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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)

**(I) AMENDMENTS TO THE PROPOSED RESTRUCTURING
(II) ENTERING INTO OF THE SECOND SUPPLEMENTAL
RESTRUCTURING AGREEMENT
AND
(III) ENTERING INTO OF THE SECOND SUPPLEMENTAL
WORKING CAPITAL FACILITY AGREEMENT**

Financial Adviser to the Company



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

SECOND SUPPLEMENTAL RESTRUCTURING AGREEMENT

On 20 June 2011, the Company, the Provisional Liquidators, the Investor, Mr. Yang and Mr. Ting entered into the Second Supplemental Restructuring Agreement, pursuant to which the parties agreed to, inter alia, (1) revise the structure of the Capital Restructuring; (2) adjust the number of Creditors Shares; (3) adjust the terms of the Subscription; (4) replace the proposed Open Offer with the placing of Convertible Bonds; and (5) include the placing of the Placing Shares as part of the Proposed Restructuring.

WHITEWASH WAIVER

Following the amendments to the Proposed Restructuring, the Concert Group will, before conversion of any Convertible Bonds, in aggregate hold approximately 75% of the share capital as enlarged by the issue of the Subscription Shares, the Creditors Shares and the Placing Shares. Given that the Company shall issue the Convertible Bonds of which the Investor has committed to take up an amount up to HK\$63,825,000, in the event that the Investor has subscribed for the Convertible Bonds in such maximum amount and subsequently all the holders of the Convertible Bonds (including the Investor) fully convert their Convertible Bonds into Conversion Shares, the Concert Group will in aggregate continue to hold approximately 75% of the Enlarged Issued Share Capital.

The Whitewash Waiver, if granted, will be subject to, among other things, the approval by the Independent Shareholders by way of poll at the EGM.

The Concert Group and parties interested or involved in the transactions contemplated under the Proposed Restructuring will not be eligible to vote on the resolutions approving the Subscription, the issue of the Creditors Shares, the placing of the Placing Shares and the Convertible Bonds and the Whitewash Waiver.

SECOND SUPPLEMENTAL WORKING CAPITAL FACILITY AGREEMENT

The Investor and Sino Front had previously agreed that the loan being drawn down as Working Capital Facility would mature on 16 June 2011. On 16 June 2011, the Investor and Sino Front entered into the Second Supplemental Working Capital Facility Agreement, pursuant to which the Investor agreed to extend the maturity date to 30 November 2011. Save as aforesaid, other principal terms and conditions in respect of the Working Capital Facility remain in full force and effect.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares has been suspended since 9:44 a.m. on 15 October 2008 at the request of the Company pending the release of an announcement in relation to price sensitive information of the Company. The price sensitive information is related to the presentation of the winding up petition against the Company and the application for the appointment of the provisional liquidators of the Company and several of its principal subsidiaries which had been announced on 17 October 2008.

On 10 June 2011, the Stock Exchange's letter to the Company sets out the conditions for resumption of trading in the Shares.

The release of this announcement is not an indication that the Restructuring Agreement will be successfully implemented and does not necessarily indicate that the Shares will be resumed for trading. Trading in the Shares will remain suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Reference is made to the Company's announcements dated 18 March 2011 and 7 June 2011 in relation to the Proposed Restructuring. Reference is also made to the announcements of the Company dated 13 May 2009 and 27 May 2010 in relation to, inter alia, the Working Capital Facility (collectively, the "Announcements"). Terms used herein shall have the same meanings as those defined in the Announcements unless otherwise specified in this announcement.

SECOND SUPPLEMENTAL RESTRUCTURING AGREEMENT

On 20 June 2011, the Company, the Provisional Liquidators, the Investor, Mr. Yang and Mr. Ting entered into the Second Supplemental Restructuring Agreement, pursuant to which the parties agreed to, inter alia, (1) revise the structure of the Capital Restructuring; (2) adjust the number of Creditors Shares; (3) adjust the terms of the Subscription; (4) replace the proposed Open Offer with the placing of Convertible Bonds; and (5) include the placing of the Placing Shares as part of the Proposed Restructuring.

