



ARGOS ENTERPRISE (HOLDINGS) LIMITED

雅高企業(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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 at www.hkgem.com in order to obtain up-to-date information on GEM listed issuers.

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 disclaim any liability whatsoever to any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of ARGOS ENTERPRISE (HOLDINGS) LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to ARGOS ENTERPRISE (HOLDINGS) LIMITED. The directors of ARGOS ENTERPRISE (HOLDINGS) LIMITED, 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.

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2007 increased by HK\$29 million to approximately HK\$185 million when compared to turnover of approximately HK\$156 million in the previous year.
- Loss for the year of HK\$13 million was recorded mainly due to impairment on motor vehicle and administration costs compared to profit of HK\$2 million in 2006.
- Loss per share was approximately 5.07 HK cent for the year ended 31 December 2007 as compared with loss per share of approximately 0.05 HK cent recorded in 2006.
- The directors do not recommend the payment of any dividend in respect of the year (2006: HK\$ Nil).

ANNUAL RESULTS

The Board of Directors of the Company (the “Board”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2007 together with comparative figures for the corresponding period of the previous financial year (the “Relevant Period”), as follows:

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	133,415	104,519
Investment properties	1,380	1,097
Lease premium for land	5,256	4,992
Intangible assets	1,220	1,480
Available-for-sale financial assets	1,161	1,080
	<hr/> 142,432	<hr/> 113,168
Current assets		
Inventories	2,315	1,616
Trade and other receivables	21,832	20,802
Pledged bank deposit	10,000	17,428
Cash and cash equivalents	36,640	20,731
	<hr/> 70,787	<hr/> 60,577
Total assets	<hr/> 213,219	<hr/> 173,745
EQUITY		
Equity attributable to equity holder of the Company:		
Share capital	1,800	1,800
Reserves	48,318	52,956
	<hr/> 50,118	<hr/> 54,756
Minority interests	25,548	24,800
	<hr/> 75,666	<hr/> 79,556
Total equity	<hr/> 75,666	<hr/> 79,556

CONSOLIDATED BALANCE SHEET (Continued)*At 31 December 2007*

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
LIABILITIES		
Non-current liabilities		
Bank borrowings	10,620	476
Advertising income on fleet body receipt in advance	3,763	4,379
Deferred tax liabilities	963	690
	<u>15,346</u>	<u>5,545</u>
Current liabilities		
Bank borrowings	16,485	21,011
Advertising income on fleet body receipt in advance	1,093	479
Trade and other payables	90,007	66,529
Convertible bonds	6,948	–
Deferred income	6,865	–
Tax payable	809	625
	<u>122,207</u>	<u>88,644</u>
Total liabilities	<u>137,553</u>	<u>94,189</u>
Total equity and liabilities	<u>213,219</u>	<u>173,745</u>
Net current liabilities	<u>(51,420)</u>	<u>(28,067)</u>
Total assets less current liabilities	<u>91,012</u>	<u>85,101</u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Turnover	3	185,069	156,160
Cost of sales		<u>(173,300)</u>	<u>(136,648)</u>
Gross profit		11,769	19,512
Other income and gains, net	3	20,721	14,728
Administrative expenses		(33,648)	(28,525)
Impairment loss on property, plant and equipment		<u>(9,872)</u>	<u>–</u>
Operating (loss)/profit	5	(11,030)	5,715
Finance costs	4	<u>(1,669)</u>	<u>(1,459)</u>
(Loss)/profit before taxation		(12,699)	4,256
Taxation	6	<u>(277)</u>	<u>(2,130)</u>
(Loss)/profit for the year		<u>(12,976)</u>	<u>2,126</u>
Attributable to:			
Equity holders of the Company		(9,119)	(94)
Minority interests		<u>(3,857)</u>	<u>2,220</u>
		<u>(12,976)</u>	<u>2,126</u>
Loss per share attributable to the equity holders of the Company			
– Basic		5.07 cents	0.05 cents
– Diluted		<u>N/A</u>	<u>N/A</u>

