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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

**If you have sold or transferred** all your shares in Argos Enterprise (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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***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)

**DISCLOSEABLE TRANSACTION**

**Acquisition of a Travel Company in the PRC**

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This circular, for which the directors of Argos Enterprise (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

A letter from the board of directors of Argos Enterprise (Holdings) Limited is set out on page 3 to 11 of this circular.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com.hk](http://www.hkgem.com.hk) for at least 7 days from the date of its publication.

27th April, 2005

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

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**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 in order to obtain up-to-date information on GEM-listed issuers.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“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 Hong Kong with limited liability on 13th August, 2001 the shares of which are listed on the 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

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## DEFINITIONS

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“S & P Agreement”	A Sale and Purchase 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 and is 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 circular is based on the exchange rate of HK\$1.00 = RMB1.06*



**ARGOS ENTERPRISE (HOLDINGS) LIMITED**

**雅高企業(集團)有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 8022)

*Executive Directors:*

Mr. Wong Wah Sang, M.B.E. (*Chairman*)

Mr. Wong Man Chiu, Ronnie, J.P.

Mr. Yeung Wai Hung

*Registered Office and Principal*

*Place of Business:*

Room 1113, 11th Floor,  
Block A2, Yau Tong Industrial City,  
17 Ko Fai Road,  
Kowloon,  
Hong Kong.

*Non-executive director:*

Mr. Wilkie Wong

*Independent Non-executive Directors:*

Mr. Sung Wai Tak, Herman

Mr. Cheung Man Yau, Timothy

Mr. Wong Lit Chor, Alexis

27th April, 2005

*To the shareholders,*

Dear Sir and Madam,

**DISCLOSEABLE TRANSACTION**

**Acquisition of a travel company in the PRC**

**INTRODUCTION**

On 8th April, 2005, the board announced that 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 S & P 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. 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.

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## LETTER FROM THE BOARD

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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 from Xuzhou Tourism Bureau (徐州市旅遊局). 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..

Entering into the S & P Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to set out further details of the S & P Agreement.

### THE NEW ACQUISITION

#### 1. 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 prepared on 31st October, 2003, but its validity last for one year, by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司), an independent valuer, of

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## LETTER FROM THE BOARD

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whom is a generally recognized certified public accountants company and business valuer in Jiangsu province, PRC. 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 principles, 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 (unaudited) of RMB36,600 (equivalent to approximately HK\$34,528) for the year ended 31st December, 2002 and a after-tax loss (audited) 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 and a beneficial owner of the Company's equity interest.



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## LETTER FROM THE BOARD

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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.

According to the capital verification report (驗資報告) issued by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司) on 28th September 2004, 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 and a generally recognized independent valuer in the PRC. The above mentioned verified value of RMB1,447,900 was based on the Business Valuation Report prepared by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司) on 31st October 2003 with a validity of one year from its date of issue.

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).

According to the audited financial statements 2004 of the Group, a goodwill premium, which is the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of Xuzhou China International Travel Service acquired from Xuzhou Tourism Bureau at the date of acquisition on 18th August 2004, amounted to approximately RMB434,076 (equivalent to approximately HK\$409,505.) arisen and arrived at after the deduction of the fair value of RMB1,265,924 of the identifiable assets and liabilities acquired against the cash consideration of RMB1,700,000 paid by the purchaser. The fair value of the identifiable assets acquired at the

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## LETTER FROM THE BOARD

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date of acquisition was determined based on the Business Valuation Report prepared by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司) on 31st October 2003 as adjusted by the changes in the fair value of the identifiable assets and liabilities since the date of issue of the above mentioned Business Valuation Report.

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 from Xuzhou Tourism Bureau (徐州市旅遊局).

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. There was no other requirement on Xuzhou China International Travel Service Limited to comply with in order to take over the operations previously performed by the state-owned enterprise, Xuzhou China International Travel Service, saved as the above mentioned international travel agency operation permit. 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), which is the normal term according to the relevant regulation in the PRC. According to the relevant regulation in the PRC, 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).

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## LETTER FROM THE BOARD

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

Basis of the Consideration and Payment The Consideration was arrived at on 18th August 2004 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 (中華人民共和國國家旅遊局) 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 a net liability value of RMB132,847 (equivalent to approximately HK\$125,327) 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 (徐州市旅遊局) on 25th August, 2004.

