



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)

PARTIAL CONVERSION OF CONVERTIBLE NOTES

The Company makes this announcement in accordance with the Listing Approval in respect of the number of new Shares allotted and issued upon the exercise of the conversion rights attached to the Convertible Notes.

Reference is made to the announcement of Artel Solutions Group Holdings Limited (the “**Company**”) dated 15 January 2008 and the circular (the “**Circular**”) of the Company dated 25 January 2008 in relation to, among other matters, the issue of the Convertible Notes and the conditions for resumption of trading in the shares of the Company (the “**Shares**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The Company makes this announcement in accordance with the listing approval (the “**Listing Approval**”) granted by the Listing Committee of the Stock Exchange approving the listing and permission to deal in, among others, the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Notes.

On 18 February 2008, six conversion notices were received by the Company in relation to the exercise of the conversion rights attached to the Convertible Notes in the aggregate principal amount of HK\$30 million (the “**Conversion**”), representing approximately 8.38% of the entire amount of the Convertible Notes, at the conversion price of HK\$0.0386 per Share. As a result of the Conversion, an aggregate of 777,202,072 Conversion Shares (the “**New Conversion Shares**”) were issued by the Company, representing (i) approximately 48.50% of the issued share capital of the Company immediately prior to the allotment and issue of the New Conversion Shares; and (ii) approximately 32.66% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares (the “**Enlarged Issued Share Capital**”).

Immediately after the Conversion, the aggregate outstanding principal amount of the Convertible Notes is HK\$328 million. There had not been any other Shares issued or cancelled by the Company under any other transactions during the period from 13 February 2008, being the date of completion of the Subscription (the “**Completion Date**”), to the date of this announcement.

* *for identification purposes only*

Changes in the issued share capital of the Company during the period from the Completion Date to the date of this announcement are as follows:

	Issued share capital (HK\$)	Number of issued Shares
As at the Completion Date	16,023,300	1,602,330,000
New Conversion Shares issued up to the date of this announcement	<u>7,772,020.72</u>	<u>777,202,072</u>
As at the date of this announcement	<u><u>23,795,320.72</u></u>	<u><u>2,379,532,072</u></u>

After taking into account the disposal of an aggregate of 319,158,000 Shares by Mr. Kan, an executive Director, the chairman and controlling shareholder of the Company, during the period from 15 February 2008 to 18 February 2008 and immediately after the Conversion, 1,659,602,072 Shares are held by Mr. Kan, representing approximately 69.74% of the Enlarged Issued Share Capital. To the best knowledge of the Directors, save for (i) 1,659,602,072 Shares are held by Mr. Kan; (ii) 10,000,000 Shares are held by other Directors and directors of the subsidiaries of the Company; and (iii) 99,058,000 Shares are held by independent placees with partial deferred payment arrangement provided by Mr. Kan, 610,872,000 Shares, representing approximately 25.67% of the Enlarged Issued Share Capital, are held in public hands. Accordingly, the Company maintains the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

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

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

Hong Kong, 18 February 2008