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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the "Board") of Lo's Enviro-Pro Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008, together with the comparative figures for the year ended 31 March 2007, as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
CONTINUING OPERATIONS			
REVENUE	4	**188,567**	154,276
Other income and gains	4	**3,086**	2,209
Staff costs		**(165,931)**	(136,480)
Depreciation		**(1,982)**	(1,626)
Impairment of goodwill		**(39,185)**	(126)
Impairment of due from an associate		**(274)**	–
Other operating expenses		**(37,496)**	(24,546)
LOSS BEFORE TAX	5	**(53,215)**	(6,293)
Tax	6	**–**	9
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(53,215)**	(6,284)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	7	**(2,507)**	(28,252)
LOSS FOR THE YEAR		**(55,722)**	(34,536)
Attributable to:			
Equity holders of the parent		**(51,906)**	(34,170)
Minority interests		**(3,816)**	(366)
		(55,722)	(34,536)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
			(Restated)
Basic			
– For loss for the year		**(6.77 cents)**	(5.26 cents)
– For loss from continuing operations		**(6.44 cents)**	(0.91 cent)

CONSOLIDATED BALANCE SHEET
31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**23,711**	3,503
Goodwill	9	**–**	–
Interest in an associate		**–**	–
Deposit paid for acquisition of plant and equipment		**14,942**	4,952
Total non-current assets		**38,653**	8,455
CURRENT ASSETS			
Financial asset at fair value through profit or loss		**–**	3,862
Due from an associate		**822**	1,043
Contract work in progress		**–**	1,535
Trade receivables	10	**40,226**	34,957
Prepayments, deposits and other receivables		**1,899**	3,159
Tax recoverable		**–**	29
Pledged time deposits		**4,022**	16,130
Cash and cash equivalents		**80,632**	38,285
Total current assets		**127,601**	99,000
CURRENT LIABILITIES			
Trade payables	11	**827**	9,597
Other payables and accrued liabilities		**18,308**	16,532
Due to a minority shareholder of subsidiaries		**–**	1,088
Interest-bearing bank borrowings, secured		**–**	4,096
Total current liabilities		**19,135**	31,313
NET CURRENT ASSETS		**108,466**	67,687
TOTAL ASSETS LESS CURRENT LIABILITIES		**147,119**	76,142
NON-CURRENT LIABILITY			
Provision for long service payments		**811**	817
Net assets		**146,308**	75,325
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**7,837**	3,627
Reserves		**141,745**	72,549
		149,582	76,176
Minority interests		**(3,274)**	(851)
Total equity		**146,308**	75,325

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Lo's Enviro-Pro Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business of the Company is located at 3rd Floor, Caltex House, No. 258 Hennessy Road, Wanchai, Hong Kong.

During the year, the Group was engaged in the provision of cleaning and related services, the provision of medical waste treatment services and building maintenance and renovation services. On 28 September 2007, the Group disposed of and discontinued its business of building maintenance and renovation services.

In the opinion of the directors, the parent and the ultimate holding company of the Group is The Lo's Family Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for HKFRS 7 and HKAS 1 Amendment giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & HKAS 1 Amendments	Puttable Financial Instruments
HK(IFRIC)-Int 12	Service Concession Arrangements
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 Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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. Summary details of the business segments are as follows:

(a) the cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;

(b) the medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals; and

(c) the building maintenance and renovation segment engages in construction contract works as a subcontractor, primarily in respect of building maintenance and renovation projects, which was discontinued during the year.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007:

	Continuing operations						Discontinued operation					
	Cleaning and related services		Medical waste treatment		Total		Building maintenance and renovation		Elimination		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Service income from external customers	**188,539**	154,276	**28**	–	**188,567**	154,276	**6,507**	32,340	**–**	–	**195,074**	186,616
Other income and gains	**514**	976	**–**	–	**514**	976	**13**	379	**–**	(300)	**527**	1,055
Total	**189,053**	155,252	**28**	–	**189,081**	155,252	**6,520**	32,719	**–**	(300)	**195,601**	187,671
Segment results	**3,472**	1,890	**(8,510)**	(813)	**(5,038)**	1,077	**(2,503)**	(27,553)	**–**	–	**(7,541)**	(26,476)
Interest income and unallocated gains					**2,572**	1,533	**4**	–			**2,576**	1,533
Impairment of goodwill	–	–	**(39,185)**	–	**(39,185)**	–	**–**	(126)			**(39,185)**	(126)
Impairment of amount due from an associate	**(274)**	–	**–**	–	**(274)**	–	**–**	–			**(274)**	–
Unallocated expenses					**(11,290)**	(8,903)	**–**	–			**(11,290)**	(8,903)
Finance costs					**–**	–	**(8)**	(573)			**(8)**	(573)
Loss before tax					**(53,215)**	(6,293)	**(2,507)**	(28,252)			**(55,722)**	(34,545)
Tax					**–**	9	**–**	–			**–**	9
Loss for the year					**(53,215)**	(6,284)	**(2,507)**	(28,252)			**(55,722)**	(34,536)

	Continuing operations								Discontinued operation					
	Cleaning and related services		Medical waste treatment		Elimination		Total		Building maintenance and renovation		Elimination		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities														
Segment assets	**208,937**	113,217	**40,196**	4,952	**(83,701)**	–	**165,432**	118,169	**–**	12,535	**–**	(27,677)	**165,432**	103,027
Due from an associate	**822**	1,043	**–**	–	**–**	–	**822**	1,043	**–**	–	**–**	–	**822**	1,043
Corporate and other unallocated assets							**–**	3,385	**–**	–	**–**	–	**–**	3,385
Total assets							**166,254**	122,597	**–**	12,535			**166,254**	107,455
Segment liabilities	**16,978**	16,487	**86,669**	–	**(83,701)**	–	**19,946**	16,487	**–**	38,106	**–**	(27,677)	**19,946**	26,916
Due to a minority shareholder of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,088	**–**	–	**–**	1,088
Interest-bearing bank borrowings, secured	**–**	–	**–**	–	**–**	–	**–**	–	**–**	4,096	**–**	–	**–**	4,096
Corporate and other unallocated liabilities							**–**	30	**–**	30			**–**	30
Total liabilities							**19,946**	16,517	**–**	43,320			**19,946**	32,130
Other segment information:														
Capital expenditure	**1,536**	1,988	**19,858**	–	**–**	–	**21,394**	1,988	**–**	84	**–**	–	**21,394**	2,072
Depreciation	**1,577**	1,791	**405**	–	**–**	–	**1,982**	1,791	**20**	57	**–**	–	**2,002**	1,848
Impairment losses recognised in the income statement in respect of:														
Goodwill	**–**	–	**39,185**	–	**–**	–	**39,185**	–	**–**	126	**–**	–	**39,185**	126
Trade receivables and bad debts written off	**–**	–	**–**	–	**–**	–	**–**	–	**–**	9,403	**–**	–	**–**	9,403
Other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,058	**–**	–	**–**	1,058

Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 2007:

	Hong Kong		Mainland China		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**195,046**	186,616	**28**	–	**–**	–	**195,074**	186,616
Other income and gains	**527**	1,055	**–**	–	**–**	–	**527**	1,055
Attributable to a discontinued operation	**(6,520)**	(32,719)	**–**	–	**–**	–	**(6,520)**	(32,719)
Revenue from continuing operations	**189,053**	154,952	**28**	–	**–**	–	**189,081**	154,952
Other segment information:								
Segment assets	**208,937**	98,075	**40,196**	4,952	**(83,701)**	–	**165,432**	103,027
Capital expenditure	**1,536**	2,072	**19,858**	–	**–**	–	**21,394**	2,072

