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ARTFIELD GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1229)

DISCLOSEABLE TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF CITY BRIGHT INTERNATIONAL LIMITED

On 12 June 2006, the Vendor, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor in relation to the disposal of the entire issued share capital of the Target Companies for a consideration of HK\$3,874,174.

The Target Companies are principally engaged in the manufacturing of energy saving lamps.

Completion will take place within three Business Days after signing of the Sale and Purchase Agreement.

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules. A circular containing further details of the Disposal will be despatched to the shareholders of the Company as soon as practicable and in accordance with the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date: 12 June 2006

Parties: (1) Vendor : Artfield Company Limited
(2) Purchaser : Bright International Investment Holdings Limited
(3) Guarantor : Wong Chi Wai Edgar

The Purchaser is a company incorporated in Hong Kong by Wong Chi Wai Edgar as an investment holding company of the Target Companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner, the Guarantor is a third party independent of and not connected with the Company and its connected persons.

Assets to be disposed of:

The Sale Shares being 2,000,000 shares of HK\$1.00 each in the share capital of City Bright International, representing the entire issued share capital of City Bright International.

Consideration:

The consideration for the Disposal is HK\$3,874,174 and shall be paid by the Purchaser in the manner as follows:

- (1) setting off the net amount of the indebtedness owed by the Group to the Target Companies being HK\$3,060,491 as at the Accounts Date on Completion;
- (2) paying to the Vendor by way of transferring to the Vendor the amount of tax refund receivable by the Target Companies from the relevant tax authorities being HK\$406,652 as at the Accounts Date when such tax refund are received by the Target Companies; and
- (3) paying to the Vendor the remaining HK\$407,031 within seven Business Days upon written demand by the Vendor after Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement and have taken into account (i) the financial performance of the Target Companies for the two financial years ending 31 March 2004 and 31 March 2005 which recorded net profit totalling about HK\$10,264 and HK\$333,603 respectively; (ii) the financial performance of the Target Companies for the year ended 31 March 2006 based on its unaudited management accounts made up to 31 March 2006 which recorded losses totalling about HK\$32,635; (iii) the aggregate of the negative net assets of the Target Companies of approximately HK\$410,792 as shown in its unaudited management accounts made up to 31 March 2006; (iv) the inter-company balances between the Target Companies and other members of the Group as at 31 March 2006; and (v) the difficult operating environment with a decrease in sales turnover and an increase in operating costs coupled with strong competition in this industry.

Further, the Guarantor has guaranteed to the Vendor all the obligations of the Purchaser under the Sale and Purchase Agreement.

Based on the reasons set out above, the Directors consider the consideration for the Disposal to be fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

Condition:

The Sale and Purchase Agreement is not subject to any condition precedent.

Completion:

Completion will take place within three Business Days after signing of the Sale and Purchase Agreement.

Upon Completion, the Group will cease holding any interests in the Target Companies and the Target Companies will cease to be subsidiaries of the Company. There is no restriction as to subsequent sale of the Sale Shares.

INFORMATION ON THE TARGET COMPANIES

City Bright International was incorporated in Hong Kong with limited liability and is principally engaged in investment holding and is the holding company of its sole subsidiary, City Bright Lighting (Shenzhen) Co. Ltd, which is principally engaged in the manufacturing of energy saving lamps.

As at the Accounts Date, the Target Companies have a negative net asset value of about HK\$410,792. For the two financial years ending 31 March 2004 and 31 March 2005, the net profit before taxation and extraordinary items of the Target Companies were about HK\$23,072 and HK\$333,603 respectively and the net profit after taxation and extraordinary items of the Target Companies were about HK\$10,264 and HK\$333,603 respectively.

As at the Accounts Date, the principal assets of the Target Companies were cash, accounts receivables and stocks of approximately HK\$407,031, HK\$4,197,753 and HK\$3,959,264 respectively and the principal liabilities of the Target Companies were trade payables of approximately HK\$8,865,988.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the manufacture and marketing of clocks and lighting products, the trading of metals and the provision of electroplating services.

The Directors consider the terms of the Sale and Purchase Agreement were entered into by the parties thereto after arm's length negotiations and on normal commercial terms and the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and its shareholders are concerned.

As stated in the interim report of the Group made up to 30 September 2005, the lighting division of the Group (which the Target Companies belong to) has been operating in a difficult environment with a decrease in sales turnover and an increase in operating costs coupled with strong competition in this industry. The Group's efforts in improving its profitability have turned out in vain where the Target Companies recorded losses and according to the unaudited management accounts of the Target Companies made up to 31 March 2006, the Target Companies recorded losses of about HK\$32,635 for the year ended 31 March 2006.

The Directors consider that the Disposal provides an ideal opportunity for the Group to dispose of its loss making operations (which have been facing strong competition in the industry with a decrease in sales turnover and an increase in operating costs) and allow the Group to reallocate its resources and to concentrate on the Group's other existing businesses including (1) clocks and other related products, (2) trading of metals, and (3) provision of electroplating services. Regarding the online computer game which the Group has recently acquired, it is currently under testing stages and is expected to be available for release to the public at the end of 2006 or early 2007. Please refer to the announcement and the circular of the Company dated 24 March 2006 and 12 April 2006 respectively for further details relating to the online computer game.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, upon Completion, the Group will record a gain on disposal of approximately HK\$1,874,000 which will be reflected in the consolidated financial statements of the Group in the year ending 31 March 2007.

The net proceeds will be used by the Group as general working capital.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other matters, further details of the Disposal will be despatched to the shareholders of the Company as soon as practicable and in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Accounts Date”	31 March 2006, the date of the pro forma management accounts of the Target Companies
“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
“City Bright International”	City Bright International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	Artfield Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company

“Disposal”	the disposal by the Vendor of the Sale Shares subject to and upon the terms and conditions of the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor”	Wong Chi Wai Edgar, the beneficial owner of the entire issued share capital of the Purchaser
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Purchaser”	Bright International Investment Holdings Limited, a company incorporated in Hong Kong and the entire issued share capital of which is wholly and beneficially owned by the Guarantor
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 June 2006 entered into between the Vendor, the Purchaser and the Guarantor in relation to the Disposal
“Sale Shares”	2,000,000 shares of HK\$1.00 each, representing the entire issued share capital of City Bright International
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	City Bright International and its wholly owned subsidiary City Bright Lighting (Shenzhen) Co. Ltd.
“Vendor”	Artfield Company Limited, a directly wholly owned subsidiary of the Company and the vendor of the Sale Shares
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the board of directors of
Artfield Group Limited
LIANG Jin You
Chairman

Hong Kong, 15 June 2006

As at the date of this announcement, the executive Directors are Mr. LIANG Jin You, Ms. LI Kwo Yuk, Mr. LEUNG Kin Yau, Mr. OU Jian Sheng, Mr. DENG Ju Neng and Mr. CHEN Vee Yong Frederick; and the independent non-executive Directors are Mr. LO Ming Chi, Charles, Mr. LO Wah Wai and Mr. ORR, Joseph Wai Shing.

Please also refer to the published version of this announcement in China Daily.