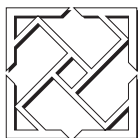

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for information purposes only and does not constitute an invitation or offer to acquire or subscribe for securities.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Artfield Group Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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Artfield Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1229)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MATRIX SOFTWARE INC.

A letter from the board of directors of Artfield Group Limited is set out on pages 4 to 12 of this circular.

12 April 2006

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:

“Acquisition”	the proposed acquisition of the Sale Shares on the terms contained in the Agreement
“Agreement”	the conditional sale and purchase agreement dated 18 March 2006 entered into among the Purchaser and the Vendors relating to the sale and purchase of the Sale Shares
“Announcement”	the announcement dated 24 March 2006 and issued by the Company in relation to the Acquisition
“associates”	has the same meaning ascribed to such term under the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CECT-CHINACOMM”	中電華通通信有限公司 (CECT-CHINACOMM COMMUNICATIONS Co., Ltd.)
“Company”	Artfield Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	4 April 2006, the date of Completion
“Consideration Shares”	42,000,000 new Shares to be issued by the Company as the consideration for the Sale Shares payable under the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cubicsoft”	Cubicsoft Co., Ltd., a company incorporated in Korea with limited liability
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Group and their connected persons (as defined in the Listing Rules)
“Intellectual Property”	any Hong Kong, PRC and Macau patents, designs, copyrights, trade marks, service marks, trade names, internet domain name of any level and all other intellectual property rights which may subsist in any part of the said regions
“Latest Practicable Date”	6 April 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Miss Kuan”	Kuan Wai I
“Mr F. Yu”	Yu Frank
“Mr J. Yu”	Yu Jing
“Mr Lee”	Lee Sang Yoon
“Online Computer Game”	the online computer game tentatively known as “Blue Shanghai”
“Operation Agreements”	the operation agreement and supplemental operation agreement entered into between the Target and CECT-CHINACOMM in relation to the provision of software and other related products and services by CECT-CHINACOMM to the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
“Purchaser”	Easy Link Assets Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	Target Shares representing the entire issued share capital of the Target as at the Completion Date
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Loans”	an aggregate sum of HK\$46,445,076 advanced to the Company as to HK\$11,611,269 by each of Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Matrix Software Inc., a company incorporated in the British Virgin Islands which is wholly and beneficially owned by the Vendors before Completion
“Target Shares”	ordinary shares of US\$1.00 each in the share capital of the Target
“Territory”	the PRC, Hong Kong and Macau
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendors”	Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu, being the beneficial shareholders of the Target prior to Completion and the vendors of the Sale Shares
“%”	per cent.

For the purpose of this circular, unless otherwise specified, conversions of US\$ into HK\$ and RMB into HK\$ are based on the approximate exchange rates of US\$1.00 to HK\$7.74 and RMB1.04 to HK\$1.00 respectively.

LETTER FROM THE BOARD



Artfield Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1229)

Executive Directors:

Mr Liang Jin You (*Chairman & Managing Director*)

Ms Li Kwo Yuk (*Deputy Chairman*)

Mr Leung Kin Yau

Mr Ou Jian Sheng

Mr Deng Ju Neng

Mr Chen, Vee Yong Frederick

Independent non-executive Directors:

Mr Lo Ming Chi, Charles

Mr Lo Wah Wai

Mr Orr, Joseph Wai Shing

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of business
in Hong Kong:*

13th Floor

Universal Industrial Centre

19-21 Shan Mei Street

Fo Tan, Shatin

New Territories

Hong Kong

12 April 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MATRIX SOFTWARE INC.

INTRODUCTION

Reference is made to the Announcement in which the Board announced that Easy Link Assets Limited, a wholly owned subsidiary of the Company, has entered into the Agreement with Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu in relation to, among other matters, the Acquisition.

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other matters, further details of the Acquisition.