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered and income from building maintenance and renovation contracts. An analysis of the Group's revenue, other income and gains is as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Cleaning and related service fee income	**188,539**	154,276
Medical waste treatment income	**28**	–
Attributable to continuing operations reported in the consolidated income statement	**188,567**	154,276
Building maintenance and renovation contracts attributable to a discontinued operation	**6,507**	32,340
	195,074	186,616
Other income and gains		
Bank interest income	**2,551**	1,533
Management fee received	**400**	575
Fair value gain on a financial asset at fair value through profit or loss	**21**	–
Sundry income	**114**	101
Attributable to continuing operations reported in the consolidated income statement	**3,086**	2,209
Bank interest income attributable to a discontinued operation	**4**	–
Sundry income attributable to a discontinued operation	**13**	379
	3,103	2,588

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):#

	2008 HK$'000	2007 HK$'000
Cost of services rendered*	**168,853**	139,901
Auditors' remuneration	**800**	515
Minimum lease payments under operating leases in respect of land and buildings	**716**	1,141
Depreciation	**2,002**	1,848
Less: Amounts capitalised to long-term construction contract	**–**	(165)
	2,002	1,683
Fair value (gain)/loss on a financial asset at fair value through profit or loss	**(21)**	33
Employee benefits expense (including directors' remuneration):		
Wages, salaries and other benefits	**154,457**	134,323
Equity-settled share option expense	**7,912**	605
Retirement benefits scheme contributions	**5,744**	4,609
Forfeited contributions	**(2,931)**	(2,180)
Net retirement benefits scheme contributions	**2,813**	2,429
Provision/(write-back of provision) for long service payments, net	**92**	(161)
Provision for untaken paid leave	**976**	602
	166,250	137,798
Loss on disposal of items of property, plant and equipment	**–**	612
Loss on disposal of subsidiaries	**634**	–
Impairment of trades receivable and bad debts written off	**–**	9,403
Impairment of other receivables	**–**	1,058
Finance costs represent interest on bank loans wholly repayable within five years	**8**	573

* The cost of services rendered included employee benefits expense of HK$149,883,000 (2007: HK$125,433,000) incurred in the provision of services which have been included in the employee benefits expense above.

\# The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operation.

During the year ended 31 March 2008, the Group had no forfeited contributions (2007: HK$280,000) available to reduce its contributions to the retirement benefits schemes in future years.

6. TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. In the prior year, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong. No profits tax has been provided in Mainland China as the Group did not generate any assessable profits arising in Mainland China during the year (2007: Nil).

	2008	2007
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Provision for the year	**–**	–
Overprovision in prior years	**–**	(9)
Tax credit for the year	**–**	(9)

A reconciliation of the tax credit applicable to loss before tax using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, is as follows:

Group

	Hong Kong		**Mainland China**		**Total**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before tax (including loss from a discontinued operation)	**(49,982)**	(34,545)	**(5,740)**	–	**(55,722)**	(34,545)
Tax at the statutory tax rates	**(8,747)**	(6,087)	**(1,435)**	–	**(10,182)**	(6,087)
Adjustments in respect of current tax of previous periods	**–**	(9)	**–**	–	**–**	(9)
Income not subject to tax	**(376)**	(176)	**–**		**(376)**	(176)
Expenses not deductible for tax	**9,305**	263	**899**	–	**10,204**	263
Tax losses utilised from previous periods	**(447)**	–	**–**	–	**(447)**	–
Tax losses not recognised	**214**	5,978	**536**	–	**750**	5,978
Other	**51**	22	**–**	–	**51**	22
Tax credit at the Group's effective rate	**–**	(9)	**–**	–	**–**	(9)
Represented by:						
Tax charge attributable to a discontinued operation					**–**	–
Tax credit attributable to continuing operations reported in the consolidated income statement					**–**	(9)
					–	(9)

The Group has tax losses arising in Hong Kong of HK$8,694,000 (2007: HK$38,240,000) which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in Mainland China of HK$2,145,000 (2007: Nil) that are available for five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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 is 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.