AMENDMENTS TO THE CAPITAL RESTRUCTURING

The Share Consolidation, the Capital Reduction and the Authorised Share Capital Increase under the Capital Restructuring will be revised as follows:

- (i) the Share Consolidation – every twenty (20) Existing Shares (instead of seven (7) Existing Shares) of HK\$0.10 each will be consolidated into three (3) Consolidated Shares of HK\$0.67 each (instead of one (1) Consolidated Share) of HK\$0.70 each);
- (ii) the Capital Reduction – upon the Share Consolidation becoming effective, the nominal value of the Consolidated Shares will be reduced from HK\$0.67 each (instead of HK\$0.70 each) to HK\$0.01 each; and
- (iii) the Authorised Share Capital Increase – upon the Authorised Share Capital Cancellation becoming effective, the Company's authorised share capital will be increased to HK\$40,000,000 (instead of HK\$300,000,000), divided into 4,000,000,000 (instead of 30,000,000,000) New Shares of HK\$0.01 each.

Save as disclosed above, other components of the Capital Restructuring, including the Share Premium Cancellation, the Authorised Share Capital Cancellation and cancellation of the Existing Convertible Securities, as well as the terms and conditions of the Capital Restructuring, remain unchanged.

The following table sets out the effect of the Capital Restructuring on the share capital of the Company, before and after completion of the Capital Restructuring (assuming no exercise of the Share Options and all Share Options lapsed upon the Scheme taking effect), taking into account the amendments:

	Before the Capital Restructuring	Immediately after the Capital Restructuring
Nominal value	HK\$0.10	HK\$0.01
Authorised share capital	HK\$200,000,000 divided into 2,000,000,000 Existing Shares	HK\$40,000,000 divided into 4,000,000,000 New Shares
Issued and paid-up share capital	HK\$55,258,600 divided into 552,586,000 Existing Shares	HK\$828,879 divided into 82,887,900 New Shares

ADJUSTMENT OF THE NUMBER OF CREDITORS SHARES

To accommodate the amendments to the Capital Restructuring and other components of the Proposed Restructuring, 34,100,000 (instead of 84,495,329) Creditors Shares, representing approximately 3.29% (instead of 4.16%) of the Enlarged Issued Share Capital, will be issued and allotted by the Company to the Scheme Administrators at Completion for the benefit of the Scheme Creditors.

PROPOSED SUBSCRIPTION AND THE PLACING OF PLACING SHARES AND CONVERTIBLE BONDS

The Subscription

Pursuant to the Second Supplemental Restructuring Agreement, the number of the Subscription Shares has been amended to 432,000,000 (instead of 1,519,737,697) Subscription Shares, representing approximately 41.70% (instead of 90.29%) of the Enlarged Issued Share Capital and the Subscription Price has been revised to HK\$0.185 (instead of approximately HK\$0.112) per Subscription Share. Accordingly, the aggregate Subscription Price of Subscription Shares to be subscribed by the Investor will be HK\$79,920,000 (instead of HK\$170,210,622).

The placing of Placing Shares

In order to restore the Public Float after the issuance of Subscription Shares and Creditors Shares, 27,020,000 Placing Shares will be issued and placed to Placees at HK\$0.185 per Placing Share through the Placing Agent upon Completion. The gross proceeds from this placing shall not be less than HK\$4,998,700.

Replacing the Open Offer with the placing of the Convertible Bonds

The Company is to replace the Open Offer previously provided for with the placing of the Convertible Bonds following discussion with the Investor in view of, inter alia, the recent market condition. Upon Completion, the Convertible Bonds in the amount of HK\$85,100,000 will be issued by the Company and placed through the Placing Agent to the subscribers of the Convertible Bonds. In order to ensure that the Company will raise the fund through the placing of the Convertible Bonds, the Company is in discussion with the Placing Agent to enter into the Placing Agreement, details of which are set out in the section headed "PLACING AGREEMENT" in this announcement. The Investor has committed to take up to HK\$63,825,000 in principal amount of the Convertible Bonds, whilst the remaining balance of Convertible Bonds will be taken up by the CB Placees (and/or the Placing Agent under an underwriting arrangement).

