

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005.

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 16 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 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 51.

An interim dividend of HK1 cent per ordinary share was paid on 24 January 2005. The directors recommend the payment of a final dividend of HK1 cent per ordinary share in respect of the year, to shareholders on the register of members on 25 August 2005. 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. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 25 August 2005, the said final dividend will be paid to the Company's shareholders around 8 September 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 August 2005 to Thursday, 25 August 2005 (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 2005 and for attending the annual general meeting of the Company to be held on Thursday, 25 August 2005, 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, 19 August 2005.

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 15 to the financial statements.

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SHARE CAPITAL AND SHARE OPTIONS

There were no movements in the Company's authorised or issued share capital and share options during the year. Details of movements in the Company's share capital during the year ended 31 March 2004, together with the reasons therefor, are set out in note 24 to the financial statements.

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 SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2002 Revision) of the Cayman Islands, amounted to HK\$63,664,000, of which HK\$3,000,000 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 64% of the total service fee income for the year and service fee income from the largest customer included therein amounted to approximately 29%.

Purchases from the Group's five largest suppliers accounted for approximately 40% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 12%.

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.

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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

Independent non-executive directors:

Mr. Poon Kwok Kiu	(appointed on 26 August 2004)
Mr. Cheng Kai Tai, Allen	(appointed on 26 August 2004)
Mr. Chiu Wai Piu	(appointed on 30 September 2004)
Dr. Wong Sai Wing, James	(resigned on 26 August 2004)
Dr. Ho Chung Tai, Raymond	(resigned on 26 August 2004)

In accordance with Article 95 of the Company's articles of association, Mr. Poon Kwok Kiu, Mr. Cheng Kai Tai, Allen and Mr. Chiu Wai Piu who were 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 themselves for re-election at the said meeting.

In accordance with Article 112 of the Company's articles of association, Ms. Ko Lok Ping, Maria Genoveffa, the existing director of the Company, will retire as a director of the Company by rotation at the forthcoming annual general meeting and, being eligible, will offer herself for re-election at the said meeting.

The Company has received annual confirmations of independence from Mr. Poon Kwok Kiu, Mr. Cheng Kai Tai, Allen and Mr. Chiu Wai Piu, and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 9 to 11 of the annual report.

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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 30 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.

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

At 31 March 2005, 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 Issuers (the "Model Code"), were as follows:

(1) The Company

Name of director	Long/Short position	Capacity	Number of ordinary shares in the Company	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.

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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”), an indirect wholly-owned subsidiary of the Company

Name of director	Long/Short position	Capacity	Number and class of shares in Lo's Cleaning	Percentage of Lo's Cleaning's issued share capital of that class
Dr. Lo Kou Hong	Long and short	Interest of corporation	2,676,399 non-voting deferred (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, as at 31 March 2005, certain director(s) of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the then minimum company membership requirements.

Save as disclosed above, as at 31 March 2005, 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 of its 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 25 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.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 March 2005, 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 ordinary shares in the Company	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, as at 31 March 2005, no person, 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 30 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that at least 25% of the Company's total issued share capital was held by the public as at the date of this report.



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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 (the "Listing Rules") in force prior to the accounting period commencing on 1 January 2005, throughout the accounting year covered by the annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Own Code") on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code and the Own Code throughout the accounting period covered by the annual report.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee (the "Audit Committee") on 12 March 2003 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants). In accordance with the requirements of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, the terms of reference of the Audit Committee were revised on 12 July 2005 in terms substantially the same as the provisions set out in the Code on Corporate Governance Practices.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the auditors of the Company. The Audit Committee comprises three members, Mr. Cheng Kai Tai, Allen (Chairman of the Audit Committee), Mr. Poon Kwok Kiu and Mr. Chiu Wai Piu, who are the independent non-executive directors of the Company. The Audit Committee had 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 process including the review of the Company's consolidated financial statements for the year ended 31 March 2005.

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REMUNERATION COMMITTEE

The Company set up a remuneration committee (the "Remuneration Committee") on 12 July 2005 with specific written terms of reference in accordance with the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules. The Remuneration Committee comprises two executive directors of the Company, namely Dr. Lo Kou Hong and Mr. Leung Tai Tsan, Charles and three independent non-executive directors of the Company, namely Mr. Cheng Kai Tai, Allen (Chairman of the Remuneration Committee), Mr. Poon Kwok Kiu and Mr. Chiu Wai Piu.

The main duties of the Remuneration Committee include making recommendations to the board of directors on the Company's policy and structure for all remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the board of directors of the Company from time to time.

EXECUTIVE COMMITTEE

The Company set up an executive committee (the "Executive Committee") on 12 July 2005 with specific written terms of reference. The Executive Committee comprises all the executive directors of the Company with Dr. Lo Kou Hong acting as the Chairman thereof. The principal duties of the Executive Committee include overseeing the Company's strategic plans and operations of all business units of the Company and making decisions on matters relating to the management and operations of the Company.

AUDITORS

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

ON BEHALF OF THE BOARD

Lo Kou Hong
Chairman

Hong Kong
12 July 2005

