



Argos

ARGOS ENTERPRISE (HOLDINGS) LIMITED

雅高企業(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 8022)



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever to any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of ARGOS ENTERPRISE (HOLDINGS) LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to ARGOS ENTERPRISE (HOLDINGS) LIMITED. The directors of ARGOS ENTERPRISE (HOLDINGS) LIMITED, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



FIRST QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2007

HIGHLIGHTS

- Achieved a turnover of approximately HK\$37,154,000 for the three months ended 31 March 2007, representing an increase of approximately 10% as compared with that of the corresponding period in 2006.
- Net loss from ordinary activities attributable to shareholders approximately HK\$421,000 for the three months ended 31 March 2007 mainly due to increase in costs and administrative expenses and also not yet receive any government subsidy.
- Loss per share was approximately HK0.23 cents.
- The directors do not recommend the payment of dividend for the three months ended 31 March 2007.



FIRST QUARTERLY RESULTS

For the three months period ended 31 March 2007 (Unaudited)

The directors (the “Directors”) of Argos Enterprise (Holdings) Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 March 2007 together with comparative unaudited figures for the corresponding period in 2006 (the “Relevant Period”), as follows:

		Three months ended 31 March	
		2007	2006
	Notes	HK\$'000	HK\$'000
TURNOVER	2	37,154	33,726
COST OF SALES		<u>(30,553)</u>	<u>(27,756)</u>
GROSS PROFIT		6,601	5,970
OTHER REVENUE	2	1,441	2,561
ADMINISTRATIVE EXPENSES		<u>(7,707)</u>	<u>(5,745)</u>
PROFIT FROM OPERATIONS		335	2,786
INTEREST INCOME		67	97
FINANCE COSTS	3	<u>(708)</u>	<u>(774)</u>
(LOSS) PROFIT BEFORE TAXATION		(306)	2,109
TAXATION	4	<u>187</u>	<u>(167)</u>
(LOSS) PROFIT Before Minority Interest		(119)	1,942
MINORITY INTERESTS		<u>(302)</u>	<u>(1,197)</u>
(LOSS) PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>(421)</u>	<u>745</u>
(LOSS) EARNINGS PER SHARE – BASIC (cents)	5	<u>(0.23)</u>	<u>0.41</u>



Notes:

1. Basis of preparation

The Group's financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies adopted in preparing the unaudited first quarterly consolidated results are consistent with those adopted in the preparation of the annual audited financial statements for the year ended 31 December 2006.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions and balances within the Group have been eliminated on consolidation.

2. Turnover and revenue

The Group is engaged in the rendering of bus services through public routes, tourist routes, hire-a-bus and employee services, sub-contracting, rental, sightseeing ticket sales and touring as well as management fees. Revenue recognized during the Relevant Period is as follows:

	Three months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Turnover		
Related bus services		
– Public routes	23,294	21,145
– Tourist routes	2,185	1,983
– 'Hire a bus' services	2,637	2,394
Taxi rental	4,593	4,169
Rental income	534	485
Sightseeing ticket sales and touring	3,340	3,032
Management fee	571	518
	37,154	33,726
Other revenue		
Advertising income on fleet body	519	506
Subsidy from local authority	–	1,117
Sundries	922	938
	1,441	2,561
Total revenue	38,595	36,287



3. Finance costs

	Three months ended 31 March	
	2007 HK\$'000	2006 HK\$'000
Interest on bank loans and overdrafts	<u>708</u>	<u>774</u>

4. Taxation

The taxation charge comprises:

	Notes	Three months ended 31 March	
		2007 HK\$'000	2006 HK\$'000
Hong Kong profits tax	(i)	–	–
Overseas taxation	(ii)	<u>(187)</u>	<u>167</u>
		<u>(187)</u>	<u>167</u>

Notes:

- (i) No provision for Hong Kong profits tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax during the relevant period.
- (ii) Taxation arising in other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

5. Loss per share

The calculation of the basic loss per share is based on basic loss from the ordinary activities for the three months ended 31 March 2007 of HK\$421,000 (2006: HK\$745,000) and on 180,000,000 (2006: 180,000,000) shares in issue during the period.

There were no potentially dilutive shares outstanding during the Relevant Periods. No dilutive earnings per share is presented.

6. Reserves

There has been no movement of reserves, other than retained earnings, during the period (2006: Nil).



INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2007 (2006: Nil).

BUSINESS REVIEW

In the first quarter of 2007, the price of crude oil more stable compare to same period in 2006. However, the increase in staff costs and administrative expenses in some PRC subsidiaries affecting the results of the group. In addition, the government subsidies are not yet receive as it is still under negotiation.

The unaudited consolidated turnover of the Group for the three months ended 31 March 2007 was approximately HK\$37,154,000 representing an increase of 10% over the corresponding period in 2006.

The loss was approximately HK\$421,000 in the first quarter of 2007. The loss was mainly due to the increase in administrative expenses and the management still negotiating the government subsidies with the government department for year 2007. Loss per share for the three months ended 31 March 2007 was HK0.23 cents as compared to earnings per share of HK0.41 cents for the corresponding period in 2006.

FUTURE PROSPECTS

Although restrained by the concerns over inflation stemming from the relevant government authorities in the PRC, the Directors will endeavour to negotiate with the relevant government authorities in the PRC for raising the bus fares and subsidy schemes in order to offset the negative impact on the Group's operation due to increase in staff costs so as to improve the overall profitability of the Group.

Also the Group will continue to control its costs and improve the efficiency of its operations in order to offset the negative impact on the profitability of the Group.



