



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 2006

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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 2006 increased by HK\$19.7 million to approximately HK\$156.2 million when compared to turnover of approximately HK\$136.5 million in the previous year.
- Profit for the year ended 31 December 2006 increased by HK\$3.03 million to HK\$2.13 million.
- Loss per share was approximately 0.05 HK cent for the year ended 31 December 2006 as compared with loss per share of approximately 1.48 HK cent recorded in 2005.
- The directors do not recommend the payment any dividend in respect of the year (2005: 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 2006 together with comparative figures for the corresponding period of the previous financial year (the “Relevant Period”), as follows:

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	2006 <i>HK\$'000</i>	As restated 2005 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	104,519	103,582
Investment properties	1,097	1,029
Leasehold land and land use rights	4,890	4,872
Intangible assets	1,480	1,777
Available-for-sale financial assets	1,080	1,024
Deferred tax assets	–	549
	<u>113,066</u>	<u>112,833</u>
Current assets		
Properties held for sale	–	1,773
Leasehold land and land use rights	102	100
Trade and other receivables	17,442	12,689
Inventories	1,616	1,364
Amount due from a related company	2,681	10,378
Amount due from a minority shareholder	679	678
Pledged bank deposits	17,428	13,139
Cash and cash equivalents	20,731	25,854
	<u>60,679</u>	<u>65,975</u>
Total assets	<u>173,745</u>	<u>178,808</u>
EQUITY		
Capital and reserves attributable to the Company's equity holders:		
Share capital	1,800	1,800
Reserves	52,956	51,240
	<u>54,756</u>	<u>53,040</u>
Minority interests	24,800	22,007
	<u>24,800</u>	<u>22,007</u>
Total equity	<u>79,556</u>	<u>75,047</u>

CONSOLIDATED BALANCE SHEET (Continued)*At 31 December 2006*

	2006	As restated
	HK\$'000	2005
		HK\$'000
LIABILITIES		
Non-current liabilities		
Bank borrowings	476	551
Advertising income on fleet body receipt in advance	4,379	4,214
Deferred tax liabilities	690	–
	<u>5,545</u>	<u>4,765</u>
Current liabilities		
Bank borrowings – due within one year	21,011	32,425
Advertising income on fleet body receipt in advance	479	1,327
Trade and other payables	58,887	56,832
Amount due to a minority shareholder	7,542	8,253
Amount due to a director	100	100
Tax payable	625	59
	<u>88,644</u>	<u>98,996</u>
Total liabilities	<u>94,189</u>	<u>103,761</u>
Total equity and liabilities	<u>173,745</u>	<u>178,808</u>
Net current liabilities	<u>27,965</u>	<u>33,021</u>
Total assets less current liabilities	<u>85,101</u>	<u>79,812</u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	<i>Notes</i>	2006 HK\$'000	As restated 2005 <i>HK\$'000</i>
Turnover		156,160	136,547
Cost of sales		(136,648)	(122,163)
Gross profit		19,512	14,384
Other income and gains, net		14,728	13,320
Administrative expenses		(28,525)	(22,621)
Operating profit		5,715	5,083
Finance costs	4	(1,459)	(2,778)
Profit before taxation		4,256	2,305
Taxation	6	(2,130)	(3,205)
Profit for the year		<u>2,126</u>	<u>(900)</u>
Attributable to:			
Equity holders of the Company		(94)	(2,672)
Minority interests		<u>2,220</u>	<u>1,772</u>
		<u>2,126</u>	<u>(900)</u>
Losses per share for loss attributable to the equity holders of the Company			
– Basic		<u>0.05</u>	<u>1.48</u>
– 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 2006