Details of the principal terms of the Convertible Bonds are included in the Second Supplemental Restructuring Agreement as follows:

Aggregate principal amount	HK\$85,100,000
Interest	Five per cent per annum on the principal amount of the Convertible Bonds payable quarterly in arrears
Maturity	Two years from (and excluding) the date of Completion

Redemption

No early redemption at the option of the Company

Early redemption at the face value of the Convertible Bonds together with any accrued interest at the option of the holders of the Convertible Bonds if:-

- (1) there is a change of control (as defined under the Takeovers Code) of the Company after the date of Completion;
- (2) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity; or
- (3) the Shares cease to be listed or admitted to trading on the Stock Exchange or, if applicable, any alternative stock exchange

Listing

No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchange

Placing

- (a) Asian Capital (Corporate Finance) Limited shall act as the Placing Agent for the placing of the Convertible Bonds pursuant to the terms of the Restructuring Agreement
- (b) The Investor commits to take up Convertible Bonds of principal amount not more than HK\$63,825,000 in aggregate

Conversion

- (a) A holder of Convertible Bonds shall have the right to convert all or part of his holding of Convertible Bonds into ordinary shares in the capital of the Company at any time from the date of the successful resumption of trading of shares in the Company and ending on the second anniversary of the date of Completion or such other date as may be required by the Stock Exchange
- (b) A holder of Convertible Bonds shall not convert any Convertible Bonds if such conversion would result in less than 25% of the ordinary shares in the Company being held by persons who are deemed by the Stock Exchange to be public Shareholders for the purposes of the Public Float

Conversion price

The initial price at which the Conversion Shares will be issued is HK\$0.185 per Conversion Share. Such initial conversion price will be subject to adjustment for consolidations or subdivisions or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues and other events which may have a diluting effect on the holders of the Convertible Bonds

As to further participation

The Convertible Bonds shall not carry any right to participate in profits or assets of the Company beyond such rights as are set out above

Assuming full conversion of the Convertible Bonds in the aggregate principal amount of HK\$85,100,000, the 460,000,000 Conversion Shares to be allotted and issued at HK\$0.185 per Conversion Share represent:–

- (i) approximately 555.0% of the issued share capital of the Company upon completion of Capital Restructuring;
- (ii) approximately 79.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and Creditors Shares;
- (iii) approximately 84.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares; and
- (iv) approximately 44.4% of the Enlarged Issued Share Capital.

Subscription prices of the Subscription Shares and the Placing Shares and conversion price of the Conversion Shares

The subscription prices of the Subscription Shares and the Placing Shares and the conversion price of the Conversion Shares are all HK\$0.185 per New Share, which represents:

- (i) a discount of approximately 72.0% to the adjusted closing price of HK\$0.660 per New Share, based on the closing price of HK\$0.099 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effects of the Capital Restructuring;
- (ii) a discount of approximately 77.6% to the adjusted average closing price of approximately HK\$0.827 per New Share, based on the average closing price of approximately HK\$0.124 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effects of the Capital Restructuring; and
- (iii) a discount of approximately 80.3% to the adjusted average closing price of HK\$0.940 per New Share, based on the average closing price of approximately HK\$0.141 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effects of the Capital Restructuring.

Use of proceeds

Under the revised Proposed Restructuring, gross proceeds from the Subscription Shares and the placing of Placing Shares and Convertible Bonds will be in aggregate amount of HK\$170,018,700. Such proceeds will be paid and applied in the following manner at Completion:

- (i) the Earnest Money of HK\$5 million paid by the Investor to the Escrow Agent prior to the signing of the Restructuring Agreement will be released to the Provisional Liquidators or the Scheme Administrators and may be used in part settlement of the Claims of the Scheme Creditors;
- (ii) a sum of HK\$45 million shall be used in part settlement of the Claims of the Scheme Creditors;

- (iii) a sum of HK\$17 million (of which a sum of HK\$9.5 million has already been paid as at the date entered into the Second Supplemental Restructuring Agreement) shall be used to settle the Restructuring Costs;
- (iv) the Working Capital Facility of HK\$55 million advanced by the Investor to Sino Front together with interest accrued thereon shall be applied in full in part payment; and
- (v) the remaining balance of the gross proceeds of approximately HK\$48.02 million shall be retained as working capital of the Restructured Group post Completion.

