
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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 loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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 black 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)

PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice of annual general meeting of Smart Union Group (Holdings) Limited to be held at 10:00 a.m. on Thursdays, 22 May 2008 at Falcon Room II, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages 13 to 16 of this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the 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 meeting or any adjourned meeting should you so wish.

30 April 2008

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 10:00 a.m. on Thursday, 22 May 2008 at Falcon Room II, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong or any adjournment thereof
“Articles”	the articles of association of the Company
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Smart Union Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, and the securities of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD

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 April 2008

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM relating to (i) the granting to the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the Shares in the issued share capital of the Company as at the date of resolution, (ii) the granting to the Directors a general mandate to repurchase the Shares not exceeding 10% of the Shares in the issued share

LETTER FROM THE BOARD

capital of the Company as at the date of resolution, (iii) the extension of the general mandate to allot, issue and deal with new Shares by adding thereto the aggregate amount of any Shares repurchased under the general mandate to repurchase Shares; and (iv) the re-election of the retiring Directors. This circular contains the explanatory statement in compliance with the Listing Rules and to give all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolutions.

A notice convening the AGM is set out on page 13 to page 16 to this circular.

GENERAL MANDATES

At the AGM, separate ordinary resolutions will be proposed to grant the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding in aggregate 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution (the “Issue Mandate”); (ii) to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution (the “Repurchase Mandate”); and (iii) to add the aggregate amount of the Shares repurchased by the Company to the Issue Mandate. The general mandates allows the Company to make or agree to make repurchases only during the period ending on the earliest of (a) the date of the next annual general meeting, (b) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of associations; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

As at the Latest Practicable Date, there were in aggregate 460,480,000 Shares in issue. Subject to the passing of the proposed resolutions for the grant of the Issue Mandate and the Repurchase Mandate, and on the basis that no further Shares will be issued or repurchased by the Company prior to the date of the AGM, exercise in full of the Repurchase Mandate will result in up to 46,048,000 Shares being repurchased by the Company, and the Directors will be authorised to allot and issue under the Issue Mandate up to 92,096,000 Shares, and to the extent the Repurchase Mandate is exercised, plus the amount of Shares representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the Repurchase Mandate.

The Issue Mandate and the Repurchase Mandate shall continue in force during the period ending on the earliest of (a) the date of the next annual general meeting, (b) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in the Appendix to this circular.

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors are Mr. Wu Kam Bun, Mr. Lai Chiu Tai, Mr. Lo Kwok Choi, Mr. Ho Wai Wah and Mr. Wong Wai Chuen; and the independent non-executive Directors are Dr. Lui Sun Wing, Mr. Li Chak Hung and Mr. Tang Koon Yiu Thomas.

Under article 87(1) of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

Accordingly, Mr. Lo Kwok Choi, Mr. Wong Wai Chuen, and Dr. Lui Sun Wing shall retire by rotation in accordance with the Articles and, being eligible, offer themselves for re-election at the AGM. Details of the Directors who are proposed to be re-elected at the AGM are set out as follows:

Mr. Lo Kwok Choi

Mr. Lo Kwok Choi, aged 58, is the Chief Executive Officer of the Group and an executive Director. Mr. Lo is responsible for the strategic planning and marketing functions of the Group. He joined the Group in June 2003 and has extensive experience in toys manufacturing. Mr. Lo obtained a Higher Diploma in Production Engineering from the Hong Kong Technical College (currently known as the Hong Kong Polytechnic University) in 1969. He holds a Master Degree of Science in Industrial Engineering and Administration from Cranfield Institute of Technology (currently known as Cranfield University) in 1978 and a Master Degree of Business Administration from University of Hong Kong in 2006.

Mr. Lo did not hold any directorship in other listed public companies in the last three years. He is not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lo is deemed to be interested in 500,000 Shares within the meaning of Part XV of the SFO. Save as disclosed, he is not interested in any Shares or underlying Shares within the meaning of Part XV of the SFO. Mr. Lo has entered into a service contract with the Company for a fixed term of 3 years from 2 September 2006. Pursuant to the terms of the service contract, the basic monthly remuneration of HK\$138,000 is determined with reference to his role, level of experience and contribution to the Group. Under the service contract, after each complete year of service, the Mr. Lo is entitled to a guaranteed year-end bonus for a fixed sum equivalent to one month salary at the time of the payment of such bonus and will be entitled to a discretionary bonus as maybe decided by the Board by reference to the annual results of the Company and contribution of the Directors.

Save as disclosed above, there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51 (2)(a)-(v) of the Listing Rules. The Company is not aware of any other matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Mr. Lo.

LETTER FROM THE BOARD

Mr. Wong Wai Chuen

Mr. Wong Wai Chuen, aged 40, is the financial controller and the qualified accountant of the Group and an executive Director. Mr. Wong has more than 12 years of experience in financial and accounting management and is responsible for overseeing the financial activities of the Group. 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 Hong Kong Polytechnic University and City University of Hong Kong respectively. Mr. Wong joined the Group in November 2002.

