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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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Smart Union Group (Holdings) Limited (Provisional Liquidators Appointed) (the “Company”) will be held at Auditorium, 1/F Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong on 16 September 2011, at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

SPECIAL RESOLUTION

1. “**THAT** conditional upon (*inter alia*) (i) the approval of the capital reduction referred to in resolution number 1(b) set out in the notice convening this meeting (“**Capital Reduction**”) by the Grand Court of the Cayman Islands (the “**Cayman Court**”); (ii) the registration of the order of the Cayman Court confirming the Capital Reduction and the minute approved by the Cayman Court relating to the Capital Reduction (as required under the Companies Law of the Cayman Islands (2010 Revision) (the “**Companies Law**”); (iii) compliance with any conditions or directions as may be imposed by the Cayman Court; and (iv) on the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in the New Shares (as defined below) in issue upon the matters set out in resolutions 1(a) to (f) set out in the notice convening this meeting (together being the “**Capital Restructuring**”) becoming effective (the background to and material terms of the Capital Restructuring being detailed in the circular of the Company dated 24 August 2011) (the “**Circular**”):
 - (a) every twenty existing shares in the capital of the Company of HK\$0.10 each be consolidated into three consolidated shares (each a “**Consolidated Share**”) each having a par value of approximately HK\$0.666 (“the **New Par Value**”) (the “**Share Consolidation**”) in accordance with Article 4(b) of the articles of association of the Company (the “**Articles**”) and section 13(b) of the Companies Law;
 - (b) subject to and forthwith upon the Share Consolidation becoming effective, the nominal value of each Consolidated Share (whether or not issued) be reduced from the New Par Value to HK\$0.01 and the authorised share capital of the Company be reduced from HK\$200,000,000 to approximately HK\$3,000,000 by cancelling share capital to the extent of approximately HK\$0.656 per Consolidated Share as at that date by way of a capital reduction;

- (c) subject to and forthwith upon the Capital Reduction becoming effective, the amount standing to the credit of the share premium account of the Company be applied, including but not limited to, in setting off the same amount of the Company's accumulated losses on a dollar-to-dollar basis and the directors of the Company (the "**Directors**") be authorised to apply such credit in a manner as permitted by the Companies Law and by the Articles;
- (d) subject to and forthwith upon the Capital Reduction becoming effective, all the existing authorised but unissued share capital be cancelled in its entirety (the "**Authorised Share Capital Cancellation**");
- (e) subject to and forthwith upon the Authorised Share Capital Cancellation becoming effective, the Company's authorised share capital be increased to HK\$40,000,000, divided into 4,000,000,000 new shares of HK\$0.01 each (the "**New Shares**");
- (f) clause 8 of the memorandum of association of the Company be amended by deleting it entirely and replacing it with the following provision:

"8. The share capital of the Company is HK\$40,000,000 divided into 4,000,000,000 ordinary shares of a nominal or par value of HK\$0.01 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law and the articles of association of the Company and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of Shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained.";

- (g) article 3(1) of the articles of association of the Company be amended by deleting it entirely and replacing it with the following provision:

"3(1). The authorised share capital of the Company shall be HK\$40,000,000 divided into 4,000,000,000 ordinary shares of a nominal or par value of HK\$0.01 each";

- (h) any fractions of New Shares arising on the Share Consolidation pursuant to paragraph (a) of this Special Resolution shall not be allocated to the holders of the existing shares otherwise entitled thereto but such fractions shall be aggregated and if possible sold for the benefit of the Company or be dealt with in such other manner as the Company or the joint and several provisional liquidators of the Company (the "**Provisional Liquidators**") may agree with the Stock Exchange from time to time;

- (i) all of the New Shares in the capital of the Company after completion of the Capital Restructuring pursuant to this Special Resolution shall rank pari passu in all respects with each other and have the same rights and privileges and be subject to the restrictions contained in the Articles as amended;
- (j) the credit which will arise as a result of the Capital Reduction pursuant to resolution number 1(b) set out in the notice convening this meeting be applied, including but not limited to, in setting off the same amount of the Company's accumulated losses on a dollar-to-dollar basis and the Directors be authorised to apply such credit in a manner as permitted by the Companies Law and by the memorandum and articles of association of the Company; and
- (k) the Directors and the Provisional Liquidators be authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which may be necessary or desirable for the purpose of giving effect to or implementing any of the foregoing."

