LO'S ENVIRO-PRO HOLDINGS LIMITED
勞氏環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 309)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

RESULTS

The board of directors (the "Board") of Lo's Enviro-Pro Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2007 together with the comparative figures for the corresponding period of last year, as follows. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
CONTINUING OPERATIONS			
REVENUE	*3*	**92,574**	74,215
Other income and gains	*4*	**1,689**	1,159
Staff costs		**(79,640)**	(63,825)
Depreciation		**(744)**	(807)
Impairment of goodwill		**–**	(126)
Other operating expenses		**(16,393)**	(11,721)
LOSS BEFORE TAX	*5*	**(2,514)**	(1,105)
Tax	*6*	**–**	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(2,514)**	(1,105)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	*7*	**(2,393)**	(20,513)
LOSS FOR THE PERIOD		**(4,907)**	(21,618)

	Notes	For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Equity holders of the parent		**(4,912)**	(17,595)
Minority interests		**5**	(4,023)
		(4,907)	(21,618)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic			
– For loss for the period		**(HK0.66 cent)**	(HK2.93 cents)
– For loss from continuing operations		**(HK0.34 cent)**	(HK0.18 cent)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 September 2007 (Unaudited)** ***HK$'000***	31 March 2007 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**11,394**	3,503
Goodwill		**39,185**	–
Interest in an associate		**–**	–
Deposit paid for acquisition of plant and equipment		**20,202**	4,952
Total non-current assets		**70,781**	8,455
CURRENT ASSETS			
Financial asset at fair value through profit and loss		**–**	3,862
Due from a minority shareholder of a subsidiary		**2,448**	–
Due from an associate		**1,043**	1,043
Contract work in progress		**–**	1,535
Trade receivables	*10*	**33,750**	34,957
Prepayments, deposits and other receivables		**4,211**	3,159
Tax recoverable		**30**	29
Pledged time deposits		**8,044**	16,130
Cash and cash equivalents		**93,202**	38,285
Total current assets		**142,728**	99,000
CURRENT LIABILITIES			
Trade payables	*11*	**2,957**	9,597
Other payables and accrued liabilities		**17,290**	16,532
Due to a minority shareholder of subsidiaries		**–**	1,088
Interest-bearing bank borrowings, secured		**–**	4,096
Total current liabilities		**20,247**	31,313
NET CURRENT ASSETS		**122,481**	67,687
TOTAL ASSETS LESS CURRENT LIABILITIES		**193,262**	76,142
NON-CURRENT LIABILITY			
Provision for long service payments		**655**	817
Net assets		**192,607**	75,325
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**7,854**	3,627
Reserves		**185,106**	72,549
		192,960	76,176
Minority interests		**(353)**	(851)
Total equity		**192,607**	75,325

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules").

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2007, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations ("Ints")) that affect the Group and are adopted for the first time for the current period's condensed consolidated financial statements as disclosed in note 2 below.

2. IMPACT OF NEW OR REVISED HKFRSs

The HKICPA has issued a number of new or revised HKFRSs, which are effective for accounting periods beginning on or after 1 January 2007. The Group has adopted the following new or revised HKFRSs which are relevant to its operations:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new or revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements.

Besides, the Group has not early adopted the following new or revised HKFRSs, which have been issued but not yet effective, in these condensed consolidated financial statements:

HKAS 23 (Revised)	Borrowing Cost
HKFRS 8	Operating Segments
HK(IFRIC) – Int 12	Service Concession Arrangement
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of these new or revised HKFRSs is not expected to result in material impact on the Group's financial statements in the period of initial application.

3. **SEGMENT INFORMATION**

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments for the six months ended 30 September 2007 and 2006.

	For the six months ended 30 September					
	Continuing operations		**Discontinued operation**			
	Cleaning and related services		**Building maintenance and renovation**		**Consolidated**	
	2007 (Unaudited) ***HK$'000***	2006 (Unaudited) *HK$'000*	**2007 (Unaudited)** ***HK$'000***	2006 (Unaudited) *HK$'000*	**2007 (Unaudited)** ***HK$'000***	2006 (Unaudited) *HK$'000*
Segment revenue:						
Service income from external customers	**92,574**	74,215	**6,507**	12,946	**99,081**	87,161
Other income and gains	**350**	449	**17**	1	**367**	450
Total	**92,924**	74,664	**6,524**	12,947	**99,448**	87,611
Segment results	**1,367**	992	**(1,751)**	(20,246)	**(384)**	(19,254)
Interest income and unallocated gains					**1,339**	710
Corporate and other unallocated expenses					**(5,220)**	(2,807)
Loss on disposal of a disposal group	**–**	–	**(634)**	–	**(634)**	–
Finance costs	**–**	–	**(8)**	(267)	**(8)**	(267)
Loss before tax					**(4,907)**	(21,618)
Tax					**–**	–
Loss for the period					**(4,907)**	(21,618)

