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SMART UNION GROUP (HOLDINGS) LIMITED
合俊集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

MAJOR TRANSACTION, UPDATES ON THE PLACING AND RESUMPTION OF TRADING

Major Transaction

The Board announces that on 17 October 2007, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Formal Agreement with the Vendor and the Target pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Shares for a total consideration of HK$269,355,000; and (ii) the Purchaser has agreed to subscribe and the Target has agreed to issue the zero coupon Convertible Bonds at the principal amount of HK$40,000,000.

The principal asset of the Target is its 95% beneficial interests in the registered capital of Tiancheng. The remaining 5% interests in Tiancheng are held by Tang Xue Da, an Independent Third Party and brother of the Vendor. Tiancheng is principally engaged in the exploration and exploitation of precious metal and mineral resources in the PRC. Tiancheng currently holds the exploration right of the Mine in the PRC.

The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed "Conditions precedent" below.

The Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules. A circular containing, among other matters, further details of the Acquisition and notice of EGM, will be despatched to the Shareholders as soon as practicable and in compliance with the Listing Rules.

Updates on the Placing

As at the date of this announcement, the Placing Agent has on a best endeavour basis procured not less than six Placees to subscribe for up to an aggregate of 70,000,000 Placing Shares. Since the completion of the Placing is subject to the fulfillment of conditions, the actual number of Placing Shares to be placed by the Placing Agent may vary. Further announcement will be made upon completion of the Placing.

Resumption of trading

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 18 October 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 October 2007.

Reference is made to the announcement of the Company dated 16 July 2007 in relation to, among other matters, the MOU and the Acquisition. The Board announces that on 17 October 2007, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Formal Agreement with the Vendor and the Target pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Shares for a total consideration of HK$269,355,000; and (ii) the Purchaser has agreed to subscribe and the Target has agreed to issue the zero coupon Convertible Bonds with principal amount of HK$40,000,000 at the subscription price of HK$40,000,000.

THE FORMAL AGREEMENT

Date: 17 October 2007

Parties:

Vendor: Tang Xue Jin (唐學勁), an Independent Third Party

Purchaser: Queen Glory Limited, a wholly owned subsidiary of the Company

Target: China Mining Corporation Limited

The Vendor is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party and as at the date of this announcement, the Vendor and his associates do not hold any Shares or other securities in the Company.

The Purchaser, being a wholly owned subsidiary of the Company, is an investment holdings company incorporated in the British Virgin Islands.

The Target is an investment holdings company incorporated in the British Virgin Islands. For further information of the Target, please refer to the section headed "Information on the Target, Tiancheng and the Mine" below.

Assets to be acquired

Pursuant to the Formal Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Shares, representing approximately 45.51% of the total issued share capital of the Target as at the date of the Formal Agreement.

Pursuant to the Formal Agreement, the Purchaser has also agreed to subscribe and the Target has agreed to issue the Convertible Bonds upon conversion of which a total of 3,379 Conversion Shares of US$1.00 each will be allotted and issued to the Purchaser.

After Completion and full conversion of the Convertible Bonds, the Purchaser will hold an aggregate of 26,134 shares of US$1.00 each in the then issued share capital of the Target, representing approximately 48.96% of its enlarged issued share capital of the Target as enlarged by the allotment and issue of the Conversion Shares.

Upon Completion, the Target will become an associate of the Group and the earnings, assets and liabilities of the Target will be recorded in the accounts of the Company using equity method in the consolidated financial statements of the Group.

The principal asset of the Target is its 95% beneficial interests in the registered capital of Tiancheng. These 95% interests in the registered capital of Tiancheng are held by the Vendor on trust for the benefits of the Target. The remaining 5% interests in Tiancheng are held by Tang Xue Da, an Independent Third Party and brother of the Vendor. Tiancheng is principally engaged in the exploration and exploitation of precious metal and mineral resources in the PRC. Tiancheng currently holds the exploration right of the Mine in the Fujian Province of the PRC.

