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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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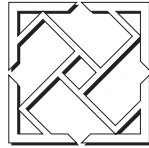
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**If you have sold or transferred** all your shares in **Artfield Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission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

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## **Artfield Group Limited**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1229)

### **DISCLOSEABLE TRANSACTION DISPOSAL OF 49% EQUITY INTERESTS IN SUCCESS START HOLDINGS LIMITED**

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10 March 2006

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Agreement”	The sale and purchase agreement made between Easy Link and Ms. Chin dated 22 February 2006 in connection with the Disposal
“Announcement”	The announcement of the Company dated 22 February 2006 in respect of the Agreement
“Board”	The board of Directors
“Company”	Artfield Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	The director(s) of the Company
“Disposal”	The disposal of 49% equity interests in Success Start by Easy Link
“Easy Link”	Easy Link Assets Limited, a wholly-owned subsidiary of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	10 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Chin”	Ms. Chin Yuk Wai, an independent third party not connected with the Company, its directors, chief executive and substantial shareholders of the Company, its subsidiaries or any of their respective associates as defined in the Listing Rules
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

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## DEFINITIONS

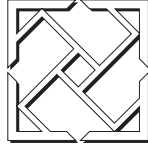
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“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Start”	Success Start Holdings Limited, a company incorporated in the British Virgin Islands
“%”	Per cent

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## LETTER FROM THE BOARD

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### **Artfield Group Limited**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1229)

*Executive Directors:*

LIANG Jin You (*Chairman & Managing Director*)

LI Kwo Yuk (*Deputy Chairman*)

LEUNG Kin Yau

OU Jian Sheng

DENG Ju Neng

LIN Dong Hong

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of business:*

13th Floor

Universal Industrial Centre

19-21 Shan Mei Street

Fo Tan, Shatin

New Territories

Hong Kong

*Independent non-executive Directors:*

LO Ming Chi, Charles

LO Wah Wai

ORR, Joseph Wai Shing

10 March 2006

*To the Shareholders*

Dear Sir or Madam

### **DISCLOSEABLE TRANSACTION DISPOSAL OF 49% EQUITY INTERESTS IN SUCCESS START HOLDINGS LIMITED**

#### **1. INTRODUCTION**

As set out in the Announcement, Easy Link entered into a sale and purchase agreement with an independent third party, Ms. Chin Yuk Wai, on 22 February 2006, relating to the disposal of its 49% equity interests in Success Start for a consideration of HK\$6,000,000.00 payable by way of cheque or bank transfer.

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to give further information regarding the Disposal.

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## LETTER FROM THE BOARD

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### 2. THE AGREEMENT

#### Date

22 February 2006

#### Parties

Vendor : Easy Link Assets Limited, a wholly-owned subsidiary of the Company

Purchaser : Ms. Chin Yuk Wai. To the best of the Directors' knowledge information and belief having made all reasonable enquiry, Ms. Chin is an independent third party not connected with the Company, its directors, chief executive and substantial shareholders of the Company, its subsidiaries or any of their respective associates as defined in the Listing Rules

#### Asset to be disposed

49% equity interests in Success Start held by Easy Link.

#### Consideration

HK\$6,000,000.00 that will be satisfied by way of cheque payments or bank transfer in the following manner:-

- (i) deposit in the amount of HK\$600,000.00 payable upon execution of the Agreement; and
- (ii) unless otherwise agreed in writing by the parties in advance, the balance in the amount of HK\$5,400,000.00 payable on the date of completion of the Agreement which is within six months from the date of the Agreement.

As at the date of this circular, the deposit as stated above has been received by the Company.

### 3. INTENDED APPLICATION OF THE SALE PROCEEDS

The sale proceeds are intended to be used wholly for general working capital purpose.

### 4. BASIS OF CONSIDERATION

The consideration was arrived at after arm's length negotiations between the vendor and the purchaser based on normal commercial terms and have taken into consideration of the consolidated net asset value of Success Start as at 30 September 2005. In view of the fact that Success Start had made a loss in the amount of HK\$2,118,000 in the six months ended 30 September 2005 and other considerations which are set out in the reasons of the disposal below, the Directors consider that the Disposal is in the interest of the Company and that the terms of the Agreement are fair and reasonable so far as the Company and its shareholders are concerned.

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## LETTER FROM THE BOARD

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### 5. CONDITIONS OF THE AGREEMENT

Completion of the Agreement is not made subject to or conditional upon any conditions.

### 6. EXPECTED DATE OF COMPLETION

The expected date of completion will be on 21 August 2006, being six months from the date of the Agreement.

### 7. INFORMATION ON SUCCESS START

Success Start is a company incorporated in the British Virgin Islands on 23 April 2003 and is beneficially owned as to 26% by Mr. Lin Donghong, 25% by Mr. Wang Wenbin and 49% by Easy Link. The principal activities of Success Start is investment holding. Based on the consolidated accounts of Success Start prepared in accordance with the Hong Kong Financial Reporting Standard, the net loss for the period from 1 April 2005 to 30 September 2005 and the net asset value as at 30 September 2005 of Success Start were approximately HK\$2,118,000 and HK\$58,310,000 respectively. The book value of Success Start in the Group's accounts as at 30 September 2005 was HK\$29,768,000.

The consolidated profit before taxation and after taxation and minority interests for the financial year ended 31 March 2005 of Success Start were HK\$49,000 and HK\$28,000 respectively. The consolidated profit before taxation and after taxation and minority interests for the financial year ended 31 March 2004 were HK\$5,000 and HK\$2,000 respectively.