All of the Group's operations are classed as continuing.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Operating activities		
(Loss)/profit before taxation	(12,699)	4,256
Adjustments for:		
Amortisation of lease premium for land	110	102
Amortisation of intangible assets	371	341
Depreciation of property, plant and equipment	17,390	15,281
Net gain on sale of property, plant and equipment	–	(102)
Reversal of revaluation deficit previously recognised	(155)	(1)
Impairment loss on property, plant and equipment	9,872	–
Interest income	(825)	(1,473)
Interest expense	1,669	1,459
Allowance for impairment of bad and doubtful debts	–	167
Fair value gains on investment properties	(201)	(42)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	15,532	19,988
Inventories	(498)	(222)
Trade and other receivables	(605)	3,776
Trade and other payables	24,373	1,994
Advertising income on fleet body receipt in advance	(25)	(583)
	<hr/>	<hr/>
Cash generated from operations	38,777	24,953
Taxation paid	(46)	(380)
	<hr/>	<hr/>
Net cash generated from operating activities	38,731	24,573
	<hr/>	<hr/>
Investing activities		
Payment for the purchase of property, plant and equipment	(57,107)	(14,476)
Proceeds from sale of property, plant and equipment	868	149
Capital contribution from a minority shareholder	2,556	–
Decrease/(increase) pledged bank deposit	8,278	(3,259)
Interest received	825	1,473
	<hr/>	<hr/>
Net cash used in investing activities	(44,580)	(16,113)
	<hr/> <hr/>	<hr/> <hr/>

	2007	2006
<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Financing activities		
Proceeds from new bank borrowings	17,272	24,172
Repayment of bank borrowings	(10,259)	(35,714)
Net proceeds from issue of convertible bonds issued	7,200	–
Government grants	6,865	–
Interest paid	(1,459)	(1,459)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	19,619	(13,001)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	13,770	(4,541)
Effect of foreign exchange rate changes	2,104	(635)
Cash and cash equivalents at 1 January	10,210	15,386
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	26,084	10,210
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Attributable to equity holders of the Company									Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	General reserve HK\$'000	Revaluation reserve HK\$'000	Convertible	Retained earnings HK\$'000	Minority interests HK\$'000	
							bonds reserve HK\$'000			
Balance at 1 January 2006	1,800	29,200	2,806	(490)	3,227	79	-	16,418	22,007	75,047
(Loss) / profit for the year	-	-	-	-	-	-	-	(94)	2,220	2,126
Changes in fair value of leasehold buildings	-	-	-	-	-	(31)	-	-	-	(31)
Currency translation differences	-	-	1,841	-	-	-	-	-	573	2,414
Balance at 31 December 2006	1,800	29,200	4,647	(490)	3,227	48	-	16,324	24,800	79,556
Loss for the year	-	-	-	-	-	-	-	(9,119)	(3,857)	(12,976)
Changes in fair value of leasehold buildings	-	-	-	-	-	136	-	-	-	136
Recognition of equity component of convertible bonds	-	-	-	-	-	-	432	-	-	432
Capital contribution from a minority shareholder	-	-	-	-	-	-	-	-	2,556	2,556
Currency translation differences	-	-	3,913	-	-	-	-	-	2,049	5,962
Balance at 31 December 2007	1,800	29,200	8,560	(490)	3,227	184	432	7,205	25,548	75,666

The accompanying notes form an integral part of these financial statements.

Notes:

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong on 13 October 2000 as a limited liability company under the Hong Kong Companies Ordinance and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The address of its registered office is located at Room A 9th Floor, Fortis Bank Tower, 77–79 Gloucester Road, Wanchai, Hong Kong.

The directors consider the Company’s ultimate holding company to be Twilight Enterprises Limited, which is incorporated in the British Virgin Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance with Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and properties which are carried at fair value.

A summary of the significant accounting policies adopted by the company is set out below.

