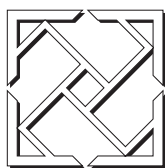


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# **ARTFIELD GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1229)

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

Easy Link Assets Limited (“Easy Link”), a wholly-owned subsidiary of Artfield Group Limited (“the Company”), entered into a sale and purchase agreement with Ms. Chin Yuk Wai on 22 February 2006, relating to the disposal of its 49% equity interests in Success Start Holdings Limited (“Success Start”) for a consideration of HK\$6,000,000.00 payable by way of cheque or bank transfer.

Ms. Chin Yuk Wai 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

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

A circular containing, inter alia, further details of the Agreement will be sent to shareholders of the Company as soon as practicable.

### **SALE AND PURCHASE AGREEMENT DATED 22 FEBRUARY 2006 (THE “AGREEMENT”)**

#### **Parties**

Date : 22 February 2006

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

Purchaser : 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

**Asset to be disposed**

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

**Consideration**

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

1. deposit in the amount of HK\$600,000.00 payable upon execution of the Agreement; and
2. 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 announcement, the deposit as stated above has been received by the Vendor.

**INTENDED APPLICATION OF THE SALE PROCEEDS**

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

**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 reason for the disposal below, the directors of the Company consider that the said 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.

**CONDITIONS OF THE AGREEMENT**

Completion of the Agreement is not made subject to or conditional upon any conditions. The expected date of completion will be on 21 August 2006, being six months from the date of the Agreement.

**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 ("HKFRS"), 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 interest 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 interest for the financial year ended 31 March 2004 were HK\$5,000 and HK\$2,000 respectively.

Success Start holds approximately 80.17% equity interest of 福建省安溪制藥有限公司 (Anxi Medicine-Make Co., Ltd, Fujian) and 87% equity interest 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 biotechnological 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.

### **REASON FOR 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 (“SFDA”). 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’ period 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.

The directors of the Company believe that the operating environment for healthcare products in the People’s Republic of China will become more difficult. The directors of the Company also see that the management of the Company lacks the requisite expertise in healthcare and pharmaceutical industry. The directors of the Company 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.

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 of Success Start, which will be included in the results for the year ended 31 March 2006.

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

### **GENERAL**

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

### **INFORMATION FOR SHAREHOLDERS**

The disposal contemplated in the Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular containing, inter alia, further details of the Agreement will be sent to shareholders of the Company as soon as practicable.

## **UNUSUAL TRADING VOLUME MOVEMENT**

The directors of the Company have noted the recent increase in the trading volume of the shares of the Company and wish to state that we are not aware of any reasons for such increase.

Save as disclosed above, the directors of the Company also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

By Order of the Board  
**Artfield Group Limited**  
**LIANG Jin You**  
*Chairman*

Hong Kong, 22 February 2006

*As at the date of this announcement, the executive directors of the Company are Mr. LIANG Jin You, Ms. LI Kwo Yuk, Mr. LEUNG Kin Yau, Mr. OU Jian Sheng, Mr. DENG Ju Neng and Mr. LIN Dong Hong. 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.