Consideration

The total consideration for the Sale Shares is HK$269,355,000 and shall be settled by the Purchaser in the following manner:

(i) as to the Deposit of HK$8,000,000 in cash paid to the Vendor at the time of entering into of the MOU;

(ii) as to HK$197,060,000 shall be satisfied by the Purchaser procuring the Company to allot and issue 118,000,000 Consideration Shares to the Vendor credited as fully paid at the Issue Price at Completion; and

(iii) as to the balance of HK$64,295,000 shall be satisfied in cash by the Purchaser to the Vendor at Completion.

The total consideration for the subscription of the Convertible Bonds is HK$40,000,000, which is equivalent to the principal amount of the Convertible Bonds.

The consideration for the Sale Shares was determined after arm's length negotiations between the Vendor and the Purchaser after considering the estimation carried out by the No. 4 Geological Brigade of the silver reserves for six mineral zones in the Mine of approximately 508.37 tonnes and the current market price of silver.

The sale price per Sale Share is approximately HK$11,837 per Sale Share, which is equivalent with the Conversion Price.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

(a) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and the Target in respect of the Acquisition and the transactions contemplated thereunder having been obtained;

(b) the warranties provided by the Vendor under the Formal Agreement remaining true and accurate in all material respects;

(c) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;

(d) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Acquisition and the transactions contemplated hereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor credited as fully paid at the Issue Price;

(e) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser or the Company in relation to the legality and the validity in respect to the establishment and subsistence of Tiancheng and the transactions contemplated under the Formal Agreement; and

(f) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the group of Target.

Conditions (b) and (f) above are waivable by the Purchaser under the Formal Agreement. The Purchaser has no current intention to waive such conditions. Other than conditions (b) and (f), the other conditions cannot be waived.

If the conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 December 2007 (or such later date as the parties to the Formal Agreement may agree), the Formal Agreement shall cease and terminate and thereafter neither party to the Formal Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches thereof.

Completion

Completion shall take place on the date falling the 3 Business Day after all the conditions of the Formal Agreement have been fulfilled or waived or such later date as may be agreed between the parties thereto.

Upon Completion, the Purchaser shall be entitled to nominate one individual to the board of directors of the Target. As at the date of this announcement, the board of the directors of the Target consists of only one director. It is expected that upon Completion, there will be two directors in the Target, one of which shall be nominated by the Purchaser.

In the event that Completion does not take place as stipulated due to breach of terms by the Purchaser, the Vendor shall be entitled to forfeit the Deposit without interest as liquidated damages.

In the event that Completion does not take place as stipulated due to breach of terms by the Vendor, the Vendor shall refund the Deposit without interest to the Company and the Vendor shall pay an additional amount equivalent to the Deposit to the Purchaser as liquidated damages.

In the event that Completion does not take place as stipulated and that is not due to breach of terms by the Vendor and the Purchaser, the Vendor shall refund the Deposit without interest to the Purchaser and neither party shall have any obligations and liabilities under the Formal Agreement.

Consideration Shares

The Issue Price of HK$1.67 per Consideration Share represents:

(a) a discount of approximately 9.24% to the closing price of HK$1.84 per Share as quoted on the Stock Exchange on 17 October 2007, being the last trading day immediately prior to the entering into of the Formal Agreement;

(b) a discount of approximately 10.12% to the average of the closing prices of HK$1.858 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 October 2007, being the last trading day immediately prior to the entering into of the Formal Agreement; and

(c) a premium of approximately 172.43% over the net asset value per Share of approximately HK$0.613 based on the audited net asset value of the Group of approximately HK$167 million as at 31 December 2006.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of Completion.

The Consideration Shares represent approximately 43.31% of the existing issued share capital of the Company and approximately 25.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares.

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with each other and with the Shares then in issue on the date of allotment and issue of the Consideration Shares. Pursuant to the terms and conditions of the Formal Agreement, the Vendor undertakes that he will not dispose of any of the Consideration Shares for a period of one year immediately after Completion without the prior consent of the Purchaser.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

There is no provision contained in the Formal Agreement conferring rights to the Vendor to be appointed as a Director as a result of the Acquisition. As at the date of this announcement, the Company does not have intention to appoint the Vendor and/or his nominee as Director because of the Acquisition.

