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*Smart Union*

**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)**

**ANNOUNCEMENT  
PURSUANT TO RULE 13.09(1) OF THE LISTING RULES  
IN RELATION TO  
ACQUISITION OF THE ENTIRE EQUITY INTEREST OF JINXU**



**Financial Adviser**

**ASIAN CAPITAL**

**(CORPORATE FINANCE) LIMITED**

**卓亞(企業融資)有限公司**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Company is pleased to announce that further to the sales and purchase agreement regarding the purchase of five production lines on 8 June 2010, Zhifu Toy, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement on 30 March 2011 with the Vendors in relation to the acquisition of the entire equity interest of Jinxu at a consideration of RMB2,000,000.

Upon completion of the Acquisition, Jinxu shall become an indirect wholly-owned subsidiary of the Company and the financial results and assets and liabilities of Jinxu will be consolidated into the Group's financial statements. The Company expects that the Group will benefit from the Acquisition which will improve the operating efficiency for toy manufacturing.

## **INTRODUCTION**

The Company is pleased to announce that on 30 March 2011, the Vendors and Zhifu Toy entered into the Acquisition Agreement, pursuant to which the Vendors agreed to sell and Zhifu Toy agreed to purchase the Sale Equity Interest subject to and in accordance with the terms and conditions under the Acquisition Agreement. Details of the Acquisition Agreement are set out in the section headed "ACQUISITION AGREEMENT" below.

## **ACQUISITION AGREEMENT**

### **Date**

30 March 2011

### **Parties**

- (i) Zhifu Toy as the purchaser; and
- (ii) the Vendors as the sellers.

To the best of the Provisional Liquidators' knowledge, information and belief, having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

### **Assets to be acquired**

Pursuant to the Acquisition Agreement, the Vendors agreed to sell and Zhifu Toy agreed to purchase the Sale Equity Interest, representing the entire equity interest of Jinxu, subject to and in accordance with the terms and conditions under the Acquisition Agreement. Upon completion of the Acquisition, Jinxu shall become an indirect wholly-owned subsidiary of the Company and the financial results and assets and liabilities of Jinxu will be consolidated into the Group's financial statements.

### **Consideration**

The consideration for the Sale Equity Interest pursuant to the Acquisition Agreement shall be RMB2,000,000, which was determined after arm's length negotiations between the Vendors and Zhifu Toy.

## **INFORMATION OF JINXU**

Jinxu is a PRC OEM toy manufacturer and operates a factory with 3 production lines in Dongguan, the PRC.

Since the incorporation of Jinxu in November 2009, Jinxu has been engaged in the production of toy products.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is incorporated in the Cayman Islands. It is an investment holding company and the principal activities of its subsidiaries are manufacturing and trading of toys.

Sino Front was set up by the Company as a wholly-owned subsidiary in June 2009 to continue the Group's trading and manufacturing of toys business after the major assets and production facilities of certain subsidiaries of the Company had been subject to freezing orders obtained by certain creditors in the PRC since October 2008.

Following the seizure of the Group's factories by local authorities in the PRC, the Group lost its own manufacturing facilities. It was, therefore, necessary that the Group restructured its operations, initially by recommencing its toy trading business through Sino Front. The Group has resurrected its toy trading business since June 2009, and has gradually expanded its customer base whilst subcontracting its manufacturing operations to OEM manufacturers in the PRC. With secured orders yet diversifying Sino Front's reliance on outsourced sub-contractors, the Company decided to resume the Group's toy manufacturing business by acquiring five production lines from Lanyu Toy.

On 8 June 2010, Sino Front and Lanyu Toy entered into a sale and purchase agreement, pursuant to which Zhifu Toy would purchase five toy production lines at a consideration of RMB3,000,000. The acquisition was completed in July 2010.

With increased orders from customers, the Company expects that the Group will benefit from the Acquisition which further enhances the operating efficiency for toy manufacturing. It also marks another important milestone of the Group's strategy to further reduce its reliance on existing sub-contractors.

## **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

**The transactions contemplated under the Acquisition Agreement are subject to the fulfillment of a number of conditions precedent, and therefore may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

**Trading in the Shares on the Stock Exchange has been suspended since 9:44 a.m. on 15 October 2008 at the request of the Company and will continue to be suspended until further notice. The release of this announcement does not necessarily indicate that the Shares will be resumed for trading. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The Company will keep the public informed of the latest development by making further announcements when and as appropriate.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Equity Interest by Zhifu Toy from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement entered into between Zhifu Toy and the Vendors dated 30 March 2011 in relation to the sale and purchase of the Sale Equity Interest

“Company”	Smart Union Group (Holdings) Limited (Provisional Liquidators Appointed), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinxu”	東莞市金誦玩具有限公司 (Dongguan Jinxu Toy Limited*), a company incorporated in the PRC with limited liability whose equity interest is owned by the Vendors as at the date of this announcement
“Lanyu Toy”	藍宇玩具有限公司 (Lanyu Toy Limited*), a company incorporated in the PRC and owned by third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OEM”	original equipment manufacturing
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Provisional Liquidators”	Mr. John Robert Lees and Mr. Mat Ng, the joint and several provisional liquidators of the Company, both of John Lees & Associates Limited, acting without personal liability
“Sale Equity Interest”	the entire equity interest of Jinxu
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino Front”	Sino Front Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	the owners of the Sale Equity Interest as at the date of this announcement

“Zhifu Toy”

致福玩具(深圳)有限公司 (Zhifu Toy (Shenzhen) Limited\*), a wholly-owned foreign enterprise ultimately owned by the Company and incorporated in the PRC

“RMB”

Renminbi, the lawful currency of the PRC

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*

\* *for identification purposes only*

Hong Kong, 30 March 2011

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