

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



## **ARGOS ENTERPRISE (HOLDINGS) LIMITED**

### **雅高企業（集團）有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 8022)

#### **(1) DISCLOSEABLE TRANSACTION**

#### **– ACQUISITION OF A TRAVEL COMPANY IN THE PRC**

#### **(2) UNUSUAL PRICE & VOLUME MOVEMENTS**

**&**

#### **(3) RESUMPTION OF TRADING**

The Directors are pleased to announce that on 18th August 2004, Argos Enterprise Management Consultant (Nanjing) Limited, a wholly-owned subsidiary of Argos China, of which is a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Xuzhou Tourism Bureau (徐州市旅遊局) which is the authority in charge and the PRC Central Government authorized signing department, to acquire all the assets & liabilities of the Xuzhou China International Travel Service (徐州中國國際旅行社), a state-owned enterprise, at the consideration of RMB1,700,000 (HK\$1,603,773). Xuzhou Tourism Bureau (徐州市旅遊局) is an independent third party not connected with the Company and any of the Directors, chief executives, substantial Shareholders and management Shareholders of the Company or any of their respective associates as defined in the GEM Listing Rules.

With the assets and liabilities acquired from Xuzhou China International Travel Service, the former state-owned enterprise, Argos Enterprise Management Consultant (Nanjing) Limited then formed a new subsidiary, Xuzhou China International Travel Service Limited, to take over the operations of Xuzhou China International Travel Service. The assets and liabilities acquired from the former state-owned enterprise were injected into the new subsidiary as capital from Argos Enterprise Management Consultant (Nanjing) Limited. The new subsidiary, Xuzhou China International Travel Service Limited, is a limited liability company incorporated in the PRC on 14th October 2004.

Argos Enterprise Management Consultant (Nanjing) Limited owns 90% of Xuzhou China International Travel Service Limited while the remaining 10% is owned by Argos Recreation and Sports (Nanjing) Co. Ltd..

Argos Recreation and Sports (Nanjing) Co. Ltd. is a wholly owned subsidiary of Argos Recreation and Sports Development Ltd., a company incorporated in Hong Kong and Argos Recreation and Sports Development Ltd. is beneficially owned as to 30% by Twilight Enterprises Limited, the ultimate holding company of the Company, and as to 25% by Mr. Yeung Wai Hung, executive director of the Company.

Twilight Enterprises Limited and Mr. Yeung Wai Hung are the shareholders of Sinoman International Limited which together owns 100% of Sinoman International Limited. Sinoman International Limited beneficially owns 61.03% of Sino Market Enterprises Ltd., the controlling shareholder of the Company which beneficially owns 70% of the Company.

The Directors (including the independent non-executive directors) of the Company consider the terms and conditions of the Sale and Purchase Agreement to be fair and reasonable and in the best interests of the Company and the Shareholders taken as a whole.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The S & P Agreement signed on 18th August 2004 was a conditional agreement that the transaction might not be successful if the international travel agency operation permit could not be granted. Then the said agreement might be cancelled and only the consideration paid to be refunded to us. The Company needed time to gather all relevant information to prepare this announcement and thus there was delay in publishing this announcement for which the Company does hereby apologize. Also, there was some delay in getting the international travel agency operation permit from the PRC National Tourism Bureau (中華人民共和國國家旅遊局) and thus at some stage the Company was not certain that whether the deal would go through as we can get full refund from the vendor according to the S & P Agreement if the above mentioned permit was not issued to the new subsidiary. The above mentioned delay to a certain extent caused the delay in publishing this announcement.

There were several announcements for clarification of unusual price & volume movements of the shares of the Company published by the Company on 30th September 2004, 15th November 2004, 14th December 2004, 28th January 2005, 3rd March 2005 stating that “We have noted of the recent increase in the price of the shares of Argos Enterprise (Holdings) Limited (“the Company”) and wish to state that we are not aware of any reasons for such an increase in price. We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligations imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature”. However, the Company is of the opinion that those unusual price & volume movements are unrelated to this discloseable transaction due to the immaterial amount of the transaction involved. Also, the Company wish to state the it is not aware of any reasons for the increase in the price of its shares on 30th March 2005 and hereby confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, which is or may be of a price-sensitive nature saved as disclosed in this announcement.

The Stock Exchange has indicated that it is looking into the matters regarding the untimely disclosure of the discloseable transaction and the accuracy of information contained in the unusual price movement announcements published by the Company. The Stock Exchange reserves the right to take action against the Company/and its directors.

A circular containing details of the Transaction in accordance with the requirements of Rules 19.63, 19.64 and 19.65 will be dispatched to the shareholders as soon as practicable, and in any event within twenty-one days after this announcement.

