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Marigold Worldwide Group Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

Artfield Group Limited

*(Incorporated in Bermuda
with limited liability)
(Stock Code: 1229)*

JOINT ANNOUNCEMENT

(1) Acquisition of Shares in the Company by Marigold Worldwide Group Limited

(2) Mandatory conditional cash offer

by



KINGSTON SECURITIES LIMITED

on behalf of

Marigold Worldwide Group Limited

for all the issued Shares in Artfield Group Limited

(other than those Shares already owned by

Marigold Worldwide Group Limited and parties acting in concert with it)

Financial adviser to

Marigold Worldwide Group Limited



KINGSTON CORPORATE FINANCE LIMITED

THE SALE AND PURCHASE AGREEMENT AND MANDATORY CONDITIONAL CASH OFFER

On 2 May 2007, Marigold, Golden Glory and Mr. Liang, being the 100% beneficial owner of Golden Glory, entered into the Sale and Purchase Agreement pursuant to which Marigold agreed to purchase and Golden Glory agreed to sell 119,184,300 Shares, representing approximately 39.14% of the entire issued share capital of the Company at the date of this announcement, for a total consideration of HK\$65,200,000 (equivalent to approximately HK\$0.5471 per Share. The Sale and Purchase Agreement was completed on 2 May 2007.

Immediately before the signing of the Sale and Purchase Agreement, Marigold, Mr. Yam, being the 100% beneficial owner of Marigold and parties acting in concert with any one of them did not have any shareholding interests in the Company. Following completion of the Share Purchase, Marigold, Mr. Yam and parties acting in concert with any one of them own an aggregate of 119,184,300 Shares, representing 39.14% of entire issued share capital of the Company as at the date of this announcement. Marigold, Mr. Yam and parties acting in concert with any one of them are therefore required to make a mandatory conditional cash offer for all the issued Shares (other than those Shares already owned by Marigold, Mr. Yam and parties acting in concert with any one of them) pursuant to Rule 26.1 of the Takeovers Code.

The Offer is conditional upon Marigold having received acceptances of the Offer which, together with the Shares already owned by Marigold, Mr. Yam and parties acting in concert with any one of them before or during the offer period, will result in Marigold, Mr. Yam and parties acting in concert with any one of them holding more than 50% of the voting rights of the Company.

The terms of the Offer are set out under the section headed “Mandatory conditional cash offer” below. Kingston Corporate Finance is satisfied that there are sufficient financial resources available to Marigold to meet the full acceptance of the Offer.

GENERAL

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, Marigold, Mr. Yam and parties acting in concert with any one of them are required to despatch an offer document in relation to the Offer. Marigold and the Company will combine the offer document and the Company’s response document and despatch such composite document to the Shareholders, setting out, inter alia, the terms of the Offer, information on the Group, the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders in respect of the Offer and the letter from the independent financial adviser containing its recommendation and advice to the Independent Board Committee and Independent Shareholders in respect of the Offer, together with forms of acceptance and transfer, within such period. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. Further announcement of such appointment will be made once the independent financial adviser is appointed.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 April 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 10 May 2007.

Warning:

Shareholders and investors are advised to exercise extreme caution in dealing in the Shares as the Offer may or may not become unconditional (see “Condition of the Offer” below). Further announcement will be made by the Company regarding the Offer as and when appropriate.

THE SALE AND PURCHASE AGREEMENT

Date:	2 May 2007
Vendor:	Golden Glory
Purchaser:	Marigold, which is 100% beneficially owned by Mr. Yam
Vendor's Warrantor:	Mr. Liang, the 100% beneficial owner of Golden Glory
Number of Shares:	119,184,300 Shares which were acquired by Marigold from Golden Glory free from all claims, charges, liens, encumbrances, equities and third party rights and together with all rights attaching thereto on or after the date of the Sale and Purchase Agreement
Consideration and completion:	HK\$65,200,000, being approximately HK\$0.5471 for each Share, which was negotiated and determined on arm's length basis between Golden Glory and Marigold and was paid in full by cash on the date of Sale and Purchase Agreement on 2 May 2007.

The Share Purchase was completed immediately after signing of the Sale and Purchase Agreement.

MANDATORY CONDITIONAL CASH OFFER

Immediately before the signing of the Sale and Purchase Agreement, Marigold, Mr. Yam and parties acting in concert with any one of them did not have any shareholding interests in the Company. Following completion of the Share Purchase, Marigold, Mr. Yam and parties acting in concert with any one of them own an aggregate of 119,184,300 Shares, representing 39.14% of the entire issued share capital of the Company as at the date of this announcement. Marigold, Mr. Yam and parties acting in concert with any one of them are therefore required to make a mandatory conditional cash offer for all the issued Shares (other than those Shares already owned by Marigold, Mr. Yam and parties acting in concert with any one of them) pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this announcement, there are 304,478,584 Shares in issue. Taking into account the 119,184,300 Shares held by Marigold, Mr. Yam and parties acting in concert with any one of them, 185,294,284 Offer Shares will be subject to the Offer.