For the consideration of RMB1,700,000 paid to the vendor, RMB680,000 was for the settlement of the national debt of the former state-owned enterprise, Xuzhou China International Travel Service, while the balance of the consideration of RMB1,020,000 was for the acquisition of all other assets and liabilities of Xuzhou China International Travel Service from the vendor according to the S & P Agreement and the capital verification report (驗資報告) issued by Jiangsu Huaihai Certified Public Accountants Limited (江蘇淮海會計師事務所有限公司).

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.

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## LETTER FROM THE BOARD

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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.

### 2. Conditions

The purchaser is not subject to any other conditions.

On the other hand, according to the S & P Agreement, the vendor was subject to the condition that the said agreement might be cancelled and the consideration to be refunded to the purchaser should the international travel agency operation permit could not be granted to Xuzhou China International Travel Service Limited.

### 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, according to the S & P Agreement signed on 18th August 2004, the vendor guaranteed the purchaser 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.

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## LETTER FROM THE BOARD

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### BACKGROUND OF THE VENDOR

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.

### 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.

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 the consideration paid to be refunded to us. The transaction was completed on 1st December, 2004 as Xuzhou China International Travel Service Limited 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).

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.

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## LETTER FROM THE BOARD

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The Stock Exchange has indicated that it is looking into the matters regarding the untimely disclosure of this 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.

Your attention is drawn to the general information set out in the appendix to this circular.

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

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinion expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF INTERESTS

### Directors' shareholding interests in the Company

As at the Latest Practical Date, 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 shares issued held
Mr. Yeung Wai Hung	Corporate	1,400,000 ( <i>Note 1-2</i> )

As at the Latest Practical Date, 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 companies.

#### Notes:

1. Under Part XV of the SFO, Mr. Yeung Wai Hung is personally interested in 2,000 shares in Sinoman International Limited and 150 shares in Metro Line Tours Limited.
2. By virtue of Part XV of the SFO, Mr. Yeung Wai Hung is deemed to be interested in the entire issued capital 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). At the Latest Practical Date, no option has been granted or agreed to be granted to the Directors under the scheme.

As at the Latest Practical Date, none of 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, as at the Latest Practical Date, none 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 18, had any right to subscribe for the Shares in the Company, or had exercised any such rights.

### SUBSTANTIAL SHAREHOLDER OF THE COMPANY

So far as the Directors are aware, as at the Latest Practical Date, the register of substantial shareholders (other than 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	Note	Number of Shares	Percentage of issued share capital
Sino Market Enterprises Limited	1	126,000,000	70%
Sinoman International Limited	1	126,000,000	70%
Twilight Enterprises Limited	2	126,000,000	70%
Kenworth Enterprises Limited	7	126,000,000	70%
Wilson Wong	3-4	126,000,000	70%
Chiu Gee Chai	5	126,000,000	70%

As at the Latest Practical Date, 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 126,000,000 shares are held by Sino Market Enterprises Limited which is beneficially owned as to 61.03 per cent. by Sinoman International Limited and as to 34.97 per cent. by Kenworth Enterprises Limited.
2. Sinoman International Limited is beneficially owned as to 80 per cent. by Twilight Enterprises Limited which is beneficially owned as to 50 per cent. by Mr. Wilson Wong, the former executive Director and Managing Director, and as to 50 per cent. by Ms. Chiu Gee Chai, the wife of Mr. Wilson Wong.



