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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 2010

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 2010. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**85,696**	88,415
Cost of sales of fertilisers		**(6,199)**	–
Other income and gains	*4*	**159**	318
Staff costs		**(73,472)**	(79,797)
Depreciation and amortisation		**(1,562)**	(1,198)
Other operating expenses		**(18,589)**	(18,778)
Finance costs	*5*	**(11)**	(4)
Share of profit of an associate		**79**	–
LOSS BEFORE TAX	*6*	**(13,899)**	(11,044)
Income tax expense	*7*	**–**	–
LOSS FOR THE PERIOD		**(13,899)**	(11,044)

	Notes	For the six months ended 30 September **2010** **(Unaudited)** ***HK$'000***	2009 (Unaudited) *HK$'000*
Other comprehensive income:			
Exchange differences on translation of foreign operations and other comprehensive income for the period, net of tax		**2,767**	170
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(11,132)**	(10,874)
Loss attributable to:			
Equity holders of the parent		**(11,035)**	(8,769)
Non-controlling interests		**(2,864)**	(2,275)
		(13,899)	(11,044)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(9,177)**	(8,654)
Non-controlling interests		**(1,955)**	(2,220)
		(11,132)	(10,874)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**(HK1.44 cents)**	(HK1.15 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**106,801**	106,579
Intangible assets		**22,609**	21,298
Deposit paid for acquisition of plant and equipment		**94**	350
Interest in an associate		**83**	–
Total non-current assets		**129,587**	128,227
CURRENT ASSETS			
Inventories		**2,560**	3,342
Due from an associate		**1,294**	1,263
Trade receivables	*10*	**29,125**	29,272
Prepayments, deposits and other receivables		**5,082**	2,469
Pledged time deposits	*11*	**14,021**	4,002
Cash and cash equivalents		**22,559**	35,810
Total current assets		**74,641**	76,158
CURRENT LIABILITIES			
Trade payables	*12*	**2,038**	1,050
Finance lease payable		**42**	–
Other payables and accrued liabilities		**24,593**	24,031
Total current liabilities		**26,673**	25,081
NET CURRENT ASSETS		**47,968**	51,077
TOTAL ASSETS LESS CURRENT LIABILITIES		**177,555**	179,304
NON-CURRENT LIABILITIES			
Provision for long service payments		**665**	865
Finance lease payable		**179**	–
Deferred income		**6,594**	–
Total non-current liabilities		**7,438**	865
Net assets		**170,117**	178,439
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**7,667**	7,667
Reserves		**135,483**	141,850
		143,150	149,517
Non-controlling interests		**26,967**	28,922
Total equity		**170,117**	178,439

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements ("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 2010, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), (which include all HKFRSs, HKASs and Interpretations) that are adopted for the first time for the current period's Financial Statements as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for these Financial Statements. Except for certain cases giving rise to new and revised accounting policies, presentation and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these Financial Statements. Accordingly, no prior period adjustment has been recognised.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvement to HKFRSs 2009	Amendments to a number of HKFRSs

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

2.1 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.

HKFRSs Amendments	*Improvement to HKFRSs May 2010*[1]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 9	*Financial Instruments*[4]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs 2010 which set out amendments and transition requirements for amendments to a number of HKFRSs. For Improvements to HKFRSs 2010, the amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 January 2013

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 HKAS 24 (Revised) may result in changes in accounting policies and disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING 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 operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other operating segments. The following table presents revenue and results for the Group's operating segments for the six months ended 30 September 2010 and 2009.

	Cleaning and related services		Medical waste treatment		Waste treatment		Consolidated	
	2010 (unaudited)	2009 (unaudited)	**2010 (unaudited)**	2009 (unaudited)	**2010 (unaudited)**	2009 (unaudited)	**2010 (unaudited)**	2009 (unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Service income from external customers	**82,029**	87,307	**3,514**	1,108	**153**	–	**85,696**	88,415
Other income and gains	**102**	254	**–**	–	**3**	9	**105**	263
Total	**82,131**	87,561	**3,514**	1,108	**156**	9	**85,801**	88,678
Segment results	**184**	995	**(842)**	(2,000)	**(8,470)**	(5,073)	**(9,128)**	(6,078)
Reconciliation								
Interest income and unallocated gains							**54**	55
Unallocated expenses							**(4,893)**	(5,017)
Finance costs							**(11)**	(4)
Share of profit of an associate							**79**	–
Loss before tax							**(13,899)**	(11,044)