	2006 HK\$'000	As restated 2005 HK\$'000
Operating activities		
Profit before taxation	4,256	2,305
Adjustments for:		
Amortisation of leasehold land and land use rights	102	100
Amortisation of intangible assets	341	498
Depreciation of property, plant and equipment	15,281	13,859
Gain on disposal of property, plant and equipment	(102)	(23)
Deficit on revaluation of leasehold buildings	–	959
Reversal of revaluation deficit previously recognised	(1)	–
Impairment of goodwill	–	370
Interest income	(1,473)	(1,158)
Interest expense	1,459	2,778
Impairment losses for bad and doubtful debts	167	1,197
Fair value (gains) losses on investment properties	(42)	100
	<hr/>	<hr/>
Operating cash flows before movements in working capital	19,988	20,985
Amount due from a related company	8,114	321
Amount due from a minority shareholder	(1)	(159)
Inventories	(222)	(75)
Trade and other receivables	(4,337)	(1,315)
Trade and other payables	2,605	8,101
Advertising income on fleet body receipt in advance	(583)	(2,025)
Amount due to a related company	–	2,430
Amount due to a minority shareholder	(611)	1,657
Amount due to a director	–	149
	<hr/>	<hr/>
Cash generated from operations	24,953	30,069
Taxation paid	(380)	(271)
	<hr/>	<hr/>
Net cash generated from operating activities	24,573	29,798
	<hr/>	<hr/>
Investing activities		
Acquisition of intangible assets	–	(111)
Acquisition of property, plant and equipment	(14,476)	(13,670)
Proceeds on disposals of property, plant and equipment	149	963
(Increase)/decrease in pledged bank deposits	(3,259)	7,009
Interest received	1,473	1,158
	<hr/>	<hr/>
Net cash used in investing activities	(16,113)	(4,651)
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CONSOLIDATED CASH FLOW STATEMENT (Continued)*For the year ended 31 December 2006*

	2006	As restated
	<i>HK\$'000</i>	2005
		<i>HK\$'000</i>
Financing activities		
New bank borrowings raised	24,172	10,704
Repayment of bank borrowings	(35,714)	(19,249)
Decrease in long term payable	–	(143)
Interest paid	(1,459)	(2,778)
	<hr/>	<hr/>
Net cash used in financing activities	(13,001)	(11,466)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(4,541)	13,681
Effect of foreign exchange rate changes	(635)	(698)
Cash and cash equivalents at beginning of the year	15,386	2,403
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Cash and cash equivalents at the end of the year	<u>10,210</u>	<u>15,386</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	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	Retained earnings HK\$'000	Minority interests HK\$'000	
Balance at 1 January 2005 as previously reported	1,800	29,200	377	(490)	3,227	-	15,618	20,310	70,042
Priors year adjustments	-	-	143	-	-	-	3,472	(81)	3,534
Balance at 1 January 2005, as restated	1,800	29,200	520	(490)	3,227	-	19,090	20,229	73,576
(Loss)/profit for the year, as restated	-	-	-	-	-	-	(2,672)	1,772	(900)
Surplus on revaluation	-	-	-	-	-	79	-	-	79
Currency translation differences	-	-	2,286	-	-	-	-	6	2,292
At 31 December 2005, as restated	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
Deficit on revaluation	-	-	-	-	-	(31)	-	-	(31)
Currency translation differences	-	-	1,841	-	-	-	-	573	2,414
At 31 December 2006	<u>1,800</u>	<u>29,200</u>	<u>4,647</u>	<u>(490)</u>	<u>3,227</u>	<u>48</u>	<u>16,324</u>	<u>24,800</u>	<u>79,556</u>

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 Company’s shares have been suspended for trading on the Stock Exchange since 26 March 2007.

The principal activity of the Company is investment holding. The address of its registered office is located at Room 1113, 11th Floor, Block A2, Yau Tong Industrial City, 17 Ko Fai Road, Kowloon, Hong Kong. The principal activities of its principal subsidiaries are set out in note 12 to the financial statements.

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

2. Basis Of Preparation of Financial Statements

(i) In preparing the consolidated financial statements the directors have given consideration to the future liquidity of the Group. While recognising that the Group had sustained a net current liabilities of HK\$27,965,000 as at 31 December 2006, the directors are confident that the Group will be able to obtain financial support from the ultimate holding company of the Company, Twilight Enterprises Limited, to enable the Group to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(ii) Prior years adjustments

According to the Company’s announcement dated 6 July 2007, it is found that Nanjing Public Transport Argos Bus Company Limited (“Nanjing Argos”), a 60% owned subsidiary of the Company, obtained a bank loan of RMB12,000,000 during the year ended 31 December 2004 and such bank loan was then onward lent to Argos Recreation and Sport (Nanjing) Company Limited (“Argos Recreation”), a related company outside the Group, on substantially the same terms and at the same interest rates as those between Nanjing Argos and the bank. Argos Recreation was to repay all principal and interest of the loan borrowed from Nanjing Argos by making repayments to the loan account of Nanjing Argos maintained with the lending bank. These transactions were not recorded in the books of Nanjing Argos and as a result, such transactions were not reflected in the audited financial statements of the Group for the years ended 31 December 2004 and 2005. In additions, the management has also discovered that in the audited financial statements of the Group for the years ended 31 December 2004 and 2005, an advance of RMB1,200,000 made to a fellow subsidiary had been included in other receivables and relevant disclosure had not been made in the audited financial statements. During reconciliation of the major accounts, the management has identified other material errors relating to prior periods.

