,000 Shares were held by Thought Diamond, which is wholly-owned by Mr. Cheung; and (ii) on 1 April 2014, Mr. Cheung and Riche, a wholly-owned subsidiary of Eternity, entered into the Share Disposal Agreement in which Riche would acquire the entire issued share capital of Thought Diamond, which in turn holds 95,900,000 Shares in the Company, from Mr. Cheung. In addition to the said 95,900,000 Shares, Thought Diamond has also irrevocably undertaken to the Company and the Underwriter to accept or procure the acceptance for the 47,950,000 Offer Shares to be allotted and issued to Thought Diamond under its entitlement pursuant to the Open Offer.
2. The percentage of shareholding in the Company is calculated based on 320,759,235 Shares in issue as at the Latest Practicable Date.
3. As disclosed in the Announcement, the Underwriter and the Company entered into an underwriting agreement in which the Underwriter shall underwrite not less than 112,429,617 and not more than 144,429,617 Offer Shares. As disclosed in the relevant disclosure notices received by the Company on 2 May 2014, the Underwriter is wholly-owned by Galaxy Sky, which in turn is wholly-owned by Kingston Capital. Kingston Capital is wholly-owned by Kingston Financial, which in turn is 42.53% owned by Active Dynamic, which in turn is wholly-owned by Mrs. Chu. The Underwriter has undertaken in the underwriting agreement that in the event of it being called upon to subscribe for or procure subscribers for the underwritten Shares not taken up, it shall not subscribe, for its own account, for such number of underwritten Shares not taken up which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.9% of the voting rights of the Company upon completion of the Open Offer.

Assuming that no further Shares are acquired or sold by any of them, in the event that the Directors exercise their power to repurchase the Shares in full pursuant to the Repurchase Mandate, the percentage shareholding of Thought Diamond in the Company will increase to approximately 33.22% and such increase would give rise to an obligation on the part of Thought Diamond to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to repurchase Shares to an extent that will trigger the obligations under the Takeovers Code to make a mandatory offer.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
May	0.870	0.610
June	0.660	0.550
July	0.630	0.500
August	1.030	0.530
September	0.790	0.450
October	0.850	0.455
November	0.760	0.600
December	0.690	0.540
2014		
January	0.600	0.460
February	1.960	0.480
March	2.050	1.490
April	2.000	0.640
May (up to the Latest Practicable Date)	0.710	0.640

6. GENERAL

None of the Directors, nor to the best of their knowledge having made all reasonable enquiries, their associates have any present intention to sell any of the Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the laws of Bermuda.

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

No connected persons (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by Shareholders.

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme proposed to be adopted at the AGM but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. Purpose

- (a) The New Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants (as defined below) have made or may make to the Group.
- (b) The New Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives:
 - (i) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and
 - (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.
- (c) For the purpose of the New Share Option Scheme, “Eligible Participant” means any person who satisfies the eligibility criteria in paragraph 2 below.

2. Who may join and basis for determining eligibility

- (a) The Board may at its discretion grant options to:
 - (i) any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“Affiliate”); or
 - (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or
 - (iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.
- (b) In order for a person to satisfy the Board that he/she/it is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her/its eligibility (or continuing eligibility).

- (c) Each grant of Options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates, must be approved in accordance with the requirements of the Listing Rules.
- (d) Subject to the provisions of the New Share Option Scheme, any person whom the Board has resolved to be qualified to become an Eligible Participant must remain eligible during the period when any Option granted to him/her/it remains outstanding. In assessing such grantee's continuing eligibility under the New Share Option Scheme, the requirements set out in the New Share Option Scheme and the views, if any, of the independent non-executive Directors shall be given due and careful consideration by the Board.
- (e) Should the Board resolve that a grantee fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under the New Share Option Scheme, the Company would be entitled to deem any outstanding Option or part thereof, granted to such grantee and to the extent not already exercised, as lapsed.

