



**ARGOS ENTERPRISE (HOLDINGS) LIMITED**  
**雅高企業(集團)有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 8022)

**2007 THIRD QUARTERLY RESULTS ANNOUNCEMENT**

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**HIGHLIGHTS**

- Achieved a turnover of HK\$124,375,000 for the nine months ended 30th September 2007, representing an increase of approximately 16% as compared with the turnover for the corresponding period in 2006.
- Loss from ordinary activities attributable to shareholders of HK\$996,000 and loss of HK\$1,291,000 for the nine months and three months ended 30th September 2007 respectively.
- Loss per share was approximately HK\$0.55 cents (Earnings per share corresponding period in 2006: HK\$0.82 cents).
- The directors do not recommend payment of an interim dividend for the nine months ended 30th September 2007.

### THIRD QUARTERLY RESULTS (UNAUDITED)

*For the nine months ended 30th September 2007*

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 nine months and three months ended 30th September 2007 together with comparative unaudited figures for the corresponding periods in 2006 (the “Relevant Periods”) as follows:

		Nine months ended 30th September		Three months ended 30th September	
		2007	2006	2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	2	<b>124,375</b>	107,361	<b>43,922</b>	36,612
COST OF SERVICES		<u><b>(106,869)</b></u>	<u>(87,960)</u>	<u><b>(41,024)</b></u>	<u>(25,979)</u>
GROSS PROFIT		<b>17,506</b>	19,401	<b>2,898</b>	10,633
OTHER REVENUE	2	<b>11,947</b>	9,667	<b>10,206</b>	2,604
ADMINISTRATIVE EXPENSES		<u><b>(27,999)</b></u>	<u>(23,693)</u>	<u><b>(14,357)</b></u>	<u>(12,652)</u>
PROFIT FROM OPERATIONS		<b>1,454</b>	5,375	<b>(1,253)</b>	585
INTEREST INCOME		<b>324</b>	444	<b>145</b>	118
FINANCE COSTS	3	<u><b>(1,211)</b></u>	<u>(1,083)</u>	<u><b>(125)</b></u>	<u>(81)</u>
PROFIT (LOSS) BEFORE TAXATION		<b>567</b>	4,736	<b>(1,233)</b>	622
TAXATION	4	<u><b>(370)</b></u>	<u>(784)</u>	<u><b>(53)</b></u>	<u>(39)</u>
PROFIT (LOSS) BEFORE MINORITY INTERESTS		<b>197</b>	3,952	<b>(1,286)</b>	583
MINORITY INTERESTS		<u><b>(1,193)</b></u>	<u>(2,483)</u>	<u><b>(5)</b></u>	<u>(342)</u>
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS		<u><b>(996)</b></u>	<u>1,469</u>	<u><b>(1,291)</b></u>	<u>241</u>
EARNINGS (LOSS) PER SHARE – BASIC ( <i>CENTS</i> )	5	<u><b>(0.55)</b></u>	<u>0.82</u>	<u><b>(0.72)</b></u>	<u>0.13</u>

Notes:

## 1. Basis of preparation and principal accounting policies

The Group's financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Financial Reporting Standard ("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 consolidated third quarter results are consistent with those adopted in the preparation of the annual audited financial statements for the year ended 31st 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 in PRC through public routes, tourist routes, bus hire and employee services, taxi rental, rental, sightseeing ticket sales and touring as well as management fees. Revenue recognized during the Relevant Periods are as follows:

	Nine months ended		Three months ended	
	30th September		30th September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Related bus services				
– Public routes	71,874	62,042	21,908	18,105
– Tourist routes	8,622	7,442	499	300
– Bus hire services	10,552	9,109	5,335	4,521
Taxi rental	14,546	12,556	7,208	6,103
Rental income	1,443	1,246	621	522
Sightseeing ticket sales & touring	15,636	13,497	7,649	6,472
Management fee	1,702	1,469	702	589
	<u>124,375</u>	<u>107,361</u>	<u>43,922</u>	<u>36,612</u>
Other revenue				
Advertising income on fleet body	760	1,545	121	120
Subsidy from local authority	8,723	4,194	8,723	429
Sundries	2,464	3,928	1,362	2,055
	<u>11,947</u>	<u>9,667</u>	<u>10,206</u>	<u>2,604</u>
Total revenue	<u>136,322</u>	<u>117,028</u>	<u>54,128</u>	<u>39,216</u>

