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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) VERY SUBSTANTIAL DISPOSAL;
(2) PROPOSED CHANGE OF COMPANY NAME;
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



INCUB Corporate Finance Limited

VERY SUBSTANTIAL DISPOSAL

On 6 May 2009 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Guarantors pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares and the Sale Loan. The consideration for the sale and purchase of the Sale Shares is HK\$1,500,000 and subject to the adjustment, the consideration for the sale and purchase of the Sale Loan is HK\$6,500,000.

Upon Completion, the Target Group will cease to be subsidiaries of the Company.

PROPOSED CHANGE OF COMPANY NAME

The Board announces that a special resolution will be proposed at the EGM to approve the change of the Company name from “Argos Enterprise (Holdings) Limited” to “TLT Lottotainment Group Limited” and the new Chinese name “唐路彩娛集團有限公司” will be adopted to replace “雅高企業(集團)有限公司”.

GENERAL

The Disposal constitutes a very substantial disposal on the part of the Company under the GEM Listing Rules. An EGM will be convened to consider and, if thought fit, approve the Disposal and the proposed change of Company name.

Mr. Wang, being one of the Guarantors, holds 70% interest of the issued share capital of the Purchaser. As at the date of this announcement, Mr. Wang and Mr. Yeung jointly hold 1,400,000 Shares which are held under the name of Cherikoff Bakery & Confections Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, (i) Mr. Wang and his associates hold 1,400,000 Shares representing approximately 0.26% of the entire issued share capital of the Company; and (ii) Mr. Yeung and his parties acting in concert, which in aggregate hold 113,677,360 Shares representing approximately 20.89% of the entire issued share capital of the Company, will abstain from voting at the EGM.

A circular containing details of the Disposal, details of the proposed change of the Company name, together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the GEM Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 May 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 May 2009.

THE SALE AND PURCHASE AGREEMENT

Date: 6 May 2009

Parties: (1) Vendor : the Company
(2) Purchaser : the Purchaser
(3) Guarantors : Mr. Law and Mr. Wang

The Purchaser is an investment holding company. Mr. Law and Mr. Wang beneficially hold 30% and 70% of the entire issued share capital of the Purchaser respectively. As at the date of this announcement, Mr. Wang and Mr. Yeung jointly hold 1,400,000 Shares which are held under the name of Cherikoff Bakery & Confections Limited. Mr. Wang and Mr. Yeung each holds 50% of the issued share capital of Cherikoff Bakery & Confections Limited. Save as being the co-owner of those 1,400,000 Shares with Mr. Wang, Mr. Yeung has no other relationship with the Purchaser, Mr. Law and Mr. Wang.

Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Purchaser and the Guarantors is third party independent of and not connected with the Company and any of its connected persons.

Assets to be disposed of

- (i) The Sale Shares, being the entire issued share capital of the Target; and
- (ii) The Sale Loan, being all the obligations, liabilities and debts owing or incurred by the Target to the Company (whether actual, contingent or deferred) at the Completion Date, as at the date of the Sale and Purchase Agreement, the Target was indebted to the Company in the amount of HK\$18,434,530.

Consideration

The consideration for the sale and purchase of the Sale Shares is HK\$1,500,000 and subject to the adjustment the consideration for the sale and purchase of the Sale Loan is HK\$6,500,000. The Consideration shall be payable in cash in the following manner:

- (a) HK\$300,000, being the deposit and part of the Consideration, shall be paid by the Purchaser to the Company upon signing of this Agreement; and
- (b) the remaining HK\$7,700,000 shall be payable by the Purchaser to the Company upon Completion.

Adjustment to the consideration for the Sale Loan

In the event that the net loss attributable to the shareholders of the Target as shown in the Management Accounts exceeds HK\$3,000,000, the Purchaser shall be entitled to deduct such amount equivalent to the difference between HK\$3,000,000 and the net loss of the Group as shown in the Management Accounts from the consideration for the Sale Loan, provided that if such difference exceeds HK\$6,500,000, the Purchaser shall only be entitled to deduct the difference up to HK\$6,500,000.