Undertakings by the Vendor

Pursuant to the terms and conditions of the Formal Agreement, the Vendor undertakes to and covenants with the Purchaser that it will procure (i) the Target to become the legal and beneficial owner of the 95% interests in the registered capital of Tiancheng on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto); and (ii) Tiancheng to obtain the mining licence and any other necessary approvals and consents for the mining of the Mine on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto) (the "**Vendor's Undertakings**").

The Vendor further undertakes that immediately after Completion, it will deposit the Consideration Shares to an escrow agent pursuant to the terms and conditions of an escrow letter of which the form and substance are to be agreed by the relevant parties. The certificate(s) of the Consideration Shares will not be released to the Vendor until the fulfillment of the Vendor's Undertakings on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto).

In the event that the Vendor's Undertakings cannot be fulfilled on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto), (i) the Vendor shall within fourteen Business Days thereafter refund the cash consideration paid by the Purchaser under the Formal Agreement; and (ii) the Purchaser will be entitled to instruct the escrow agent to arrange or procure the sale or placing of the Consideration Shares at the reasonable market price obtainable at that time and any proceeds from the sale of the Consideration Shares will be used to set off the remaining consideration paid by the Purchaser in Consideration Shares. In the event that the proceeds from the sale or placing of the Consideration Shares is less than the remaining consideration paid by the Purchaser for the Acquisition in Consideration Shares, the Vendor shall within fourteen Business Days immediately after the sale of all Consideration Shares pay the shortfall in cash to the Purchaser.

Undertakings by the Target

Pursuant to the terms and conditions of the Formal Agreement, the Target undertakes to and covenants with the Purchaser that (i) the Target will become the legal and beneficial owner of the 95% interests in the registered capital of Tiancheng on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto); and (ii) it will procure Tiancheng to obtain the mining licence and any other necessary approvals and consents for the mining of the Mine on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto) (the "**Target's Undertakings**").

In the event that any of the Target's Undertaking cannot be fulfilled on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto), the Target shall within fourteen Business Days thereafter redeem from the Purchaser the Convertible Bonds in its principal amount in full.

In the event that all the Target's Undertakings have fulfilled on or before 30 April 2008 (or such other date as may be agreed in writing between the parties thereto), the Purchaser shall convert the Convertible Bonds in full at the Conversion Price and the Target shall allot and issue the Conversion Shares to the Purchaser in accordance with the terms and conditions of the Convertible Bonds to be issued.

Upon full redemption of the Convertible Bonds and full refund of the consideration paid by the Purchaser for the Sale Shares, the Purchaser shall transfer back all the Sale Shares to the Vendor and shall cease to hold any interests in the Target thereafter.

Further announcement(s) will be made in the event that any of the Vendor's Undertakings and/or Target's Undertakings fails to be fulfilled.

The Convertible Bonds

The Purchaser has agreed to subscribe and the Target has agreed to issue the zero coupon Convertible Bonds at the principal amount of HK$40,000,000. Subject to agreement of the parties to the Formal Agreement, the principal terms of the Convertible Bonds are set out below:

Interest

The Convertible Bonds shall bear no interest.

Mandatory conversion

Subject to the fulfillment of the Target's Undertakings, the Convertible Bonds shall be mandatorily converted into 3,379 Conversion Shares of US$1.00 each in the share capital of the Target.

The conversion of the Convertible Bonds is subject to the fulfillment of the Target's Undertakings. As such, the Purchaser might not exercise the conversion rights until fulfillment of the Target's Undertakings.

Redemption

In the event that the Target's Undertakings cannot be fulfilled on or before the maturity date, the Purchaser shall be entitled to demand the Target to redeem the Convertible Bonds at its principal amount in full.