Conditions precedent

As a result of certain amendments made to the conditions precedent under the Restructuring Agreement, Condition (vii) in relation to approval by Shareholders as set out in the section “Conditions Precedent” in the announcement of the Company dated 18 March 2011 is amended as:

“all necessary resolutions having been passed and approvals given by the requisite majorities of the Shareholders (and where required by the Independent Shareholders by way of poll) and not having been revoked in respect of the matters contemplated under the Restructuring Agreement which shall include if necessary, but are not limited to, the following at the EGM:

- a the issue by the Company of the Subscription Shares, the Placing Shares, the Convertible Bonds and the Creditors Shares;*
- b the Capital Restructuring; and*
- c any other transactions contemplated under the Restructuring Agreement which require the approval of the Shareholders and/or the Independent Shareholders (where required)”*

Condition (x) in relation to approval by Stock Exchange as set out in the section “Conditions Precedent” in the announcement of the Company dated 18 March 2011 has been amended as:

“the granting of the listing of and permission to deal in the New Shares, the Subscription Shares, the Placing Shares, the Conversion Shares and the Creditors Shares by the Stock Exchange which may only be subject to (i) the formal issue and allotment of such New Shares, the Subscription Shares, the Placing Shares, the Conversion Shares and the Creditors Shares; (ii) the formal issue of the Convertible Bonds; (iii) such other administrative conditions as are customarily stipulated by the Stock Exchange for resumption of trading or listing of the shares of the Company and (iv) (if applicable) Restoration of Public Float, and such approval not having been revoked”.

Clause (xiii) in relation to the PRC Judgment Creditors as set out in the section “Conditions Precedent” in the announcement of the Company dated 18 March 2011 is deleted.

Save for the amendments and deletion mentioned above, all the conditions precedent under the Restructuring Agreement remain in full force and effect.

WHITEWASH WAIVER

As described in the Company's announcement dated 18 March 2011, the Concert Group would be obliged to make a mandatory general offer under the Takeovers Code, and the Investor will make an application to the Executive for the Whitewash Waiver in respect of the Subscription. Following the amendments to the Proposed Restructuring, the Concert Group will, before conversion of any Convertible Bonds, in aggregate hold approximately 75% of the share capital of the Company as enlarged by the issue of the Subscription Shares, the Creditors Shares and the Placing Shares. Given that the Company shall issue the Convertible Bonds in the aggregate principal amount of HK\$85,100,000 of which the Investor has committed to take up an amount up to HK\$63,825,000, in the event that the Investor has subscribed for the Convertible Bonds in such maximum amount and subsequently all the holders of the Convertible Bonds (including the Investor) fully convert their Convertible Bonds into Conversion Shares, the Concert Group will in aggregate continue to hold approximately 75% of the Enlarged Issued Share Capital. Pursuant to the principal terms of the Convertible Bonds set out in the Second Supplemental Restructuring Agreement, the Investor shall not convert any Convertible Bonds held by it, if any, if such conversion would result in less than 25% of the issued share capital of the Company being held by persons who are deemed by the Stock Exchange to be public Shareholders for the purpose of the Public Float.

The Whitewash Waiver, if granted, will be subject to, among other things, the approval by the Independent Shareholders by way of poll at the EGM.

The Concert Group and parties interested or involved in the transactions contemplated under the Proposed Restructuring will not be eligible to vote on the resolutions approving the Subscription, the issue of the Creditors Shares, the placing of the Placing Shares and the Convertible Bonds and the Whitewash Waiver.

REASONS FOR THE AMENDMENTS TO THE PROPOSED RESTRUCTURING

As set out in the Company's announcement dated 15 June 2011, the Stock Exchange's letter to the Company on 10 June 2011 sets out the conditions for resumption of trading in the Shares on the basis that certain terms of the Proposed Restructuring were to be amended after review of the Resumption Proposal by the Stock Exchange. The Second Supplemental Restructuring Agreement is intended to incorporate the required amendments with a view to satisfying the requirements as set out by the Stock Exchange for resumption of trading in the Shares.

