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SMART UNION GROUP (HOLDINGS) LIMITED

(Provisional Liquidators Appointed)

合俊集團(控股)有限公司

(已委任臨時清盤人)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

Financial adviser



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

(1) SECOND STAGE OF DELISTING PROCEDURES;

(2) EXTENSION OF EXCLUSIVITY PERIOD;

AND

(3) INCREASE IN WORKING CAPITAL FACILITY

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcements of the Company dated 17 and 22 October 2008, 10 February 2009, 9 April 2009 and 13 May 2009 (the “**Announcements**”). Unless otherwise stated, terms used herein shall have the same meanings as those used in the Announcements.

SECOND STAGE OF DELISTING PROCEDURES

The Company submitted a resumption proposal to the Stock Exchange on 1 September 2009 (together with the subsequent submissions thereto, the “**Resumption Proposal**”) with a view to seek the Stock Exchange’s approval for the resumption of trading in the shares of the Company (the “**Shares**”). On 3 May 2010, the Stock Exchange informed the Company that the Resumption Proposal has not satisfactorily demonstrated sufficiency of operations or assets under Rule 13.24 of the Listing Rules and the Stock Exchange has decided to place the Company in the second stage of delisting procedures with effect from 3 May 2010 pursuant to Practice Note 17 to the Listing Rules.

The Company is required to submit a viable resumption proposal at least 10 business days before 2 November 2010, the expiry of the six-month period from the date the Company was placed in the second stage of delisting procedures. At the end of the period, the Stock Exchange will determine whether it is appropriate to proceed to place the Company in the third stage of delisting procedures after considering any proposal made by the Company.

The Stock Exchange requested that a viable resumption proposal should address the following:

1. demonstrate sufficient operations or assets under Rule 13.24 of the Listing Rules;
2. demonstrate that the Company has adequate internal control to enable it to meet its obligations under the Listing Rules; and
3. withdrawal and/or dismissal of the winding up petition and discharge of the Provisional Liquidators.

In addition, the resumption proposal must be clear, plausible and coherent. It should include sufficient details (including forecasts and clear plan for future business development) to enable it to be assessed by the Stock Exchange. The resumption proposal should also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and the Cayman Islands.

The Company will make further announcements pursuant to the Listing Rules as and when appropriate.

EXTENSION OF EXCLUSIVITY PERIOD

On 27 May 2010, the Investor, Mr. Yang, Mr. Ting, the Company and the Provisional Liquidators entered into a supplemental agreement pursuant to which all parties agreed to extend the Exclusivity Period to 31 December 2010. The Exclusivity Period may be further extended if the parties to the supplemental agreement agree in writing.

INCREASE IN WORKING CAPITAL FACILITY

On 27 May 2010, the Investor and the SPV entered into a supplemental working capital facility agreement (the “**Supplemental Working Capital Facility Agreement**”), pursuant to which the Investor agreed to increase the Working Capital Facility from HK\$5,000,000 to HK\$55,000,000 (or such higher sum as the Investor may agree from time to time) on the terms and subject to the conditions as set out in the working capital facility agreement dated 17 June 2009 entered into by the Investor and the SPV as supplemented by the Supplemental Working Capital Facility Agreement, for the Group to meet the costs required for business expansion and reactivation of its toys manufacturing business as part of the Resumption Proposal. Any funds drawn down by the SPV from the Working Capital Facility, which is secured by a debenture with a floating charge over the assets of the SPV, will form part of the Subscription Proceeds payable by the Investor for the subscription of ordinary shares of the Company upon Completion. In the event that Completion fails to take place, the Working Capital Facility will be repayable by the SPV. The Working Capital Facility will not be directly or indirectly repayable by the Company or the Provisional Liquidators in any circumstances whatsoever.

SUSPENSION OF TRADING

Trading in the Shares has been suspended since 9:44 a.m. on 15 October 2008 at the request of the Company and will remain suspended until further notice.

For and on behalf of
Smart Union Group (Holdings) Limited
(Provisional Liquidators Appointed)
John Robert Lees
Mat Ng
Joint and Several Provisional Liquidators
acting as agents for and on behalf of the Company
without personal liability

Hong Kong, 27 May 2010

As at the date of this announcement, the board of directors of the Company comprises of three executive directors: Mr. Wu Kam Bun, Mr. Ho Wai Wah and Mr. Wong Wai Chuen.