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**1,339**	710
Management fee received	**200**	350
Fair value gain on a financial asset at fair value through profit and loss	**21**	–
Gain on disposal of items of property, plant and equipment	**1**	17
Foreign exchange gains	**74**	–
Sundry income	**71**	83
	1,706	1,160
Attributable to continuing operations reported in the consolidated income statement	**1,689**	1,159
Attributable to a discontinued operation *(note 7)*	**17**	1
	1,706	1,160

5. LOSS BEFORE TAX

The Group's loss before tax for the period, including the loss before tax for the period from a discontinued operation, is arrived at after charging cost of services rendered of approximately HK$93,095,000 (2006: HK$90,980,000).

6. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2006: Nil).

7. DISCONTINUED OPERATION

On 28 September 2007, the Group disposed of its equity interest in Best Crown International Limited ("Best Crown") and its subsidiary (collectively "Best Crown group") for cash consideration of HK$10,000, resulting in a loss on disposal of subsidiaries of HK$634,000. Best Crown group engaged in the provision of building maintenance and renovation services and was a separate business segment that was part of the Hong Kong operation. The Group has decided to cease its building maintenance and renovation business as the operating results of this business had been deteriorating in the prior year.

7. DISCONTINUED OPERATION (continued)

The results of Best Crown group for the period are presented below:

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue	**6,507**	12,946
Other income	**17**	1
Staff costs	**(314)**	(742)
Direct costs of contract works performed	**(7,876)**	(24,739)
Depreciation	**(20)**	(32)
Impairment of trade receivables and bad debts written off	**–**	(6,009)
Impairment of other receivables	**–**	(870)
Finance costs:		
Interest on bank overdrafts and bank loans wholly repayable within five years	**(8)**	(267)
Other operating expenses	**(65)**	(801)
Loss of the discontinued operation	**(1,759)**	(20,513)
Loss on disposal of a disposal group	**(634)**	–
Loss before tax from the discontinued operation	**(2,393)**	(20,513)
Tax	**–**	–
Loss for the period from the discontinued operation	**(2,393)**	(20,513)
Attributable to:		
Equity holders of the parent	**(2,393)**	(16,490)
Minority interests	**–**	(4,023)
	(2,393)	(20,513)

The net cash flows incurred by Best Crown group are as follows:

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Operating activities	**3,930**	(12,238)
Investing activities	**10**	3
Financing activities	**(4,104)**	12,166
Net cash outflow	**(164)**	(69)
Basic loss per share from discontinued operation	**(HK0.32 cent)**	(HK2.75 cents)

7. **DISCONTINUED OPERATION (continued)**

The calculation of basic loss per share amount from discontinued operation for the period is based on the loss from discontinued operation attributable to the ordinary equity holders of the parent of approximately HK$2,393,000 (2006: HK$16,490,000), and the weighted average number of approximately 739,021,202 (2006: 600,000,000) ordinary shares in issue during the period, as adjusted to reflect the bonus issue during the period.

Diluted loss per share

Diluted loss per share amounts from discontinued operation for the periods ended 30 September 2007 and 2006 have not been disclosed, as the options outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

8. **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the bonus issue during the period.

The calculations of basic loss per share are based on:

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	**(2,519)**	(1,105)
From a discontinued operation	**(2,393)**	(16,490)
Loss attributable to ordinary equity holders of the parent	**(4,912)**	(17,595)

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**739,021,202**	600,000,000

Diluted loss per share

Diluted loss per share amounts for the periods ended 30 September 2007 and 2006 have not been disclosed, as the options outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

9. **INTERIM DIVIDEND**

The directors do not recommend the payment of any interim dividend to shareholders for the six months period ended 30 September 2007 (2006: Nil).

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 90 days for customers with a long term relationship. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of trade receivables at the balance sheet date, based on invoice date, is as follows:

	30 September 2007 (Unaudited) ***HK$'000***	31 March 2007 (Audited) *HK$'000*
Within 30 days	**17,676**	16,467
31 – 60 days	**8,707**	12,857
61 – 90 days	**4,942**	1,521
91 – 120 days	**636**	521
Over 120 days	**1,789**	13,213
	33,750	44,579
Less: Provision for impairment of trade receivables	**–**	(9,622)
	33,750	34,957

As at 31 March 2007, the Group's trade receivables included an amount due from a related company, Martech Building Consultants Limited ("Martech Building"), of which two minority shareholders of a non-wholly-owned subsidiary of the Company are directors, of HK$5,650,000. The amount was repayable on similar credit terms to those offered to the major customers of the Group. Full provision for impairment of HK$5,650,000 had been made for the amount due from Martech Building during the year ended 31 March 2007. Martech Building ceased to be a related company of the Group after the disposal of the Group's equity interest in Best Crown group as disclosed in note 7.