Mr. Wong did not hold any directorship in other listed public companies in the last three years. He is not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Wong is deemed to be interested in 1,000,000 Shares within the meaning of Part XV of the SFO. Save as disclosed, he is not interested in any Shares or underlying Shares within the meaning of Part XV of the SFO. Mr. Wong has entered into a service contract with the Company for a fixed term of 3 years from 2 September 2006. Pursuant to the terms of the service contract, the basic monthly remuneration of HK\$70,000 is determined with reference to his role, level of experience and contribution to the Group. His monthly remuneration was revised to HK\$80,000 on 1 February 2007. Under the service contract, after each complete year of service, the Mr. Wong is entitled to a guaranteed year-end bonus for a fixed sum equivalent to one month salary at the time of the payment of such bonus and will be entitled to a discretionary bonus as maybe decided by the Board by reference to the annual results of the Company and contribution of the Directors.

Save as disclosed above, there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51 (2)(a)-(v) of the Listing Rules. The Company is not aware of any other matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Mr. Wong.

Dr. Lui Sun Wing

Dr. Lui Sun Wing, aged 57, is an independent non-executive Director. Dr. Lui obtained a PhD in Mechanical Engineering from the University of Birmingham of United Kingdom in 1979 and was admitted as a member of the Hong Kong Institution of Engineers in 1985. He worked for the Hong Kong Productivity Council from 1981 to 2000, and was a branch director (Promotion) of the Hong Kong Productivity Council immediately before he left the Hong Kong Productivity Council in June 2000. Dr. Lui is the vice president (Partnership Development) of the Hong Kong Polytechnic University. Dr. Lui is also the chief executive officer of the Institute for Enterprise of the Hong Kong Polytechnic University, PolyU Technology and Consultancy Company Limited. and PolyU Enterprises Limited. Dr. Lui was appointed as an independent non-executive Director in September 2006.

LETTER FROM THE BOARD

Dr. Lui did not hold any directorship in other listed public companies in the last three years. He is not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. Lui is not interested in any Shares or underlying Shares within the meaning of Part XV of the SFO. Dr. Lui has entered into a service contract with the Company for a fixed term of one year commencing on 1 September 2007. Pursuant to the terms of the service contract, the remuneration will be HK\$100,000 per annum which is determined with reference to his role, level of experience and the remuneration of other comparable listed companies. After the completed year of service, Dr. Lui will be entitled to a discretionary bonus as may be decided by the Board.

Save as disclosed above, there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51 (2)(a)-(v) of the Listing Rules. The Company is not aware of any other matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Dr. Lui.

GENERAL INFORMATION

A notice of the AGM to be held at 10:00 a.m. on Thursday, 22 May 2008 at Falcon Room II, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages 13 to 16 of this circular.

A form of proxy for the AGM is also enclosed herewith. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it 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 practicable but in any event no later than 48 hours before the time appointed for holding the AGM. The completion of a form of proxy will not preclude you from attending and voting at the AGM in person should you so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to article 66 of the Articles, 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; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member 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 members having the right to vote at the meeting; or

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- (d) by a member or members present in person (or in the case of a member 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.

RECOMMENDATION

The Directors consider that the proposed grant of general mandates to issue and purchase Shares and the re-election of the retiring Directors are in the interests of the Company and the Shareholders as a whole and, accordingly, so recommend the Shareholders to vote in favour of the relevant resolutions at the forthcoming AGM.

Yours faithfully,

By order of the board of Directors
Smart Union Group (Holdings) Limited
Wu Kam Bun
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Repurchase Mandate for your consideration.

1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed purchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by the shareholders by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to a specific transaction.

(b) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of its issued share capital at the date of the passing of the proposed resolution granting the Repurchase Mandate.

As at the Latest Practicable Date, the Company had 460,480,000 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased by the Company prior to the date of the AGM, the exercise of the Repurchase Mandate in full would result in up to 46,048,000 Shares being repurchased by the Company during the period prior to the next annual general meeting of the Company following the passing of the resolution referred to herein or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

(c) Reason for repurchase

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(d) Funding of repurchase

In repurchasing securities, a company will only apply internal funds and funds legally available for such purpose in accordance with its constitutive documents and the laws of the jurisdiction in which the company was incorporated.

As compared with the financial position of the Company as at 31 December 2007 (being the date of its latest audited accounts), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate was to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

(e) Connected parties

None of the Directors nor, to the best knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

At the Latest Practicable Date, no connected person (as defined in the Listing Rules) had notified the Company of a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

(f) Undertaking by Directors

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

(g) Takeovers Code

If as a result of a securities repurchase a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code.