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

	2008	2007
	HK$'000	*HK$'000*
Revenue	**6,507**	32,340
Other income	**17**	379
Staff costs	**(319)**	(1,318)
Direct costs of contract works performed	**(7,990)**	(46,724)
Depreciation	**(20)**	(57)
Impairment of trade receivables and bad debts written off	**–**	(9,403)
Impairment of other receivables	**–**	(1,058)
Other operating expenses	**(60)**	(1,838)
Finance costs:		
Interest on bank loans wholly repayable within five years	**(8)**	(573)
Loss of the discontinued operation	**(1,873)**	(28,252)
Loss on disposal of subsidiaries	**(634)**	–
Loss before tax from the discontinued operation	**(2,507)**	(28,252)
Tax	**–**	–
Loss for the year from the discontinued operation	**(2,507)**	(28,252)

The net cash flows generated/(incurred) by Best Crown group are as follows:

	2008	2007
	HK$'000	*HK$'000*
Operating activities	**3,930**	(3,717)
Investing activities	**10**	3
Financing activities	**(4,104)**	3,773
Net cash inflow/(outflow)	**(164)**	59
Basic loss per share from the discontinued operation	**(HK0.33 cent)**	(HK4.35 cents)

The calculation of basic loss per share amount from discontinued operation for the year is based on the loss attributable to the ordinary equity holders of the parent of approximately HK$2,507,000 (2007: HK$28,252,000), and the weighted average number of approximately 767,496,767 (2007: 649,474,000) ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year.

Diluted loss per share from the discontinued operation

Diluted loss per share amounts from the discontinued operation for the years ended 31 March 2008 and 2007 have not been disclosed, as the options outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year.

The calculations of basic loss per share are based on:

	2008	2007
	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	**(49,399)**	(5,918)
From a discontinued operation	**(2,507)**	(28,252)
Loss attributable to ordinary equity holders of the parent	**(51,906)**	(34,170)

	2008	2007 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation *(Note i)*	**767,496,767**	649,474,000

Diluted loss per share

Diluted loss per share amounts for the years ended 31 March 2008 and 2007 have not been disclosed, as the options outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

Note i: The weighted average number of ordinary shares used in the calculations of basic loss per share for the year ended 31 March 2007 had been adjusted to reflect the bonus issue during the year ended 31 March 2008.

9. GOODWILL

Group	HK$'000
Cost and carrying amount at 1 April 2006	126
Impairment during the year	(126)
Cost and carrying amount at 31 March 2007	–
At 31 March 2007:	
Cost	126
Accumulated impairment	(126)
Net carrying amount	–
Cost at 1 April 2007, net of accumulated impairment	–
Acquisition of a subsidiary	39,185
Impairment during the year	(39,185)
Cost and carrying amount at 31 March 2008	–
At 31 March 2008:	
Cost	39,185
Accumulated impairment	(39,185)
Net carrying amount	–

Impairment testing of goodwill

Goodwill acquired through business combinations is related to medical waste treatment cash-generating units. Its recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 24% and cash flows beyond the five-year period are extrapolated using a growth rate of 4% which is the same as the long term average growth rate of the medical waste treatment business.

Key assumptions were used in the value in use calculation of the medical waste treatment cash-generating units. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant units.

Growth rate – The growth rate is based on published industry research.

During the year ended 31 March 2008, impairment loss of HK$39,185,000 represented the write down of goodwill in the medical waste treatment segment to the recoverable amount with key assumptions aforementioned. This is recognised in "Impairment of goodwill" as shown on the face of the consolidated income statement of the Group.

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 and their carrying amounts approximate to their fair values.