Success Start holds approximately 80.17% equity interests of 福建省安溪制藥有限公司 (Anxi Medicine-Make Co., Ltd, Fujian) and 87% equity interests of 北京璽圃環球生物醫藥技術有限公司 (Beijing Xipu Biotechnology Ltd).

福建省安溪制藥有限公司 (Anxi Medicine-Make Co., Ltd, Fujian) is principally engaged in the production of medical products including transfusion, bolus, bracteole, capsule, granule, dry powder and ampoule. 北京璽圃環球生物醫藥技術有限公司 (Beijing Xipu Biotechnology Ltd) is principally engaged in the research and development, production and sales of bio-technological medical products. One of the major products of 北京璽圃環球生物醫藥技術有限公司 (Beijing Xipu Biotechnology Ltd) is "Xi Pu Gluco Guard Yi Dao Ying Yan Su" 「璽圃牌利唐康膠囊胰島營養素」, which had been launched to customers with diabetes.

### 8. REASONS OF THE DISPOSAL

The central government of the People's Republic of China (the "Central Government") took tight control on the sales of healthcare products at the beginning of 2005 in a bid to ripping out products that fail to meet the standards stipulated by the State Food and Drug Administration. Despite the fact that the "Xi Pu Gluco Guard Yi Dao Ying Yan Su" 「璽圃牌利唐康膠囊胰島營養素」, which is manufactured by Beijing Xipu Biotechnology Ltd, meets all the applicable standards, the sales of Success Start for the six months from 1 April 2005 to 30 September 2005 was inevitably affected by the Central Government's measure and it had incurred a loss in the period.

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## LETTER FROM THE BOARD

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The Directors believe that the operating environment for healthcare products in the People's Republic of China will become more difficult. The Directors also see that the management of the Company lacks the requisite expertise in healthcare and pharmaceutical industry. The Directors believe that the Disposal will allow the Company to obtain additional financial resources for the Company and to focus its management resources on its principal businesses.

The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the book value of the Success Start in the Group's accounts as at 30 September 2005 and the consideration, the Company will record a loss of about HK\$23,768,000 as a result of the Disposal, which will be included in the results for the year ended 31 March 2006. The interest in associates in the Group's accounts will be reduced by the amount of HK\$29,768,000, being the book value of Success Start in the Group's accounts as at 30 September 2005, as a result of the Disposal. The Disposal will have no effect on the liability of the Group's accounts.

The loss on the Disposal in the amount of about HK\$23,768,000 represents a loss of approximately HK\$0.09 per share of the Company's issued and fully paid ordinary shares as at the Latest Practicable Date.

The Disposal will not have material impact on the Group's future earnings as Success Start has incurred a loss in the six months ended 30 September 2005 and its consolidated profit after taxation and minority interests for the financial year ended 31 March 2005 and 31 March 2004 were only HK\$28,000 and HK\$2,000 respectively.

Upon completion of the Disposal, the Company will not hold any interest directly or indirectly in Success Start.

### **9. INFORMATION TO SHAREHOLDERS**

The Company and its subsidiaries are principally engaged in the manufacture and marketing of clocks and lighting products, the trading of metals and the provision of electroplating services.

Following the completion of the Disposal, the Directors intend that the Company will continue its existing business.

The Disposal contemplated in the Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

### **10. FURTHER INFORMATION**

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

Yours faithfully  
For and on behalf 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 Company. The Directors collectively and individually accept full responsibility for the accuracy of the information relating to the Company contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this circular relating to the Company misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of Directors in Shares

As at the Latest Practicable Date, the interests of the Directors (including their respective spouses, infant children, related trusts and companies controlled by them) in the Share, and its associated corporations (within the meaning of the SFO) which 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 or short position in which any such Director is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies contained in the Listing Rules, were as follows:

#### Long positions

*Ordinary shares of HK\$0.10 each of the Company*

Name	Capacity	Number of issued shares held	Percentage of the issued share capital of the Company
Mr. LIANG Jin You	Held by controlled corporation ( <i>note</i> )	119,184,300	45.41%

*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, none of the Directors had any interest or short positions in any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SFO) which 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 or short position in which any such Director is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons had interest or short positions in the Shares and underlying Shares which were required 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, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

#### Long positions

*Ordinary shares of HK\$0.10 each of the Company*

Name of Shareholder	Capacity	Number of issued shares held	Percentage of the issued share capital of the Company
Golden Glory Group Limited	Beneficial owner	119,184,300	45.41%
General Line International (Holdings) Limited	Held by controlled corporation ( <i>note</i> )	119,184,300	45.41%
Mr. LI Feng Shao	Beneficial owner	22,841,600	8.71%

*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, so far as is known to the Directors or chief executive of the Company, no persons, other than a Director, had interests or short positions in the Shares or underlying Shares which were required 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, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

#### 4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or proposed to enter into, with any member of the Group, a service agreement that is not expiring or terminable within one year without payment of compensation (other than statutory compensation).

#### 5. SHARE CAPITAL

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

**Authorised:**

900,000,000 ordinary shares of HK\$0.10 each	<u>HK\$90,000,000.00</u>
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**Issued and fully paid:**

262,478,584 ordinary shares of HK\$0.10 each	<u>HK\$26,247,858.40</u>
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#### 6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

#### 7. GENERAL

- (i) The English text of this circular shall prevail over the Chinese text.
- (ii) 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.
- (iii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is situated at 13th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong.
- (iv) The Hong Kong branch share registrar and transfer office of the Company is Union Registrar Limited of 311-312 Two Exchange Square, Central, Hong Kong.