Maturity Date

30 April 2008 or such other date as may be agreed between the parties thereto.

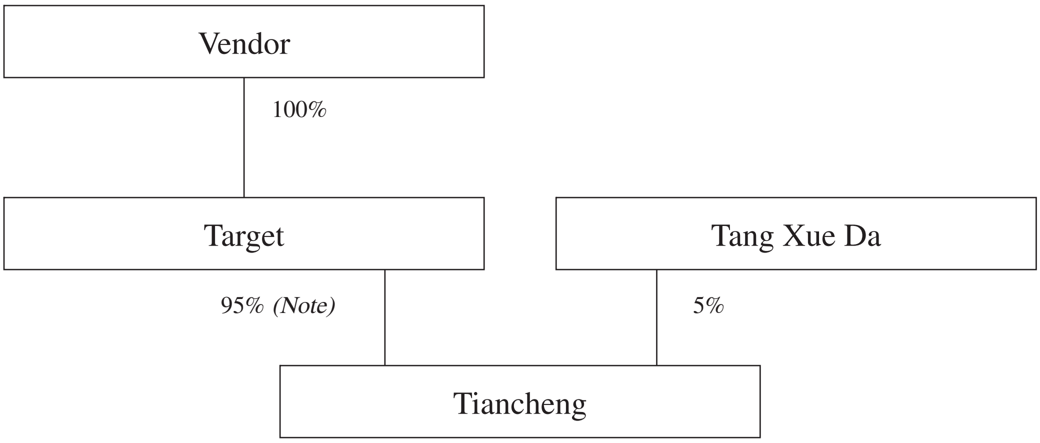
Transferability

The Convertible Bonds shall not be transferable.

GROUP STRUCTURE

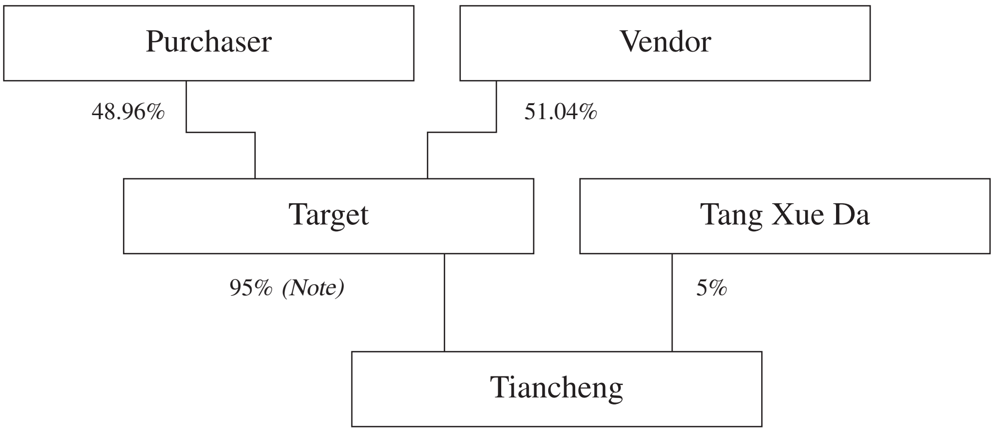
The following graph shows the group structure immediately prior to the entering into of the Formal Agreement and after Completion and conversion of the Convertible Bonds into Conversion Shares.

Immediately prior to the entering into of the Formal Agreement



Note: The 95% interests in the registered capital of Tiancheng are held by the Vendor on trust for the benefits of the Target.

After Completion and conversion of the Convertible Bonds into Conversion Shares



Note: The 95% interests in the registered capital of Tiancheng are currently held by the Vendor on trust for the benefits of the Target. Pursuant to the terms and conditions of the Formal Agreement, the Vendor undertakes that the Target will become the legal and beneficial owner of the 95% interests in Tiancheng on or before 30 April 2008 (or such other date as may be agreed between the parties in writing).

INFORMATION ON THE TARGET, TIANCHENG AND THE MINE

The Target

The Target is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by the Vendor. The Target is principally engaged in investment holdings.

