



**ARGOS ENTERPRISE (HOLDINGS) LIMITED**

**雅高企業（集團）有限公司**

*(Incorporated in Hong Kong with limited liability)*

*Stock Code: 8022*



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## FIRST QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

### HIGHLIGHTS

- Achieved an unaudited turnover of approximately HK\$43,246,000 for the three months ended 31 March 2008, representing an increase of approximately 16% as compared with that of the corresponding period in 2007.
- Net loss from ordinary activities attributable to shareholders of the Company approximately HK\$1,867,000 for the three months ended 31 March 2008 mainly due to increase in operating costs and administrative expenses.
- Loss per share was approximately HK1.04 cent.
- The directors do not recommend the payment of any dividend for the three months ended 31 March 2008.



## FIRST QUARTERLY RESULTS

For the three months ended 31 March 2008 (Unaudited)

The board of directors (the “Directors”) of Argos Enterprise (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 March 2008 together with comparative unaudited figures for the corresponding period in 2007 (the “Relevant Periods”), as follows:

		Unaudited Three months ended 31 March	
	Notes	2008 HK\$'000	2007 HK\$'000
TURNOVER	2	43,246	37,154
COST OF SALES		<u>(38,537)</u>	<u>(30,553)</u>
GROSS PROFIT		4,709	6,601
OTHER REVENUE	2	1,560	1,441
ADMINISTRATIVE EXPENSES		<u>(8,469)</u>	<u>(7,707)</u>
PROFIT/(LOSS) FROM OPERATIONS		(2,200)	335
INTEREST INCOME		84	67
FINANCE COSTS	3	<u>(776)</u>	<u>(708)</u>
LOSS BEFORE TAXATION		(2,892)	(306)
TAXATION	4	<u>–</u>	<u>187</u>
LOSS FOR THE PERIOD		<u><u>(2,892)</u></u>	<u><u>(119)</u></u>
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		(1,867)	(421)
MINORITY INTERESTS		<u>(1,025)</u>	<u>302</u>
		<u><u>(2,892)</u></u>	<u><u>(119)</u></u>
LOSS PER SHARE			
– BASIC (cent)	5	<u><u>(1.04)</u></u>	<u><u>(0.23)</u></u>

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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 2007.

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.

As at 31 March 2008, the Group had net current liabilities of HK\$52,634,000. The directors are of the opinion that the Group should be able to generate sufficient cash flows from future operations to cover its operating costs and to meet its financing commitments and the consolidated financial statements are prepared on a going concern basis.



2. Turnover and revenue

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

	Unaudited	
	Three months ended	
	31 March	
	2008	2007
	HK\$'000	HK\$'000
Turnover		
Public routes	29,199	23,294
Tourist routes	3,043	2,185
'Hire a bus' services and sightseeing ticket	5,520	5,977
Taxi rental	4,093	4,593
Rental income	559	534
Management fee	832	571
Sub-total	43,246	37,154
Other revenue		
Advertising income on fleet body	283	519
Subsidy from local authority	592	-
Sundries	685	922
Sub-total	1,560	1,441
Total revenue	<u>44,806</u>	<u>38,595</u>

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3. Finance costs

	Unaudited	
	Three months ended	
	31 March	
	2008	2007
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	<u>776</u>	<u>708</u>

4. Taxation

The taxation charge comprises:

	Unaudited	
	Three months ended	
	31 March	
	2008	2007
	HK\$'000	HK\$'000
Hong Kong profits tax	–	–
Enterprise income-tax in the PRC	–	(187)
	<u>–</u>	<u>(187)</u>
	<u>–</u>	<u>(187)</u>

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.

Taxation arising in the PRC is calculated at the rates prevailing in the PRC.

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 2008 of HK\$1,867,000 (2007: HK\$421,000) and on 180,000,000 (2007: 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.