At the request of the Company, trading in shares on the GEM of the Stock Exchange was suspended on 9:30 a.m. on 31st March 2005 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of shares on the GEM of the Stock Exchange with effect from 9:30 a.m. on 11th April 2005.

## **THE S & P AGREEMENT**

Date of the Agreement: 18th August 2004

### **Parties**

**Vendor:** Xuzhou Tourism Bureau (徐州市旅遊局), the authority in charge of Xuzhou China International Travel Service (徐州中國國際旅行社) and the PRC Government authorized signing department which is an Independent Third Party not connected with the Company and/or related parties as defined in the GEM Listing Rules.

**Purchaser:** Argos Enterprise Management Consultant (Nanjing) Limited, a company incorporated in PRC and a wholly-owned subsidiary of Argos China, of which is a wholly-owned subsidiary of the Company. Its principal business is rendering public transportation management consultancy services.

**Assets to be acquired:** The entire interest of the business entity of Xuzhou China International Travel Service (a state-owned enterprise), including all of its assets and liabilities as shown on the Business Valuation Report based on market value recognized by the regulatory authority made on 31st October 2003, but its validity last for one year, by Jiangsu Huaihai Certified Public Accountants Limited, an independent valuer, of whom is a generally recognized certified public accountants company and business valuer in Jiangsu province. According to the Business Valuation Report prepared by Jiangsu Huaihai Certified Public Accountants Limited, the above mentioned independent valuer, the identifiable tangible assets of Xuzhou China International Travel Service were valued at their replacement costs basis at replacement costs with reference to prevailing market price and degree of obsolescence of the tangible assets in question. On the other hand, identifiable intangible assets,

being the international travel agency operation permit, was valued by reference to the net present value of expected future cashflows generated from the international travel agency operation permit.

As at 31st August 2004, according to audited financial statements prepared under the PRC generally accepted accounting practice, both the audited total assets value of Xuzhou China International Travel Service (the state-owned enterprise) was approximately RMB1,190,242 (equivalent to approximately HK\$1,122,870) while the audited total liabilities value was RMB1,323,089 (equivalent to approximately HK\$1,248,197).

Xuzhou China International Travel Service, the state-owned enterprise, recorded a after-tax profit of RMB36,600 (equivalent to approximately HK\$34,528) for the year ended 31st December 2002 and a after-tax loss of RMB336,800 (equivalent to approximately HK\$317,736) for the year ended 31st December 2003.

After the acquisition, the state-owned enterprise status was automatically terminated as a new company with limited liabilities in the name of Xuzhou China International Travel Service Limited was incorporated in the PRC on 14th October 2004, and thereby 90% of its new issued share capital of RMB1,500,000 whereas in the amount of RMB1,350,000 was subscribed by Argos Enterprise Management Consultant (Nanjing) Limited. The remaining 10% share capital of Xuzhou China International Travel Service Limited was subscribed by Argos Recreation and Sports (Nanjing) Co. Ltd. which is a wholly-owned subsidiary of Argos Recreation and Sports Development Ltd., a private company incorporated in Hong Kong with limited liability.

Argos Recreation and Sports Development Ltd. is beneficially owned as to 30% by Twilight Enterprises Limited, the ultimate holding company of the Company, and as to 25% by Mr. Yeung Wai Hung, executive director of the Company.

Twilight Enterprises Limited and Mr. Yeung Wai Hung are the shareholders of Sinoman International Limited which together owns 100% of Sinoman International Limited. Sinoman International Limited beneficially owns 61.03% of Sino Market Enterprises Ltd., the controlling shareholder of the Company which beneficially owns 70% of the Company.

The assets & liabilities of Xuzhou China International Travel Service acquired from Xuzhou Tourism Bureau (徐州市旅遊局) and injected into Xuzhou China International Travel Service Limited were verified at a value of RMB1,447,900 (equivalent to approximately HK\$1,365,943) by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司), a generally recognized Certified Public Accountant in the PRC. As the registered capital of the new subsidiary is RMB1,500,000 (equivalent to approximately HK\$1,415,094), Argos Enterprise Management Consultant (Nanjing) Limited was only required to contribute a capital of RMB1,350,000 (90% of RMB1,500,000). The excess of RMB97,900 was being treated as amount due to Argos Enterprise Management Consultant (Nanjing) Limited according to the capital verification report (驗資報告) prepared by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司).

A goodwill premium amounted to approximately RMB434,076 (equivalent to approximately HK\$409,505) arisen and arrived at after the deduction of the fair value of the assets and liabilities acquired against the cash consideration of RMB1,700,000 paid. There was no deposit payment made except the consideration payment.

With the assets and liabilities of Xuzhou China International Travel Service acquired from Xuzhou Tourism Bureau (徐州市旅遊局) and injected into Xuzhou China International Travel Service Limited, Xuzhou China International Travel Service Limited took over the operations of the former state-owned enterprise, Xuzhou China International Travel Service.