According to the unaudited consolidated financial statements of the Target, the turnover, net loss before taxation and net loss after taxation for the year ended 31 December 2005 would be Nil, approximately RMB276,000 and approximately RMB276,000 respectively. The turnover, net profit before taxation and net profit after taxation for the year ended 31 December 2006 would be Nil, approximately RMB30,204,000 and approximately RMB30,204,000 respectively. The net profit for the year ended 31 December 2006 was arising from a waiver of shareholder's loan of approximately RMB31,354,000 which is an extraordinary item.

The unaudited consolidated total assets and net assets as at 31 December 2006 are approximately RMB31,297,000 and approximately RMB30,500,000 respectively.

Tiancheng

Tiancheng is a company established on 12 March 2004 in the PRC and currently holds the exploration right of the Mine. Tiancheng is principally engaged in the exploration and exploitation of precious metals and mineral resources in the PRC.

According to the unaudited management accounts of Tiancheng, the net asset value, net loss before and after taxation for Tiancheng for the year ended 31 December 2005, as extracted from the unaudited management accounts of Tiancheng, would be approximately RMB4,516,000, RMB2,597,000 and RMB2,597,000 respectively. There was no extraordinary item noted for Tiancheng for the year end 31 December 2005. The net asset value, net loss before and after taxation for the year ended 31 December 2006 would be approximately RMB3,745,000, RMB209,000 and RMB209,000 respectively. There was no extraordinary item noted for Tiancheng for the year end 31 December 2006.

The unaudited total assets and net assets of Tiancheng as at 31 December 2006 are approximately RMB3,935,000 and approximately RMB3,745,000 respectively.

The Mine

The Mine is located in Daan Township, Shouning County, Ningde City, Fujian Province of the PRC, which is accessible from about 20 kilometers from Shouning County from county level highway. According to historical records, mining of silver was conducted during the Ming Dynasty (1368-1644) in the Shouning Daan region, and a number of ancient mining tunnels over the Shouning Daan region probably belong to this period of activity. No. 4 Geological Brigade conducted geological exploration work in the region from 1972 to 1993. A stream sediment survey was conducted between the years of 2000 and 2002. Immediately after Tiancheng obtaining the exploration right of the Mine, Tiancheng engaged No. 4 Geological Brigade to conduct exploration programs on the Mine.

According to the exploration license issued by Fujian provincial Department of land Resources (福建省國土資源廳) on 25 April 2007, Tiancheng is allowed to explore the Mine with an area of 83.75 square kilometers for a period of two years to 9 May 2009. No. 4 Geological Brigade estimated that the silver reserves of six mineral zones in the Mine are approximately 508.37 tonnes. The Mine also contains deposits including gold, zinc, lead and copper.

As at the date of this announcement, no mining license with respect to the exploitation has been obtained by Tiancheng and no exploitation of the Mine has been commenced. Tiancheng is currently in the process of preparing the necessary documents for the application of the mining license of the Mine and the application of the mining license is expected to be submitted before the end of 2007. As advised by the PRC legal advisers to the Company, there is no material legal obstacle barring Tiancheng from the obtaining the mining license of the Mine.

The Group has engaged SRK Consulting, an independent mining and geological consultancy firm with extensive experience in mining related projects, to compile a technical report in compliance with Rule 18.09 of the Listing Rules for the Mine and such report will be included in the circular of the Company to be despatched to the Shareholders pursuant to Chapter 18 of the Listing Rules.

REASONS FOR THE ACQUISITION

The Group is principally engaged in manufacturing and trading of toys and recreational products on an OEM basis. The Group will continue to carry on its existing business after Completion.

The Directors consider that the Acquisition represents an excellent investment opportunity. In view of the continuous economic growth in the PRC and the worldwide growing demand for natural resources as a result of the development of the global economy, the Directors believe that there will be sustainable demand for precious metals including silver.

Silver has long been valued as a precious metal and used in currency, ornaments and jewellery, as well as utensils. It is also used in photographic film, electrical contacts and mirrors. The spot price of silver quoted on the London Metal Exchange has almost tripled since 2001, rising from an average of US$4.37 per ounce in 2001 to an average of US$11.57 per ounce in 2006, and the average of which for the seven months ended 31 July 2007 is US$13.27 per ounce.