THE AGREEMENT

Date: 18 March 2006

Parties:

Purchaser: Easy Link Assets Limited

Vendors: Miss Kuan
Mr F. Yu
Mr Lee
Mr J. Yu

Prior to Completion, the entire equity interests of the Target is owned as to 25% by Miss Kuan, as to 25% by Mr F. Yu, as to 25% by Mr Lee and as to 25% by Mr J. Yu.

Each of the Vendors is an Independent Third Party. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendors is a third party independent of each of the other Vendors and their respective connected persons in accordance with the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendors have agreed to sell the Sale Shares, representing the entire issued share capital of the Target as at Completion.

Consideration

The total consideration for the Sale Shares is HK\$50,400,000 and was settled by the Purchaser by procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$1.20 per Consideration Share, credited as fully paid.

The issue price of HK\$1.20 per Consideration Share represents: (i) a discount of approximately 7.69% to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on 17 March 2006, being the last trading day prior to the date of the Agreement; (ii) a discount of approximately 1.64% to the average of the closing prices of approximately HK\$1.22 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 March 2006, being the last trading day prior to the date of the Agreement; (iii) the average of the closing prices of approximately HK\$1.20 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 17 March 2006, being the last trading day prior to the date of the Agreement; and (iv) a premium of approximately 55.44% over the net asset value per Share of HK\$0.772 based on the unaudited consolidated management accounts of the Group as at 30 September 2005.

LETTER FROM THE BOARD

The Target was preliminary valued by an independent valuer, B.I Appraisals Limited, at US\$8,000,000 (equivalent to approximately HK\$61,920,000) as at 15 March 2006 by adopting the market approach to value the Target. The market approach is a comparison method to value a business entity by comparing the prices at which other similar business nature companies or interests changed hands in arms' length transactions.

The major assumptions adopted by B.I Appraisals Limited for the valuation of the Target are as follows:

- the Target is in possession of the legal title to the Intellectual Property of the Online Computer Game and is entitled to transfer, assign, license the Intellectual Property to other third party;
- the development of the Online Computer Game will be in accordance with the information provided to the valuer;
- the Operation Agreements entered into between the Target and CECT-CHINACOMM is valid and enforceable;
- the operation of the Online Computer Game in the PRC is legal and in compliance with the relevant PRC law and regulations;
- the Target has no major outstanding debts and loans incurred at the date of appraisal;
- there will be a sufficient supply of technical staff in the industry in which the Target operates;
- the Target will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- there will be no major changes in the current taxation laws in the Territory and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no major changes in the political, legal, economic or financial conditions in the Territory, which would adversely affect the revenues attributable to and profitability of the Target; and
- interest rates and exchange rates in the Territory will not differ materially from those presently prevailing.

LETTER FROM THE BOARD

Conditions precedent

Completion is subject to, among other things, the following conditions having been fulfilled or waived (as the case may be):

- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendors and the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) in relation to the legality, validity and binding effect of the Operation Agreements;
- (d) the warranties given by the Vendors under the Agreement remaining true and accurate in all respects;
- (e) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares;
- (f) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares; and
- (g) the completion of the capitalisation of the Shareholders' Loans.

Conditions (a) and (d) are waivable by the Purchaser under the Agreement. The Purchaser did not waive any of the conditions above.

Completion

Completion took place on 4 April 2006, being the second Business Day after all the conditions of the Agreement have been fulfilled.

Upon Completion, the Target has become a wholly owned subsidiary of the Company and the accounts of the Target will be consolidated into the accounts of the Group.

The issue of the Consideration Shares has not resulted in a change of control of the Company.

Long-stop date

The Agreement provides that should the satisfaction of all the above conditions, if not waived by the Purchaser, not occur on or before 12:00 noon on 31 March 2006 or such later date as the Vendors and the Purchaser may agree, either orally or in writing, the Agreement shall terminate.

