

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



ARGOS ENTERPRISE (HOLDINGS) LIMITED

雅高企業(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

CLARIFICATION ANNOUNCEMENT

The Board refers to the 2007 Annual Report of the Company and would like to clarify the accounting treatment on the subscription money of convertible bonds.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:34 a.m. on 26 March 2007 and remained to be suspended until further notice.

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board of Directors (the "Board") of Argos Enterprise (Holdings) Limited (the "Company") refers to the annual report of the Company for the year ended 31 December 2007 (the "2007 Annual Report") published on 31 March 2008 and would like to clarify the accounting treatment on the subscription money of convertible bonds.

The Board of the Company clarify that the convertible bonds have not yet been formally issued as at 31 December 2007 and as of today. However, the Board considered that the accounting treatment of the entire convertible bonds subscription money totaling HK\$7.2 million which has been received and utilized by the Company should be treated as convertible bonds based on the "Substance over Form" accounting principle. The status and the accounting treatment of the convertible bonds had well communicated with the auditor of the Company, Ting Ho Kwan & Chan ("THKC"), during the course of the audit for the Group's financial statements for the 2007 Annual Report. THKC also considered that such accounting treatment is fair and appropriate in order to reflect the economic reality.

The accounting treatment for recording HK\$7.2 million received from the subscriber for the

convertible bonds as stated in the 2007 Annual Report were made on the following grounds which conforms with the requirement of “Substance Over Form” principle as stipulated in paragraph 35 of the Hong Kong Financial Reporting Standards - Framework for the Preparation and Presentation of Financial Statements:

- ♦ Full amount of the subscription money for the convertible bonds of HK\$7.2 million has been received from the subscriber upon the entering of the subscription agreement on 7 August 2007 prior to completion.
- ♦ The subscriber has remained interested in subscribing for the convertible bonds and has expressed firm intention to proceed with the subscription without any indication of requesting for the refund of the subscription money paid to the Company notwithstanding the current status of prolonged suspension in the trading of the Company’s shares after the expiration of the Long Stop Date for completion of the subscription agreement. The deposited subscription money had in fact been utilized by the Company to resolve its fixed assets acquisition requirements on a mutual understanding that the deposit paid for subscription of the convertible bonds will unlikely need to be refunded to the subscriber in the foreseeable future.
- ♦ Ordinary resolution for approving the issue of the convertible bonds and the conversion shares to be allotted and issued upon the exercise of the conversion rights attaching the convertible bonds has been duly passed by the Shareholders in an extraordinary general meeting on 8 October 2007.
- ♦ Except for the application to the Exchange for listing of and dealing in the conversion shares, the permission of which have not been obtained, all other conditions precedent to the subscription agreement have been fulfilled. The subscriber has been closely updated with the ongoing enquiries made by and application for resumption of trading made to the Exchange. To the best knowledge and understanding of the Company’s Directors, the subscriber is confident about the eventual resumption of trading in the shares of the Company.
- ♦ Subsequent to the entering of the subscription agreement and prior to the first Long Stop Date, the subscriber is fully made aware of and agreeable to the situation that the Company will need to utilize most of the funds received from the subscriber for the subscription of convertible bonds in paying the cost for acquisition of fixed assets as mentioned in the circular dated 20 September 2007 which is vital for the Company to continue its business without significant curtailment of its core operations.
- ♦ Both the Company and the subscriber have no reason to believe that the current status of the Company’s shares being under a prolonged suspension in trading will remotely lead to a de-listing, rendering therefore the legal completion of the subscription of the convertible bonds only consequential under current circumstances.

Having regarded to various facts surrounding the subscription money received before 31 December 2007 that it purports to represent, the Board are in the opinion that it is necessary to account for and present it in accordance with its substance and economic reality and not merely

its legal form though the legal formality for the issuance of the convertible bonds to the subscriber has not been completed as at 31 December 2007. The auditor of the Company THKC concurred with the Board on such accounting treatment of the convertible bonds subscription money.

The Company affirms all the information contained in the 2007 financial statements of the Company as set out in the Company's 2007 Annual Report is fair, appropriate and complete in particular, the treatment of the entire Convertible bonds subscription money totaling HK\$7.2 million. This Clarification Announcement is issued to clarify the status of the convertible bonds and recapitulate the accounting treatment of the convertible bonds subscription money as made in the 2007 Annual Report.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:34 a.m. on 26 March 2007 and remained to be suspended until further notice.

By order of the Board
Argos Enterprise (Holdings) Limited
Wong Man Chiu
Director

Hong Kong, 22 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 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Group. 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 "Latest Company Announcement" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the company at www.argosenterprise.com.