The Group intends to hold the Sale Shares and the Conversion Shares upon the conversion of the Convertible Bonds as long term investment. The Directors consider that the value of investments in a company lies in its future potential growth. In view of the growing demand for precious metals in the PRC, the Directors are of the view that the upside potential for the investment in the Target will be promising.

In light of the growing potential of the Target, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition, including but not limited to the allotment and issue of the Consideration Shares, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

RISK FACTORS

Set out below are some of the risk factors which may be associated with the Acquisition:

Fluctuations in supply and demand of precious metals

There can be fluctuations in supply and demand of precious metals. The fluctuations in supply and demand are caused by numerous factors beyond control of the Group, which include but not limited to global and domestic economic and political conditions.

There is no assurance that the demand for precious metals in the PRC will continue to grow, or that the demand for precious metals will not experience excess supply.

Policies and regulations

The mining business of Tiancheng is subject to extensive government regulations, policies and controls. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent policies.

Country risk

The Mine is located in the PRC. There can be risks that changes of political and economical conditions in the PRC may adversely affect the business of Tiancheng.

Mining rights

The mining activities in the Mine are subject to the obtaining and renewal of the mining rights of the Mine from the relevant government authorities. Should Tiancheng fail to obtain or renew the mining rights of the Mine, Tiancheng will have no right to conduct mining activities in the Mine.

Risks associated with Vendor's Undertakings and Target's Undertakings

Completion will take place prior to the fulfillment of the Vendor's Undertakings and the Target's Undertakings. As disclosed in the sections headed "Undertakings by the Vendor" and "Undertakings by the Target" above, should the undertakings cannot be fulfilled, the escrowed Consideration Shares will be sold and the Purchaser will seek refund from the Vendor for consideration paid. Given the uncertainty of fulfillment of the undertakings and the sale price of the escrowed Consideration Shares, there are risks associated in procuring the Vendor to refund the consideration paid and indemnify the Purchaser in full.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as a result of the allotment and issue of the Consideration Shares are as follows:

Shareholders	Issued share capital as at the date of this announcement		Issued share capital immediately after allotment and issue of the Placing Shares but before the allotment and issue of the Consideration Shares		Issued share capital immediately after allotment and issue of the Consideration Shares and the Placing Shares	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Smart Place Investments Limited and its associates	170,854,000	62.7%	170,854,000	49.89%	170,854,000	37.10%
The Vendor	—	—	—	—	118,000,000	25.63%
Public Shareholders						
Placees	—	—	70,000,000	20.44%	70,000,000	15.20%
Other public Shareholders	101,626,000	37.3%	101,626,000	29.67%	101,626,000	22.07%
Total	272,480,000	100.00%	342,480,000	100%	460,480,000	100.00%

It is expected that the Placing will be completed prior to the completion of the Acquisition.

LISTING RULES IMPLICATION

The Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and the Acquisition is subject to the approval of the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholders have a material interest in the Acquisition and are required to abstain from voting at the EGM. The Company will seek Shareholders' approval for the Formal Agreement and the transactions contemplated thereunder, including but not limited to the acquisition of the Sale Shares and the subsequent conversion of the Convertible Bonds at the EGM.

GENERAL

A circular containing, among other matters, further details of the Acquisition and the notice of the EGM will be despatched to the Shareholders as soon as reasonably practicable and in compliance with the Listing Rules.

UPDATES ON THE PLACING

Reference is also made to the announcement and the circular of the Company dated 18 July 2007 and 30 July 2007 respectively in relation to, among other matters, the Placing.