LETTER FROM THE BOARD

THE CONSIDERATION SHARES

The 42,000,000 Consideration Shares were issued at an issue price of HK\$1.20 per Consideration Share, credited as fully paid. The Consideration Shares, are ranked pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The 42,000,000 Consideration Shares were allotted and issued under the general mandate to allot and issue Shares granted to the Directors pursuant to a resolution passed at the annual general meeting of the Company held on 25 August 2005. Based on the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on 17 March 2006, being the last trading day prior to the date of the Agreement, the Consideration Shares has a total value of HK\$54,600,000.

The Consideration Shares represent: (i) approximately 16.00% of the issued share capital of the Company immediately prior to Completion; and (ii) approximately 13.79% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

There is no provision in the Agreement which restricts the Vendors from disposing of the Consideration Shares.

Application for listing

Application was made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the approval has been granted by the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on 31 March 2006.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company before and immediately after Completion:

	Before Completion		Immediately after issue of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Golden Glory Group Limited (<i>Note 1</i>)	119,184,300	45.41	119,184,300	39.14
Li Feng Shao	23,941,600	9.12	23,941,600	7.86
Miss Kuan	–	–	10,500,000	3.44
Mr F. Yu	–	–	10,500,000	3.44
Mr Lee	–	–	10,500,000	3.44
Mr J. Yu	–	–	10,500,000	3.44
Other public Shareholders	119,352,684	45.47	119,352,684	39.24
Total:	<u>262,478,584</u>	<u>100.00</u>	<u>304,478,584</u>	<u>100.00</u>

Note:

- 119,184,300 Shares are owned by Golden Glory Group Limited, which is a company incorporated in the British Virgin Islands. The entire issued share capital of Golden Glory Group Limited is beneficially owned by General Line International (Holdings) Limited, which is wholly and beneficially owned by Mr Liang Jin You.*

BOARD REPRESENTATION OF THE GROUP

Prior to Completion, the Target has two directors, namely Mr F. Yu and Mr Lee. Upon Completion, Mr F. Yu and Mr Lee have remained as directors of the Target and the Purchaser will nominate two additional directors to the board of the Target.

INFORMATION OF THE TARGET

The Target is incorporated in the British Virgin Islands on 10 February 2006 for the purpose of marketing and development of software and internet application development. Save for the acquisition of the Intellectual Property of the Online Computer Game from Cubicsoft and the entering into the Operation Agreements with CECT-CHINACOMM, the Target has not commenced operation as at the Latest Practicable Date.

LETTER FROM THE BOARD

On 13 February 2006, Cubicsoft as assignor and the Target as assignee entered into a deed of assignment pursuant to which Cubicsoft has assigned to the Target the Intellectual Property of the Online Computer Game absolutely at the consideration of US\$6,000,000 (equivalent to approximately HK\$46,440,000). As the Intellectual Property of the Online Computer Game has been legally transferred to the Target, there is no fixed period for the Target to hold the Online Computer Game.

The consideration for the US\$6,000,000 under the deed of assignment was calculated based on the development cost and localisation cost of the Online Computer Game. As at the Latest Practicable Date, the Target has fully paid up the total amount of the consideration.

Pursuant to the deed of assignment, Cubicsoft has also agreed to provide lifetime maintenance and upgrade services for the Online Computer Game to the Target. In consideration, the Target has agreed to pay 50% of the turnover from the Online Computer Game received by the Target to Cubicsoft. Cubicsoft is a company incorporated in Korea and is principally engaged in the development, manufacture and distribution of online computer game softwares.

Mr Lee is a director and substantial shareholder (as defined in the Listing Rules) of Cubicsoft and the Target. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries other than Mr Lee, each of Cubicsoft and its ultimate beneficial owners are third parties independent of the Target and their connected persons (as defined in the Listing Rules).