ORDINARY RESOLUTIONS

CHANGE IN BOARD LOT

- 2. **"THAT** the board lot size of the existing shares of HK\$0.10 each be changed from 2,000 shares such that the New Shares (as defined in resolution number 1(e) of the notice convening this meeting) be traded in board lots of 20,000 shares of HK\$0.01 each."

THE RESTRUCTURING PROPOSAL

- 3. **"THAT**
 - (a) the restructuring agreement dated 31 December 2010 as amended and supplemented by a supplemental agreement dated 31 May 2011, a second supplemental agreement dated 20 June 2011 and a side letter dated 20 July 2011 and from time to time (collectively, the **"Restructuring Agreement"**) each made between the Company, the Provisional Liquidators (as defined in resolution number 1(h) of the notice convening this meeting), Gold Bless International Invest Limited (the **"Investor"**), Mr Yang Wang Jian (**"Mr Yang"**) and Mr Ting Wai-min (**"Mr Ting"**) in relation to the restructuring of the Company and transactions contemplated thereunder (the material terms of which are detailed in the Circular), a copy of each of which has been produced to the meeting and marked "A" and initialled by the chairman for the purpose of identification, be and is hereby approved, ratified and confirmed;

- (b) the escrow agreement dated 12 May 2009 entered into among John Lees & Associates Limited as the escrow agent, the Company, the Provisional Liquidators and the Investor in relation to the holding in escrow of the earnest money paid by the Investor, a copy of which has been produced to the meeting and marked “B” and initialled by the chairman for the purpose of identification, be and is hereby approved, ratified and confirmed;
- (c) the placing agreement dated 22 August 2011 (the “**Placing Agreement**”) between the Company and Asian Capital (Corporate Finance) Limited (“**Placing Agent**”) for the purpose of:
 - (i) the issue and allotment by the Company of 27,020,000 New Shares (as defined in resolution number 1(e) of the notice convening this meeting) at the placing price of HK\$0.185 each for a total consideration of not less than HK\$4,998,700 (“**Placing Shares**”) to investors who are independent of and not connected persons of the Company (as defined in the Listing Rules) and independent of and not acting in concert with the Investor or its ultimate beneficial owners (Mr Yang and Mr Ting) and deemed by the Stock Exchange to be public shareholders for the purposes of the public float (pursuant to the meaning ascribed to such term under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange from time to time (“**Listing Rules**”) and as applicable to the Company (“**Public Float**”)), via the Placing Agent; and
 - (ii) the issue by the Company of convertible bonds in the aggregate principal amount of HK\$85,100,000 convertible into New Shares at an initial conversion price of HK\$0.185 each (“**Convertible Bonds**”) comprising the issue of the Convertible Bonds to the Investor up to HK\$63,825,000 in aggregate principal amount and the remaining balance of Convertible Bonds to be taken up by public placees (and/or the Placing Agent under the underwriting arrangement pursuant to the Placing Agreement), via the Placing Agent;

a copy of the Placing Agreement which has been produced to the meeting and marked “C” and initialled by the chairman for the purpose of identification, the transactions contemplated thereunder and the performance thereof by the Company be and are hereby approved, ratified and confirmed; and

- (d) conditional upon resolution number 1 set out in the notice convening this meeting becoming effective, all the transactions and matters contemplated under the agreements referred to in paragraphs (a) – (c) of this resolution including but not limited to:
 - (i) the issue and allotment of 432,000,000 New Shares by the Company to the Investor or its designated nominee;
 - (ii) the issue and allotment of the Placing Shares by the Company to the relevant Placees;

- (iii) the issue and allotment of 34,100,000 New Shares by the Company to a company (“**SchemeCo**”) held and controlled for the purpose of the scheme of arrangement pursuant to section 166 of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong to be made between the Company and its ordinary creditors (other than the Investor) (the “**Scheme**”) by the persons appointed pursuant to its terms as scheme administrators (the “**Scheme Administrators**”) or a designated nominee; and
- (iv) the issue of the Convertible Bonds to the Investor and/or the relevant public places of the Convertible Bonds (and/or the Placing Agent),

be and are hereby approved, ratified and confirmed.”