As at the date of this announcement, the Placing Agent has on a best endeavour basis procured not less than six Placees, who are Independent Third Parties, to subscribe for up to an aggregate of 70,000,000 Placing Shares. Since the completion of the Placing is subject to the fulfillment of conditions, the actual number of Placing Shares to be placed by the Placing Agent may vary. Further announcement will be made upon completion of the Placing. It is expected that the Placing will complete prior to the Completion of the Formal Agreement. As disclosed in the announcement and the circular of the Company dated 18 July 2007 and 30 July 2007, it is expected that the net proceeds from the Placing will be applied towards the cash consideration for the Acquisition.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares has been suspended on the Stock Exchange from 9:30 a.m. on 18 October 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 29 October 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Acquisition"	together the acquisition by the Purchaser of the Sale Shares and the subscription by the Purchaser of the Convertible Bonds subject to and upon the terms and conditions of the Formal Agreement
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors

"Business Day"	any day (not being Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	Smart Union Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition pursuant to the terms and conditions of the Formal Agreement
"Consideration Share(s)"	the 118,000,000 new Share(s) to be allotted and issued to the Vendor credited as fully paid at the Issue Price in accordance with the terms of the Formal Agreement
"Convertible Bonds"	the zero coupon convertible bonds with principal amount of HK$40,000,000 to be issued by the Target to the Purchaser pursuant to the terms of the Formal Agreement upon Completion
"Conversion Price"	the conversion price of approximately HK$11,837 per Conversion Shares
"Conversion Shares"	a total of 3,379 shares of US$1.00 each in the share capital of the Target to be allotted and issued to the Purchaser upon conversion of the Convertible Bonds
"Directors"	directors of the Company
"Deposit"	the deposit of HK$8,000,000 in cash paid to the Vendor at the time of entering into of the MOU
"EGM"	an extraordinary general meeting of the Company to be convened and held to approve, among other mattes, the Formal Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares
"Formal Agreement"	the formal agreement dated 17 October 2007 and entered into among the Vendor, the Target and the Purchaser for the sale and purchase of the Sale Shares and the subscription of the Convertible Bonds

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
"Issue Price"	the price of HK$1.67 per Consideration Share
"Listing Committee"	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mine"	Da An Silver Mine (大安銀礦) located in Shouning County, Ningde City, Fujian Province of the PRC which Tiancheng holds the relevant exploration permit no. 3500000730170
"MOU"	the non-legally binding memorandum of understanding dated 16 July 2007 and entered into between the Company and the Vendor
"No. 4 Geological Brigade"	福建省第四地質大隊 (No. 4 Geological Brigade, Fujian Bureau of Geology and Mineral Resources), a subordinate to 福建省地礦局 (Fujian Provincial Bureau of Geology and Mineral Resources), whose business is principally engaged in the geological exploration, geotechnical engineering investigation and construction work. No. 4 Geological Brigade is an Independent Third Party of the Company
"Placees"	the individuals, corporate, institutional investors or other investors procured by the Placing Agent to subscribe for the Placing Shares pursuant to the placing agreement between the Company and the Placing Agent dated 17 July 2007

"Placing"	the placing of the Placing Shares by the Placing Agent to the Placees as announced in the announcement of the Company dated 18 July 2007
"Placing Agent"	China Everbright Securities (HK) Limited, the placing agent under the Placing
"Placing Shares"	up to an aggregate of 70,000,000 new Shares to be allotted and issued under the Placing
"PRC"	the People's Republic of China
"Purchaser"	Queen Glory Limited, a wholly owned subsidiary of the Company
"Sale Shares"	the 22,755 shares of US$1.00 each in the issued share capital of the Target
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	China Mining Corporation Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly beneficially owned by the Vendor
"Tiancheng"	Fujian Tiancheng Mining Corporation (福建天成礦業有限公司), a company established in the PRC with limited liability. 95% of it registered capital of which is beneficially owned by the Target and 5% of it registered capital of which is beneficially owned by Tang Xue Da.
"Vendor"	Tang Xue Jin (唐學勁), to the best of Directors' knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

By order of the Board
Smart Union Group (Holdings) Limited
Wu Kam Bun
Chairman

Hong Kong, 26 October 2007

As at the date of this announcement, the Board comprises of five executive Directors: Mr. Wu Kam Bun, Mr. Lai Chiu Tai, Mr. Lo Kwok Choi, Mr. Ho Wai Wah and Mr. Wong Wai Chuen; and three independent non-executive Directors: Dr. Lui Sun Wing, Mr. Li Chak Hung and Mr. Tang Koon Yiu, Thomas.