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## **ARTFIELD GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1229)**

### **CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION**

#### **Financial Adviser to the Company**

**BRIDGE PARTNERS**

**BRIDGE PARTNERS CAPITAL LIMITED**

The Board is pleased to announce that on 11 July 2008, the Company entered into the Services Agreement with China Sonangol pursuant to which the Company has agreed to provide the Services to China Sonangol.

The Directors (including the independent non-executive Directors) consider that the transaction contemplated under the Services Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

China Sonangol is the holding company of Ascent Goal Investments Limited, the controlling shareholder of the Company, and therefore is a connected person of the Company. The transaction contemplated under the Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. Further, as the relevant percentage ratios are more than 5% but less than 25%, such transaction also constitutes a discloseable transaction under the Listing Rules. However, the annual consideration of the transaction is less than HK\$10,000,000. Such transaction falls within Rule 14A.34(2) of the Listing Rules and is exempted from the Independent Shareholders' approval requirement. It is subject to the reporting and announcement requirements. A circular containing, among other things, further details of the Services Agreement will be dispatched to the Shareholders as soon as practicable.

## **INTRODUCTION**

The Board is pleased to announce that on 11 July 2008, the Company entered into the Services Agreement with China Sonangol pursuant to which the Company has agreed to provide the Services to China Sonangol. The details of the Services Agreement are as follows:

## **SERVICES AGREEMENT**

**Date:** 11 July 2008

**Parties:** The Company (as a provider of the Services); and  
China Sonangol (as a recipient of the Services)

**Services and Terms:** Pursuant to the Services Agreement, the Company has agreed to provide the Services to China Sonangol for a period of 18 months, commencing from 1 August 2008.

**Services Fee:** China Sonangol shall pay to the Company a services fee of HK\$500,000 per month in cash. The total services fee payable for the period of 18 months is HK\$9,000,000. The above services fee was arrived at after arm's length negotiation between the parties with reference to the manpower, time, equipment and materials required for providing the Services and shall be no less favourable than that offered to the third parties by China Sonangol in the market.

## **ANNUAL CAPS**

In compliance with the relevant requirements under the Listing Rules, the Company has set an annual cap in respect of the Continuing Connected Transaction. Pursuant to the Services Agreement, China Sonangol shall pay to the Company a monthly services fee of HK\$500,000. In the circumstances, it is expected that the services fee payable to the Company under the Services Agreement will not exceed HK\$4,000,000 and HK\$5,000,000 for the Company's financial year ending 31 March 2009 and 31 March 2010 respectively.

The above annual cap is determined with reference to the fixed monthly services fee payable according to the Services Agreement which, in the Directors' view, are fair and reasonable.

The Group has no prior transactions with China Sonangol or its ultimate beneficial owners which require aggregation under rules 14.22 and 14A.25 of the Listing Rules.

## **REASONS FOR THE TRANSACTION**

As mentioned above, the services fee payable to the Company under the Services Agreement shall be no less favourable than that offered to the third parties by China Sonangol in the market. Although the provision of the Services is not the main business of the Company, the Company has sufficient equipment and existing management and employees with relevant analytical, accounting, trading, sales and marketing experience for providing the Services. The entering into of the Services Agreement gives the Company an opportunity to expand its business and is, in the Directors' view, beneficial to the development and expansion of the Company.

The Directors (including the independent non-executive Directors) consider that the transaction contemplated under the Services Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE GROUP AND CHINA SONANGOL**

The Company is an investment holding company. The principal activities of the Group are marketing and trading of clocks and other office related products, lighting products and trading of metals.

China Sonangol is a company incorporated in Hong Kong with limited liability, which is principally engaged in the exploration, development, production and sale of crude oil, property and hotel investment, and investment holdings. It is the holding company of Ascent Goal Investments Limited, the controlling shareholder of the Company, and therefore is a connected person of the Company.

## **LISTING RULES IMPLICATIONS**

Since China Sonangol is a connected person of the Company as mentioned above, the transaction contemplated under the Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. Further, as the relevant percentage ratios are more than 5% but less than 25%, such transaction also constitutes a discloseable transaction under the Listing Rules. However, the annual consideration of the transaction is less than HK\$10,000,000. Such transaction falls within Rule 14A.34(2) of the Listing Rules and is exempted from the Independent Shareholders' approval requirement. It is subject to the reporting and announcement requirements. A circular containing, among other things, further details of the Services Agreement will be dispatched to the Shareholders as soon as practicable.

## DEFINITIONS

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

“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Sonangol”	China Sonangol International Limited, a company incorporated in Hong Kong with limited liability and the holding company of Ascent Goal Investments Limited, the controlling shareholder 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
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction”	the continuing connected transaction contemplated under the Services Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Ascent Goal Investments Limited, China Sonangol and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio”	has the same meaning ascribed to it under the Listing Rules, as application to a transaction

“Services”	the services to be provided by the Company to China Sonangol under the Services Agreement including providing market analysis in respect of oil trading business in order to support sales & marketing efforts; providing news clipping services to provide information related to oil trading business for sales & marketing efforts; analyzing background and credibility of buyers in oil trading transactions; preparing sales report for oil trading transactions; collecting documents related to loading details in oil trading transactions; vetting the receipts of shipping documents and bill of lading in oil trading transactions; preparing invoices related to oil trading transactions; monitoring the account receivables related to oil trading transactions and providing accounting services related to oil trading transactions, including book keeping and preparation of relevant management reports related to the abovementioned services
“Services Agreement”	a services agreement dated 11 July 2008 and entered into between the Company and China Sonangol in relation to the provision of Services by the Company to China Sonangol
“Shareholders”	shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**ARTFIELD GROUP LIMITED**  
**Kwan Man Fai**  
*Executive Director*

Hong Kong, 17 July 2008

*As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Lo Fong Hung, Mr. Wang Xiangfei and Mr. Kwan Man Fai, and three independent non-executive Directors, namely Mr. Wong Man Hin, Raymond, Mr. Lam Ka Wai, Graham and Mr. Chan Yiu Fai, Youdey.*