Basis of determining the Consideration

The Consideration was determined through arm's length negotiations between the Purchaser and the Company and on a commercial basis with reference to (i) the continuous losses of the Target Group; (ii) the disapproval of increment in bus fare application by the local authorities in the PRC; (iii) the capital commitment for the replacement of retired buses; and (iv) the reasons and benefits as mentioned in the paragraph headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

In view that the Target Group recorded substantial loss after tax of approximately HK\$9,323,000 and HK\$63,750,000 for the financial years ended 31 December 2007 and 2008 respectively as well as taken into account the capital commitment for the replacement of retired buses, the Board considers that disposal of the Sale Loan at a discount is fair and reasonable. Given the poor financial results of the Target Group in the past two years, the Board further considers the Consideration as a whole is fair and reasonable. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the passing by the Shareholders at the EGM of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated hereunder;
- (2) the release of corporate guarantee given by the Company in favour of Bank of Communications Limited to secure the payment obligations of the Target Group under the bank facilities granted by Bank of Communications Limited to the Target Group;
- (3) completion of the Reorganisation;
- (4) the warranties given by the Purchaser in the Sale and Purchase Agreement remaining true and accurate in all material respects; and
- (5) the warranties given by the Company in the Sale and Purchase Agreement remaining true and accurate in all material respects.

Conditions (1) and (3) above are not waivable. Conditions (2) and (5) above are waivable by the Purchaser in writing and condition (4) is waivable by the Company in writing. If the conditions have not been satisfied or waived (as applicable) on or before 30 June 2009, or such later date as the Company and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Undertaking given by the Guarantors

The Guarantors have jointly and severally unconditionally and irrevocably undertaken to the Company to procure the due and punctual payment of the Consideration by the Purchaser under the Sale and Purchase Agreement and further undertake to indemnify the Company against all liabilities, losses, costs and expenses suffered by the Company in connection with any default of the Purchaser in the performance of such obligations.

Completion

Completion shall take place at 4:00 p.m. on the date falling within three Business Days after the fulfilment of the conditions or such later date as may be agreed between the Company and the Purchaser.

Upon Completion, the Target Group will cease to be subsidiaries of the Company. Upon Completion, the Vendor shall also procure Mr. Wong Man Chiu, Ronnie, an executive Director and Mr. Yeung to enter into two service agreements with the Target respectively to act as the directors of the Target for a term of three years.

INFORMATION ON THE TARGET GROUP

The Target Group is principally engaged in the provision of public bus transportation, taxi rental services and sight-seeing route bus services in the PRC.

Set out below is the financial information of the Target Group (having taken into account the effect of Reorganisation) for the two years ended 31 December 2007 and 31 December 2008 respectively which was prepared in accordance with the generally accepted accounting principles of Hong Kong:

	For the year ended 31 December 2007	For the year ended 31 December 2008
	<i>Approximately HK\$'000 (Audited)</i>	<i>Approximately HK\$'000 (Audited)</i>
Turnover	162,349	167,370
Loss before taxation	9,046	63,750
Loss after taxation	9,323	63,750
	As at 31 December 2007	As at 31 December 2008
	<i>Approximately HK\$'000 (Audited)</i>	<i>Approximately HK\$'000 (Audited)</i>
Total assets	216,928	186,136
Net asset value	62,376	6,736
– attributable to equity shareholders	36,958	597
– attributable to minority interest	25,418	6,139

