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## ARTEL SOLUTIONS GROUP HOLDINGS LIMITED

宏通集團控股有限公司\*

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 931)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF LISTED SECURITIES**

On 12 December 2008, Key Fit Group Limited, a wholly-owned subsidiary of the Company, acquired the PCCW Shares on the open market at a total consideration of approximately HK\$9.88 million (excluding stamp duty and related expenses).

The Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing, among other information, details of the Acquisition will be despatched to the Shareholders as soon as practicable under the requirements of the Listing Rules.

#### **THE ACQUISITION**

On 12 December 2008, Key Fit Group Limited, a wholly-owned subsidiary of the Company, acquired the PCCW Shares on the open market at a total consideration of approximately HK\$9.88 million (excluding stamp duty and related expenses).

#### **Asset Acquired**

Asset : 2,700,000 PCCW Shares, represented approximately 0.04% of the entire issued share capital of PCCW Limited as at the date of this announcement

Purchase Price : HK\$3.6607 per PCCW Share

#### **Consideration**

The consideration of the Acquisition is approximately HK\$9.88 million (excluding stamp duty and related expenses), which had been fully settled in cash by the Group's internal resources on 16 December 2008, that is the second business day immediately after 12 December 2008. As the Acquisition was conducted on the open market, the identity of the counterparty of the Acquisition cannot be ascertained.

\* For identification purposes only

## **INFORMATION ON PCCW LIMITED**

PCCW Limited is a company incorporated in Hong Kong with limited liability and its shares are listed on the main board of the Stock Exchange. Through its subsidiaries, PCCW Limited is a leading telecommunications provider in Hong Kong. As the provider of Hong Kong's first quadruple-play experience, PCCW Limited offers a range of innovative media content and services across four platforms: fixed-line, broadband internet, TV and mobile. In addition, PCCW Limited meets the sophisticated needs of the international business community, while supporting network operators with cutting-edge technical services and handling large-scale information technology outsourcing projects for public and private sector organisations.

## **ACQUISITIONS AND DISPOSALS OF OTHER LISTED SECURITIES CONDUCTED BY THE GROUP IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT**

On 27 October 2008, the Group acquired the First Acquired Shares and the Second Acquired Shares on the open market at a total consideration of approximately HK\$927,900 (excluding stamp duty and related expenses) and the Group subsequently disposed of the First Acquired Shares and the Second Acquired Shares on the open market at a total consideration of approximately HK\$1,220,400 (excluding stamp duty and related expenses).

Save as disclosed in this announcement, the Company has not conducted any other acquisition/disposal of other securities listed on the Stock Exchange in the past 12 months before the date of this announcement.

The consideration of each of the Previous Transactions represents less than 5% of the respective applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), and therefore each of the Previous Transactions did not constitute a discloseable transaction of the Company pursuant to the Listing Rules.

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

The Group is principally engaged in distribution of computer components and information technology products and provision of integrated e-enabling solutions.

Given (i) the lack of suitable investment opportunities in the computer components and information technology related business; (ii) the bank balances and cash of the Group amounted to approximately HK\$42.6 million as at 30 June 2008; and (iii) the approximately 13% discount of the Purchase Price to the scheme price of HK\$4.20 of the proposed privatisation of PCCW Limited as announced in the announcement of PCCW Limited dated 4 November 2008, the Directors consider that the Acquisition would enable the Group to generate a better return by investing its surplus cash resources in the PCCW Shares.

Having considered the above, the Directors, including the independent non-executive Directors, consider that the Acquisition shall help the Group to capture the potential capital gain. Since the Acquisition was conducted on the open market, the Directors believe that the terms of the Acquisition are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

In addition, the Directors are of view that some quality stocks listed on the Stock Exchange have been undervalued due to the recent fluctuation in the global stock markets and the Company may be able to increase the return to the Shareholders by identifying and investing in those undervalued stocks with its surplus cash resources. Accordingly, the Company will continue to look for such trading opportunity in the future and intends to include the trading of marketable securities as one of the ordinary business of the Group.

## **FINANCIAL EFFECTS OF THE ACQUISITION**

The PCCW Shares acquired by the Group shall be accounted for as financial assets at fair value through profit or loss in the consolidated financial statements of the Company. The consideration for such acquisitions shall be initially recognised as investment cost in the consolidated balance sheet of the Company and any changes in the fair value of the securities acquired by the Group and profit or loss to be realised as a result of the disposal of such securities shall be then recognised in the consolidated income statement of the Company.

## **GENERAL**

The Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing, among other information, details of the Acquisition will be despatched to the Shareholders as soon as practicable under the requirements of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the PCCW Shares
“Board”	the board of the Directors
“China Mobile”	China Mobile Limited, a company incorporated in Hong Kong whose issued shares are listed on the main board of the Stock Exchange (stock code: 941)
“China Telecom”	China Telecom Corporation Limited, a company incorporated in the PRC whose issued shares are listed on the main board of the Stock Exchange (stock code: 728)
“Company”	Artel Solutions Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange (stock code: 931)

“Director(s)”	the director(s) of the Company
“First Acquired Shares”	11,000 shares of HK\$0.1 each in the issued share capital of China Mobile
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCCW Share(s)”	2,700,000 shares of HK\$0.25 each in the share capital of PCCW Limited, a company incorporated in Hong Kong whose issued shares are listed on the main board of the Stock Exchange (stock code: 008)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Acquisitions”	acquisitions of the First Acquired Shares and the Second Acquired Shares
“Previous Disposals”	disposals of the First Acquired Shares and the Second Acquired Shares
“Previous Transactions”	the Previous Acquisitions and the Previous Disposals
“Purchase Price”	HK\$3.6607 per PCCW Share
“Second Acquired Shares”	150,000 shares of RMB1.0 each in the issued share capital of China Telecom
“Share(s)”	the ordinary share(s) of HK\$0.01 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

“subsidiaries”                         has the meaning as ascribed thereto under the Listing Rules

“%”                                         per cent.

By Order of the Board  
**Artel Solutions Group Holdings Limited**  
**Kan Che Kin, Billy Albert**  
*Chairman*

Hong Kong, 16 December 2008

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Kan Che Kin, Billy Albert, Mrs. Kan Kung Chuen Lai, Ms. Li Shu Han, Eleanor Stella and Mr. Li Kai Yien, Arthur Albert and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.*