

**LO'S ENVIRO-PRO HOLDINGS LTD:
MAKING A CLEAN SWEEP**

Having decided to go public on The Stock Exchange of Hongkong Ltd, Management of Lo's Enviro-Pro Holdings Ltd (Code: 309, Main Board, The Stock Exchange of Hongkong Ltd), cleaned out the cash cupboard of about \$HK75 million – which must have depleted nearly all of the Company's cash resources as at the date of the withdrawal.

There is nothing untoward in this move, considering that Mr Lo Kou Hong, the Founder and Chairman of Lo's Enviro-Pro, owned, at the time of his house-cleaning exercise, all of the shares of the Company.

But the move must leave a bit of a bitter taste in the mouth of prospective shareholders, one would imagine.

Lo's Enviro-Pro is, essentially, a cleaning company, having been in the business of cleaning buildings, that is interiors and exteriors, for the past 28 years.

The Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on July 15, 2003, when it Offered 90 million, one-cent Shares at a Premium of 55 cents per Share.

Off the total number of shares on Offer, 81 million Shares were Placed and 9 million Shares were Offered to the Investing public of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

However, of the 81 million Shares that were Placed, the Company only Placed 36 million Shares: The Lo Family Placed the other 45 million Shares.

The Lo Family, therefore, walked away with about \$HK100 million (\$HK75 million in a Dividend Payout [more about this, later] and about \$HK25 million by Placing the Family's Shares).

Not bad!

This Company raised, net of expenses, about \$HK21.20 million in this cash-raising exercise, that money, to be used, the Prospectus states at Page 58, for the following purposes:

1. About \$HK5 million *'for the purchase of additional 60 to 80 gondolas and the recruitment of additional staff for external wall cleaning'*;
2. About \$HK3 million *'for the purchase of equipment for the provision of marble floor cleaning and restoration projects for commercial shopping complexes'*;
3. About \$HK8 million *'for acquisition opportunities in property management companies in Hong Kong'* (the HKSAR); and,
4. About \$HK5.20 million *'for additional working capital of the Group.'*

Considering the age of Lo's Enviro-Pro, and of the experience that Management has had in this industry, one cannot be overly impressed by its 4-Year, track record, dating back to April 1, 2000.

The following table is lifted from Page 83 of the Prospectus:

	Financial Year ended March 31			
	2000	2001	2002	2003
	All Figures are Denominated in \$HK'000			
Turnover	207,205	215,107	212,999	204,075
Other Revenue	3,845	5,480	3,635	2,069
Staff Costs	(141,244)	(140,919)	(139,338)	(138,791)
Depreciation	(1,563)	(1,532)	(1,460)	(1,577)
Operating Expenses	(53,415)	(54,142)	(45,776)	(40,151)
Profit before Taxation	14,828	23,994	30,060	25,625
Taxation	(1,814)	(3,450)	(4,362)	(3,971)
Profit Attributable to Shareholders	13,014	20,544	25,698	21,654
Dividends Paid	(906)	(1,359)	Nil	(75,218)

TARGET notes that there had been no requirement for financing charges in the Profit and Loss Account – because the Company had no debt, during the track-record period.

In fact, Lo's Enviro-Pro had cash and cash equivalents, as at the 2003 Balance Sheet Date, of about \$HK78.31 million, with Trade Receivables, being about \$HK28.74 million. (Page 88 of the Prospectus)

Throughout the track-record period, Lo's Enviro-Pro had been rather frugally operated ... [CLICK TO ORDER FULL ARTICLE](#)

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