The Company has determined that the correction of the cumulative effect of the prior period errors in the current period is material to the consolidated financial statements for the year ended 31 December 2006. Accordingly, the Company determined that the errors need to be corrected through restatement of previously issued financial statements. As a result of the above restatement, the retained earnings as at 1 January 2005 and the profit for the year ended 31 December 2005 are increased both by HK\$3,472,000 and HK2,687,000 respectively.

Details of prior year adjustments for the correction of the above prior periods errors are summarised as below:

	Balance brought Forward from 31 December 2004 <i>HK\$'000</i>	During year ended 31 December 2005 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment			
– Note 1	–	2,795	2,795
– Note 2	4,929	364	5,293
– Note 11	–	(37)	(37)
	<u>4,929</u>	<u>3,122</u>	<u>8,051</u>
Leasehold land and land use rights			
– Note 1	–	237	237
– Note 2	94	4	98
– Note 11	–	37	37
	<u>94</u>	<u>278</u>	<u>372</u>
Intangible assets			
– Note 1	–	55	55
Deferred tax assets			
– Note 4	2,534	(2,319)	215
Amount due from a related company			
– Note 5	11,650	–	11,650
– Note 6	1,166	–	1,166
– Note 9	(12)	5	(7)
	<u>12,804</u>	<u>5</u>	<u>12,809</u>
Trade and other receivables			
– Note 3	4,438	282	4,720
– Note 6	(1,166)	–	(1,166)
– Note 7	(4,023)	–	(4,023)
	<u>(751)</u>	<u>282</u>	<u>(469)</u>
Cash and cash equivalents			
– Note 9	12	(5)	7

	Balance brought Forward from 31 December 2004 HK\$'000	During year ended 31 December 2005 HK\$'000	Total HK\$'000
Retained earnings			
– Note 2	5,023	767	5,790
– Note 3	–	282	282
– Note 4	2,534	(2,319)	215
– Note 8	(3,942)	(1,418)	(5,360)
– Note 10	(143)	1	(142)
	<u>3,472</u>	<u>(2,687)</u>	<u>785</u>
Exchange reserve			
– Note 1	–	2,990	2,990
– Note 4	143	97	240
	<u>143</u>	<u>3,087</u>	<u>3,230</u>
Revaluation reserve			
– Note 1	–	(66)	(66)
– Note 2	–	399	399
	<u>–</u>	<u>333</u>	<u>333</u>
Short term bank borrowings			
– Note 5	11,650	–	11,650
General reserve			
– Note 10	–	98	98
Advertising income on fleet body receipt in advance			
– Note 1	–	31	31
– Note 3	4,438	–	4,438
	<u>4,438</u>	<u>31</u>	<u>4,469</u>
Minority interests			
– Note 7	(4,023)	–	(4,023)
– Note 8	3,942	1,418	5,360
	<u>(81)</u>	<u>1,418</u>	<u>1,337</u>

Notes on prior periods errors

1. *Understatement of assets and corresponding overstatement of exchange reserve, due to the use of inappropriate exchange rates on the translation of the financial statements of certain subsidiaries expressed in foreign currencies into Hong Kong dollars;*
2. *Overstatement of depreciation charges by certain subsidiaries due to the misapplication of depreciation method;*
3. *Understatement of advertising income by a subsidiary;*
4. *Understatement of deferred tax liabilities for certain subsidiaries;*
5. *Understatement of liabilities and assets by a subsidiary due to the omission to record a bank loan borrowed by the subsidiary and the compounding loan to a related company;*
6. *An amount advanced to a related company had been wrongly classified as other receivables since 2004;*
7. *Overstatement of other receivables and corresponding adjustment to minority interests;*
8. *Understatement of minority interest;*
9. *Omission of bank transactions;*
10. *Understatement and overstatement of exchange difference arising from the translation of the financial statements;*
11. *Leasehold land and land use rights wrongly classified as property, plant and equipment;*
12. *The effect of the above correction of the prior periods errors will be resulted in increase in basic losses per share by 1.47 cents.*

3. Other income

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Other income and gain	<u>14,728</u>	<u>13,320</u>

4. Finance Costs

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Borrowing costs		
Interest expenses on bank loans, overdrafts and other loans wholly repayable within 5 years	<u>1,459</u>	<u>2,778</u>

5. Operating profit

Profit from operations is stated after charging the following:

	2006 <i>HK\$000</i>	2005 <i>HK\$000</i>
Impairment of goodwill	–	370
Amortisation of intangible assets	341	498
Fair value losses of investment properties	–	100
Auditors' remuneration and other services	980	180
Depreciation of property, plant and equipment	15,281	13,859
Amortisation of leasehold land and land use rights	102	100
Impairment losses for bad and doubtful debts	167	1,197
Deficit on evaluation of leasehold buildings	–	959
Operating leases rentals in respect of rented premises	120	89
Exchange loss	298	238
Employee benefit expenses	<u>33,195</u>	<u>27,288</u>

6. Taxation

The amount of taxation charged to the consolidated income statement represents:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
PRC income tax		
– provided for the year	891	198
– deferred taxation charge	<u>1,239</u>	<u>3,007</u>
	<u>2,130</u>	<u>3,205</u>

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 during the year (2005: HK\$ Nil).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Deferred taxation charge represents the tax effect of timing differences arising from the recognition of advertising income on fleet body in the year of receipt for the PRC income tax purpose whilst such advertising income is to be recognised in the income statement of the Group over the period of the agreements.

7. Dividends

The directors do not recommend the payment of any dividend for the year ended 31 December 2006 (2005: HK\$ Nil) .

8. Losses Per Share

The calculation of earnings per share is based on the loss from ordinary activities attributable to shareholders for the year ended 31 December 2006 of HK\$94,000 (2005: HK\$2,672,000) and on the weighted average number of 180,000,000 (2005: 180,000,000) shares in issue during the year.

Diluted losses per share is not presented as there was no dilutive potential ordinary shares in existence during the year ended 31 December 2006 (2005: nil).

Segment Information

An analysis of the Group's turnover and contribution to profit from operations by principal activities for the year ended 31 December 2006 is as follows:

	2006		2005	
	Turnover <i>HK\$'000</i>	Segment Results <i>HK\$'000</i>	Turnover <i>HK\$'000</i>	Segment Results <i>HK\$'000</i>
Public Routes	105,944	(959)	94,123	(2,059)
Tourist Routes	21,763	(1,011)	15,122	263
"Hire-a-Bus" Services	9,938	775	10,882	1,014
Sightseeing Tickets Sales and Touring	945	(7)	223	162
Taxi rental	13,001	858	13,478	800
Rental Income	2,505	1,490	895	(820)
Management Fee	2,064	355	1,824	7
	<u>156,160</u>	<u>1,501</u>	<u>136,547</u>	<u>(633)</u>
Other Income		14,728		13,320
Administrative Expenses		<u>(10,514)</u>		<u>(7,604)</u>
Profit from Operations		<u><u>5,715</u></u>		<u><u>5,083</u></u>

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.

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 2006, 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 of the Company 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 2006 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 qualify our opinion, we draw attention to note 2(i) to the financial statement which indicates that the Group's current liabilities exceeded its current assets by approximately HK\$27,965,000 at December 2006. 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 economy in the Mainland China continued to grow quickly in the year 2006 and consumer confidence continued to hold up extremely well.

The Group recorded a turnover of HK\$156.2 million for 2006, and increase of 14% over 2005. Net profit for the year, HK\$2.13 million increased by HK\$3.03 million compare to 2005.

We remain confident in the long-term prospect and stable growth of the public transportation industry based on the significant improvement in living standards and average income of the people in the Mainland China. The management will continue to pursue investment opportunities associated with our existing core business by exploring the opportunity in operating transportation business in other cities of the PRC.

It is the Group's operation policy to insist on "integrity and faith", to be market-oriented, customer-based and cost saving, to create higher value for the customers with high quality and efficient services, and to achieve self-enhancement. With modern management principles, well-established operating mechanism and extraordinary core strength, the ability to continuously create and utilize its competitive edges, in the course of intense market competition, the Group is to enhance its regional profile and take on a leading position in the domestic public transportation industry, hence becoming a prominent and influential operator in the transportation industry of the Mainland China.

Since economic indicators in the Mainland China is showing an upward trend, consumer confidence will remain optimistic in the foreseeable future. The challenge for the Group is how to capitalize on the buoyancy of the economy in the coming years.

Nanjing Argos

Despite high oil prices during the first half of 2006 affecting the operation of Nanjing Argos, high staff salaries and welfare costs due to the implementation of mandatory employees medical benefits by relevant government authorities in PRC is another issue that concerned by the Directors. Repair and maintenance costs are also increasing due to durability of the earlier purchased buses. Fortunately, the government authorities has released certain subsidies for high oil prices for the group during the year 2006.