11. TRADE PAYABLES

An aged analysis of trade payables at the balance sheet date, based on invoice date, is as follows:

	30 September 2007 (Unaudited) ***HK$'000***	31 March 2007 (Audited) *HK$'000*
Within 30 days	**2,439**	6,838
31 – 60 days	**503**	865
61 – 90 days	**15**	690
91 – 120 days	**–**	461
Over 120 days	**–**	743
	2,957	9,597

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

In the six months under review, with exports, consumer demand and investment growing strong and despite the looming concern that the sub-prime property market in the United States might affect the global economy, the Hong Kong economy performed better than expected. The economy in Mainland China also made fast progress even in the face of continual introduction of macroeconomic policies by the government to cool down overheated economic activities.

In Hong Kong, as the economy strengthened and unemployment rate fell, commodity prices and wages rose and so did inflation. A mid-term review of the Wage Protection Movement, launched by the government in October 2006 for a term of two years, had been taken in October 2007 and a final review will be conducted in October 2008. Discussion on minimum wage legislation for two "low-pay occupations – cleaners and security guards" has started. Competition in the cleaning service sector has intensified commanding competitive bids and squeezing earning margins. As for the stone finishing care, maintenance and restoration segment, it has relatively more handsome profit margin and grew at a satisfactory pace during the review period. The environmental protection segment in Mainland China also continued on the growth track.

Operating Results

The Group's turnover for the six months ended 30 September 2007 amounted to HK$92,574,000, representing a 24.7% increase as compared with the same period last year. A net loss of HK$4,907,000 was recorded against a net loss of HK$21,618,000 for the same period last year. The Group had, in effect, turned around its business to profit in the amount of HK$1,477,000 for the current period, but unfortunately this profit was offset by the loss of HK$2,393,000 incurred by the discontinued business of building maintenance and renovation and the charge to the income statement of share option expenses of HK$3,991,000, resulting in HK$4,907,000 in net loss for the period. The turnaround was achieved as the Group was able to secure some major new contracts and renewed some existing contracts at better prices for its cleaning and related business. Its reputation and strengths in delivering excellent and reliable services and effectiveness in reducing costs to assure competitive service charges were factors behind the new contract wins and renewal. We are optimistic about the prospects of our cleaning service business in the foreseeable future. During the period, the Group continued to exercise financial control and strive for higher operational efficiency so as to enhance competitiveness and increase market share.

Business Review

Despite the difficult operating environment in the cleaning service industry with room for expansion shrinking, the Group was still able to obtain and renew several major contracts with clients, including two luxurious residential estates and a top-notch shopping mall in West Kowloon, the biggest residential estate in terms of number of flats in Tseung Kwan O, an Academy of Medicine Building in Wong Chuk Hang, and the biggest flight kitchen in Chek Lap Kok.

During the period under review, the Group completed the marble restoration works including marble and granite finishing in the entrance hall, lift lobbies and linking foot-bridges for a bank building in Central District in July and the marble floor repolishing works for a luxurious shopping mall in West Kowloon of floor area over 1 million square feet in September. Excellent delivery of phase one of marble restoration works for a prestigious shopping mall on the Peak had earned for the Group the contract for the second phase.

The medical waste treatment business of the Group in Mainland China has been developing on track. Construction of the Group's first commercial non-incineration medical waste treatment centre in Siping City, Jilin Province was completed and is expected to bring in revenue for the Group from the second half of 2007/2008. It marked the Group's formal entry into the environmental protection business. The construction of two other medical wastes treatment plants in Heilongjiang Province are underway and are expected to be completed in the first half of 2008/2009. The Group is exploring opportunities of acquiring licenses from operators of medical wastes treatment centres to hasten expansion of the business and making progress. The Group is confident that the medical waste treatment business will become another major revenue source in the not too distant future.

The Group disposed of its entire interest in Best Crown and its subsidiary Mak Tai Construction & Engineering Limited on 28 September 2007 as the Group has now ceased the building and maintenance and renovation business after finishing all the contracts on hand. This marked the exit of the Group from the said business.

For the fourth consecutive year, the Group was nominated by the Mental Health Association of Hong Kong for the "Caring Company Scheme" run by the Hong Kong Council of Social Service. Care for the community is one of the Group's core values.

