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Artel Group

宏通集團

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
Dismissal of the Petition

Reference is made to the Announcements. The Board wishes to announce that subsequent to the said Announcements, the Petitioner and the Company had agreed to dismiss the Petition.

On 1 November 2006, which the Petition was scheduled to be heard, immediately before the hearing for the Petition, the solicitors for both the Petitioner and the Company signed the Consent Summons for dismissal of the Petition. However, as the Petition had already been advertised, the Master hearing the Petition did not have jurisdiction to order a dismissal of the Petition and had to adjourn the case to 6 November 2006 before the Companies Judge. On 6 November 2006, upon the agreement of the Company and the Petitioner, and there being no objecting creditors, the Companies Judge ordered the Petition to be dismissed and an order had been sealed on 10 November 2006.

The reason of dismissal was that the Petitioner, whom being one of the creditors of the Company, has entered into the Agreement with Fine Elite, an Independent Third Party, to assign the Debt owed by the Company to the Petitioner.

The Board considers that as considerable manpower and resources of the Company had been allocated to deal with the negotiation for dismissal of the Petition, there has been a delay in the preparation and the publication of the interim result announcement and despatch of the interim report for the six months ended 30 June 2006. As the Petition has now been dismissed, the Board expects that the interim report for the six months ended 30 June 2006 can be published by 30 November 2006.

In so far as the impact of the Debt and the Petition on the business, operation and financial position of the Group, the Company is in the course of evaluating and shall notify the public by separate announcement in due course.

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 11:48 a.m. on Thursday, 7 September 2006, trading in Shares on the Stock Exchange shall remain suspended pending the release of the interim result announcement and despatch of the interim report for the six months ended 30 June 2006.

Reference is made to the announcement of Artel Solution Group Holdings Limited (the “**Company**”) dated 22 September 2006 and 5 October 2006 respectively (together the “**Announcements**”). The Board wishes to announce that subsequent to the said Announcements, the Petitioner and the Company had agreed to dismiss the Petition. Definitions and terms used herein, unless the context requires otherwise, shall bear the same meanings as defined in the Announcements.

On 1 November 2006, which the Petition was scheduled to be heard, immediately before the hearing for the Petition, the solicitors for both the Petitioner and the Company signed the consent summons (the “**Consent Summons**”) for dismissal of the Petition. However, as the Petition had already been advertised, the Master hearing the Petition did not have jurisdiction to order a dismissal of the Petition and had to adjourn the case to 6 November 2006 before the Companies Judge. On 6 November 2006, upon the agreement of the Company and the Petitioner, and there being no objecting creditors, the Companies Judge ordered the Petition to be dismissed and an order had been sealed on 10 November 2006.

The reason of dismissal was that the Petitioner, whom being one of the creditors of the Company, has entered into a debt assignment agreement (the “**Agreement**”) with Fine Elite Limited (“**Fine Elite**”), a private company incorporated in the British Virgin Islands, a third party independent of the Company and its subsidiaries and connected person (as defined under the Listing Rules) of the Company and its subsidiaries and are not connected person (as defined under the Listing Rules) of the Company and its subsidiaries (“**Independent Third Party**”), to assign the debt in the sum of approximately US\$9 million (the “**Debt**”) owed by the Company to the Petitioner subject to certain conditions precedent including but not limited to the resumption in trading in Shares. The Agreement was entered into between the Petitioner and Fine Elite, which the Company is not a party to the Agreement. The Company has not entered into any term or arrangement with Fine Elite and the Company has not given any security or guarantee to the Petition over the Debt.

Pursuant to the Agreement, the Debt will not be assigned to Fine Elite unless and until the Company resume in trading its Shares. As at the date of this announcement, the liability of the Company to repay the Debt has been deferred but remained unchanged.

The Board considers that as considerable manpower and resources of the Company had been allocated to deal with the negotiation for dismissal of the Petition, there has been a delay in the preparation and the publication of the interim result announcement and despatch of the interim report for the six months ended 30 June 2006. As the Petition has now been dismissed, the Board expects that the interim report for the six months ended 30 June 2006 can be published by 30 November 2006.

In so far as to the impact of the Debt and Petition on the business, operation and financial position of the Group, the Company is in the course of evaluating and shall notify the public in separate announcement in due course.

SUSPENSION

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 11:48 a.m. on Thursday, 7 September 2006, trading in Shares on the Stock Exchange shall remain suspended pending the release of the interim result announcement and despatch of the interim report for the six months ended 30 June 2006.

By order of the Board
Artel Solutions Group Holdings Limited
Yu Pen Hung
Chairman

Hong Kong, 15 November 2006

As at the date of this announcement, the Board comprises Mr. Yu Pen Hung being the executive director, Dr. Liu James Juh and Ms. Hu Gin Ing being the independent non-executive directors.

* for identification purpose only