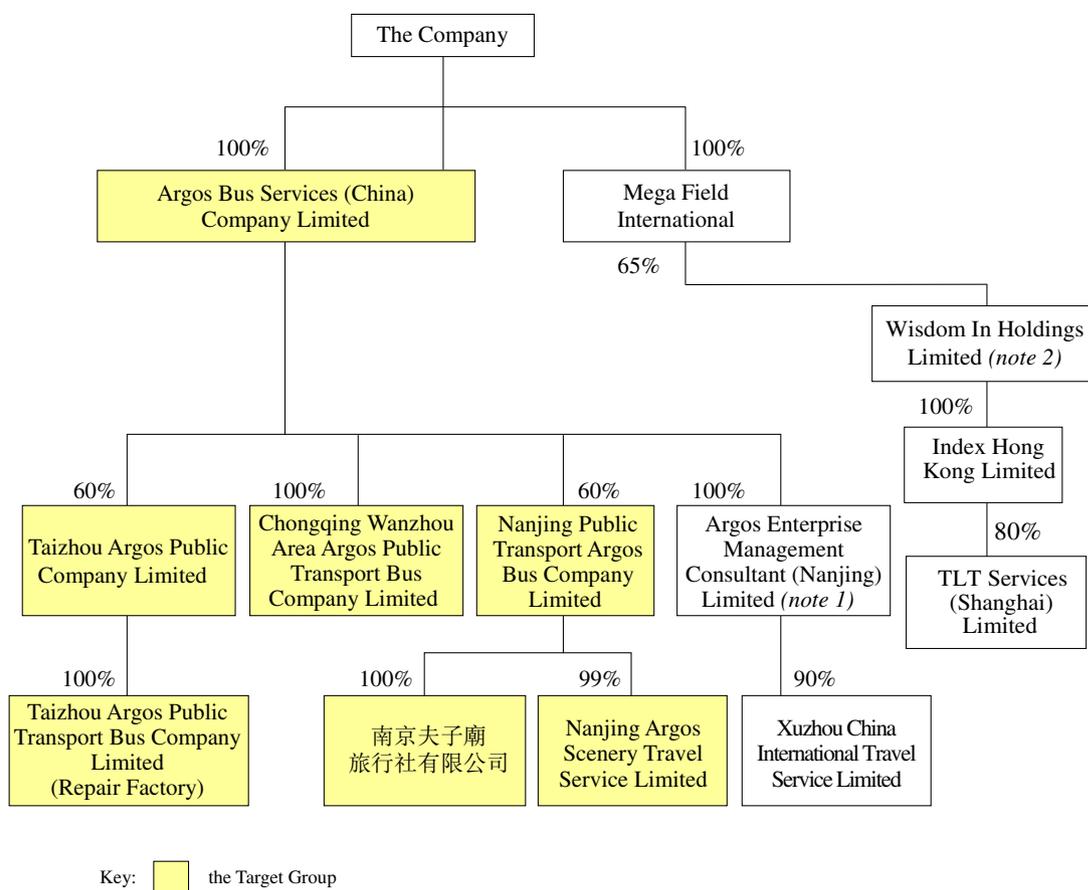
FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

It is estimated that, upon Completion, the Group will record a loss on disposal of approximately HK\$11 million. Such loss is estimated based on the aggregate of the Consideration receivable from the Disposal, i.e. HK\$8 million less HK\$19 million, being the aggregate of (i) the net asset value of Target Group being disposed of approximately HK\$0.6 million as shown in the consolidated balance sheet of the Target Group as at 31 December 2008 and (ii) the Sale Loan of approximately HK\$18.4 million as shown in the consolidated balance sheet of the Target Group as at 31 December 2008. The final amount of the actual gain or loss as a result of the Disposal will be determined as at the Completion.

The Board intends to apply the net sale proceeds of approximately HK\$6.8 million as general working capital.

GROUP STRUCTURE

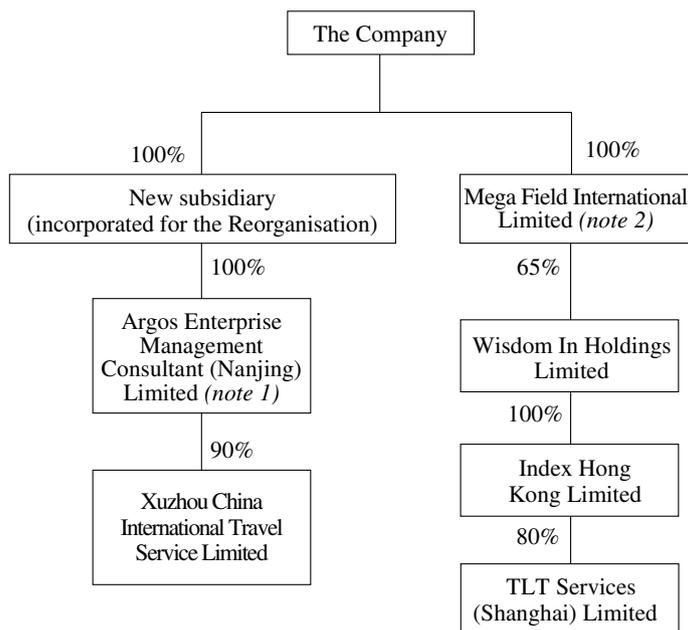
The diagram below shows the structure of the Group and the ultimate shareholdings immediately before completion of the Disposal and Reorganisation:



Notes:

1. Pursuant to Reorganisation, the Target must dispose of Argos Enterprise Management Consultant (Nanjing) Limited and Xuzhou China International Travel Service Limited to a wholly owned subsidiary of the Company. Argos Enterprise Management Consultant (Nanjing) Limited and its subsidiary are principally engaged in provision of travel agent services.
2. Mega Field International Limited and its subsidiaries are principally engaged in lottery-based mobile on-line entertainment business.