In order to take over the operations previously preformed by the state-owned enterprise, Xuzhou China International Travel Service Limited had to obtain the international travel agency operation permit from the PRC National Tourism Bureau (中華人民共和國國家旅遊局) and this permit was granted to Xuzhou China International Travel Service Limited on 1st December 2004. With the above mentioned permit, Xuzhou China International Travel Service Limited is allowed to operate inbound tours to the Mainland, outbound tours to both Hong Kong and overseas and inter-cities tours as well as other related services such as travel consultancy services, ticketing services, hotel room reservation services, advertisement placing services, sales of art & crafts and study tour services, etc.

The above mentioned international travel agency operation permit granted to Xuzhou China International Travel Service Limited on 1st December 2004 is valid for 3 years (i.e. the current permit is valid from 1st December 2004 until 30th November 2007). This license is renewable every 3 years and will normally be renewed. Applications for renewal will normally be approved provided that the services provided are up to the standard set by the PRC National Tourism Bureau. (中華人民共和國國家旅遊局).

Consideration: RMB1,700,000 (HK\$1,603,773) in cash

Basis of the Consideration and Payment: The Consideration was arrived at after arm's length negotiation between the parties to the S & P Agreement, and was determined after principally taking into account of the international travel agency operation permit issued to the new company by the PRC National Tourism Bureau for organizing inbound tours to the Mainland, outbound tours to both Hong Kong and overseas and inter-cities tours as well as other related services, such as, travel consultancy services, ticketing services, hotel room reservation services, advertisement placing services, sales of art and crafts and study tour services, etc. and other factors as set out in more detail in the section headed "Reasons for and benefit of the Acquisition" below, although the state-owned enterprise was with no net assets value at the time of acquisition. The Directors (including the independent non-executive Directors) consider the Consideration to be fair and reasonable and in the best interests of the Shareholders taken as a whole.

The Company had satisfied the Consideration by the internal resources of the Group. Argos Enterprise Management Consultant (Nanjing) Limited had paid the Consideration of RMB1,700,000 (HK\$1,603,773) to Xuzhou Tourism Bureau on 25th August 2004 and RMB680,000 out of the Consideration was to Xuzhou Tourism Bureau for settlement of the national debt liability of the former state-owned enterprise, Xuzhou China International Travel Service, while the balance is for the acquisition of all other assets and liabilities of Xuzhou China International Travel Service.

Completion: According to the S & P Agreement, the transaction was completed upon Xuzhou China International Travel Service Limited, the new subsidiary, successfully obtained the international travel agency operation permit from the PRC National Tourism Bureau (中華人民共和國國家旅遊局). Therefore, the transaction was completed on 1st December 2004.

Xuzhou China International Travel Service Limited is therefore a subsidiary of the Company acquired in 2004 and is included in the consolidated financial statements 2004 of the Company using the acquisition method.

The Acquisition is not subject to any other conditions.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As Argos Enterprise Management Consultant (Nanjing) Limited is engaged in rendering public transportation management consultancy services to public transportation operators in the PRC, while Xuzhou China International Travel Service is engaged in providing services including inbound tours to the Mainland, outbound tours to both Hong Kong and overseas and inter-cities tours as well as other related services, such as, travel consultancy services, ticketing services, hotel room reservation services, advertisement placing services, sales of art and crafts and study tour services, etc., so they can provide the synergies effect to the Group.

The Directors (including the independent non-executive Directors) are confident that the Acquisition would provide an opportunity in the travel business for the Company to diversify its business to explore new growth opportunities that can take advantage on its core competence as a public transport operator rendering transportation and related services, making best uses of its resources and taking full advantages of our economies of scale. Xuzhou China International Travel Service Limited will focus on developing and expanding the market share in inter-cities tours as well as exploring the market of inbound tour business from Hong Kong and Macau and outbound tour business to Hong Kong, Macau, Taiwan, Japan and other south eastern Asian countries. Xuzhou China International Travel Service Limited will also refocus on business and exhibition travel by capitalizing on its competitive advantages on the quality of services and brand name, resulting in bringing value-added and rewarding growth to shareholders.

Also, the vendor guaranteed that at the time of signing of the S & P Agreement on 18th August 2004, the new company to be set up, Xuzhou China International Travel Service Limited, would be the sole operator with the international travel agency operation permit in Xuzhou, China which is able to operate outbound tours.

Due to the above mentioned factors, the Directors, including independent non-executive directors, of the Company consider the terms and conditions of the Sale and Purchase Agreement to be fair and reasonable and in the best interests of the Company and the Shareholders taken as a whole.