3. Grant of options

- (a) Subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time on a Business Day within ten (10) years commencing on the effective date of the New Share Option Scheme to offer the grant of an option to any Eligible Participant as the Board may in its absolute discretion select in accordance with the eligibility criteria set out in the New Share Option Scheme. An offer shall be deemed accepted when the Company receives the acceptance of the offer letter duly signed by the grantee together with a non-refundable payment of HK\$1 (or such other nominal sum in any currency as the Board may determine).
- (b) Subject to the provisions of the New Share Option Scheme, the Listing Rules and other applicable rules and regulations, the Board may, on a case by case basis and at its discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the New Share Option Scheme as it may think fit (which shall be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing):
 - (i) the continuing eligibility of the grantee under the New Share Option Scheme, and in particular, where the Board resolves that the grantee fails/has failed or otherwise is or has been unable to meet the continuing eligibility criteria, any outstanding Option (to the extent it has not already been exercised) shall lapse;

- (ii) the continuing compliance of any such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent it has not already been exercised) will lapse unless otherwise resolved to the contrary by the Board;
 - (iii) in the event that the Eligible Participant is a corporation whether incorporated or unincorporated, that any change of the management and/or shareholding of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the New Share Option Scheme;
 - (iv) in the event that the Eligible Participant is a trust, that any change of the beneficiary of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the New Share Option Scheme;
 - (v) in the event that the Eligible Participant is a discretionary trust, that any change of the discretionary objects of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the New Share Option Scheme;
 - (vi) conditions, restrictions or limitations relating to the achievement of operating or financial targets; and
 - (vii) if applicable, the satisfactory performance of certain obligations by the grantee.
- (c) The Board shall not offer the grant of an option to any Eligible Participant:
- (i) after any inside information has come to its knowledge until it has announced the information in accordance with the requirements of the SFO; or
 - (ii) during the period commencing one month immediately before the earlier of:
 - (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules), for the approval of the Company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the Listing Rules); and
 - (2) the deadline for the Company to announce its results for any year, half-year or quarter-year under the Listing Rules or any other interim period (whether or not required under the Listing Rules)
- and ending on the date of the results announcement.

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

- (d) Any grant of options to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is a proposed grantee). Where any grant of Options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by the Shareholders. The Company must send a circular to its Shareholders, containing the details of the number and terms (including the exercise price) of the Options to be granted to each of such proposed grantee and a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is a proposed grantee) as to voting and the information as required under the Listing Rules from time to time. All connected persons of the Company must abstain from voting at such general meeting (except where such connected person(s) intends to vote against the proposed grant and his intention to do so has been stated in the circular).

4. Exercise price of Shares

The exercise price for any Share under the New Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall not be less than the highest of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a Business Day,
- (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant of the relevant Option, and
- (c) the nominal value of a Share on the date of grant.

The exercise price shall also be subject to any adjustments made in a situation contemplated under paragraph 10.

5. Maximum number of Shares

- (a) The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time. No Options may be granted under any scheme of the Company (including the New Share Option Scheme) if this will result in the said 30% limit being exceeded.
- (b) The total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other schemes must not, in aggregate, exceed 10% of the issued share capital of the Company as at the effective date (the “Scheme Mandate Limit”) unless Shareholders’ approval has been obtained pursuant to sub-paragraph (d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the aforesaid Scheme Mandate Limit.
- (c) The Scheme Mandate Limit may be refreshed by the Shareholders of the Company in general meeting from time to time provided that the Scheme Mandate Limit so refreshed must not exceed 10% of the issued share capital of the Company at the date of the approval of the refreshment by the Shareholders of the Company in general meeting. Upon any such refreshment, all Options granted under the New Share Option Scheme and any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the New Share Option Scheme or any other share option schemes of the Company) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. A circular must also be sent to the Shareholders of the Company containing such information from time to time required by the Listing Rules.
- (d) The Board may seek separate Shareholders’ approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought and the Company must issue a circular to the Shareholders of the Company containing such information from time to time required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.
- (e) No Option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Participant under the New Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the

date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further Options above this limit shall be subject to certain requirements provided under the Listing Rules.

- (f) The maximum number of Shares referred to in sub-paragraph (a) shall be adjusted, in such manner as the auditors of the Company or the independent financial adviser of the Company shall certify in writing that the adjustments satisfy the requirements set forth in paragraph 10.

6. Time of exercise of option

- (a) Subject to certain restrictions contained in the New Share Option Scheme, an Option may be exercised in accordance with the terms of the New Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which shall not be more than 10 years from the date of grant of option.
- (b) There is no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the Options to be held and/or the performance targets to be achieved as the Board may determine in its discretion.

7. Rights are personal to grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, failing which the Option (to the extent it has not already been exercised) shall be revoked.

8. Rights on ceasing to be an Eligible Participant

Where an Option was granted subject to certain continuing conditions, restrictions or limitations on the grantee's eligibility and the Board resolves that the grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent it has not already been exercised) shall lapse.