As at the date of this announcement, there are no outstanding warrants or share options or derivatives or securities convertible into the Shares.

As at the date of this announcement, (i) save for the Sale and Purchase Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to shares of Marigold or the Company which might be material to the Offer; (ii) there are no agreements or arrangements to which Marigold is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and (iii) there are no irrevocable commitment to accept the Offer has been received by Marigold, Mr. Yam and parties acting in concert with any one of them.

Save for (i) the Share Purchase; and (ii) the sale of 9,594,000 Shares in the price ranging from HK\$1.38 to HK\$1.40 by Mr. Yam on 23 March 2007, there has been no dealings in the Shares by Marigold, Mr. Yam and parties acting in concert with any one of them during the six-month period prior to the date of the Sale and Purchase Agreement and up to the date of this announcement.

The Offer will be made on the terms set out below.

Principal terms of the Offer

Kingston Securities will, on behalf of Marigold, make the Offer in compliance with the Takeovers Code on the following basis:

for each Offer Share HK\$0.55 in cash

Condition of the Offer

The Offer is conditional upon Marigold having received acceptances of the Offer which, together with the Shares already owned by Marigold, Mr. Yam and parties acting in concert with any one of them before or during the offer period, will result in Marigold, Mr. Yam and parties acting in concert with any one of them holding more than 50% voting rights of the Company.

Marigold does not intend to extend the period of the Offer if the above acceptance condition is not fulfilled by the first closing date of the Offer, which is expected to be 4 July 2007.

Comparison of value

The price of HK\$0.55 for each Offer Share is slightly higher than the consideration for each Share acquired under the Sale and Purchase Agreement and such price represents:

- (a) a discount of approximately 62.59% to the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 62.64% to the average closing price of approximately HK\$1.472 per Share for the 5 trading days up to and including the Last Trading Day;
- (c) a discount of approximately 63.46% to the average closing price of approximately HK\$1.505 per Share for the 10 trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 4.35% to the unaudited consolidated net asset value per Share of approximately HK\$0.575 as at 30 September 2006 based on the interim report 2006.

Financial resources

As at the date of this announcement, there are 304,478,584 Shares in issue. Based on the offer price of HK\$0.55 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$167.46 million and all the 185,294,284 Offer Shares under the Offer are valued at approximately HK\$101.91 million. Kingston Corporate Finance is satisfied that there are sufficient financial resources available to Marigold to meet the full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the accepting Shareholders will sell their Shares and all rights attached to them.

Settlement of the consideration

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part of thereof) of the amount payable in respect of relevant acceptances will be deducted from the amount payable to the Shareholders who accept the Offer. Marigold will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong on behalf of such Shareholders who accept the Offer.

Subject to the Offer becoming unconditional, the amount due to the Shareholders who accept the Offer shall be paid by Marigold to such Shareholders as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of a duly completed acceptances in accordance with the Takeovers Code.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its Shares are listed on the Stock Exchange. The Group is principally engaged in the marketing and trading of clocks, timepieces, gift and premium products, the trading of metals and the operation of computer on-line game “Shanghai Storm”.

The following table sets out the financial information of the Group:

	For the year ended 31 March 2006 (audited) HK\$'000	For the six months ended 30 September 2006 (unaudited) HK\$'000
Net loss before tax	70,595	11,486
Net loss after tax	72,111	11,487
	As at 31 March 2006 (audited) HK\$'000	As at 30 September 2006 (unaudited) HK\$'000
Net asset value	139,841	175,091

The following table sets out the shareholding structure of the Company immediately before and after the completion of the Share Purchase but before the Offer:

	Immediately before completion of the Share Purchase		Immediately after completion of the Share Purchase but before the Offer	
	<i>No. of Shares</i>	<i>% (approx.)</i>	<i>No. of Shares</i>	<i>% (approx.)</i>
Marigold, Mr. Yam and parties acting in concert with any one of them (<i>Note 1</i>)	0	0	119,184,300	39.14
Golden Glory (<i>Note 2</i>)	119,184,300	39.14	0	0
Public	185,294,284	60.86	185,294,284	60.86
Total	<u>304,478,584</u>	<u>100.00</u>	<u>304,478,584</u>	<u>100.00</u>

Notes:

1. Marigold is 100% beneficially owned by Mr. Yam.
2. Golden Glory is wholly and beneficially owned by General Line International Holdings Limited which in turn is wholly and beneficially owned by Mr. Liang.

INFORMATION ON MARIGOLD

Marigold is an investment holding company incorporated in the British Virgin Islands with limited liability on 11 April 2006 and is wholly owned by Mr. Yam. Other than the entering into of the Sale and Purchase Agreement, Marigold has not conducted any business since its incorporation.