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2010 (Unaudited)	2009 (Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**45**	55
Management fee received	**80**	200
Gain on disposal of items of property, plant and equipment	**–**	18
Sundry income	**25**	45
Reversal of impairment on interest in an associate	**4**	–
Reversal of impairment of due from an associate	**5**	–
	159	318

5. FINANCE COSTS

The finance costs represent finance charges on finance lease payables wholly repayable within five years (2009: interest on bank loans wholly repayable within five years).

6. LOSS BEFORE TAX

This is arrived at after charging:

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold*	**6,199**	–
Cost of services rendered	**74,123**	78,922
Depreciation	**4,644**	857
Amortisation of intangible assets	**709**	341
Impairment of inventories	**981**	–

* The cost of inventories sold for the period ended 30 September 2010 included an amount of depreciation of HK$3,791,000. Such amount has also been included in the respective expense item disclosed above.

7. INCOME 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 (2009: Nil). No corporate income tax has been provided in Mainland China as the Group did not generate any assessable profits arising in Mainland China during the period (2009: Nil).

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

Basic loss per share

The calculation of basic loss per share 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.

The calculation of basic loss per share is based on:

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**(11,035)**	(8,769)
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**766,718,000**	759,986,000

Diluted loss per share

Diluted loss per share amounts for the periods ended 30 September 2010 and 2009 have not been disclosed, as the share options and warrants 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 ended 30 September 2010 (2009: 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.

At the end of the reporting period, the aged analysis of trade receivables, based on invoice date, is as follows:

	30 September 2010 (Unaudited) ***HK$'000***	31 March 2010 (Audited) *HK$'000*
Within 30 days	**14,507**	13,808
31 – 60 days	**8,672**	8,067
61 – 90 days	**4,989**	7,154
91 – 120 days	**454**	132
Over 120 days	**830**	111
	29,452	29,272
Less: impairment	**(327)**	–
	29,125	29,272

11. PLEDGED TIME DEPOSITS

The Group's banking facilities amounting to HK$14,000,000 (31 March 2010: HK$4,000,000), of which no banking facilities (31 March 2010: Nil) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's time deposits amounting to HK$14,021,000 (31 March 2010: HK$4,002,000) and a corporate guarantee to the extent of HK$28,000,000 (31 March 2010: HK$18,000,000).

12. TRADE PAYABLES

At the end of the reporting period, the aged analysis of trade payables, based on invoice date, is as follows:

	30 September 2010 (Unaudited) *HK$'000*	31 March 2010 (Audited) *HK$'000*
Within 30 days	**2,026**	1,049
31 – 60 days	**10**	1
91 – 120 days	**2**	–
	2,038	1,050

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

13. CONVERTIBLE NOTES

On 16 December 2008, the Company issued zero-coupon convertible notes with a nominal value of HK$65 million to ITAD Biotechnology Limited ("ITAD"), with a maturity date of 1 January 2012 (the "Maturity Date") as part of the total consideration for the acquisition of 70% equity interest in Peixin Group Ltd ("Peixin"). The principal amount of the convertible notes shall be divided into two tranches of HK$32.5 million each, which shall be convertible into ordinary shares at the conversion price of HK$0.31 per ordinary share upon the exercise of the conversion rights during the first conversion period from 1 July 2010 to 31 December 2010 and the second conversion period from 1 July 2011 to 31 December 2011. ITAD, a former owner of Peixin, has warranted certain targeted net profits of Shuyang ITAD Environmental Technology Limited ("Shuyang ITAD"), the principal subsidiary of Peixin, and the nominal value of the convertible notes shall be adjusted downward if there is any shortfall on targeted profits. The outstanding principal of the convertible notes that have not been converted into shares shall be redeemed in its entirety by the Company at a redemption price of HK$1 on the Maturity Date. There was no movement in the number of these convertible notes during the period.

