

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Artel Solutions Group Holdings Limited, you should at once hand this circular and the accompanying form of proxy 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 the transferee.

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ARTEL SOLUTIONS GROUP HOLDINGS LIMITED

宏通集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 931)

PROPOSED APPOINTMENT OF AUDITORS

A notice convening the EGM of the Company to be held at Flat 18, 1/F, Flourish Industrial Building, 33 Sheung Yee Road, Kowloon Bay, Hong Kong on Monday, 15 October 2007 at 11:30 a.m. is set out on page 5 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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DEFINITIONS

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

“Appointment of Auditors”	subject to the Shareholders’ approval at the EGM, the proposed appointment of PKF as new auditors of the Company to hold office until the next annual general meeting to fill the vacancy following the resignation of Deloitte Touche Tohmatsu
“Articles of Association”	the articles of association of the Company and “Article” shall mean an article of the Articles
“Board”	the board of Directors from time to time
“Company”	Artel Solutions Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Deloitte Touche Tohmatsu”	Deloitte Touche Tohmatsu, Certified Public Accountants
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Flat 18, 1/F, Flourish Industrial Building, 33 Sheung Yee Road, Kowloon Bay, Hong Kong on Monday, 15 October 2007 at 11:30 a.m., to consider and, if thought fit, approving the Appointment of Auditors
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PKF”	PKF, Certified Public Accountants, the proposed new auditors of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



ARTEL SOLUTIONS GROUP HOLDINGS LIMITED

宏通集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 931)

Executive Director:

Mr. Yu Pen Hung

Independent non-executive Director:

Mr. Lee Kong Leong

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Flat 18, 1/F

Flourish Industrial Building

33 Sheung Yee Road

Kowloon Bay

Hong Kong

27 September 2007

To the Shareholders

Dear Sir or Madam,

PROPOSED APPOINTMENT OF AUDITORS

INTRODUCTION

Reference is made to the announcement of the Company dated 19 September 2007 in relation to, among other matters, the proposed Appointment of Auditors. The purpose of this circular is to provide you with (i) details of the proposed Appointment of Auditors; and (ii) the notice of EGM.

PROPOSED APPOINTMENT OF AUDITORS

As announced in the announcement of the Company dated 19 September 2007, Deloitte Touche Tohmatsu have resigned as auditors of the Company with effect from 22 December 2006.

* For identification purposes only

LETTER FROM THE BOARD

In their resignation letter to the Company, Deloitte Touche Tohmatsu stated that in reaching the decision to resign as auditors of the Company, they had taken into account many factors including the professional risk associated with the audit, the level of audit fees and their available resources in the light of current work flows and in the case of the Company, they had also taken into account the fact that they had encountered limitation in the evidence available to them during their audit of the consolidated financial statements of the Company for the year ended 31 December 2005, details of which were set out in their auditors' report dated 27 April 2006 and which, together with the fundamental uncertainty relating to the going concern basis of the Company also set out in their auditors' report dated 27 April 2006, required them to issue a disclaimer of opinion. In addition, the fees owing to them by the Company in respect of their services as auditors of the Company and its subsidiaries for the financial year ended 31 December 2005 had been outstanding since July 2006. As these circumstances have a negative impact on their ability to perform an independent audit for the financial year ended 31 December 2006, Deloitte Touche Tohmatsu decided to tender their resignation as auditors of the Company. They also confirmed in their resignation letter that there were no matters in addition to those stated above that need to be brought to the attention of holders of securities of the Company.

In their clearance letter to PKF, the proposed new auditors of the Company, Deloitte Touche Tohmatsu confirmed that other than the fees owing to them by the Company, they were not aware of any professional reason or circumstance why PKF should not accept the appointment as auditors of the Company.

To fill the vacancy following the resignation of Deloitte Touche Tohmatsu, the Board proposed to appoint PKF as auditors of the Company to hold office until the next annual general meeting of the Company. The appointment of PKF is subject to the approval of the Shareholders at the EGM pursuant to the Articles of Association.

To the best knowledge of the Board, none of the Shareholders are required to abstain from voting at the EGM.

EGM

Set out on page 5 of this circular is a notice convening the EGM to consider and, if thought fit, to approve the ordinary resolution in respect of the Appointment of Auditors. A form of proxy for use at the EGM is enclosed herewith.

Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL

Pursuant to the Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

RECOMMENDATION

The Board (including the independent non-executive Director) considers that the Appointment of Auditors is in the interests of the Company and the Shareholders as a whole and accordingly recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

By Order of the Board
Artel Solutions Group Holdings Limited
Yu Pen Hung
Director

NOTICE OF EGM



ARTEL SOLUTIONS GROUP HOLDINGS LIMITED

宏通集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 931)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Artel Solutions Group Holdings Limited (the “Company”) will be held at Flat 18, 1/F, Flourish Industrial Building, 33 Sheung Yee Road, Kowloon Bay, Hong Kong on Monday, 15 October 2007 at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“To appoint PKF, Certified Public Accountants, as the auditors of the Company and its subsidiaries to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu, Certified Public Accountants, with immediate effect and to authorise the board of directors of the Company to fix their remuneration.”

By Order of the Board
Artel Solutions Group Holdings Limited
Yu Pen Hung
Director

Hong Kong, 27 September 2007

As at the date of this notice, the board of directors of the Company comprises Mr. Yu Pen Hung as an executive Director and Mr. Lee Kong Leong as an independent non-executive Director.

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

* *for identification purposes only*

NOTICE OF EGM

Head office and principal place of business in Hong Kong:

Flat 18, 1st Floor

Flourish Industrial Building

33 Sheung Yee Road

Kowloon Bay

Kowloon

Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or, if he is holder of two or more shares, more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In the case of joint registered holders of any share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.
3. In order to be valid, the form of proxy when duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting.
4. Completion and delivery of the form of proxy will not preclude members from attending and voting at the EGM or any adjournment thereof, in which case the form of proxy shall be deemed to be revoked.