We present below selected operating statistics of Nanjing Argos:

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

Outlook for Nanjing Argos

Not only the economy of China will keep at a high growth rate due to internal consumer spending, as the Olympic games will be held at Beijing during 2008, numerous foreign tourists would come all over the world to visit different cities in China including Nanjing is one of the famous cities that tourists would visit therefore, we believe that our Nanjing's operation will also benefit with these economic growth.

Wanzhou Argos

The profitability of Wanzhou Argos has improved remarkably compare to the year 2005. The continue improvement due to the effort of cost reduction plan in 2006 and increase in routes. Increase in routes led to increase in revenue and together with the cost reduction plan in 2006, which generate a better profit to the Group. The total routes of Wanzhou also increase from 6 routes to 8 routes compare to year 2005.

We present below operating statistics for Wanzhou Argos:

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

Outlook for Wanzhou Argos

In the year 2007, Wanzhou Argos will keep concentrating on safety, services, repaired workshop for public bus and good material for bus repaired in order to improve the operational efficiency. In addition, our management will continue to negotiate with he local authority in order to extension more public routes which can broaden the Group's revenue and lead to more profitability. In the year 2007 our management will also explore other business opportunity in Wanzhou in order to expend the Group operations.

Taizhou Argos

During the year 2006, Taizhou Argos has only made slight improvement on its profitability due to relatively low in revenue per thousand passengers trip owing to insufficient passengers, high fuel oil cost and increase in operating and maintenance costs for undertaking.

During the year, Taizhou Argos has developed the hire-a-bus and providing school bus services in order to increase revenue income, thus to improve its overall revenue income.

We present below selected operating statistics of Taizhou Argos:

	2006	2005	2004	2003
Routes operated	21	22	21	22
Number of employees	743	767	745	495
Fleet size (buses and taxis)	538	528	516	481
Total mileage operated (million km)	58.41	58.30	12.83	7.21
Total passenger trip (million trip)	19.02	20.60	15.25	9.2

Outlook for Taizhou

Taizhou Argos expects to improve its operating results by various initiatives, such as, to devise and implementation of the operational management system on one-man-operation, sub-contracting and renting of buses, hire-a-bus services and fleet body advertising. Taizhou Argos will enhance its service quality, continue to tap its brand advantage, and introduce cost-effective means to improve profitability.

Other than the core business of Taizhou Argos, travel services will also be the focus of Taizhou Argos in the year 2007. We hope that in expanding the Taizhou's operation with Travel services, Taizhou Argos will generate more revenue, which in turn, generate more profit in 2007.

Xuzhou China International Travel

The year 2006 was a difficult one for Xuzhou China International Travel due to fiercely competition. However, we still achieve a growth rate of 12% in terms of turnover compare to the year 2005.

We present below selected operating results of Xuzhou China International Travel:

	2006	2005	2004
Turnover	13,778,287	12,356,000	5,796,000
Cost	12,748,471	11,325,000	5,403,000
Business tax	60,513	57,000	22,000
Gross Profit	969,303	974,000	371,000
Employee	26	26	30
Gross profit %	7.04%	7.88%	6.4%

Outlook for Xuzhou China International Travel

In the year 2007, we will concentrate on Hong Kong, Korea, and especially Macau, Over the year, there are many Casino and Hotel newly develop in Macau, which attract more tourists to Macau, so that we will focus more on these tours. We will also cooperate with large to small size touring firm in Xuzhou in order to expand our operation in the year 2007.

FINANCIAL POSITION

The Group

As at 31 December 2006, the total assets of the Group was approximately HK\$174 million (2005: HK\$179 million), including cash and bank balances and deposits of approximately HK\$38 million (2005: HK\$39 million) of which HK\$17 million (2005: HK\$13 million) were pledged to secure banking facilities. Balance of bank loans, overdrafts and other loans as at 31 December 2006 was approximately HK\$21.5 million (2005: HK\$33 million) of which HK\$21 million (2005: HK\$32 million) are due within one year.

The Company

At 31 December 2006, the Company also pledged its fixed deposit of HK\$10 million (2005: HK\$10 million) to secure banking facilities to the Company. Motor vehicles of the Group with carrying value of approximately HK\$98 million (2005: HK\$97 million).

The gearing ratio of the Group expressed in total debt as a percentage of net assets was 25% (2005: 42%).

Foreign currency risk

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

Contingent liability

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

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 2006, 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, 14 August 2007

As of the date hereof, the executive directors are Mr. Wong Wah Sang (Chairman), Mr. Wong Man Chiu, Ronnie and Mr. Yeung Wai Hung; the non-executive director is Mr. Wilkie Wong; 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 enquires, 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.