9. Rights on death/ceasing employment

- (a) If the grantee (being an individual) dies before exercising the Option in full, his or her legal personal representative(s) may exercise the Option up to the grantee's entitlement (to the extent exercisable as at the date of his/her death and not exercised) within a period of 12 months following his/her death or such longer period as the Board may determine.

- (b) Subject to sub-paragraphs (c) and (d), if the grantee who is an employee ceases to be an employee for any reason other than his/her death, disability or the termination of his/her employment on one or more of the following grounds that:
- (i) he/she has been guilty of serious misconduct; or
 - (ii) he/she becomes insolvent or is unable or has no reasonable prospects of being able to pay his/her debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or has made any arrangements or composition with his/her creditors generally; or
 - (iii) he/she has been convicted of any criminal offence involving his/her integrity or honesty, the grantee may exercise the Option (to the extent exercisable as at the date of the relevant event and not exercised) within 30 days following the date of such cessation.
- (c) If the grantee is an employee, director, consultant, professional, agent, partner, adviser of or contractor to the Group or its Affiliate at the time of the grant of the relevant Option(s) and his/her employment or service to the Company is terminated on the ground of disability, the grantee may exercise the Option (to the extent exercisable as at the date on which such grantee ceases to be an employee, director, consultant, professional, agent, partner, adviser of or contractor to the Group or its Affiliate and not exercised) within 6 months following such cessation or such longer period as the Board may determine.
- (d) If the grantee is an employee at the time of the grant of the relevant Option(s), in the event that such grantee shall cease to be an employee but becomes, or continues to be, a consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate, then the Option (to the extent exercisable as at the date on which such grantee ceases to be an employee and not exercised) shall be exercised within 3 months following the date of such cessation or such longer period as the Board may determine.
- (e) If the grantee is an employee at the time of the grant of the relevant Option(s), in the event that such grantee shall cease to be an employee but becomes, or continues to be, a director of the Group or an Affiliate, then the Option(s) (to the extent exercisable as at the date on which such grantee ceases to be an employee and not exercised) granted prior to the date of his/her becoming a director of the Group or its Affiliate shall remain exercisable until its expiry in accordance with the provisions of the New Share Option Scheme and the terms and conditions upon which such Option(s) is granted unless the Board shall determine to the contrary.
- (f) If the grantee, who is a director, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate but not an employee, ceasing to be a director, consultant, customer, supplier, agent, partner

or adviser of or contractor to the Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a grantee being an individual) or disability (in the case of a grantee being a director or consultant of the Group or its Affiliate), the Option (to the extent exercisable as at the date of such cessation and not exercised) shall be exercised within 30 days following the date of such cessation or such longer period as the Board may determine.

10. Effects of alterations to capital

In the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, open offer, consolidation, reclassification, subdivision or reduction of capital of the Company, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares which are the subject of unexercised Options, the exercise price, the method of exercise of the Options, and/or the maximum number of Shares subject to the New Share Option Scheme. Any adjustments required under this paragraph must give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Company's Shareholders in general meeting, no such adjustments may be made to the advantage of the grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser of the Company or the auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to New Share Option Schemes).

11. Rights on a takeover

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code), the grantee shall be entitled to exercise the Option (to the extent which has become exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional (within the meaning of the Takeovers Code).

12. Rights on a scheme of arrangement

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the grantee may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof.

13. Rights on a voluntary winding up

In the event notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to all the grantees and any grantee may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

14. Rights attaching to Shares upon exercise of an option

Shares issued and allotted upon the valid exercise of an option will rank pari passu in all respects with the other Shares of the same class in issue at the date of allotment and accordingly shall entitle the holder of Options to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date of which shall be on or before the date of allotment.

15. Lapse of options

An Option (to the extent such Option has not already been exercised) shall lapse and not be exercisable on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of any of the periods referred to in paragraphs 9 and 11;
- (c) the date of commencement of the winding-up of the Company;
- (d) the date on which the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 12;
- (e) the date of which the grantee who is an employee ceases to be an employee by reason of the termination of his/her employment on the grounds that he/she has been guilty of serious misconduct, or has become insolvent or is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or any subsidiary;
- (f) the happening of any of the following events, unless otherwise waived by the Board:
 - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the grantee (being a corporation);
 - (ii) the grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any similar provisions under the Companies Act) or otherwise become insolvent;
 - (iii) there is unsatisfied judgment, order or award outstanding against the grantee or the Company has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;

- (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (i), (ii) and (iii) above;
- (v) a bankruptcy order has been made against the grantee or any Director of the grantee (being a corporation) in any jurisdiction; or
- (vi) a petition for bankruptcy has been presented against the grantee or any Director of the grantee (being a corporation) in any jurisdiction;
- (g) the date on which a situation as contemplated under paragraph 7 arises;
- (h) the date on which the grantee commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board; or
- (i) the date on which the Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to paragraph 8.