As at 31 March 2010, the convertible notes have been adjusted downward by HK$65,000,000 due to the shortfall on targeted net profits based on the audited net loss of Shuyang ITAD for the year ended 31 December 2009 and the profit forecast for the year ending 31 December 2010 estimated by management. Accordingly, the equity component of the convertible notes of HK$65,000,000 was transferred to the merger reserve.

14. EVENTS AFTER THE REPORTING PERIOD

Exercise of warrants

On 23 November 2010, a total of 50,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$25,500,000.

On 25 November 2010, a total of 35,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$17,850,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

Hong Kong has been one of the more fortunate economies that are staging an early and strong recovery from the financial tsunami. The local economy has been expanding visibly with further improvements on the domestic and external fronts. However, inflationary pressure, though still moderate, has notched up alongside sustained economic recovery.

The property price upsurge, brought about obviously by the large inflow of funds and continuously low interest rates, has drawn concerns. The measures introduced by the government in April and again in August this year to curb excessive speculation and to stabilize prices, in particular prices of luxury properties, seemed to have achieved only minimum effect. As a result, strength of the measures has further been enhanced by the government in late November, including the introduction of a special stamp duty for properties which are resold within 24 months and lowering the loan-to-value ratio for property mortgages etc, in response to property market conditions.

The Minimum Wage Ordinance, the aim of which as advocated by the government is to provide the grass-roots workforce with a decent living wage, was passed by the Legislative Council in July this year. The government has recommended an initial minimum wage rate at HK$28 per hour to come into force on 1 May 2011. The proposal will certainly have an impact on the cleaning industry.

Operating Results

The Group's turnover of HK$85,696,000 for the six months ended 30 September 2010 represented a 3.08% decrease as compared to HK$88,415,000 for the same period last year. The loss for the Group for the six months ended 30 September 2010 was HK$13,899,000 against a loss of HK$11,044,000 for the same six-month period last year. Cleaning and related services business made a profit of HK$184,000 whereas the medical waste treatment business generated a loss of HK$842,000, waste treatment business generated a loss of HK$8,470,000 and corporate expenses and finance costs amounted to HK$2,003,070.

Business Review

During the six-month period under review, general cleaning services were still the core business of the Group. We obtained a two-year contract (with an option to renew for another two years) to provide term cleaning staff, disposal of decoration wastes, pest management and initial cleaning to a new residential estate, comprising about 1,400 apartments with abundant amenities in Tai Wai, Shatin; two one-year contracts with a non-profit making housing organization to provide professional cleaning to their two residential estates in Tuen Mun and Tsing Yi; and a contract for eighteen months rendering external curtain wall cleaning of two high-rise towers accommodating hotels and apartments in West Kowloon. A contract for cleaning of the entire external wall and fabric roof of the data centre of a leading bank has also been confirmed with commencement of work in the fourth quarter of 2010. Several major contracts which had expired during the period under review were also renewed with reasonable adjustments on the contract sums.

The two medical waste treatment plants of the Group in Siping City and Suihua City on the Mainland have been in smooth operation, bringing positive cash flow to the Group.

The municipal solid waste treatment plant in Shuyang County, Jiangsu Province has re-commenced operation in early October 2010, following the re-modification and finetuning of the machineries in order to accommodate the specific content of the municipal solid wastes being delivered to the plant for treatment. At this initial stage, the plant is not operating at its designated capacity as yet. We expect, though, that the plant will be running smoothly soon, by which time the plant will be operating at its full designated capacity.

Financial Review

As at 30 September 2010, the Group's cash and cash equivalents and pledged time deposits totalled HK$36,580,000 (31 March 2010: HK$39,812,000) and its current ratio was 2.8 (31 March 2010: 3.04). The Group's net assets decreased to HK$170,117,000 (31 March 2010: HK$178,439,000).

The Group did not have any bank borrowings but the Group had finance lease payable of HK$221,000 as at 30 September 2010 (31 March 2010: Nil) and therefore, its gearing ratio, representing ratio of total bank borrowings and finance lease payable to shareholders' equity, was 0.13% (31 March 2010: Nil). The Group's shareholders' equity amounted to HK$170,117,000 (31 March 2010: HK$178,439,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to the cleaning and related services business are transacted in Hong Kong ("HK") dollars, whereas those of the medical waste treatment business and waste treatment business are transacted in Renminbi ("RMB"). The Group's cash and bank balances are primarily denominated in HK dollars, RMB and United States dollars.