The prepared of these financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 38.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2007.

3. TURNOVER, OTHER INCOME AND GAINS, NET

Turnover represents the amounts received and receivable for related bus services rendered during the year. An analysis of the Group's turnover, other income and gains, net is as follows:

	The Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover		
Public routes	123,249	105,944
Tourist routes and sightseeing ticket	31,954	22,708
"Hire a bus" services	11,981	9,938
Taxi rental	12,674	13,001
Rental income	2,936	2,505
Management income	2,275	2,064
	<hr/>	<hr/>
	185,069	156,160
Other income		
Advertising income on fleet body	6,418	4,745
Subsidies from local authorities	10,841	5,819
Repair service income	505	371
Sundry income	1,776	2,175
Bank interest income	724	612
Other interest income	101	861
	<hr/>	<hr/>
	20,365	14,583
Gains, net		
Net gain on sale of property, plant and equipment	–	102
Fair value gains on investment properties	201	42
Reversal of revaluation deficit previously recognised	155	1
	<hr/>	<hr/>
	20,721	14,728
Total	<hr/> 205,790 <hr/>	<hr/> 170,888 <hr/>

4. FINANCE COSTS

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdraft		
– wholly repayable within 5 years	1,459	1,429
Interest on other loans		
– wholly repayable within 5 years	–	30
Interest on convertible bonds	210	–
	<hr/>	<hr/>
	1,669	1,459
	<hr/> <hr/>	<hr/> <hr/>

5. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	371	341
Auditors' remuneration		
– Current year	380	980
– Prior years	106	–
Depreciation of property, plant and equipment	17,390	15,281
Amortisation of lease premium	110	102
Allowance for impairment of bad and doubtful debts	–	167
Operating leases rentals in respect of rented premises	537	120
Exchange loss	549	298
Employee benefit expenses	39,390	33,195
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
PRC income tax provided for the year	4	891
Deferred tax:		
Charge for the year	273	1,239
	<u>277</u>	<u>2,130</u>
Tax charge	277	2,130

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits tax for the year (2006: Nil). Taxation on profits/revenue arising in the PRC has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC.

(b) Reconciliation between tax expenses and accounting (loss)/profit at applicable tax rates:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before taxation	(12,699)	4,256
Notional tax calculated at the applicable rates	(2,222)	745
Tax effect of decrease in opening deferred taxation	167	–
Tax effect of non-taxable income	(87)	(529)
Tax effect on non-deductible expenses	1,396	1,121
Tax losses not recognised	1,079	276
Tax losses utilised from previous periods	–	(126)
Tax effect of different tax rates on other countries	(56)	643
	<u>277</u>	<u>2,130</u>
Tax charge at the Group's effective rates	277	2,130

7. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2007 (2006: HK\$ Nil) .

8. LOSSES PER SHARE

The calculation of losses per share is based on the loss from ordinary activities attributable to shareholders for the year ended 31 December 2007 of HK\$9,119,000 (2006: HK\$94,000) and on the weighted average number of 180,000,000 (2006: 180,000,000) shares in issue during the year.

Diluted loss per share for the year ended 31 December 2007 has not been shown as the convertible bonds outstanding had an anti-dilute effect on the basic loss per share for the year.

No diluted loss per share had been presented as there was no dilutive potential ordinary shares in existence during the year ended 31 December 2007 (2006: nil).

Segment Information

An analysis of the Group's turnover and contribution to profit from operations of principal activities for the year ended 31 December 2007 is as follows:

	2007		2006	
	Segment Turnover <i>HK\$'000</i>	Results <i>HK\$'000</i>	Segment Turnover <i>HK\$'000</i>	Results <i>HK\$'000</i>
Public Routes	123,249	(9,887)	105,944	(959)
Tourist Routes and Sightseeing tickets	31,954	(1,794)	22,708	(1,018)
"Hire-a-Bus" Services	11,981	(883)	9,938	775
Taxi rental	12,674	230	13,001	858
Rental Income	2,936	44	2,505	1,490
Management Fee	2,275	469	2,064	355
	185,069	(11,821)	156,160	1,501
Other Income and gains, net		20,721		14,728
Administrative Expenses		(19,930)		(10,514)
(Loss)/Profit from Operations		(11,030)		5,715

No geographical analysis of the Group's turnover and their respective gross profit is presented as all the turnover is attributable to services rendered in the PRC.

