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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Smart Union Group (Holdings) Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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The logo for Smart Union, featuring the words "Smart Union" in a white, cursive script font, centered within a dark grey rounded rectangular box. Below this box is a solid dark grey horizontal bar.

**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)**

**PLACING OF NEW SHARES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an extraordinary general meeting of the Company to be held at Pacific Place Conference Centre, Vinson Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 15 August 2007 at 10:00 a.m. is set out on page 19 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed.

Whether or not you intend to attend and vote at the extraordinary general meeting, you are requested to complete and return the enclosed form of proxy to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

30 July 2007

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“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
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 15 August 2007 to approve, among other matters, the grant of the specific mandate to the Directors for the allotment and issue of the Placing Shares
“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
“Latest Practicable Date”	26 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“Placees”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement

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## DEFINITIONS

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“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	China Everbright Securities (HK) Limited, the placing agent under the Placing and a licensed corporation for Types 1, 4, 6 and 9 regulated activities under the SFO
“Placing Agreement”	the agreement dated 17 July 2007 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$1.67 per Placing Share
“Placing Shares”	up to an aggregate of 70,000,000 new Shares to be allotted and issued under the Placing
“Possible Acquisition”	the possible acquisition by the Company (as purchaser) from Mr. Tang Xue Jin (唐學勁) (as vendor) of not less than 20% and not more than 49% of the issued share capital of China Mining Corporation Limited as contemplated under the memorandum of understandings dated 16 July 2007 as disclosed in the announcement of the Company dated 16 July 2007
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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LETTER FROM THE BOARD

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*Smart Union*

**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)**

*Executive Directors:*

Mr. Wu Kam Bun (*Chairman*)  
Mr. Lai Chiu Tai (*Vice-Chairman*)  
Mr. Lo Kwok Choi  
Mr. Ho Wai Wah  
Mr. Wong Wai Chuen

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Dr. Lui Sun Wing  
Mr. Li Chak Hung  
Mr. Tang Koon Yiu Thomas

*Head office and principal place of  
business in Hong Kong:*

Rooms 217-222  
Advanced Technology Centre  
2 Choi Fat Street  
Sheung Shui  
New Territories  
Hong Kong

30 July 2007

*To the Shareholders*

Dear Sir or Madam,

**PLACING OF NEW SHARES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 18 July 2007 in respect of the Placing of an aggregate of up to 70,000,000 new Shares to the Placees at the Placing Price of HK\$1.67 per Placing Share. The purpose of this circular is to provide you with (i) details of the Placing; and (ii) the notice of EGM.

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## LETTER FROM THE BOARD

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### THE PLACING AGREEMENT

Date : 17 July 2007

Issuer : The Company

Placing Agent : China Everbright Securities (HK) Limited, an Independent Third Party

### Placees

The Placing Shares will be placed on a best endeavour basis to not less than six Placees which will be individuals, corporate, institutional investors or other investors procured by the Placing Agent. The Placee(s) and their ultimate beneficial owners(s) will be Independent Third Party(ies).

It is expected that none of the Placees will become substantial Shareholder of the Company immediately after the Placing.

The vendor of the Possible Acquisition will not become a Placee and does not have any relationship with the Placees or the Placing Agent in the Placing.

### Placing Shares

The Placing Shares will be allotted and issued to the Placee(s) and represent, in aggregate, (i) approximately 25.7% of the existing issued share capital of the Company; and (ii) approximately 20.4% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

### Placing Price

The Placing Price of HK\$1.67 per Placing Share represents (i) a discount of approximately 25.8% to the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on 16 July 2007, being the last trading day immediately before the entering into of the Placing Agreement; (ii) a discount of approximately 24.7% to the average closing price of approximately HK\$2.218 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 16 July 2007, being the last trading day immediately before the entering into of the Placing Agreement; and (iii) a premium of approximately 14.61% over the average closing price of approximately HK\$1.457 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including 16 July 2007, being the last trading day immediately before the entering into of the Placing Agreement.

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## LETTER FROM THE BOARD

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The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the closing prices as shown above. The Directors consider that the discount of the Placing Price is a result of the recent thrust and fluctuation in the Share price and it is more fair and reasonable to adopt the long term average price as a reference and comparable to the Placing Price. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Placing Costs**

The Company shall pay to the Placing Agent the placing commission of 1.5% of the aggregate Placing Price of the total number of Placing Shares sold on behalf of the Company by the Placing Agent in pursuance of its obligations under the Placing Agreement and all reasonable costs, fees and expenses in relation to the preparation and completion of the Placing Agreement and the allotment and issue of the Placing Shares.

### **Specific mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the specific mandate sought to be granted to the Directors at the EGM.