Foreign currency risks in relation to exchange rate fluctuations of RMB will be mitigated as future revenues from the medical waste treatment business and waste treatment business are primarily in RMB, which can offset future liabilities and expenses.

As at 30 September 2010, the Group's banking facilities were secured by the following:

(i) the pledge of certain of the Group's time deposits amounting to HK$14,021,000 (31 March 2010: HK$4,002,000) and

(ii) a corporate guarantee to the extent of HK$28 million (31 March 2010: HK$18 million) provided by the Company.

Convertible Notes

On 16 December 2008, the Company issued zero-coupon convertible notes with a nominal value of HK$65 million to ITAD, with a maturity date of 1 January 2012 as part of the total consideration for the acquisition of 70% equity interest in Peixin. Details of the conversion terms of the convertible notes are disclosed in note 13 to the condensed consolidated interim financial statements.

The convertible notes had been adjusted downward by HK$65,000,000 due to the shortfall on targeted net profits based on the audited net loss of Shuyang ITAD for the year ended 31 December 2009 and the profit forecast for the year ending 31 December 2010 as estimated by the management. Accordingly, the equity component of the convertible notes of HK$65,000,000 had been transferred to the merger reserve.

Warrants

On 8 September 2010, an aggregate of 151,000,000 unlisted warrants have been successfully placed by the Company to not less than six placees who are third parties independent of and not connected with the Company and its connected persons at the issue price of HK$0.015 per warrant and the subscription price of HK$0.51 per warrant. The subscription period for the warrants was from the date of issue of the warrants to the expiry of the 18 months of the issue of the warrants.

Upon the exercise in full of the subscription rights attaching to the warrants, a maximum of 151,000,000 shares of the Company will be issued and allotted. As at 30 September 2010, no warrantholders have exercised the subscription rights attached to the warrants.

On 23 November 2010, a total of 50,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$25,500,000.

On 25 November 2010, a total of 35,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$17,850,000.

Contingent Liabilities

At the end of the reporting period, the Group's contingent liabilities were as follows:

(i) The Group has executed performance guarantees to the extent of an aggregate amount of HK$1,562,000 (31 March 2010: HK$1,468,000) in respect of certain services provided to various customers by the Group.

(ii) 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$1,137,000 as at 30 September 2010 (31 March 2010: HK$1,532,000). The contingent liability has arisen because, at the end of the reporting period, 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$665,000 (31 March 2010: HK$865,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 30 September 2010.

(iii) 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 30 September 2010 and 31 March 2010.

Employees and Remuneration Policies

The total number of employees of the Group as at 30 September 2010 was 1,888 (31 March 2010: 1,945). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$74,025,000 (30 September 2009: HK$79,797,000).

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

Effective management systems of the Group will continue to be our competitive strength in striving for a greater market share in the cleaning and related services. With rapid economic recovery in Hong Kong, demand for professional cleaning services of higher standards are expected from property developers, owners and property management establishments. Likewise, sales of a series of stone care and maintenance products, formulated and manufactured by our Italian business partner, are expected to increase. The Group is confident in extending a good market share in both of these areas.

With increasing global alerts for reducing environment pollution, minimizing waste generation and increasing green procurement, the Group firmly believes that the municipal solid waste treatment business, initiated in Shuyang County, will expand in the Mainland and eventually beyond in the years ahead.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2010.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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 Main Board 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 business management. 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, it is beneficial to the business prospects and management of the Group.

On behalf of the Board
Lo's Enviro-Pro Holdings Limited
Lo Kou Hong
Chairman

Hong Kong, 26 November 2010

As at the date of this announcement, the Board comprises four executive directors, namely Dr Lo Kou Hong, Ms Ko Lok Ping, Maria Genoveffa, Mr Leung Tai Tsan, Charles and Mr Cheung Pui Keung, James; one non-executive director, namely Mr Xu Rong; and three independent non-executive directors, namely Mr Cheng Kai Tai, Allen, Mr Chiu Wai Piu and Mr Wang Qi.