On 3 March 2006 and 13 March 2006, the Target entered into the Operation Agreements with CECT-CHINACOMM, pursuant to which CECT-CHINACOMM will develop, manage and operate the internet platform for the Online Computer Game in the PRC. CECT-CHINACOMM is a company established in the PRC. CECT-CHINACOMM is a licensed operator authorised to operate internet platforms in the PRC. It is also engaged in wireless connection services, information services and related systems, research and development, technical support and operation of an internet café chain. The Target is required to enter into the Operation Agreements with CECT-CHINACOMM for CECT-CHINACOMM to develop, manage and operate the internet platform for the Online Computer Game in the PRC. Without the Operation Agreements, the Target cannot distribute the Online Computer Game in the PRC. The Directors consider that as one of the licensed operators of internet cafes in the PRC and with an established presence in the operation of internet cafes in Beijing, the PRC, CECT-CHINACOMM possesses the requisite internet platform and infrastructure for the distribution of the Online Computer Game and is a suitable partner of the Group for such distribution.

Pursuant to the Operation Agreements, 60% and 40% of the turnover from the distribution of the Online Computer Game in the PRC will be distributed to CECT-CHINACOMM and the Target respectively. The Target is also required to pay RMB1,000,000 (equivalent to approximately HK\$962,000) prior to 18 April 2006 to CECT-CHINACOMM as the application fee, so that CECT-CHINACOMM could apply for a special authorised software permit for the Online Computer Game. As at the Latest Practicable Date, the Target has not paid the application fee. The Vendors have jointly and severally undertaken to pay the application fee prior to 18 April 2006.

The profits sharing ratio between CECT-CHINACOMM and the Target was arrived at after arms' length negotiations between the parties. The Directors believe that the profit sharing ratio between CECT-CHINACOMM and the Target is fair and reasonable.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of CECT-CHINACOMM and its ultimate beneficial owners are third parties independent of the Target and their connected persons in accordance with the Listing Rules.

The Online Computer Game is tentatively known as “Blue Shanghai” and is an MMORPG (massively multiplayer online role-playing game) with a unique 3D game engine. “Blue Shanghai” can engage hundreds of thousands of players concurrently where each player exists as a virtual being in one of its 24 game zones. The background of the game is Shanghai in 1932 where players can join together to form their own bands and fight their way to leadership. Each role of the game has its own characteristic of strength, skills, fighting techniques, etc. Players may also purchase virtual items to enhance the abilities of their virtual lives.

The Online Computer Game adopts Real Money Trading System, which means that there will not be any subscription fee. Players of the Online Computer Game will purchase prepaid cards at internet cafes. Every time a player purchases an item on the Online Computer Game, the cost of the item will be debited from his prepaid card. CECT-CHINACOMM will collect the sales revenue of the prepaid card from internet cafes. As agreed in the Operation Agreements between the Target and CECT-CHINACOMM, CECT-CHINACOMM shall provide monthly report on sales to the Target and the turnover will be shared between CECT-CHINACOMM and the Target accordingly.

Upon receiving the 40% of the turnover from CECT-CHINACOMM, the Target will distribute 50% of the turnover received by it to Cubicsoft. As such, the effective earnings of the Target will be 20% of the turnover generated from the Online Computer Game.

The Target intends to distribute and sell the Online Computer Game in the Territory.

According to the unaudited management accounts of the Target for the period commencing from 10 February 2006 and ended on 13 March 2006, the Target had no turnover and no net profit. The unaudited net liabilities of the Target as at 13 March 2006 was approximately HK\$8,000.

Prior to 31 March 2006, the Target was indebted to each of Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu a sum of HK\$11,611,269 each. The Shareholders’ Loans from Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu were interest free.

The Target entered into the capitalisation agreements with each of Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu on 31 March 2006, pursuant to which each of Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu agreed to subscribe for 25 new Target Shares in cash at a subscription price of approximately HK\$464,451 per Target Share prior to Completion. The subscription price payable by each of Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu under the capitalisation agreements was satisfied by capitalising the entire amount of the Shareholders’ Loans due from the Target to each of Miss Kuan, Mr F. Yu, Mr Lee and Mr J. Yu.

Upon Completion, there is no immediate requirement for the Group to inject cash or working capital into the Target for the operation of its business.

