

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.



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)

**CONVERSION OF CONVERTIBLE NOTES
MONTHLY ANNOUNCEMENT**

The Company makes this announcement in compliance 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 announcements of the Company dated 15 January 2008, 18 February 2008, 3 March 2008, 1 April 2008, 2 May 2008, 2 June 2008 and 2 July 2008 and the circular of the Company dated 25 January 2008 (the “**Circular**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

The Company makes this announcement in compliance with the listing approval (the “**Listing Approval**”) granted by the Listing Committee of the Stock Exchange approving the listing of 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 31 July 2008, one conversion notice was 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\$10,000,000 (the “**Conversion**”), representing approximately 2.79% of the entire amount of the Convertible Notes, at the conversion price of HK\$0.0386 per Conversion Share. As a result of the Conversion, an aggregate of 259,067,357 Conversion Shares (the “**New Conversion Shares**”) were issued by the Company, representing (i) approximately 10.89% of the issued share capital of the Company immediately prior to the allotment and issue of the New Conversion Shares; and (ii) approximately 9.82% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares. Save as disclosed herein, no conversion notice was received by the Company during the month of July.

* For identification purposes only

Immediately after the Conversion and as at the date of this announcement, the aggregate outstanding principal amount of the Convertible Notes is HK\$318 million. There were no other Shares issued or cancelled by the Company under any other transactions during the period commencing from 30 June 2008 (being the reference date regarding issued share capital of the Company as set out in the last monthly announcement of the Company in relation to conversion of the Convertible Notes) and ending on the date of this announcement.

Changes in the issued capital of the Company during the period commencing from 30 June 2008 and ending on the date of this announcement are as follows:

Date	Issued share capital	Number of issued Shares
30 June 2008 (being the reference date regarding issued share capital of the Company as set out in the last monthly announcement of the Company in relation to conversion of the Convertible Notes)	HK\$23,795,320.72	2,379,532,072
31 July 2008 (being the date of issue of 259,067,357 New Conversion Shares and the date of this announcement)	HK\$26,385,994.29	2,638,599,429

Immediately after the Conversion and as at the date of this announcement, to the best knowledge of the Directors, 660,732,000 Shares, representing approximately 25.04% of the issued share capital of the Company, were held in public hands. Accordingly, the Company maintains the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

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

Hong Kong, 31 July 2008

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