### **Conditions of the Placing**

The Placing is conditional upon the followings:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable;
- (iii) the entering into the formal sale and purchase agreement by the relevant parties in respect of the Possible Acquisition; and
- (iv) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Placing Agreement and the transactions contemplated thereunder.

In the event that the conditions of the Placing are not fulfilled on or before the date falling 31 days from the date of the Placing Agreement (or such other date as may be agreed between the parties in writing), the Placing Agreement shall cease and neither the Company nor the Placing Agent shall have any claim against the others under the Placing Agreement.

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## LETTER FROM THE BOARD

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### **Completion of the Placing**

Completion of the Placing will take place at 4:00 p.m. at the office of the Placing Agent on the next Business Day after the date falling two months from the date of the Placing Agreement subject to the satisfaction of the conditions set out above (or such other time or date as the Company and the Placing Agent shall agree).

Further announcement will be made once the number of the actual Placing Shares is confirmed.

### **Force majeure**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the day of Completion if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange or the Shareholders since the publication of the press announcement of the Company relating to the annual results of the Company for the year ended 31 December 2006 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the day of Completion if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.



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## LETTER FROM THE BOARD

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Upon termination of the Placing Agreement pursuant to the above mentioned force majeure factors, all liabilities of the Company and the Placing Agent shall cease and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save of any antecedent breach of any obligation under the Placing Agreement.

### **Application for listing**

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, all the Placing Shares.

### **Reasons for the Placing**

The Group is principally engaged in manufacturing and trading of toys and recreational products on an OEM basis.

The Board considers that the Placing represents an opportunity to raise capital for the Group while broadening its shareholder and capital base. Reference is also made to the announcement of the Company in relation to the Possible Acquisition. The Directors consider that it is prudent for the Group to have sufficient fund for its future diversification and expansion of business.

### **Use of proceeds**

The gross proceeds of the Placing will amount to approximately HK\$116.9 million. The net proceeds receivable by the Company, after deducting relevant expenses incurred in relation to the Placing, are estimated to be approximately HK\$115 million. It is expected that the net proceeds will be applied towards part of the consideration of the Possible Acquisition and as working capital for further development of the silver mine as referred to in the announcement dated 16 July 2007. Should the Possible Acquisition fail to complete after the entering into the formal sale and purchase agreement for the Possible Acquisition, it is intended that the proceeds from the Placing will be applied towards the general working capital of the Company and/or any suitable investment(s).

The Directors consider that, in light of the Possible Acquisition, it is prudent for the Group to have sufficient fund to meet its capital requirement as a result of the proposed diversification and expansion of business of the Group. The Directors consider that the Placing Agreement is entered into under normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The following fund raising activity has been carried out by the Company in the twelve months immediately prior to the date of the announcement of the Company dated 18 July 2007:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
19 September 2006	Public offering	About HK\$55 million	Approximately HK\$25 million for the expansion of the production facilities in Qing Yuan	Approximately HK\$15 million has been used for expansion of production facilities in Qing Yuan
			Approximately HK\$5 million for development of ODM business	Approximately HK\$2 million has been used for Dreamlink's ODM development
			Approximately HK\$5 million for enhancing the Group's production capacity, production standard and environment	Approximately HK\$4.6 million has been used for purchase of production equipment and renovation of production working environment
			Approximately HK\$13 million for repayment of bank borrowings	Approximately HK\$13 million has been used for repayment of bank borrowings
			Remaining balance of approximately HK\$7 million for general working capital of the Group	Approximately HK\$7 million has been used as general working capital of the Group

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## LETTER FROM THE BOARD

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Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
				Remaining proceeds of HK\$13.4 million has not been utilised and it will be applied in the same manner as disclosed in the prospectus of the Company dated 19 September 2006. There is no material change to the intended use of the remaining HK\$13.4 million proceeds
12 June 2007	Placing of existing Shares and subscription of new Shares	About HK\$41.8 million	For investments in production facilities of toys and recreational products and for general working capital	<p>Approximately HK\$5.4 million has been used for payment of production facilities</p> <p>Approximately HK\$12.5 million has been used for the payment of staff and worker salaries</p> <p>Approximately HK\$12.5 million has been used for the payment of materials and subcontracting expenses</p> <p>Approximately HK\$11.4 million for the repayment of revolving bank facilities borrowing</p>

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## LETTER FROM THE BOARD

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Save as disclosed above, the Company has not conducted any fund raising exercise during the past twelve months immediately preceding the date of the announcement of the Company dated 18 July 2007.

### CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	Issued share capital as at the Latest Practicable Date		Issued share capital immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>
Smart Place Investments				
Limited and its associates	170,854,000	62.7%	170,854,000	49.9%
Public Shareholders Placees	—	—	70,000,000	20.4%
Other public Shareholders	<u>101,626,000</u>	<u>37.3%</u>	<u>101,626,000</u>	<u>29.7%</u>
Total	<u>272,480,000</u>	<u>100%</u>	<u>342,480,000</u>	<u>100%</u>

### EGM

Set out on page 19 of this circular is a notice convening the EGM to consider and, if thought fit, to approve the grant of the specific mandate for the allotment and issue of the Placing Shares pursuant to the Placing Agreement. A form of proxy for use at the EGM is enclosed herewith.

Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having making all reasonable enquiries, no shareholders have a material interest in the Placing and/or the Possible Acquisition and therefore required to abstain from voting at the EGM. To the best of the Directors' knowledge, information and belief, having making all reasonable enquiries, as at the Latest Practicable Date, the vendor of the Possible Acquisition and his associates are not interested in any Shares.

### PROCEDURES FOR DEMANDING A POLL

Pursuant to article 66 of the articles of association of the Company, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person, but a poll may be demanded (before or upon the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll):

- (a) by the chairman of such meeting;
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting;
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting;
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the ordinary resolution approving the Placing at the EGM.

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

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular concerning the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
2,000,000,000 ordinary Shares	200,000,000
<i>Issued and fully paid:</i>	<i>HK\$</i>
272,480,000 ordinary Shares	27,248,000

## 3. DISCLOSURE OF INTERESTS

### (a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO, (b) the Model Code for Securities Transactions by Directors of Listed Issuers or (c) which were required to be entered into the register pursuant to section 352 of the SFO were as follows:

Name of Shareholder	Number or attributable number of Shares held or short positions	Capacity		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporations	Beneficial owner	
Wu Kam Bun	171,154,000 (L)	168,000,000 (L) <i>(Note 1)</i>	3,154,000 (L) <i>(Note 2)</i>	62.81
Lai Chiu Tai	168,300,000 (L)	168,000,000 (L) <i>(Note 1)</i>	300,000 (L) <i>(Note 3)</i>	61.77
Lo Kwok Choi	500,000 (L)	—	500,000 (L) <i>(note 4)</i>	0.18

Name of Shareholder	Number or attributable number of Shares held or short positions	Capacity		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporations	Beneficial owner	
Ho Wai Wah	500,000 (L)	—	500,000 (L) <i>(Note 4)</i>	0.18
Wong Wai Chuen	1,000,000 (L)	—	1,000,000 (L) <i>(Note 4)</i>	0.37
Tang Koon Yiu Thomas	80,000 (L)	—	80,000 (L) <i>(Note 4)</i>	0.03
Li Chak Hung	80,000 (L)	—	80,000 (L) <i>(Note 4)</i>	0.03
Law Yuet Yee	1,000,000 (L)	—	1,000,000 (L) <i>(Note 5)</i>	0.37
Ho Chi Kwong	650,000 (L)	—	650,000 (L) <i>(Note 5)</i>	0.24
Chu Wai Fan	200,000 (L)	—	200,000 (L) <i>(Note 5)</i>	0.07

L: Long Position

*Notes:*

- The 168,000,000 Shares were owned by Smart Place Investments Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is held as to 38.5% by Mr. Wu Kam Bun, 38.5% by Mr. Lai Chiu Tai, 10% by Mr. Ho Wai Wah, 10% by Mr. Lo Kwok Choi, and 3% by Mr. Wong Wai Chuen, all being executive Directors. Mr. Wu and Mr. Lai are deemed to be interested in the 168,000,000 Shares held by Smart Place Investments Limited by virtue of the SFO.
- The interests in 3,154,000 Shares represent 2,854,000 Shares and 300,000 Shares to be allotted and issued upon the exercise of the share options granted to Mr. Wu Kam Bun under the share option scheme of the Company.
- The interests in 300,000 Shares represent 300,000 Shares to be allotted and issued upon the exercise of the share options granted to Mr. Lai Chiu Tai under the share option scheme of the Company.
- The interests in Shares represent Shares to be allotted and issued upon the exercise of the share options granted to Directors under the share option scheme of the Company.
- The interests in Shares represent Shares to be allotted and issued upon the exercise of the share options granted to chief executives under the share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations



(within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number or attributable number of Shares held or short positions	Capacity	Approximate percentage or attributable percentage of shareholding (%)
Ip Chor Wan ( <i>Note 1</i> )	171,154,000(L)	Interest of spouse	62.81
Chan Wai Ling ( <i>Note 2</i> )	168,300,000(L)	Interest of spouse	61.77
Smart Place Investments Limited	168,000,000(L)	Beneficial owner	61.66

L: Long Position

*Notes:*

- Ms. Ip Chor Wan is the wife of Mr. Wu Kam Bun. She is deemed to be interested in all the shares in which Mr. Wu Kam Bun is interested by virtue of the SFO.
- Ms. Chan Wai Ling is the wife to Mr. Lai Chiu Tai. She is deemed to be interested in all the shares in which Mr. Lai Chiu Tai is interested by virtue of the SFO.