LETTER FROM THE BOARD

REASONS FOR THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the manufacturing and marketing of clocks and lighting products, the trading of metals and the provision of electroplating services.

The Directors consider that the PRC multimedia and internet market is a fast growing market with significant business potential. To capture the fast growing market, the Group has been seeking opportunities to acquire multimedia softwares suitable for distribution in the PRC. The Board considers that the acquisition of the Target will expand the Group's current businesses and the Group can tap the growing industry of computer and online games in the PRC. Moreover, the Board believes that the computer game and electronic sports industry in the PRC will develop rapidly in the years to come under industrial policy supports from the PRC government. As such, the acquisition of the Target will enable the Group to capture such development opportunity.

In 2003, the General Administration of Sports (國家體育總局) announced the electronic sports as the 99th sports in the PRC and the PRC government wishes to give impetus to the research and development in the computer industry including hardware and software and the information industries through encouraging and promoting the healthy competition of the electronic sports.

The PRC government also intends to tackle the pirated computer softwares in the market. The PRC government considers that one of the most effective ways to achieve this objective is to encourage electronic sports tournaments authorised by the game licence holders. As such, the Group wishes to contribute its effort on supporting the PRC government's measures of reducing pirated computer software in the market. Though the Directors do not have prior experience in the computer game and electronic sports industry, the Directors consider that the acquisition of the Target represents a good opportunity for the Group to tap such promising industry. Taking into account the benefits of the Acquisition, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT UPON COMPLETION OF THE ACQUISITION

Upon Completion, the Target has become a wholly owned subsidiary of the Company and the earnings of the Target will be consolidated into the accounts of the Group. In view of the fact that the Target has been newly incorporated, there will be no material effect on the Group's earnings immediately upon Completion. The Directors consider that upon the Target becoming fully operational, its turnover to be generated will provide a steady income stream to the Group.

The Acquisition has created an intellectual property in the amount of HK\$46,440,000 and has given rise to a goodwill in the amount of HK\$3,960,000 which will be consolidated into the accounts of the Group.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix of this circular.

By order of the Board
Artfield Group Limited
LIANG Jin You
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of Director	Note	Nature of interest	Total	Approximate percentage or attribute percentage of shareholdings (%)
Mr Liang Jin You	1	Held by controlled corporation	119,184,300 (L)	39.14

(L) Long position

Notes:

- 119,184,300 Shares are owned by Golden Glory Group Limited, which is a company incorporated in the British Virgin Islands. The entire issued share capital of Golden Glory Group Limited is beneficially owned by General Line International (Holdings) Limited, which is wholly owned by Mr Liang Jin You.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Substantial shareholders of the Company:

Name of Shareholder	Note	Nature of interest	Total	Approximate percentage or attributable percentage of shareholdings (%)
Golden Glory Group Limited	1	Beneficial owner	119,184,300 (L)	39.14
General Line International (Holdings) Limited	1	Held by controlled corporation	119,184,300 (L)	39.14
Li Feng Shao		Beneficial owner	23,941,600 (L)	7.86

(L) Long position

Note:

- 119,184,300 Shares are owned by Golden Glory Group Limited, which is a company incorporated in the British Virgin Islands. The entire issued share capital of Golden Glory Group Limited is beneficially owned by General Line International (Holdings) Limited, which is wholly owned by Mr Liang Jin You.*

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service agreement with any member of the Group, which will expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

4. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company are as follows:

Authorised:	<i>HK\$</i>
900,000,000 Shares	<u>90,000,000.00</u>
Issued and fully paid:	
262,478,584 Shares in issue immediately prior to Completion	26,247,858.40
<u>42,000,000</u> Consideration Shares to be allotted and issued	<u>4,200,000.00</u>
<u>304,478,584</u>	<u>30,447,858.40</u>

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

7. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at 13th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrar Limited of 311-312 Two Exchange Square, Central, Hong Kong.
- (d) The secretary and qualified accountant of the Company is Mr Lau King Pong who is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.