Mr. Yam, aged 46, has over 12 years of experience in the management and operation of a private textile and knitting company of which he is a controlling shareholder. Mr. Yam is a professional investor and has substantial investments in a number of companies whose shares are listed on the Stock Exchange including but not limited to 4.99% shareholding in Guangdong Nan Yue Logistics Company Limited and 4.21% shareholding in FAVA International Holdings Limited. In addition, Mr. Yam is a 50% beneficial owner of Marvel Bonus Holdings Limited which holds 70.41% shareholding in China Motion Telecom International Limited. Mr. Yam is not a director of any of the listed companies in which he has substantial investments. Mr. Yam obtained a bachelor degree of Science from the University of Toronto majoring in computer in 1983. In line with his investment philosophy for his substantial investments in some other listed companies, Mr. Yam will not participate in the management of the Company's business. Accordingly, he will not be nominated as a Director by the Offeror.

INTENTION OF MARIGOLD REGARDING THE GROUP

It is the intention of Marigold that the existing principal activities of the Group will remain unchanged after the close of the Offer. Marigold has no intention to dispose of or re-deploy the assets of the Group other than in the ordinary course of business and to inject its assets into the Group. Following completion of the Share Purchase and following the close of the Offer, Marigold intends to conduct a review of the Group's financial position and operations with a view to broadening and expanding the scope of business of the Group and will formulate a long-term strategy and plans for the Group. Although there is no plan to alter the existing principal activities of the Group at the date of this announcement, it is expected that by virtue of the experience of Mr. Yam in investment and his marketing network, synergistic effect and more business opportunities would be brought to the existing business of the Group by the Offeror.

Save as disclosed above, it is the intention of Marigold that there will be no material change in the existing management and employees of the Group following the close of the Offer to ensure a smooth transition.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Currently, the Board comprises seven executive Directors and three independent non-executive Directors. As at the date of this announcement, the Company's executive Directors are Mr. Liang Jin You, Ms. Li Kwo Yuk, Mr. Leung Kin Yau, Mr. Ou Jian Sheng, Mr. Deng Ju Neng, Mr. Chen Vee Yong, Frederick and Mr. Lee Sang Yoon and the Company's independent non-executive Directors are Mr. Lo Ming Chi, Charles, Mr. Lo Wah Wai and Mr. Orr, Joseph Wai Shing. It is expected that Mr. Liang Jin You, Ms. Li Kwo Yuk, Mr. Leung Kin Yau, Mr. Ou Jian Sheng, and Mr. Deng Ju Neng will resign and such resignation will take effect in full compliance with Rule 7 of the Takeovers Code. Further announcement will be made in compliance with the Listing Rules and the Takeovers Code upon such resignation. As at the date of this announcement, proposed Director(s) to be appointed to the Board has not been determined yet and further announcement will be made in compliance with the Listing Rules and the Takeovers Code upon such appointment. The appointment of Directors will be in compliance with the requirements of the Listing Rules and the Takeovers Code.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Marigold intends that the Company will remain listed on the Stock Exchange after the close of the Offer. The Company, Directors, Marigold and the new director to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading in the Shares; or**
- **there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend trading in the Shares.

“Company”	Artfield Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (Stock Code: 1229)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“Marigold” or “Offeror”	Marigold Worldwide Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Yam
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Golden Glory” or “Vendor”	Golden Glory Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising the three independent non-executive Directors constituted to advise the Independent Shareholders in connection with the Offer
“Independent Shareholders”	shareholders other than Marigold, Mr. Yam and parties acting in concert with any one of them as defined in the Takeovers Code
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under SFO
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under SFO
“Last Trading Day”	the trading day immediately prior to the suspension of trading in the Shares on 23 April 2007
“Mr. Liang” or “Warrantor”	Liang Jin You, the ultimate beneficial owner of Golden Glory
“Mr. Yam”	Yam Tak Cheung, the 100% beneficial owner of Marigold
“Offer”	the mandatory conditional cash offer to be made by Kingston Securities, on behalf of Marigold, to acquire all the issued Shares (other than those Shares already owned by Marigold, Mr. Yam and parties acting in concert with any one of them)

“Offer Share(s)”	issued Share(s) other than those already owned by Marigold, Mr. Yam and parties acting in concert with any one of them
“party(ies) acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Sale and Purchase Agreement”	the agreement dated 2 May 2007 entered into between, Golden Glory, Mr. Liang and Marigold in relation to the purchase of 119,184,300 Shares, representing approximately 39.14% of the entire issued share capital of the Company as at the date of this announcement, from Golden Glory by Marigold for a total consideration of HK\$65,200,000
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Purchase”	the purchase of 119,184,300 Shares from Golden Glory by Marigold in accordance with the terms and conditions of the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Marigold Worldwide Group Limited
Yam Tak Cheung
Sole Director

By order of the board of
Artfield Group Limited
Liang Jin You
Chairman

Hong Kong, 9 May 2007

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, Mr. CHEN Vee Yong, Frederick and Mr. LEE Sang Yoon. The independent non-executive directors are Mr. LO Ming Chi, Charles, Mr. LO Wah Wai and Mr. ORR, Joseph Wai Shing.

Mr. Yam Tak Cheung, being the sole director of Marigold, accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Marigold, Mr. Yam, the terms and conditions of the Offer and Marigold's intention regarding the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.