As at the Latest Practicable Date, the register of the Shareholders maintained by the Company pursuant to section 336 under Part XV of the SFO showed that the Company had been notified of the following interests, being 5% or more of the Company's issued share capital:

Name	Number of Shares held	Approximate percentage of shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Mr. Wu Kam Bun ("Mr. Wu") (Note 1)	182,442,000 (Note 3)	39.62%	44.02%
Ms. Ip Chor Wan ("Ms. Ip") (Note 1)	182,442,000	39.62%	44.02%
Mr. Lai Chiu Tai ("Mr. Lai") (Note 2)	179,588,000 (Note 3)	39.00%	43.33%
Ms. Chan Wai Ling ("Ms. Chan") (Note 2)	179,588,000	39.00%	43.33%
Smart Place Investment Limited ("Smart Place")	179,288,000 (Note 3)	38.93%	43.26%
Tang Xue Jin	118,000,000 (Note 4)	25.62%	28.47%
Yanlord Capital Pte Ltd.	41,871,000 (Note 5)	9.10%	10.11%
Yanlord Holdings Pte Ltd	41,871,000 (Note 5)	9.10%	10.11%
Miao Jun Lin	24,871,000 (Note 5)	5.40%	6.00%
Zhong Sheng Jian	24,871,000 (Note 5)	5.40%	6.00%

Notes:

- Ms. Ip is the wife of Mr. Wu and she is deemed to be interested in all the Shares in which Mr. Wu is interested by virtue of the SFO.
- Ms. Chan is the wife of Mr. Lai and she is deemed to be interested in all the Shares in which Mr. Lai is interested by virtue of the SFO.
- These Shares were beneficially held by Smart Place, a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Wu, Mr. Lai, Mr. Ho Wai Wah, Mr. Lo Kwok Choi and Mr. Wong Wai Chuen, all executive Directors, as to 38.5%, 38.5%, 10%, 10% and 3%, respectively. Mr. Wu and Mr. Lai are deemed to be interested in all the Shares which Smart Place is interested by virtue of the SFO.
- These Shares were beneficially held by Tang Xue Jin.
- The 41,871,000 Shares were beneficially held by Yanlord Capital Pte Ltd., a company incorporated in Singapore, which is indirectly wholly controlled by Yanlord Holdings Pte Ltd. Zhong Sheng Jian is the controlling shareholder of Yanlord Holdings Pte Ltd. and Miao Jun Lin is the spouse of Zhong Sheng Jian, accordingly, Zhong Sheng Jian and Miao Jun Lin are deemed to be interested in all the 41,871,000 Shares.

In the event that the Directors exercise the Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the AGM, the total interests of the substantial Shareholders would be increased to approximately the percentages shown in the last column above and such increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code and will reduce the amount of Shares held by the public to be below 25%. As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Takeover Code), i.e. Mr. Wu, Ms. Ip, Mr. Lai and Ms. Chan, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

The Directors confirm that the Repurchase Mandate will not be exercised to the extent when an obligation to make a mandatory offer will arise or the amount of Shares be held by the public will be reduced below 25%.

2. SHARE REPURCHASE AND MARKET PRICES

During the six months preceding the Latest Practicable Date, no Shares have been repurchased or redeemed by the Company.

During each of the previous 12 months, the highest and lowest prices at which the Shares have been traded on the Stock Exchange were as follows:

Month	Per Share	
	Highest (HK\$)	Lowest (HK\$)
2007		
April	0.82	0.66
May	1.62	0.79
June	2.18	1.49
July	2.79	1.99
August	2.19	1.04
September	1.83	1.28
October	2.19	1.30
November	1.87	1.62
December	1.71	1.59
2008		
January	1.68	1.40
February	1.64	1.50
March	1.61	1.46
April (up to the Latest Practicable Date)	1.55	1.29

NOTICE OF ANNUAL GENERAL MEETING

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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Smart Union Group (Holdings) Limited (the “Company”) will be held at Falcon Room II, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 22 May 2008 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2007.
2.
 - A. To re-elect Mr. Lo Kwok Choi as director of the Company (the “Director”);
 - B. To re-elect Mr. Wong Wai Chuen as Director;
 - C. To re-elect Dr. Lui Sun Wing as Director; and
 - D. To authorise the board of Directors to fix the remunerations of the Directors.
3. To re-appoint auditors and to authorise the board of Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:
 - A. **“THAT:**
 - (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to: (i) a Rights Issue (as defined below); (ii) the exercise of the subscription rights or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

B. “THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, and that the exercise by the Directors of all the powers of the Company to repurchase such shares, subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (b) in addition, the approval in paragraph (a) of this Resolution shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of shares repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “THAT conditional upon the passing of resolutions no. 4A and 4B as set out in the notice convening the meeting of which this resolution forms part, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with the said resolution no. 4B shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution no. 4A as set out in the notice convening the meeting of which this resolution forms part.”

NOTICE OF ANNUAL GENERAL MEETING

As at the date of this notice, the executive Directors are Mr. Wu Kam Bun, Mr. Lai Chiu Tai, Mr. Lo Kwok Choi, Mr. Ho Wai Wah and Mr. Wong Wai Chuen; and the independent non-executive Directors are Dr. Lui Sun Wing, Mr. Li Chak Hung and Mr. Tang Koon Yiu Thomas.

By order of the board of the Directors
Smart Union Group (Holdings) Limited
Wu Kam Bun
Chairman

Hong Kong, 30 April 2008

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
2. 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 need not be a member of the Company.
3. In order to be valid, the form of proxy must be lodged at 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 together with a power of attorney or other authority, if any, under which it is 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.
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.