The diagram below shows the structure of the Group and the ultimate shareholdings immediately after completion of the Disposal and Reorganisation:



Notes:

1. Argos Enterprise Management Consultant (Nanjing) Limited and its subsidiary are principally engaged in provision of travel agent service.
2. Mega Field International Limited and its subsidiaries are principally engaged in lottery-based mobile on-line entertainment business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in public bus operation and travel agent services. Since the acquisition of lottery-based mobile on-line entertainment business which provides e-payment and e-recharge services to mobile lottery subscribers in the PRC in January 2009, the Group has been actively engaged in lottery-based mobile on-line entertainment business.

For the past few years, the Target Group has been operating at a loss, which was mainly due to the increase in operating cost, such as labour cost, fuel, repairs and maintenance, etc. and the disapproval of increment in bus fare application by the local authorities in the PRC. Given the PRC law stipulates that all buses having been operated for ten years must be retired, in compliance with the PRC law, the Target Group is required to replace all its ten-year old buses. Such replacement requires vast amount of capital commitment. The Group has invested approximately HK\$48.81 million and approximately HK\$84.41 million for the acquisition of new buses to replace the retired buses during the two financial years ended 31 December 2007 and 2008, of which approximately HK\$35.28 million has not yet been paid by the Group as at 31 December 2008. The Board believes that the aforesaid outstanding payables together with the additional capital commitment in connection with replacement of buses will create great pressure on the Group's financial position and further deepen the loss of the Target Group in the coming few years.

Through the Disposal, the Company does not need to commit further capital investment to the Target Group for replacement of retired buses and may avert continuous loss in the Target Group. Upon Completion of the Disposal, the Group can lower its gearing level and streamline its businesses and focus on the travel agent services which generates stable income to the Group and lottery-based mobile on-line entertainment business which is of high growth potential and profitability.

For the two financial years ended 31 December 2007 and 2008, travel agent services generated income of approximately HK\$21.68 and HK\$17.84 million respectively.

The Group has also been actively engaged in lottery-based mobile on-line entertainment business since its acquisition in January 2009. The vendor to such acquisition has given profit guarantee to the Group of not less than the range from HK\$99 to HK\$153 million for the lottery-based mobile on-line entertainment business as stated in the announcement of the Company dated 15 October 2008. As at the date of this announcement, the Group has entered into six mobile lottery recharging services agreements with Shandong Sports Lottery Administrative Center, Hainan Sports Lottery Administrative Center, Qinghai Sports Lottery Administrative Center, Hubei Sports Lottery Administrative Center, Gansu Sports Lottery Administrative Center and Shaanxi Sports Lottery Administrative Center respectively. The Group is currently in final stage of negotiation to enter into the mobile lottery recharging services agreements with Liaoning Sports Lottery Administrative Center. The Group has commenced operation of lottery-based mobile on-line entertainment business in Shandong in January 2009 and is expected to commence operation of lottery-based mobile on-line entertainment business in other provinces in the PRC soon.

In light of the recent fast development of lottery-based mobile on-line entertainment industry and tourist industry in the PRC, the Board believes that it is in the best interest of the Company to focus its resources and future investment in lottery-based mobile on-line entertainment business and tourist industry in the PRC. The Board believes that both travel agent business and lottery-based mobile on-line entertainment business are able to generate stable income and profitability to the Group, which indicates a sufficient level of operation of the Group after the Disposal. Accordingly, the Board is of the view that the Disposal represents a good opportunity for the Company to dispose of the Target Group and focus the resources on lottery-based mobile on-line entertainment business and travel agent services in the PRC in order to maintain its competitiveness and achieve the greatest returns for the Shareholders in future.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF COMPANY NAME

The Board announces that a special resolution will be proposed at the EGM to approve the change of the Company name from “Argos Enterprise (Holdings) Limited” to “TLT Lottotainment Group Limited” and the new Chinese name “唐路彩娛集團有限公司” will be adopted to replace “雅高企業（集團）有限公司”, subject to the conditions set out below being fulfilled.

The proposed change of name of the Company is to reflect its expansion and development of the scope of business in lottery and mobile entertainment industry. The Board believes that the proposed new name of the Company will provide a better identification of the Company's current and future business activities, which the Board considers is in the interests of the Company and its Shareholders as a whole.