GROUP REORGANISATION

4. “**THAT**, subject to the passing of resolution number 3 set out in the notice convening this meeting:

- (a) the transfer of all the equity interests in Smart Union Investments Limited (“**SU Investments**”) by the Company to SchemeCo (as defined in resolution number 3(d)(iii) of the notice convening this meeting) or its designated nominee, and execution by the Company and SU Investments of all necessary transfer documentation as may be reasonably requested by the Provisional Liquidators (as defined in resolution number 1(h) of the notice convening this meeting) or the Scheme Administrators (as defined in resolution number 3(d)(iii) of the notice convening this meeting) (as the case may be) to effect such transfer, be and are hereby approved;
- (b) assignment of all and any indebtedness, actual or contingent, owing to the Company and/or the Restructured Subsidiaries (as defined in paragraph (c) of this resolution) by any of the Excluded Companies (as defined in paragraph (c) of this resolution) to SchemeCo or its designated nominee, and execution by the Company and other relevant subsidiaries of the Company of all necessary documentation to effect such assignment, be and are hereby approved;
- (c) for the purpose of this resolution:

“Excluded Companies” means Smart Union Investments Limited (Provisional Liquidators Appointed); Smart Union China Investments Limited (Provisional Liquidators Appointed); Smart Union Group Limited (Provisional Liquidators Appointed); Smart Union (Hong Kong) Limited (Provisional Liquidators Appointed); Amart International Company Limited; Smart Union Mining Investments Limited (Provisional Liquidators Appointed); Smart Union (Qingyuan) Industrial Limited; Current Creation Limited; Topmark Industrial Limited; Smart Union Industrial Limited (Provisional Liquidators Appointed); Worldtrade Promotions Limited; Perfect Design and Product Development Limited; Dream Link Limited (In Liquidation); China Mining Corporation Limited; New Galaxy Investment Limited; 福建天成礦業有限公司 (Fujian Tiancheng Mining Corporation).

“Restructured Subsidiaries” means the subsidiaries of the Company other than the Excluded Companies.”

WHITEWASH WAIVER

5. “**THAT**, the waiver (the “**Whitewash Waiver**”) granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (or any delegate of such Executive Director) pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers waiving any obligation on the part of the Investor (as defined in resolution number 3(a) of the notice convening this meeting) and parties acting in concert with it, to make a general offer for all the issued shares of the Company not already owned by them or agreed to be acquired by them upon completion of the Restructuring Agreement (as defined in resolution number 3(a) of the notice convening this meeting), and any conditions that may be imposed thereon, be and are hereby approved and the Provisional Liquidators (as defined in resolution number 1(h) of the notice convening this meeting) and the directors of the Company be and are hereby authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which they consider may be necessary or desirable for the purpose of or in connection with the implementation of and giving effect to any matters relating to, or incidental to, the Whitewash Waiver.”

GENERAL AUTHORISATION

6. “**THAT** in connection with the actions contemplated by the foregoing resolutions, each of the Directors, the Provisional Liquidator(s) (as defined in resolution number 1(h) of the notice convening this meeting), officers, and any attorney or authorised signatories be, and such other persons as are authorised by any of them be, and each hereby is, authorised, in the name and on behalf of the Company, to do such further acts and things as any Director, Provisional Liquidator(s) or officer or such duly authorised other person shall deem necessary or appropriate in connection with, or to carry out the actions contemplated by, the foregoing resolutions, including to do and perform (or cause to be done and performed), in the name and on behalf of the Company, all such acts and to make, execute, deliver, issue or file (or cause to be made, executed, delivered or filed) with any person including any governmental authority or agency, all such agreements, documents, instruments, certificates, consents and waivers, and all amendments to any such agreements, documents, instruments or certificates, and to pay, or cause to be paid, all such payments, as any of them may deem necessary or advisable to carry out the intent of the foregoing resolutions, the authority for the taking of any such action and the execution and delivery of such of the foregoing to be conclusively evidenced thereby.”

RATIFICATION OF PRIOR ACTIONS

7. “**THAT** any and all actions of the Company, or of any Director, Provisional Liquidator(s) (as defined in resolution number 1(h) of the notice convening this meeting) or officer or any attorney or authorised signatory, taken in connection with the actions contemplated by the foregoing resolutions prior to the execution hereof be and hereby are ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval, and approved by, the Company prior to such action being taken.”

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, 24 August 2011

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. In case of a recognised clearing house (or its nominees(s) and in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at the meeting and vote in its stead.
2. A form of proxy for use in connection with the EGM is enclosed with this circular. To be valid, the form of proxy, and (if required by the Board) the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be deposited at the branch share registrars of the Company, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

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.