**TING HO KWAN & CHAN CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARGOS ENTERPRISE (HOLDINGS) LIMITED**
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Argos Enterprise (Holdings) Limited (the "Company"), which comprise the consolidated and Company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to the income statements of the Group which incurred a net loss of HK\$9,119,000 during the year ended 31 December 2007 and, as of that date, the Group's current liabilities exceeded its current assets by approximately 51,420,000 as at 31 December 2007. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's liability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover in 2007 remained steady with slight increase in two major bus companies, Nanjing Argos & Wanzhou Argos. Despite the bright outlook for China economic growth, ever-increasing oil prices and fierce competition post great challenge on operation. National inflation caused operation costs and overhead soaring to new high, thus putting pressure on the bottom line profit figure.

The policies of Government subsidy still play an important role to our transportation operations subsidiaries covering excessive operational cost especially from high oil prices. In fiscal year 2007, the Chinese local government provided subsidies to the Group's companies in following areas, oil prices and new bus fleets acquisition. In the coming year, the management will negotiate with the local government for these subsidies and together apply for increase bus fare.

On the other hand, the management will put control on cost-saving and exploring new business opportunities for the future.

Nanjing Argos

An increase of 9.2% in turnover was recorded; however operating cost was up by 15%, mainly due to increasing oil prices and wages. Subsidies from local governments compensate the excessive outlays of oil expenditure and acquisition of new bus fleets incurred by Nanjing Argos. An impairment loss of RMB3.7 million which resulted in a loss of RMB5 million for 2007.

Major operational statistics of Nanjing Argos:

	2007	2006	2005	2004	2003
Number of routes operated	18	18	18	15	15
Number of employees	1,067	1,131	1,053	1,007	962
Fleet size	410	399	369	339	327
Total mileage operated (mn km)	24.92	24.46	22.84	22.53	21.11
Total passenger trip (mn trip)	81.93	80.22	78.08	98.94	67.88

Outlook for Nanjing Argos

Newly-announced change of national holiday pattern will somehow adversely influence passenger flow in major holiday breaks. As before, local government still imposes limits on fare increase; together with inevitable hike of fuel cost, wages, and social cost, a tough challenge is lying ahead. Nanjing management has somehow come up with a string of ideas and plans to offset above negative impacts. Existing routes are to be correspondingly re-adjusted, new sightseeing routes are to be opened; new bus coaches are to be purchased, with injection of additional capital. A better year is lying ahead therefore.

Wanzhou Argos

Wanzhou Argos recorded a 8.9% and 12.7% increase in turnover and operating cost respectively. Even so, a slight net income was still recorded. Due to the effective control on operating costs, impact from oil price increase had to a certain extent been lessened.

Major operational statistics of Wanzhou Argos:

	2007	2006	2005	2004	2003
Number of routes operated	8	8	6	6	5
Number of employees	285	280	271	276	366
Fleet size	57	63	57	52	90
Total mileage operated (mn km)	5.15	4.95	3.65	3.09	5.50
Total passenger trip (mn trip)	12.24	10.65	7.88	6.58	9.83

Outlook for Wanzhou Argos

New buses had been acquired during the year in order to improve our services. Our management will continue to negotiate with the local authority in order to extend more public routes which can broaden to Group's revenue and lead to more profitability. Wanzhou management is positive that net income for coming fiscal year may reach RMB0.8 million level.

