

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2004.

GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2002 Revision) of the Cayman Islands on 4 December 2002.

Pursuant to a reorganisation scheme (the “Group Reorganisation”) to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 24 April 2003. Further details of the Group Reorganisation are set out in note 1 to the financial statements and the prospectus of the Company dated 15 July 2003.

The shares of the Company were listed on the Stock Exchange on 25 July 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company’s subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 March 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 51.

Interim dividends of HK\$14,990,000 and HK\$19,808,000 were paid by a subsidiary of the Company to its then shareholders on 20 May 2003 and 30 May 2003, respectively, prior to the listing of the Company’s shares on the Stock Exchange described in note 1 to the financial statements. An interim dividend of HK1.5 cents per ordinary share was paid by the Company on 19 January 2004. The directors recommend the payment of a final dividend of HK2.5 cents per ordinary share in respect of the year, to shareholders on the register of members on 26 August 2004. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 August 2004 to Thursday, 26 August 2004 (both dates inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 March 2004 and for attending the annual general meeting of the Company to be held on Thursday, 26 August 2004, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 August 2004.

SUMMARY FINANCIAL INFORMATION

A summary of the published consolidated/combined results and assets and liabilities of the Group for the last five financial years is set out on page 52. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 22 to the financial statements.

There were no movements in the Company's share options during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2004, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2002 Revision) of the Cayman Islands, amounted to HK\$67,076,000, of which HK\$7,500,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$17,138,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, service fee income from the Group's five largest customers accounted for approximately 60% of the total service fee income for the year and service fee income from the largest customer included therein amounted to approximately 18%.

Purchases from the Group's five largest suppliers accounted for approximately 34% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 8%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The directors of the Company during the year were:

EXECUTIVE DIRECTORS:

Dr. Lo Kou Hong (*Chairman*)

Ms. Ko Lok Ping, Maria Genoveffa

Mr. Leung Tai Tsan, Charles

Mr. Cheung Pui Keung, James (appointed on 13 January 2004)

Mr. Chan Kwok Wah, Tony (resigned on 13 January 2004)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Wong Sai Wing, James

Dr. Ho Chung Tai, Raymond

Mr. Ng Ching Wo (resigned on 30 November 2003)

Pursuant to the terms of appointment of Dr. Wong Sai Wing, James and Dr. Ho Chung Tai, Raymond as the independent non-executive directors of the Company, their terms of office would continue until the forthcoming annual general meeting of the Company. Dr. Wong Sai Wing, James and Dr. Ho Chung Tai, Raymond will retire and will not offer themselves for re-election at the said meeting.

In accordance with Article 95 of the Company's articles of association, Mr. Cheung Pui Keung, who was appointed by the board of directors of the Company during the year, will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election at the said meeting.

DIRECTORS' AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 10 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company, except for Mr. Cheung Pui Keung, James, has entered into a service contract with the Company for an initial fixed term of three years commencing on 1 February 2003 until terminated by not less than three/six months' notice in writing served by either party.

Mr. Cheung Pui Keung, James, has entered into a service contract with the Company for an initial fixed term of three years commencing from 13 January 2004 until terminated by not less than three months' notice in writing served by either party.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 28 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries and fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

At 31 March 2004, the interests and short positions of the directors of the Company in the shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(1) THE COMPANY

Name of director	Long/Short position	Capacity	Number of shares	Percentage of the Company's issued share capital
Dr. Lo Kou Hong	Long	Founder of a discretionary trust	210,000,000 (Note)	70%
Ms. Ko Lok Ping, Maria Genoveffa	Long	Beneficiary of a discretionary trust	210,000,000 (Note)	70%
Mr. Cheung Pui Keung, James	Long	Beneficial owner	140,000	0.047%

Note: These shares were owned by The Lo's Family Limited as the trustee of The Lo's Family Unit Trust, a unit trust of which all the units in issue were owned by Equity Trustee Limited as the trustee of The Lo's Family Trust, a discretionary trust of which the objects included Dr. Lo Kou Hong's family members.

Accordingly, Dr. Lo Kou Hong, as the founder of The Lo's Family Trust, and Ms. Ko Lok Ping, Maria Genoveffa, as one of the beneficiaries of The Lo's Family Trust, were deemed to be interested in the shares owned by The Lo's Family Limited in its capacity as the trustee of The Lo's Family Unit Trust under Part XV of the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION (continued)

(2) ASSOCIATED CORPORATION – LO'S CLEANING SERVICES LIMITED ("LO'S CLEANING")

Name of director	Long/Short		Number of shares	Percentage of
	position	Capacity		Lo's Cleaning's issued share capital
Dr. Lo Kou Hong	Long and short	Interest of corporation	2,676,399 (Note)	99.99%

Note: The 2,676,399 non-voting deferred shares in Lo's Cleaning were owned by Ikari Holdings Limited ("Ikari") which was a controlled corporation of Dr. Lo Kou Hong, and as such, Dr. Lo Kou Hong was deemed to have a long position in such shares under Part XV of the SFO.

Pursuant to an Option Deed dated 24 April 2003, Ikari granted to Sinopoint Corporation, a subsidiary of the Company, an option to purchase from it the afore-mentioned 2,676,399 non-voting deferred shares in Lo's Cleaning. Accordingly, Dr. Lo Kou Hong was deemed to have a short position in such non-voting deferred shares.

In addition to the above, at 31 March 2004, certain directors of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, at 31 March 2004, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 23 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 March 2004, the following interests of 5% or more in the issued share capital of the Company were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Long/Short position	Capacity	Number of shares	Percentage of the Company's issued share capital
The Lo's Family Limited	Long	Trustee	210,000,000 (Note)	70%
Equity Trustee Limited	Long	Trustee	210,000,000 (Note)	70%

Note: These shares were owned by The Lo's Family Limited in its capacity as the trustee of The Lo's Family Unit Trust, of which all the units in issue were owned by Equity Trustee Limited as the trustee of The Lo's Family Trust. By virtue of its ownership of all the issued units in The Lo's Family Unit Trust, Equity Trustee Limited in its capacity as the trustee of The Lo's Family Trust was deemed to be interested in such shares owned by The Lo's Family Limited in its capacity as the trustee of The Lo's Family Unit Trust.

Such interest was also disclosed as the interest of Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa in the above section headed "Directors' interests and short positions in the shares of the Company and its associated corporation".

Save as disclosed above, at 31 March 2004, no persons, other than the Company's directors whose interests and short positions are set out in the above section headed "Directors' interests and short positions in the shares of the Company and its associated corporation", had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

Details of the connected transactions for the year are set out in note 28 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, throughout the accounting year covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three members, Dr. Wong Sai Wing, James, Dr. Ho Chung Tai, Raymond and Mr. Ng Ching Wo, who are the independent non-executive directors of the Company. On 30 November 2003, Mr. Ng Ching Wo resigned as a member of the audit committee.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Dr. Lo Kou Hong

Chairman

Hong Kong

16 July 2004