PLACING AGREEMENT

In order to ensure that the Placing Shares and the Convertible Bonds will be fully taken up, the Company and the Placing Agent intend to enter into the Placing Agreement prior to the despatch of the Circular. The financial adviser of the Company will act as the Placing Agent and, except for this relationship, is an independent third party of the Company or any of the Directors, chief executive, substantial shareholders of the Company or any of their respective associates. Save for the arrangements as disclosed in this announcement, there is no agreement or arrangement between the Placing Agent and the Company or the Investor, its ultimate beneficial owner and parties acting in concert with any of them.

Pursuant to the Placing Agreement to be entered into, it is intended that there will be an underwriting arrangement under which the Placing Agent will conditionally agree to underwrite the Placing Shares and Convertible Bonds. The Investor has committed to take up Convertible Bonds in the amount up to HK\$63,825,000, which will be fully reflected in a sub-underwriting agreement between the Investor and the Placing Agent, and the maximum amount of the Convertible Bonds intended to be taken up by the Placing Agent under this underwriting arrangement will be HK\$21,275,000. The Placing Shares will be fully underwritten by the Placing Agent.

The Company will announce further details of the Placing Agreement and the underwriting arrangements in due course.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

After taking into account the amendments of the Proposed Restructuring, the changes in the shareholding structure of the Company arising from the Capital Restructuring, the Scheme, the Subscription and the placing of Placing Shares and Convertible Bonds (assuming no exercise of the Share Options and all Share Options lapsed upon the Scheme taking effect) are set out in the following table for illustrative purposes only:

Shareholders	As at the date of this announcement		Immediately following the completion of the Capital Restructuring		Immediately following the completion of the Capital Restructuring, the Scheme, the Subscription, and placing of Placing Shares and Convertible Bonds but before any of its conversion		Immediately following the Completion and full conversion of Convertible Bonds taken up by CB Placees and/or Placing Agent (Note 3)		Immediately following the Completion and full conversion of Convertible Bonds taken up by the Investor only (Note 4,5)		Immediately following the Completion and full conversion of the Convertible Bonds (Note 4)	
	No. of Existing Shares		No. of New Shares		No. of New Shares		No. of New Shares		No. of New Shares		No. of New Shares	
	%	%	%	%	%	%	%	%	%	%	%	%
Existing Shareholders												
Smart Place and its associates (Note 1)	181,604,000	32.86	27,240,600	32.86	27,240,600	4.73	27,240,600	2.63	27,240,600	2.96	27,240,600	2.63
Mr. Tang (Note 2)	118,000,000	21.35	17,700,000	21.35	17,700,000	3.07	17,700,000	1.71	17,700,000	1.92	17,700,000	1.71
Sky Metro Limited and its associates	92,096,000	16.67	13,814,400	16.67	13,814,400	2.40	13,814,400	1.33	13,814,400	1.50	13,814,400	1.33
Other existing public Shareholders	160,886,000	29.12	24,132,900	29.12	24,132,900	4.19	24,132,900	2.33	24,132,900	2.62	24,132,900	2.33

Shareholders	As at the date of this announcement		Immediately following the completion of the Capital Restructuring		Immediately following the completion of the Capital Restructuring, the Scheme, the Subscription, and placing of Placing Shares and Convertible Bonds but before any of its conversion		Immediately following the Completion and full conversion of Convertible Bonds taken up by CB Placees and/or Placing Agent (Note 3)		Immediately following the Completion and full conversion of Convertible Bonds taken up by the Investor only (Note 4,5)		Immediately following the Completion and full conversion of the Convertible Bonds (Note 4)	
	No. of Existing Shares	%	No. of New Shares	%	No. of New Shares	%	No. of New Shares	%	No. of New Shares	%	No. of New Shares	%
Sub-total	552,586,000	100.00	82,887,900	100.00	82,887,900	14.39	82,887,900	8.00	82,887,900	9.00	82,887,900	8.00
The Investor and its concert parties	-	-	-	-	432,000,000	75.00	432,000,000	41.70	777,000,000	84.36	777,000,000	75.00
Placees and/or Placing Agent	-	-	-	-	27,020,000	4.69	27,020,000	2.61	27,020,000	2.93	27,020,000	2.61
CB Placees and/or Placing Agent	-	-	-	-	-	-	460,000,000	44.40	-	-	115,000,000	11.10
Scheme Creditors	-	-	-	-	34,100,000	5.92	34,100,000	3.29	34,100,000	3.70	34,100,000	3.29
Total	552,586,000	100.00	82,887,900	100.00	576,007,900	100.00	1,036,007,900	100.00	921,007,900	100.00	1,036,007,900	100.00

