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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)

ANNOUNCEMENT

DISCLOSURE PURSUANT TO RULE 13.09 (1) OF THE LISTING RULES

AND

RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The LOI

On 26 May 2010, the Company entered into the LOI with Ju Shan in respect of the proposed Capital Injection.

Pursuant to the LOI, the Company will invest in Ju Shan by way of cash injection after the Company and the existing shareholders of Ju Shan entered into a Capital Injection Agreement. Upon completion of the proposed Capital Injection, the Company will hold a maximum of 49% interest in Ju Shan and Shanxilanhua will remain as the majority shareholder of Ju Shan.

* *for identification purpose only*

The proposed Capital Injection is subject to the entering into of the Capital Injection Agreement by the Company and the existing shareholders of Ju Shan, the terms and conditions to be set out in the Capital Injection Agreement and necessary approvals from the relevant regulatory bodies in the PRC. Should the Capital Injection Agreement be entered into by the Company, the transaction contemplated under the Capital Injection Agreement may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

It should be noted that the terms of the Capital Injection Agreement have yet to be negotiated among the relevant parties. Accordingly, the proposed Capital Injection may or may not proceed. Shareholders of the Company and other investors are advised to exercise caution when dealing in the Shares.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:36 a.m. on Wednesday, 26 May 2010 pending the publication of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 3 June 2010.

This announcement is made by Artel Solutions Group Holdings Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Cooperative Letter of Intent

On 26 May 2010, the Company entered into a cooperative letter of intent (the “**LOI**”) with 山西蘭花集團莒山煤礦有限公司 (Shanxilanhua Group Ju Shan Coal Mining Co. Ltd*) (“**Ju Shan**”), which was established in the People’s Republic of China (the “**PRC**”) in 1959 and is one of the core members of 山西蘭花煤炭實業集團有限公司 (Shanxilanhua Coal Industrial Group Co. Ltd*) (“**Shanxilanhua**”), in respect of the proposed participation of the Company in the capital injection of Ju Shan (the “**Capital Injection**”).

Ju Shan is a state owned enterprise principally engaged in coal manufacturing and processing business in the PRC. As at the date of this announcement, as to 99.78% of the equity interest of Ju Shan is owned by Shanxilanhua while the remaining 0.22% is owned by 晉城滙眾經貿有限公司 (Jincheng Huizhong Trade Co. Ltd*) (“**Jincheng Huizhong**”). Ju Shan currently holds a coal mine (the “**Existing Mine**”) in the PRC with coal reserve of approximately 76 million tons in December 2009. As at the date of this announcement, Ju Shan has around 1,700 staff and possesses a designed annual coal mining capacity of 0.9 million tons. In addition, Ju Shan intends to acquire two new coal mines (the “**Two New Mines**”) in the PRC, of which, based on the latest published information in 2006, has coal reserves of approximately 21 million tons and 24 million tons respectively. It is estimated that the total investment for the acquisition of the Two New Mines and the enhancement of the annual coal mining capacities of the Existing Mine and the Two New Mines will be approximately RMB1,500 million.

To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company (the “**Directors**”), Ju Shan and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Pursuant to the LOI, the Company will invest in Ju Shan after the Company and the existing shareholders of Ju Shan, being Shanxilanhua and Jincheng Huizhong, entered into a definitive capital injection agreement (the “**Capital Injection Agreement**”), subject to the terms and conditions of the Capital Injection Agreement. Pursuant to the LOI, the Company will invest in Ju Shan by way of cash injection after the relevant parties agreed with the capital increase plan of Ju Shan. The LOI also states that the capital increase plan of Ju Shan will be made with reference to a valuation report issued by an independent third party valuer to be appointed by Ju Shan. Upon completion of the proposed Capital Injection, the Company will hold a maximum of 49% interest in Ju Shan and Shanxilanhua will remain as the majority shareholder of Ju Shan.

The LOI is effective for 180 days from the date of the LOI.

The proposed Capital Injection is subject to the entering into of the Capital Injection Agreement by the Company and the existing shareholders of Ju Shan, the terms and conditions to be set out in the Capital Injection Agreement and necessary approvals from the relevant regulatory bodies in the PRC. Should the Capital Injection Agreement be entered into by the Company, the transaction contemplated under the Capital Injection Agreement may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

It should be noted that the terms of the Capital Injection Agreement have yet to be negotiated among the relevant parties. Accordingly, the proposed Capital Injection may or may not proceed. Shareholders of the Company and other investors are advised to exercise caution when dealing in the shares (the “Shares”) of the Company.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:36 a.m. on Wednesday, 26 May 2010 pending the publication of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 3 June 2010.

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

Hong Kong, 2 June 2010

As at the date of this announcement, the board of directors of the Company 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.