To be effective, the proposed change of name of the Company is subject to (i) the passing of a special resolution by the Shareholders at the EGM in accordance with the articles of association of the Company, and (ii) the approval of the Registrar of Companies in Hong Kong. The change of name of the Company shall take effect from the date on which the new name of the Company be entered by the Registrar of Companies in Hong Kong into the register of companies in place of the existing name. Thereafter, the Company will carry out the necessary filing procedures with the Registrar of Companies in Hong Kong.

Effects of change of the name of the Company

The change of the name of the Company will not affect any rights of the holders of securities of the Company or the Company's daily business operation and its financial position.

All existing certificates of securities in issue bearing the present name of the Company shall, after the proposed change of the name of the Company becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new share certificates bearing the new name of the Company. Once the change of the name of the Company becomes effective, new share certificates will be issued only in the new name of the Company.

GENERAL

The Disposal constitutes a very substantial disposal on the part of the Company under the GEM Listing Rules. An EGM will be convened to consider and, if thought fit, approve the Disposal and the proposed change of Company name. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, (i) Mr. Wang and his associates hold 1,400,000 Shares representing approximately 0.26% of the entire issued share capital of the Company; and (ii) Mr. Yeung and his parties acting in concert, which in aggregate hold 113,677,360 Shares, representing approximately 20.89% of the entire issued share capital of the Company, will abstain from voting at the EGM.

A circular containing details of the Disposal, details of the proposed change of the Company name, together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the GEM Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 May 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 May 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Accounts Date”	31 May 2009
“acting in concert”	has the meaning ascribed thereto under the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Argos Enterprise (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date falling within three Business Days after the date of fulfillment of the conditions in the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	HK\$8,000,000 (subject to adjustment) being the aggregate consideration payable for the Sale Shares and the Sale Loan
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Company to the Purchaser pursuant to the Sale and Purchase Agreement

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the proposed change of Company name
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Law and Mr. Wang
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Management Accounts”	the unaudited consolidated balance sheet of the Group as at the Accounts Date and the unaudited consolidated profit and loss account of the Group for the period from 1 January 2009 to the Accounts Date
“Mr. Law”	Mr. Law Wing Hoi, one of the Guarantors
“Mr. Wang”	Mr. Wang Yue Hung, one of the Guarantors
“Mr. Yeung”	Mr. Yeung Wai Hung is a former Director, still a director of the Target and one of the ultimate beneficial owners who holds 22.6% of the entire issued share capital of Sino Market Enterprises Limited, which, in turn, holds 11.44% of the entire issued share capital of the Company. Mr. Yeung and Mr. Wang jointly hold 1,400,000 Shares which are held under the name of Cherikoff Bakery & Confections Limited
“PRC”	the People’s Republic of China which for the purpose of this Agreement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Cable Best Development Limited, a company incorporated in the British Virgin Islands with limited liability, of which 30% of the issued share capital is beneficially owned by Mr. Law and 70% of the issued share capital is beneficially owned by Mr. Wang
“Reorganisation”	the disposal of Argos Enterprise Management Consultant (Nanjing) Limited and Xuzhou China International Travel Service Limited by the Target to a wholly owned subsidiary of the Company

“Sale and Purchase Agreement”	the agreement dated 6 May 2009 and entered into between the Company, the Purchaser and the Guarantors in relation to the sale and purchase of the Sale Shares and the Sale Loan, as amended from time to time
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target to the Company on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, as at the date of the Sale and Purchase Agreement, the Target was indebted to the Company in the amount of HK\$18,434,530
“Sale Shares”	500,000 ordinary shares of HK\$1.00 in the issued share capital of the Target, representing the entire issued share capital of the Target
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Argos Bus Services (China) Company Limited, a company incorporated in the Hong Kong, whose entire issued share capital is beneficially owned by the Company
“Target Group”	the Target and its subsidiaries but excluding Argos Enterprise Management Consultant (Nanjing) Limited and Xuzhou China International Travel Service Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Argos Enterprise (Holdings) Limited
Cheung Man Yau, Timothy
Chief Executive Officer and Executive Director

Hong Kong, 11 May 2009

As of the date hereof, the executive directors of the Company are Mr. Cheung Man Yau, Timothy, Mr. Wong Man Chiu, Ronnie, Mr. Chan Kin Yip and Mr. Cheng Wing Hong; the non-executive director of the Company is Mr. Wong Wai Sing; while the independent non-executive directors of the Company are Mr. Sung Wai Tak, Herman, Mr. Wong Lit Chor, Alexis and Mr. Fung Wai Shing.

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 enquiries, 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 on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the company at www.argosenterprise.com.