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6. Reserves

	Share premium	Exchange reserve	Merger reserve	General reserve	Revaluation reserve	Convertible bonds reserve	Retained earnings	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
As at 1 January 2007	29,200	4,647	(490)	3,227	48	0	16,324	52,956
Loss for the period	0	0	0	0	0	0	(421)	(421)
As at 31 March 2007	<u>29,200</u>	<u>4,647</u>	<u>(490)</u>	<u>3,227</u>	<u>48</u>	<u>0</u>	<u>15,903</u>	<u>52,535</u>
At 1 January 2008	29,200	8,560	(490)	3,227	184	432	7,205	48,318
Loss for the period	0	0	0	0	0	0	(1,867)	(1,867)
Currency translation								
Difference	0	1,217	0	0	0	0	0	1,217
As at 31 March 2008	<u>29,200</u>	<u>9,777</u>	<u>(490)</u>	<u>3,227</u>	<u>184</u>	<u>432</u>	<u>5,338</u>	<u>47,668</u>



## INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2008 (2007: Nil).

## BUSINESS REVIEW

In the first quarter of 2008, the price of crude oil maintains at a high level which results in an increase in the group's cost of services and a decrease in gross profit as compared to the same period in 2007. Meanwhile, staff costs and other administrative expenses also increased significantly due to the high inflation rate in PRC. During the first quarter of 2008, one of the Company's subsidiaries, Nanjing Argos, received approximate HK\$592,000 bus fare subsidies from the local government authorities and it is expecting to receive high crude oil price subsidies from the local government authorities.

The unaudited consolidated turnover of the Group for the three months ended 31 March 2008 was approximately HK\$43,246,000 representing an increase of 16% over the corresponding period in 2007.

The loss was approximately HK\$1,867,000 in the first quarter of 2008. The loss was mainly due to the increase in the price of crude oil and staff costs. Loss per share for the three months ended 31 March 2008 was HK1.04 cents as compared to loss per share of HK0.23 cents for the corresponding period in 2007.

## 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 bus fares and government subsidy 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 operating costs and improve the efficiency of its operations in order to offset the negative impact on the profitability of the Group.



## DIRECTORS, CHIEF EXECUTIVE INTEREST AND SHORT POSITION IN SHARE, UNDERLYING SHARES AND DEBENTURE

As at 31 March 2008, the following Director had 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 shares held
Mr. Yeung Wai Hung (Resigned as executive Director on 14 February 2008)	Corporate	1,400,000 (Notes)

Save as disclosed above, as at 31 March 2008 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.

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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 (the "Cherikoff") 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 2008, no option had been granted or agreed to be granted to the Directors under the scheme.

At no time during the three months ended 31 March 2008 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 2008 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 2008, 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	2	112,284,000	62.38%
Twilight Enterprises Limited	2	112,284,000	62.38%
Chiu Gee Chai	3	112,284,000	62.38%

As at 31 March 2008 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.

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### Notes:

- 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, who resigned on 14 February 2008.
- 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.
- By virtue of Part XV of the SFO, Madam Chiu Gee Chai is deemed to be interested in 112,284,000 shares.

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 2008.

## COMPETING INTERESTS

The Directors, namely, Mr. Wong Wah Sang, Mr. Wong Man Chiu and the former director, Mr. Yeung Wai Hung have over 20 years of experience in the operation of transportation and buses servicing, which is mainly operating under the name of Argos Bus Services Co., Ltd. ("Argos Hong Kong") in Hong Kong. Argos Hong Kong is a fellow subsidiary of the Company as it is owned by Sino Market Enterprises Limited. Both of the Company and Argos Hong Kong have common directors, namely, Mr. Wong Wah Sang, Mr. Wong Man Chiu, Mr. Wilkie Wong and the former director of the Company Mr. Yeung Wai Hung.

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.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference 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.

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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 financial statements for the three months ended 31 March 2008.

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

Hong Kong, 13 May 2008

*As of the date hereof, the executive directors are Mr. Wong Man Chiu, Ronnie, Mr. Cheng Wing Hong and Mr. Chui Wai Cheung; the non-executive directors are Mr. Wong Wah Sang (Chairman) and 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.*