DIRECTORS' SHAREHOLDING INTERESTS IN THE COMPANY

As at 31 March 2007, the following Directors have the following interests in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Section 347 of the SFO (including interests which they were taken or deemed to have under Section 344 of the SFO), or which required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name	Type of interest	Number of issued share held
Mr. Yeung Wai Hung	Corporate	1,400,000 (<i>Notes 1 and 2</i>)

As at 31 March 2007 none of the Directors held any long or short positions in the share capital of the Company or (in respect of positions held pursuant to equity derivatives) underlying shares or in debentures of the Company or its associated corporations.

Note: By virtue of Part XV of the SFO, Mr. Yeung Wai Hung is deemed to be interested in the entire issued capital of Cherikoff Bakery & Confections Limited which is interested in 1,400,000 shares in the Company.

SHARE OPTION SCHEME

On 31 July 2001, a share option scheme was approved by a written resolution of all the shareholders of the Company under which the Directors may, at their discretion, grant options to themselves and the full-time employees of the Group entitling them to subscribe for shares representing up to a maximum of 10 per cent. of the shares in the Company in issue from time to time (excluding shares which have been allotted and issued pursuant to the share option scheme). During the period from 13 August 2001 to 31 March 2007, no option has been granted or agreed to be granted to the Directors under the scheme.

At no time during the three months ended 31 March 2007 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire the benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the share option scheme (under which no option has yet been granted or agreed to be granted) referred to above, at no time during the three months ended 31 March 2007 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate and none of the Directors, or their spouses or children under the age of the 18, had any right to subscribe for the Shares in the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 31 March 2007, the register of substantial shareholders (other than a Director) maintained under section 336 of the SFO showed that the Company had been notified of substantial shareholding interests, being 5% or more of the Company's issued share capital, as follows:

Name	Notes	Number of Shares	Percentage of issued share capital
Sino Market Enterprises Limited	1	112,284,000	62.38%
Sinoman International Limited	1	112,284,000	62.38%
Twilight Enterprises Limited	2	112,284,000	62.38%
Mellin Enterprises Limited	3	112,284,000	62.38%
Chiu Gee Chai	4	112,284,000	62.38%

As at 31 March 2007 none of the above-listed substantial shareholders held any long or short positions in the share capital of the Company or (in respect of positions held pursuant to equity derivatives) underlying shares or in debentures of the Company or its associated corporations.



Notes:

1. These 112,284,000 shares are held by Sino Market Enterprises Limited which is beneficially owned as to 54.8 per cent. by Sinoman International Limited and as to 22.6 per cent. by Mellin Enterprises Limited and as to 22.6 per cent. by Mr. Yeung Wai Hung; an executive director of the Company.
2. Sinoman International Limited is beneficially owned as to 100 per cent. by Twilight Enterprises Limited which is beneficially owned by Mr. Wilkie Wong, a non-executive director of the company, as to 12.5 per cent.; Mr. Wong Wai Lok, William, as to 12.5 per cent.; Ms. Wong Wai Yee, Winnie, as to 12.5 per cent.; Ms. Wong Wai Ying, Vivian, as to 12.5 per cent.; and as to 50 per cent. by Madam Chiu Gee Chai, the wife of Mr. Wilson Wong.
3. The issued share capital of Mellin Enterprises Limited is beneficially owned by Mr. Wong Wah Sang, an executive Director and chairman of the Company, as to 50 per cent., Mr. Wong Man Chiu, Ronnie, an executive Director, as to 50 per cent., Mr. Wong Wah Sang is the father of Mr. Wong Man Chiu, Ronnie.
4. By virtue of Part XV of the SFO, Madam Chiu Gee Chai is deemed to be interested in 112,284,000 shares.
5. By virtue of Part XV of the SFO, each of Sino Market Enterprises Limited, Sinoman International Limited, Mellin Enterprises Limited, Twilight Enterprises Limited and Madam Chiu Gee Chai is deemed to be interested in 500,000 ordinary shares in Argos Bus Services (China) Company Limited, a subsidiary of the Company.

Save as disclosed above, no person has registered an interest or short position in the share capital of the Company that was required to be recorded under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the three months ended 31 March 2007.

AUDIT COMMITTEE

The Company has established an audit committee which adopted the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprised three independent non-executive Directors of the Company, namely Mr. Sung Wai Tak, Herman, Mr. Cheung Man Yau, Timothy and Mr. Wong Lit Chor, Alexis.



The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated first quarterly financial statements for the three months ended 31 March 2007.

BOARD PRACTICES AND PROCEDURES

During the three months ended 31 March 2007, the Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

COMPETING INTERESTS

The Directors have substantial experience in the operation of transportation companies especially bus services, with over 20 years of experience in the operation of such services in Hong Kong. Such operations in Hong Kong are mainly trading under the names of Argos Bus Services Co., Ltd. ("Argos Hong Kong"), a fellow subsidiary of the Company, and Goldspark HK Tours Limited, indirectly owned subsidiary of Argos Hong Kong, and Metro Line Tours Limited, owned 50 per cent. by Twilight Enterprises Limited.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

By order of the Board
Argos Enterprise (Holdings) Limited
Wong Wah Sang
Chairman

Hong Kong, 14 August 2007

As of the date hereof, the executive directors are Mr. Wong Wah Sang (Chairman), Mr. Wong Man Chiu, Ronnie, and Mr. Yeung Wai Hung; the non-executive director is Mr. Wilkie Wong; while the independent non-executive directors are Messrs. Sung Wai Tak, Herman, Cheung Man Yau, Timothy and Wong Lit Chor, Alexis.