### 3. Finance costs

	Nine months ended 30th September		Three months ended 30th September	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Interest on bank loans and overdrafts	<u>1,211</u>	<u>1,083</u>	<u>125</u>	<u>81</u>

### 4. Taxation

The taxation charge comprises:

	Notes	Nine months ended 30th September		Three months ended 30th September	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong profits tax	(i)	–	–	–	–
Overseas taxation	(ii)	<u>370</u>	<u>784</u>	<u>53</u>	<u>39</u>
		<u>370</u>	<u>784</u>	<u>53</u>	<u>39</u>

(i) No provision for Hong Kong profits tax has been made as the Group did not have assessable profit subject to Hong Kong Profits Tax during the relevant periods.

(ii) Taxation arising in other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

### 5. Loss per share

The calculation of the basic loss per share is based on loss from the ordinary activities attributable to shareholders for the nine months and three months ended 30th September 2007 of HK\$996,000 and HK\$1,291,000 respectively (2006: Earnings HK\$1,469,184 and Earnings HK\$240,688) and on 180,000,000 (2006: 180,000,000) shares in issue during the periods.

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

### 6. Reserves

	Share premium HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	General reserve HK\$'000	Revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1st January 2007	29,200	4,647	(490)	3,227	48	16,324	52,956
Loss for the period	–	–	–	–	–	(996)	(996)
Surplus on revaluation	–	–	–	–	–	–	–
Translation of financial statements of overseas subsidiaries	–	18	–	–	–	–	18
As at 30th September 2007	<u>29,200</u>	<u>4,665</u>	<u>(490)</u>	<u>3,227</u>	<u>48</u>	<u>15,328</u>	<u>51,978</u>

In accordance with the relevant PRC regulations, subsidiaries of the Company established in the PRC are required to transfer a certain percentage of their profit after taxation, if any, to the general reserve which comprise of the statutory reserve and the enterprise expansion fund. The percentage of the transfer is determined by the Board of directors of the subsidiaries.

The above reserves are non-distributable and calculated by reference to the PRC statutory financial statements of these subsidiaries.

**7. Interim dividend**

The Board does not recommend the payment of any dividend for the nine months ended 30th September 2007 (2006: Nil).

## **BUSINESS REVIEW**

The unaudited turnover of the Group increased by 16% to HK\$124,375,000 compared with the turnover for the corresponding period in 2006.

During the first half year of 2007, the crude oil prices continue to rise and maintained at an extremely high level. Despite the exercise of tight cost control on the Group's operations, the high oil prices brought tremendous negative impact on the profitability of the Group's operations. In the third quarter of 2007, oil prices were less volatile and showed declining signs, which is a favorable effect on the Group's operations.

## **FUTURE PROSPECTS**

In addition to exercising continues efforts to control costs and improve operating efficiency, the management of the Group will look further into the feasibility of increasing the Group's investment in the PRC travel industry in order to diversify the Group's earning bases and ultimately increase the Group's profitability.

## **DIRECTORS' SHAREHOLDING INTERESTS IN THE COMPANY**

As at the 30th September 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:

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

As at 30th September 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.

*Notes:*

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 31st 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 13th August 2001 to 30th September 2007, no option has been granted or agreed to be granted to the Directors under the scheme.

At no time during the nine months ended 30th September 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 nine months ended 30th September 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 30th September 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:

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

As at 30th September 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.



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 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 nine months ended 30th September 2007.

### **CORPORATE GOVERNANCE**

During the nine months ended 30th September 2007, the Board has engaged Mabel Chan and Co, an independent accounting firm, to conduct internal control review in order to strengthen the Group's internal control system and to comply with all the requirements of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix XV of the GEM Listing Rules.

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference and based upon 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 interim financial statements for the nine months ended 30th September 2007.

### **BOARD PRACTICES AND PROCEDURES**

During the nine months ended 30th September 2007, the Company has compliance 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 50% subsidiary of Argos Hong Kong.

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, 14th November 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 Mr. Sung Wai Tak, Herman, Mr. Cheung Man Yau, Timothy and Mr. Wong Lit Chor, Alexis.*