## **GENERAL**

The Group is principally engaged in the provision of public bus transportation and related services in the PRC, which including the hire-a-bus and employee services, sub-contracting, rental, sightseeing tickets sales and tours, transportation consultancy services and rental of fleet body for advertising. The Directors (including the independent non-executive Directors) consider the terms and conditions of the Sale and Purchase Agreement to be fair and reasonable and in the best interests of the Shareholders taken as a whole. The Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

Xuzhou Tourism Bureau (徐州市旅遊局) is a branch of the PRC National Tourism Bureau (中華人民共和國國家旅遊局) in Xuzhou, China. PRC National Tourism Bureau is the organization in charge of all travel & tourism related affairs in the PRC and is an independent third party not connected with the Company and any of the Directors, chief executives, substantial Shareholders and management Shareholders of the Company or any of their respective associates as defined in the GEM Listing Rules.

The S & P Agreement signed on 18th August 2004 was a conditional agreement that the transaction might not be successful if the international travel agency operation permit could not be granted. Then the said agreement might be cancelled and only the consideration paid to be refunded to us. The Company needed time to gather all relevant information to prepare this announcement and thus there was delay in publishing this announcement for which the Company does hereby apologize. Also, there was some delay in getting the international travel agency operation permit from the PRC National Tourism Bureau (中華人民共和國國家旅遊局) and thus at some stage the Company was not certain that whether the deal would go through as we can get full refund from the vendor according to the S & P Agreement if the above mentioned permit was not issued to the new subsidiary. The above mentioned delay to a certain extent caused the delay in publishing this announcement.

There were several announcements for clarification of unusual price & volume movements of the shares of the Company published by the Company on 30th September 2004, 15th November 2004, 14th December 2004, 28th January 2005, 3rd March 2005 stating that “We have noted of the recent increase in the price of the shares of Argos Enterprise (Holdings) Limited (“the Company”) and wish to state that we are not aware of any reasons for such an increase in price. We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligations imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature” However, the Company is of the opinion that those unusual price & volume movements are unrelated to this discloseable transaction due to the immaterial amount of the transaction involved. Also, the Company wish to state that it is not aware of any reasons for the increase in the price of its shares on 30th March 2005 and hereby confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, which is or may be of a price-sensitive nature saved as disclosed in this announcement.

The Stock Exchange has indicated that it is looking into the matters regarding the untimely disclosure of the discloseable transaction and the accuracy of information contained in the unusual price movement announcements published by the Company. The Stock Exchange reserves the right to take action against the Company/and its directors.

A circular containing details of the Transaction in accordance with the requirements of Rules 19.63, 19.64 and 19.65 will be dispatched to the shareholders as soon as practicable, and in any event within twenty-one days after this announcement.

At the request of the Company, trading in shares on the GEM of the Stock Exchange was suspended on 9:30 a.m. on 31st March 2005 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of shares on the GEM of the Stock Exchange with effect from 9:30 a.m. on 11th April 2005.

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.

## **DEFINITION**

“Acquisition”	the acquisition of the entire business entity of the Xuzhou China International Travel Service, including all of its assets and liabilities as shown on the Business Valuation Report made on 31st October 2003 by Jiangsu Huaihai Certified Public Accountants Limited contemplated thereto pursuant to the S & P Agreement.
“Argos China”	Argos Bus Services (China) Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“associates”	has the meaning ascribed to this term in the GEM Listing Rules
“Board”	the board of directors of the Company
“Company”	Argos Enterprise (Holdings) Limited (雅高企業(集團)有限公司), a company incorporated in the Hong Kong with limited liability on 13th August 2001 the shares of which are listed on GEM
“Completion”	completion of the Acquisition
“Consideration”	the aggregate consideration of RMB1,700,000 for the Acquisition
“Directors”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	The Company together with its subsidiaries
“Independent Third Party”	independent third party not connected with the Company and the directors, chief executives, substantial shareholders or management shareholders of the Company and their respective subsidiaries or an associate of any of them

“Purchaser”	Argos Enterprise Management Consultant (Nanjing) Limited., a public transportation management consultancy company incorporated in PRC and a wholly-owned subsidiary of the Argos China
“PRC”	the People’s Republic of China
“S & P Agreement”	an agreement entered into between the Purchaser and the Vendor dated 18th August 2004 in respect of the Acquisition
“Shareholders”	holder(s) of share of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Xuzhou Tourism Bureau (徐州市旅遊局), the authority in charge of Xuzhou China International Travel Service (徐州中國國際旅行社) and the PRC Government authorized signing department an Independent Third Party not connected with the Company and/or related parties as defined in the GEM Listing Rules.
“HK\$”	Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

*Unless otherwise specified, the translation of RMB into HK\$ in this announcement is based on the exchange rate of HK\$1.00 = RMB1.06.*

By Order of the Board  
**Argos Enterprise (Holdings) Limited**  
**Wong Kwong Yiu, Bono**  
*Company Secretary*

Hong Kong, 8th April 2005

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its publication.*