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**14,207**	16,467
31 – 60 days	**9,991**	12,857
61 – 90 days	**7,575**	1,521
91 – 120 days	**3,612**	521
Over 120 days	**4,841**	13,213
	40,226	44,579
Less: impairment	**–**	(9,622)
	40,226	34,957

Movements in the provision for impairment of trade receivables are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
At 1 April	**9,622**	321
Impairment losses recognised	**–**	9,301
Amount written off as uncollectible	**(9,622)**	–
At 31 March	**–**	9,622

The above provision for impairment of trade receivables is individually impaired. The individually impaired trade receivables relate to customers that were in default or delinquency payments. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables, that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**14,207**	16,467
Less than 1 month past due	**9,991**	12,857
1 to 3 months past due	**11,187**	2,042
Over 3 months past due	**4,841**	3,591
	40,226	34,957

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 March 2007, included in the Group's trade receivables is an amount of HK$5,650,000 due from a related company, Martech Building Consultants Limited ("Martech Building"), of which two minority shareholders of a non-wholly-owned subsidiary of the Group are directors. The amount is repayable on similar credit terms to those offered to the major customers of the Group. Full provision for impairment of HK$5,650,000 has been made for the amount due from Martech Building during the prior year.

11. TRADE PAYABLES

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**789**	6,838
31 – 60 days	**38**	865
61 – 90 days	**–**	690
91 – 120 days	**–**	461
Over 120 days	**–**	743
	827	9,597

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

The carrying amount of the trade payables approximates to its fair value.

12. BUSINESS COMBINATION

On 27 April 2007, Victory Joy International Limited ("Victory Joy") and Tsinghua Daring (China) Holdings Limited ("Tsinghua Daring China"), a related company of the Group of which certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a minority shareholder of the Group's non-wholly-owned subsidiary, entered into a sale and purchase agreement. Pursuant to that sale and purchase agreement, Victory Joy agreed to acquire 65% equity interests in Seasun Group Limited ("Seasun"), a wholly-owned subsidiary of Tsinghua Daring China which is incorporated in the British Virgin Islands with limited liability, from Tsinghua Daring China for a consideration which was satisfied by (i) cash of HK$20,000,000, and (ii) the issuance of 5,000,000 new ordinary shares of the Company with market price on the date of issuance of HK$3.84 each, resulting a total fair value of HK$19,200,000.

The fair values of the identifiable assets and liabilities of Seasun as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition	**Previous carrying amount**
	HK$'000	*HK$'000*
Other receivables	23	23
Minority interests	(8)	(8)
	15	15
Goodwill on acquisition	39,185	
	39,200	
Satisfied by:		
Cash consideration	20,000	
Issue of ordinary shares	19,200	
	39,200	

Since its acquisition, Seasun remained dormant and did not contribute any revenue and profit to the Group for the year ended 31 March 2008.

Had the combination taken place at the beginning of the year, there would have remained unchanged in respect of the Group's revenue and profit from continuing operations for the year.

The above transaction constituted a discloseable and connected transaction as defined in Chapter 14 and 14A of the Listing Rules.

13. COMMITMENTS

The Group had capital commitments in respect of the acquisition of items of property, plant and equipment of HK$292,415,000 (2007: HK$3,572,000) contracted but not provided for in the financial statements as at 31 March 2008. The capital commitments are contracted to be paid by phases up to year ending 31 March 2014. The directors are of the opinion that the commitment will be adequately funded by internal resources of the Group, further capital raising exercises or external borrowings.

14. COMPARATIVE AMOUNTS

The comparative income statement has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 March 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

As the Hong Kong economy continued to grow during the year under review, it also faced increasing inflation pressure. Rising commodity prices, especially of oil and food, were the main culprits, and the lingering impact of the US sub-prime mortgage issue was not helping overall market sentiment. On the cost front, with the 2-year wage protection movement launched by the government to end in October 2008, there have been calls in the community for the government to legislate for minimum wages. The cleaning service market though had gotten on a healthier path with customers turning their focus on quality instead of just price, and in turn the Group's profit margin broadened slightly. There was an increase in demand for stone finishing care, maintenance and restoration services which we were able to meet. That plus strong sales of a celebrated Italian stone care and maintenance products distributed by the Group brought in satisfactory income.