16. Cancellation of options granted

The Board shall have the absolute discretion to cancel any Options granted at any time at the request of the grantee provided where an option is cancelled and a new option can only be proposed to be granted to the same grantee if there are available unissued Options (excluding all the cancelled Options) within the limits referred to in paragraph 5.

17. Period of the New Share Option Scheme

Options may be granted to Eligible Participants under the New Share Option Scheme during the period of 10 years commencing on the effective date of the New Share Option Scheme.

18. Alteration to New Share Option Scheme and termination

- (a) The New Share Option Scheme may be altered in any respect by a resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting.
- (b) Any alteration to the terms and conditions of the New Share Option Scheme which is of a material nature must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

- (c) The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in force in all other respects.

19. Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon (a) Shareholders' approval; and (b) the Listing Committee granting approval for the listing of and permission to deal in any Shares which may be issued and allotted pursuant to the exercise of options in accordance with the terms and conditions of the New Share Option Scheme.

20. Administration of the New Share Option Scheme

The New Share Option Scheme shall be administered by the Board whose decision (save as otherwise provided in the New Share Option Scheme) shall be final and binding on all parties. As at the Latest Practicable Date, no options have been granted by the Company under the New Share Option Scheme.

NOTICE OF ANNUAL 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 the annual general meeting of 21 Holdings Limited (the “Company”) will be held at Room 804, 8/F., Shanghai Industrial Investment Building, 48–62 Hennessy Road, Wanchai, Hong Kong on 17 June 2014 at 10:30 a.m. for the purpose of transacting the following business:

1. to receive and consider the audited financial statements and the reports of the directors and the independent auditor for the year ended 31 December 2013;
2. to re-elect the following directors of the Company:
 - (a) Mr. Lei Hong Wai;
 - (b) Mr. Cheung Kwok Fan;
 - (c) Ms. Chio Chong Meng;
 - (d) Mr. Wong Tak Chuen; and
 - (e) Mr. Man Kong Yui;
3. to authorise the board of directors to fix the remuneration of the directors; and
4. to appoint Deloitte Touche Tohmatsu as the auditor of the Company and to authorise the board of directors to fix its remuneration.

And as special business, to consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

5. **“THAT:**
 - (a) subject to paragraph (c) of this resolution, 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 power, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any other securities which carry rights to subscribe for and are convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into Shares; (iii) the exercise of options granted under the share option scheme or similar arrangement of the Company; or (iv) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (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 any 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; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the directors may regard to any legal restrictions under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

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6. **“THAT:**
- (a) subject to paragraph (b) of this resolution, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of the Share which may be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (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 any 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.”
7. **“THAT** conditional upon the passing of resolutions number (5) and (6) above, the general mandate granted to the directors to allot, issue and deal with any additional Shares pursuant to resolution number (5) be and is hereby extended by the addition thereto of the total nominal amount of Shares which may be purchased by the Company under the authority granted pursuant to resolution number (6), provided that such amount of Shares so purchased shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of passing this resolution.”
8. **“THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares (up to 10% of the shares of the Company in issue as at the date hereof) falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular of the Company dated 8 May 2014, the terms of which are set out in the printed document produced to the meeting and marked “A” and initialed by the Chairman hereof for identification purpose (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby approved and adopted to be the share option scheme of the Company and that the board of directors of the Company be

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authorised to grant options thereunder and to allot and issue shares pursuant to the New Share Option Scheme and take all such steps as may be necessary or desirable to implement such New Share Option Scheme.”

9. “**THAT** conditional upon the passing of resolution number (8) above, the existing share option scheme of the Company adopted on 17 September 2004 be terminated with effect from the date of adoption of the New Share Option Scheme and that the board of directors of the Company be authorised to take all such steps as may be necessary or desirable to implement this resolution.”

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

Hong Kong, 8 May 2014

Notes:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote on his behalf. The proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is appointed.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally 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 personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. Whether or not you intend to attend and vote at the meeting, you are requested to complete and return the form of proxy. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.
5. Particulars of the directors proposed for re-election are set out in Appendix I to this circular which this notice forms part.