3. Mr. Wilson Wong is deemed to be interested in 126,000,000 shares under Part XV of the SFO by virtue of his beneficial ownership in the equity interest of Twilight Enterprises Limited.
4. Under Part XV of the SFO, Mr. Wilson Wong is deemed to be interested in the entire issued share capital of Argos Bus Services Company Limited, Argos Bus Services (China) Company Limited, Moving Step Limited and Ming Tak Transportation Service Co., Limited by virtue of his beneficial ownership in the equity interest of Twilight Enterprises Limited, 80 per cent. of the issued share capital of Sinoman International Limited and 50 per cent. of the issued share capital of each of Twilight Enterprises Limited, Ringloma Limited, Metro Line Tours Limited and Goldspark HK Tours Limited.
5. By virtue of Part XV of the SFO, Madam Chiu Gee Chai is deemed to be interested in 126,000,000 shares by virtue of her beneficial ownership in the equity interest of Twilight Enterprises Limited.
6. By virtue of Part XV of the SFO, each of Sino Market Enterprises Limited (by virtue of its beneficial ownership in the equity interest of the Company), Sinoman International Limited (by virtue of its beneficial ownership in the equity interest of Sino Market Enterprises Limited), Kenworth Enterprises Limited (by virtue of its beneficial ownership in the equity interest of Sino Market Enterprises Limited), Twilight Enterprises Limited (by virtue of its beneficial ownership in the equity interest of Sinoman International Limited) and Madam Chiu Gee Chai (by virtue of her beneficial ownership in the equity interest of Twilight Enterprises Limited) is deemed to be interested in 500,000 ordinary shares in Argos Bus Services (China) Company Limited, a subsidiary of the Company.
7. The issued share capital of Kenworth Enterprises Limited is beneficially owned by Mr. Wong Wah Sang, an executive Director and chairman of the Company, as to 22.23 per cent., Mr. Wong Man Fung, Anthony as to 11.11 per cent., Mr. Wong Man Che, Edward as to 11.11 per cent., Mr. Wong Man Ka, Stephen as to 11.11 per cent., Ms. Wong Man Hing, Alice, the wife of Mr. Kwan Yan Ming, as to 11.11 per cent., Mr. Wong Man Chiu, Ronnie, an executive Director, as to 11.11 per cent., Mr. Wong Man Kon, John as to 11.11 per cent. and Mr. Wong Man Kong, Peter as to 11.11 per cent., Mr. Wong Wah Sang is the father of the other shareholders mentioned above and is also the elder brother of Mr. Wong, Wilson, the former executive Director and Managing Director.

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 324 of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

None of the directors has a service contract with the Company which is not terminable within one year without payment of compensation, other than the statutory compensation.

### **4. 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 and 15 per cent by 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.

### **5. LITIGATION**

As at the Latest Practical Date, so far as the Directors are aware, no member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**6. GENERAL**

- (a) The registered office and principal place of business of the Company is Room 1113, 11/F., Block A2, Yau Tong Industrial City, 17 Ko Fai Road, Kowloon, Hong Kong.
- (b) The Company's share register and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, 46/F., Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The qualified accountant and company secretary of the Company is Mr. Wong Kwong Yiu, Bono, F.C.C.A., CPA (H.K.I.C.P.A.), A.C.M.A.
- (d) The compliance officer of the Company is Mr. Yeung Wai Hung.
- (e) The Company set up an Audit Committee (the "Committee") on 30th July, 2001 with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group and also reviewing the draft annual report and accounts, half-year report and quarterly reports of the Group and providing advice and comments thereon.

The Committee comprises 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 background of the members are set out below:

Mr. Sung Wai Tak, Herman, B.A. (Hons.), L.L.B. (Hons.), L.L.M., aged 46, was appointed an independent non-executive director of the Company on 2nd January, 2001. Mr. Sung is a solicitor of the High Court of the Hong Kong Special Administrative Region and the Supreme Court of New South Wales in Australia. Mr. Sung has extensive experience in the legal arena both in Hong Kong and Australia.

Mr. Cheung Man Yau, Timothy, B.A., F.C.C.A, A.H.K.I.C.P.A, C.P.A., aged 46, was appointed an independent non-executive director of the Company on 16th April, 2004. He has more than 20 years of extensive experience in the finance field and previously worked in a number of international accounting firms and listed companies in Hong Kong. He is currently a practicing certified public accountant.

Mr. Wong Lit Chor, Alexis, B.A., M.B.A., aged 46, was appointed an independent non-executive director of the Company on 24th September, 2004. He has over 20 years of banking, investment, corporate finance and securities dealing experience gained from working as a senior executive in a number of listed local and PRC financial services companies. He is currently a director of Quam Capital (Holdings) Limited, a subsidiary of Quam Limited. He is also an independent non-executive director of Lang Chao International Limited and CIG-WH International (Holdings) Limited, which are companies listed on GEM Board and Main Board of The Stock Exchange of Hong Kong respectively.