Notes:

- Based on the information available to the Provisional Liquidators as at the date of this announcement, the Shares held by Smart Place are pledged to two Creditors, who have not yet exercised any of their purported security interest over the Existing Shares held by Smart Place. As such, Smart Place, being the registered Shareholder, has the voting rights attached to these Existing Shares.
- The Escrow Shares are currently registered under the name of Mr. Tang and held in safe custody by SU Mining for realization for the satisfaction of the debt owed by Mr. Tang as a result of his breach of the Undertakings under the Mining Agreement. It is believed that as Mr. Tang had not fulfilled his obligations under the Undertakings in the Mining Agreement to procure Fujian Tiancheng to obtain the mining licence or any other necessary approvals and consents for the mining of the Mine on or before 31 August 2008, he is not entitled to these Escrow Shares, and that under the terms of the Mining Agreement, SU Mining is entitled to dispose of the Escrow Shares and the proceeds shall be used to satisfy the amounts owed by Mr. Tang. Those proceeds will be used to discharge any creditor claims of SU Mining. Please also see the Announcements in this regard.
- In this scenario, the Convertible Bonds in principal amount of HK\$85,100,000 will be taken up by the CB Placees (and/or the Placing Agent under the underwriting arrangement).
- In this scenario, the Investor will subscribe for the Convertible Bonds in the principal amount of HK\$63,825,000, the maximum amount the Investor can subscribe under the Supplemental Restructuring Agreement, whilst the remaining Convertible Bonds in principal amount of HK\$21,275,000 being taken up by the CB Placees (and/or the Placing Agent under the underwriting arrangement).
- Given that it does not meet the Public Float requirement as stipulated in the Listing Rules, this scenario is for illustrative purposes only.

SECOND SUPPLEMENTAL WORKING CAPITAL FACILITY AGREEMENT

The Investor and Sino Front had previously agreed that the loan being drawn down as Working Capital Facility would mature on 16 June 2011. On 16 June 2011, the Investor and Sino Front entered into the Second Supplemental Working Capital Facility Agreement, pursuant to which the Investor agreed to extend the maturity date to 30 November 2011. Save as aforesaid, other principal terms and conditions in respect of the Working Capital Facility remain in full force and effect.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares has been suspended since 9:44 a.m. on 15 October 2008 at the request of the Company pending the release of an announcement in relation to price sensitive information of the Company. The price sensitive information is related to the presentation of the winding up petition against the Company and the application for the appointment of the provisional liquidators of the Company and several of its principal subsidiaries which had been announced on 17 October 2008.

On 10 June 2011, the Stock Exchange informed the Company in a letter setting out the conditions for resumption of trading in the Shares.

The release of this announcement does not necessarily indicate that the Shares will be resumed for trading. Trading in the Shares will remain suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

For the avoidance of doubt, the definitions of the following terms previously set out in the Announcements are amended as follows:

“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company to HK\$40,000,000 immediately following the Authorised Share Capital Cancellation becoming effective
“Capital Reduction”	the proposed reduction of the nominal value of each Consolidated Share from HK\$0.67 to HK\$0.01
“Completion”	completion of the Proposed Restructuring
“Consolidated Share(s)”	the ordinary shares of HK\$0.67 each in the capital of the Company immediately following the Share Consolidation becoming effective
“Creditors Share(s)”	the 34,100,000 New Shares to be issued and allotted as fully paid by the Company to the Scheme Administrators for the benefit of the Scheme Creditors
“Enlarged Issued Share Capital”	the issued share capital of the Company after the Capital Restructuring as enlarged by the issue of the Subscription Shares, the Creditors Shares, the Placing Shares and the Conversion Shares upon full conversion of the Convertible Bonds
“Independent Shareholder(s)”	the independent Shareholder(s), to the extent applicable in respect of each resolution, who are not the Concert Group and/or not involved or interested in (other than solely as a Shareholder) the transactions contemplated under the Restructuring Agreement and therefore permitted to vote in respect of the resolution(s) to approve the Subscription, the issue of the Creditors Shares, the placing of the Placing Shares and the Convertible Bonds and the Whitewash Waiver at the EGM