Operating Results

The Group's turnover for the year ended 31 March 2008 in respect of its continuing operations amounted to HK$188,567,000, representing a 22.2% increase as compared with last year whereas the total turnover, including both continuing and discontinued operations was HK$195,074,000 representing a 4.53% increase over that of last year's. A net loss of HK$55,722,000 was recorded against a net loss of HK$34,536,000 last year. The Group's cleaning and related services recorded a profit of HK$3,472,000, which was however offset by losses of HK$8,510,000 from the medical waste treatment business, the loss of HK$2,503,000 incurred by the discontinued building maintenance and renovation business, the charge to the income statement of share options expenses of HK$7,912,000 and a write-off due to impairment of goodwill of HK$39,185,000. The cleaning and related services business of the Group secured some major new contracts as well as renewed some existing contracts at better prices, with the market shifting emphasis on quality met by the Group's strengths in delivering excellent and reliable services and success of the Group in reducing costs and keeping service charges competitive. All factors considered, we are optimistic about the prospects of the segment in the foreseeable future. During the year, apart from stepping up financial control and striving for higher operational efficiency, certain members of senior management, including all the executive directors, had volunteered to reduce their salaries to help the Group through the challenging times.

Business Review

The impairment of goodwill of $39,185,000 was based on the assumptions used in the cash flow projections to undertake impairment testing of goodwill as detailed in note 9 above and on the requirements as stipulated in the accounting standard in respect of impairment review of goodwill. Notwithstanding that a full impairment has been made in respect of the goodwill, the Group is continuing with every effort in developing the medical waste treatment business.

The Group saw its first medical waste treatment plant in Siping City, Jilin Province, kicked off operation during the year, employing the steam-based technology developed by the Canadian company, Hydroclave. Our partner, Tsinghua Daring China, delayed delivery of new sites for the Group to build new plants, however, the Group is confident of and will forge ahead with growing the business. The Group has stopped relying solely on its partner to look for and secure suitable plant sites, and has started to identify potential sites by itself to ensure smoother progress with growing this business. The Group is working hard to capture the huge and largely untapped potential of the medical waste treatment market in China, aiming to obtain a fair share.

During the year under review, general cleaning services continued to be the major business of the Group accounting for a significant portion of its revenue. The Group obtained a 3-year contract (with the option to renew for another 3 years) to provide initial, day-to-day cleaning as well as pest and rodent control services for a top-notch shopping mall of over a million square feet and including some 900 car parking spaces in West Kowloon and a 2-year contract for providing day-to-day cleaning services for an Academy of Medicine Building in Wong Chuk Hang. The several major cleaning service contracts renewed included those for two luxurious residential estates, the largest flight kitchen in Chek Lap Kok and the biggest residential estate in terms of number of flats in Tseung Kwan O. They were renewed for periods between two to three years.

The stone finishing care, maintenance and restoration business and sale of stone care products of an Italian brand as its sole agent in Hong Kong, Mainland China and Macau, have also been developing steadily. The Group finished several stone finishing maintenance and restoration projects, including for a bank building in Central and Phase 2 of a tourist shopping arcade on the Peak. As for the stone care chemicals, sales volume has been growing at accelerating pace after it was launched by the Group to the market.

After completing all the contracts on hand, the Group disposed of its entire interest in Best Crown and its subsidiary Mak Tai Construction & Engineering Limited on 28 September 2007 and discontinued the building maintenance and renovation business.

The Group was awarded "Caring Company Logo" in the "Caring Company Scheme" launched by the Hong Kong Council of Social Service for the fourth consecutive year, recognising it as a company that cares for the environment and giving employment opportunities to the less-privileged.

Financial Review

As at 31 March 2008, the Group's cash and cash equivalents and pledged time deposits were HK$84,654,000 (31 March 2007, approximately HK$54,415,000). The current ratio was 6.7 (31 March 2007, 3.2).

The Group did not have any bank borrowing as at 31 March 2008 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$146,308,000 (31 March 2007: HK$75,325,000).