Financial Review

As at 30 September 2007, the Group's financial position was sound with current ratio at 7.0 (31 March 2007: 3.2). Cash and cash equivalents and pledged time deposits totalled approximately HK$101,246,000 (31 March 2007: approximately HK$54,415,000). The Group did not have any bank borrowing as at 30 September 2007 and therefore, the Group's gearing ratio, representing ratio of total bank borrowings to shareholders' equity, was nil (31 March 2007: total bank borrowings was $4,096,000 and the gearing ratio was 5.44%). The Group's shareholders' equity amounted to HK$192,607,000 as at 30 September 2007 (31 March 2007: HK$75,325,000).

During the period under review, the Group carried out transactions mostly in Hong Kong dollars. The Group's cash and bank balance was primarily denominated in Hong Kong dollars, Renminbi and United States dollars. As such, the Group had no significant exposure to fluctuations in exchange rates.

As at 30 September 2007, the Group's banking facilities were secured by the following:

(i) pledge of certain of the Group's time deposits amounting to HK$8,044,000 (31 March 2007: HK$16,130,000); and

(ii) a corporate guarantee to the extent of HK$18 million (31 March 2007: HK$27 million) executed from the Company.

Bonus Share Issue and Capital Structure

A bonus share issue of one bonus share for every one ordinary share in issue was approved at the Annual General Meeting of the Company held on 29 August 2007. A total of 392,680,000 ordinary shares of HK$0.01 each were issued and had been credited as fully paid by a transfer from the Company's share premium account.

Issue of New Shares

In July 2007, the Group raised approximately HK$98,000,000 through the placing of 25,000,000 new shares of the Company at HK$4.00 each to fund the acquisition of 65% of the issued share capital of Seasun Group Limited and the medical waste project.

In August 2007, the Group issued 5,000,000 new shares of the Company to Tsinghua Daring (China) Holdings Limited ("Tsinghua Daring China") as part of the consideration for acquiring from Tsinghua Daring China a 65% interest in Seasun Group Limited.

Employees and Remuneration Policies

The total number of employees of the Group as at 30 September 2007 was 2,187 (31 March 2007: HK$2,137). Total staff costs, including director's emoluments and net pension contributions, for the period under review amounted to HK$79,640,000 (30 September 2006: HK$63,825,000). The Group provides employees with training programmes on latest skills.

Staff remunerations are commensurate with the nature of jobs, experience and market conditions. Performance related bonuses are granted to some employees on discretionary basis. In addition, all employees of the Group, including directors, are eligible to participate in the Company's share option scheme.

Prospects

The cleaning service business is expected to face yet more intense competition. However, with a well-established reputation and recognised professionalism, in particular in the middle to high-end cleaning service market, the Group is confident of maintaining steady growth of the business in the years ahead. The highly humid weather in Hong Kong calls for diligent maintenance and regular restoration of stone finishings. Thus, the Group is also optimistic that its stone care business will continue on the up trend in the foreseeable future.

The Group's medical wastes processing operation in Mainland China uses steam-based technology which is not only environmentally friendly but also of low cost. It is leading the mainland market in employing low-cost technology to replace the more expensive incineration technologies, some of which falling behind increasingly stringent emission requirements. In addition to introducing the state-of-the-art technology to cities new to it, the Group is also targeting to take over incineration plants with difficulty meeting current requirements and replacing their facilities with the steam-based system. Proper handling of certain medical wastes is deemed critical by the Chinese Government for safeguarding public health amid threats of different contagious diseases. We are confident that the Group's competence in appropriate treatment of such wastes will lead to a sizeable market share in the medical waste processing segment in China.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely Mr Cheng Kai Tai, Allen (Chairman of the Audit Committee), Mr Chiu Wai Piu and Mr Wang Qi, has reviewed with the senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Main Board Listing Rules, except that there is no separation of the role of the Chairman and Chief Executive Officer as laid down in the code provision A.2.1. Dr Lo Kou Hong currently assumes the role of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects and management of the Company.

DIRECTORS OF THE COMPANY

As at the date of this announcement, Dr Lo Kou Hong, Ms Ko Lok Ping, Maria Genoveffa, Mr Leung Tai Tsan, Charles and Mr Cheung Pui Keung, James are the executive directors of the Company, Professor Bai Qingzhong is the non-executive director of the Company and Mr Cheng Kai Tai, Allen, Mr Chiu Wai Piu and Mr Wang Qi are the independent non-executive directors of the Company.

On behalf of the Board
Lo Kou Hong
Chairman

Hong Kong, 12 December 2007