Taizhou Argos

Turnover remained basically steady at previous year level with slight improvement. Increase in administration cost had been somehow offset by RMB2.5 million additional subsidy from government. The result was a net income of RMB0.6 million. There was an enormous outlay of RMB2 million compensation due to accidental claims, and higher insurance cost resulted. Re-education and training on the drivers is essential therefore.

Major operational statistics of Taizhou Argos:

	2007	2006	2005	2004	2003
Number of routes operated	24	21	22	21	22
Number of employees	714	743	767	745	495
Fleet size	568	538	528	516	481
Total mileage operated (mn km)	60.12	58.41	58.30	12.83	7.21
Total passenger trip (mn trip)	16.75	19.02	20.60	15.25	9.2

Outlook for Taizhou Argos

Management still expects slight increase in turnover for the coming year. Challenge of higher and higher oil prices, increasing direct cost such as replacement parts and cost, wages and salary will also have pressure on gross profit. As usual, subsidies from local authority helps to compensate the high energy cost and purchase of new bus coaches easing the pressure on the operation (amount expected to be around RMB4.5 million for the coming year). Even so, management still needs to be prudent and pay more attention to cost control to maximize profit.

Xuzhou China International Travel

Generally, the travel industry market is continued to be very competitive. Principal business includes arrangement of major city tour in China and selling of flight tickets. Due to high competitive nature of the market and high operating cost (mainly wages and salary), the management expect a breakeven picture for the coming year.

We present below operating results of Xuzhou China International Travel:

	2007	2006	2005	2004
Turnover (RMB'000)	21,677	14,084	12,356	5,796
Cost (RMB'000)	20,285	12,969	11,325	5,403
Business tax (RMB'000)	94	62	57	22
Gross Profit (RMB'000)	1,298	1,053	974	371
Number of Employee	29	26	26	30

Outlook for Xuzhou China International Travel

In the year 2008, we will concentrate on Hong Kong, Korea, and especially Macau tour markets. Over the year, there are many casinos and hotels newly open in Macau, hence attracting more tourists, we will focus more on these tours, will also cooperate with different sizes tourist agencies in Xuzhou in order to expand our operation in the year 2008.

FINANCIAL POSITION

The Group

As at 31 December 2007, the total assets of the Group was approximately HK\$213 million (2006: HK\$174 million), including cash and bank balances and deposits of approximately HK\$47 million (2006: HK\$38 million) of which HK\$10 million (2006: HK\$17 million) were pledged to secure banking facilities. Outstanding balance of bank loans, overdrafts and other loans as at 31 December 2007 was approximately HK\$27 million (2006: HK\$22 million) of which HK\$17 million (2006: HK\$21 million) are due within one year. Motor vehicles of the Group with carrying value amounted to approximately HK\$127 million (2006: HK\$98 million). The gearing ratio of the Group expressed in total debt as a percentage of net assets was 37% (2006: 25%).

Foreign currency risk

Since most of the transactions, income and expenditure of the Group are denominated in Renminbi Yuan, no hedging or other arrangements to reduce the currency risk have been implemented.

Contingent liability

As of the date of announcement, the Directors are not aware of any material contingent liabilities.

Employees and remuneration policy

As at 31 December 2007, the Group had 2,285 (2006: 2,407) full-time employees. The total of employee remuneration, including that of the directors of the Company, for the year ended 31 December 2007 amounted to approximately HK\$39 million (2006: HK\$33 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Share option scheme

On 31 July 2001, a share option scheme of the Company was approved by the shareholders of the Company. As at 31 December 2007, no option was granted under the share option scheme.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 13 August 2001.

On behalf of the Board
Argos Enterprise (Holdings) Limited
Wong Wah Sang
Chairman

Hong Kong, 31 March 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 director are Mr. Wilkie Wong and Mr. Wong Wah Sang (Chairman); while the independent non-executive directors are Messrs. Sung Wai Tak, Herman, Cheung Man Yau, Timothy and Wong Lit Chor, Alexis.

This announcement, 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 enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 "Latest Company Announcements" page of the GEM website for at least seven days from its date of publication.