“Long Stop Date”	30 November 2011
“Proposed Restructuring”	the proposed restructuring of the Group involving, among other things, the Capital Restructuring, the Scheme, the Group Reorganisation, the Subscription, the placing of the Placing Shares and the Convertible Bonds, and the Whitewash Waiver
“Restructuring Agreement”	the restructuring agreement dated 31 December 2010 (as supplemented by the Supplemental Restructuring Agreement and the Second Supplemental Restructuring Agreement) entered into between the Company, the Provisional Liquidators, the Investor, Mr. Yang and Mr. Ting in respect of the Proposed Restructuring
“Share Consolidation”	the proposed consolidation of twenty (20) Existing Shares into three (3) Consolidated Shares of HK\$0.67 each
“Subscription”	the proposed subscription by the Investor for the Subscription Shares under the Proposed Restructuring
“Subscription Price”	the amount of HK\$79,920,000 for the Subscription, representing HK\$0.185 per Subscription Share
“Subscription Share(s)”	the 432,000,000 New Shares, representing approximately 41.70% of the Enlarged Issued Share Capital, to be subscribed by the Investor (or its designated nominee) pursuant to the Restructuring Agreement
“Working Capital Facility”	the sum of HK\$55 million advanced by the Investor to Sino Front pursuant to a working capital facility agreement dated 17 June 2009 as amended and supplemented by a supplemental agreement dated 27 May 2010 and the Second Working Capital Facility Agreement entered into between the Investor and Sino Front

The following new expressions have been used in this announcement with the meanings as set out below unless the context requires otherwise:

“CB Placees”	Placees to whom the Convertible Bonds are placed pursuant to the Restructuring Agreement and the agreement to be entered into by the Company as issuer of the Convertible Bonds and the Placing Agent
“Convertible Bonds”	the convertible bonds to be issued by the Company in the aggregate principal amount of HK\$85,100,000 convertible into Conversion Shares at a conversion price of HK\$0.185 per Conversion Share

“Conversion Share(s)”	the 460,000,000 New Shares (subject to any adjustment as set out in the terms and conditions of the Convertible Bonds), representing approximately 44.40% of the Enlarged Issued Share Capital to be issued to the holders of the Convertible Bonds, upon full conversion of the Convertible Bonds
“Placees”	any individual, institutional or professional investors who are deemed by the Stock Exchange to be public shareholders for the purpose of the Public Float
“Placing Agent”	Asian Capital (Corporate Finance) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), who will act as the placing agent of the Placing Shares and the Convertible Bonds
“Placing Agreement”	the agreement to be entered into between the Company and the Placing Agent in respect of the placing of the Placing Shares and Convertible Bonds
“Placing Shares”	27,020,000 New Shares to be issued and placed to the Placees to restore the Public Float under the Restructuring Agreement
“Second Supplemental Restructuring Agreement”	the second supplemental agreement dated 20 June 2011 entered into between the Company, the Provisional Liquidators, the Investor, Mr. Yang and Mr. Ting in respect of the Restructuring Agreement
“Supplemental Restructuring Agreement”	the supplemental agreement dated 31 May 2011 entered into between the Company, the Provisional Liquidators, the Investor, Mr. Yang and Mr. Ting in respect of the Restructuring Agreement
“Second Working Capital Facility Agreement”	the second supplemental agreement dated 16 June 2011 entered into between the Investor and Sino Front in respect of the Working Capital Facility

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, 30 June 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.

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, save for the information relating to the Provisional Liquidators, the Proposed Restructuring and the Investor (collectively, the “**Excluded Information**”). The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement, other than those not expressed by them, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement not relating to the Excluded Information in this announcement misleading.*

The Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.