**(c) Substantial shareholders of other members of the Group**

As at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, the executive Directors, namely Wu Kam Bun, Lai Chiu Tai, Ho Wai Wah, Lo Kwok Choi and Wong Wai Chuen, were directors of Smart Place Investments Limited, which was interested in 168,000,000 Shares.

#### 4. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

- (a) the sale and purchase agreement dated 1 September 2006 entered into between (i) Wu Kam Bun, Lai Chiu Tai, Ho Wai Wah and Lo Kwok Choi and (ii) the Company whereby Wu Kam Bun, Lai Chiu Tai, Ho Wai Wah and Lo Kwok Choi agreed to transfer the entire issued share capital of Smart Union Investments Limited to the Company, and the Company in return allotted and issued, credited as fully paid, an aggregate of 14,999,999 Shares to Smart Place Investments Limited as directed by Wu Kam Bun, Lai Chiu Tai, Ho Wai Wah and Lo Kwok Choi;
- (b) the deed of indemnity dated 18 September 2006 given by Smart Place Investments Limited, Wu Kam Bun and Lai Chiu Tai in favour of the Company and its subsidiaries being the deed of indemnity containing indemnities in respect of, inter alia, Hong Kong estate duty, taxation and other liabilities which might be payable by a member of the Group;
- (c) the conditional underwriting agreement dated 18 September 2006 entered into between the Company, Smart Place Investments Limited, the executive Directors, Sun Hung Kai International Limited, GT Capital Limited, China Merchants Securities (HK) Co., Ltd., Christfund Securities Limited, IFN-GT Securities Limited and Phillip Securities (HK) Limited relating to the offer of 7,200,000 new Shares for subscription by members of the public in Hong Kong for cash and the placing of 64,800,000 Shares to selected professional, institutional and private investors;
- (d) the placing agreement dated 12 June 2007 between Smart Place Investments Limited and Sun Hung Kai International Limited in relation to the placing of 32,400,000 existing Shares beneficially owned by Smart Place Investments Limited at a placing price of HK\$1.33 per Share;
- (e) the subscription agreement dated 12 June 2007 between Smart Place Investments Limited and the Company in relation to the subscription of 32,400,000 new Shares at a subscription price of HK\$1.33 per Share; and
- (f) the Placing Agreement.

**5. DIRECTORS' SERVICE CONTRACTS**

Each of the executive directors of the Company has entered into a service contract with the Company for an initial term of three years commencing from 2 September 2006, and may be terminated by either party by giving not less than three months' written notice prior to the end of the initial term or at any time thereafter.

Save as disclosed above, none of the directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**6. LITIGATION**

So far as the Directors are aware, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

**7. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2006, being the date to which the latest published audited financial statements of the Group was made up.

**8. MISCELLANEOUS**

- (a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.
- (c) The principal share registrar and transfer office of the Company is Bank of Bermuda (Cayman) Limited whose address is at PO Box 513GT, Strathvale House, North Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited whose address is at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

- (e) The qualified accountant of the Company is Mr. Wong Wai Chuen. Mr. Wong is a fellow member of Association of Chartered Certified Accountants in the United Kingdom and an associate of Hong Kong Institute of Certified Public Accountants. Mr. Wong obtained a master degree of science in information systems in 1998 and a master degree of science in finance in 2002 from the Hong Kong Polytechnic University and City University of Hong Kong respectively.
  
- (f) The company secretary of the Company is Mr. Siu Wai Man. He holds a master degree of arts in arbitration and dispute resolution from City University of Hong Kong and a master degree of science in financial management from the University of London. He is a member of the Chartered Institute of Arbitrators in the United Kingdom, a fellow of The Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

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## NOTICE OF EGM

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*Smart Union*

### 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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Smart Union Group (Holdings) Limited (the “**Company**”) will be held at Pacific Place Conference Centre, Vinson Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 15 August 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

#### ORDINARY RESOLUTION

“**THAT**

- (a) the placing agreement (the “**Placing Agreement**”) dated 17 July 2007 and entered into between the Company as issuer and China Everbright Securities (HK) Limited as placing agent in relation to the placing of up to an aggregate of 70,000,000 new shares (the “**Placing Shares**”) of HK\$0.10 each in the share capital of the Company at a placing price of HK\$1.67 per Placing Share, a copy of which is produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares, the allotment and issue of the Placing Shares to the relevant places pursuant to the Placing Agreement be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Placing Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 30 July 2007

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## NOTICE OF EGM

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*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Rooms 217-222  
Advanced Technology Centre  
2 Choi Fat Street  
Sheung Shui  
New Territories  
Hong Kong

**Notes:**

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.
2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.