The Group employs a conservative approach to cash management and risks control. Its revenues, expenses and capital expenditures in relation to the cleaning and related services business are transacted in HK dollars whereas those of the medical waste treatment business are transacted in Renminbi ("RMB"). The Group's cash and bank balance was primarily denominated in Hong Kong dollars, RMB and US dollars.

Foreign currency risks in relation to exchange rate fluctuation of the RMB will be mitigated as future revenue in relation to the medical waste business will be in RMB which can offset future liabilities and expenses.

As at 31 March 2008, the Group's banking facilities were secured by the following:

(i) pledge of certain of the Group's time deposits amounting to HK$4,022,000 (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) provided by 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 placing 25,000,000 new shares of the Company at HK$4.00 each to raise fund for the acquisition of 65% of the issued share capital of Seasun and the medical waste project.

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

Contingent Liabilities

As at 31 March 2008, the Group had contingent liabilities as follows:

(a) The Group has executed performance guarantees to the extent of an aggregate amount of HK$1,065,000 (2007: HK$1,972,000) in respect of certain services provided to various customers by the Group.

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$1,440,000 as at 31 March 2008 (31 March 2007: HK$1,469,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision of HK$811,000 (31 March 2007: HK$817,000) in respect of such payments has been made in the consolidated balance sheet as at 31 March 2008.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2008.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2008 was 2,319 (31 March 2007: 2,137). Total staff costs, including director's emoluments and net pension contributions, for the year under review amounted to HK$166,250,000 (31 March 2007: HK$137,798,000). The Group provides employees with training programmes on latest skills.

Remunerations are commensurate with individual job nature, work experience and market conditions, and performance related bonuses are granted to 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

Notwithstanding the impact of the sub-prime mortgage problem rippling across the world from the United States, climbing crude oil price and the "weak" US dollar, the economy in Mainland China and Hong Kong are expected to keep growing steadily. Intense competition in the cleaning service business has shown signs of easing, as reflected in the Group's improved profit margin. With a strong reputation for professionalism in the market, the Group is optimistic about the business growing and expanding its market share, particularly in the middle to high class cleaning service market, in the foreseeable future. At the same time, with expertise in stone maintenance and restoration winning new projects recently from clients, the Group sees room for expansion in this business area.

Our medical waste treatment business using steam-based and environmentally friendly technology had a good beginning in Mainland China attracting favorable response. With environmental protection now a priority concern in Mainland China, the replacement of plants that incinerate medical wastes by steam-based treatment plants is going to become a prevalent trend. With support from the authority and our state-of-the-art technology, the Group has a solid platform for promoting and expanding this business in the years ahead.

SUPPLEMENTARY INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 August 2008 to Tuesday, 26 August 2008 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting of the Company to be held on Tuesday, 26 August 2008, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 August 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased a total of 1,668,000 shares of its ordinary shares on the Stock Exchange. Such shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The summary details of those transactions are as follows:

Month of repurchases	Number of shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		HK$	*HK$*	*HK$'000*
February 2008	1,668,000	1.08	0.74	1,573

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

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. Detailed disclosure of the Company's corporate governance practice is included in the annual report for the year ended 31 March 2008.

The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1 of the CG Code. Dr Lo Kou Hong currently assumes the roles of both Chairman and Chief Executive Officer of the Company. He is the founder of the Group and has extensive experience in the cleaning and related services, provision of medical waste treatment services and building maintenance and renovation business. The Board believes that Dr Lo's taking up of both roles 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, the structure is beneficial to the business prospects of the Group.

AUDIT COMMITTEE

The Audit Committee of the Company comprises 3 members, Mr Cheng Kai Tai, Allen (Chairman of Audit Committee), Mr Chiu Wai Piu and Mr Wang Qi, who are independent non-executive directors of the Company. The Audit Committee has reviewed with senior management of the Group and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting processes including the review of the Company's consolidated financial statements for the year ended 31 March 2008.

DIRECTORS

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, 15 July 2008