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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

**(1) CONDITIONAL SALE AND PURCHASE OF
65 PER CENT. OF THE ISSUED SHARE CAPITAL OF,
AND JOINT VENTURE WITH RESPECT TO,
SEASUN GROUP LIMITED**

**(2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE
SHARES**

**(3) PROPOSED REFRESHMENT OF GENERAL MANDATE TO
ISSUE SHARES AND REPURCHASE SHARES**

(4) CHANGE IN BOARD LOT SIZE

AND

(5) RESUMPTION OF TRADING

Conditional sale and purchase of 65 per cent. of the issued share capital of, and joint venture with respect to, Seasun Group Limited

On 27th April, 2007, Tsinghua Daring China and Victory Joy (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which Tsinghua Daring China has conditionally agreed to sell, and Victory Joy has conditionally agreed to purchase, the Sale Shares (representing 65 per cent. of the issued share capital of Seasun as at the date of this announcement), for an aggregate consideration of HK\$45,000,000.

Completion of the sale and purchase of the Sale Shares is conditional upon fulfilment of a number of conditions precedent.

Following completion of the sale and purchase of the Sale Shares, Seasun will be owned as to 35 per cent. by Tsinghua Daring China and as to the remaining 65 per cent. by Victory Joy, and will be used as a joint venture vehicle to carry out the Project. Tsinghua Daring China, Victory Joy and Seasun will enter into the Shareholders' Agreement to regulate their respective rights and obligations in respect of the management and operation of Seasun and, in turn, the Project.

Pursuant to the Shareholders' Agreement, Victory Joy is expected to advance up to HK\$220,000,000 to Seasun by way of shareholder's loans for the initial development of Seasun. Such monies will substantially be applied by Seasun to set up initially 22 subsidiaries in the PRC for the purposes of the Project and to fund and operate the Project.

Certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a substantial shareholder (namely, Tsinghua Daring (HK) Holdings) of an indirect non wholly-owned subsidiary of the Company, and hence connected persons of the Company within the meaning of the Listing Rules. The transactions contemplated in the Sale and Purchase Agreement and the Shareholders' Agreement therefore constitute a connected transaction for the Company and is subject to the approval of its independent shareholders of the Company. The Directors are advised that none of such ultimate beneficial owners or their respective associates own any Share as at the date of this announcement. Any of them who subsequently becomes interested in any Share will abstain from voting on the resolution for approving the Sale and Purchase Agreement and the Shareholders' Agreement.

Under Rules 14.22 and 14.23 of the Listing Rules, the proposed transaction should be aggregated with the discloseable transaction announced on 29th November, 2006 by the Company in relation to the acquisition of 55 per cent. interests by Honest Grand (an indirect wholly-owned subsidiary of the Company) from Tsinghua Daring (HK) Holdings on the basis that:

- (i) certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a substantial shareholder (namely, Tsinghua Daring (HK) Holdings) of an indirect non wholly-owned subsidiary of the Company, and hence connected persons of the Company and thus fall into Rule 14.23(1) of the Listing Rules; and
- (ii) both transactions took place within a period of 12 months and the targets of both transactions are engaged in medical waste business.

The transactions contemplated in the Sale and Purchase Agreement and the Shareholders' Agreement, when aggregate with the transaction announced by the Company on 29th November, 2006, also constitute a discloseable transaction for the Company, on the basis that the calculation of the consideration ratio is within the range of five per cent. and 25 per cent.

The sale and purchase of the Sale Shares and the involvement of the Company and Victory Joy in the Project are conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares.

Proposed grant of specific mandate to issue shares

Under the Sale and Purchase Agreement, the Company will issue the Consideration Shares to Tsinghua Daring China as part payment for the consideration of the sale and purchase of the Sale Shares. The Consideration Shares will rank pari passu with all the then existing issued Shares.

The Company will seek the grant of a specific mandate from the shareholders of the Company to allot and issue Shares to satisfy the allotment and issue of the Consideration Shares.

Proposed refreshment of general mandate to issue shares and repurchase shares

As the general mandate granted at the annual general meeting of the Company held on 25th August, 2006 has been fully utilised, the Directors propose to renew such general mandate to allot, issue and deal with Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date passing the relevant ordinary resolution and to repurchase Shares.

As at the date of this announcement, the issued share capital of the Company is 362,680,000 Shares and therefore up to 72,536,000 Shares can be issued under the proposed refreshment of general mandate to issue Shares.

The Directors will seek approval from its independent shareholders of the Company at an extraordinary general meeting for the refreshment of the general mandate. Lo's Family and its associates will abstain from voting on the resolution for approving the proposal for refreshment of general mandate.

General

An independent board committee of the Company has been constituted to consider the terms of the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for grant of the specific mandate and the proposal for refreshment of the general mandate, and to make a recommendation to its shareholders. Commerzbank has been appointed as independent financial advisers to advise the independent board committee of the Company on the fairness and reasonableness of the transactions contemplated in the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for grant of the specific mandate and the proposal for refreshment of the general mandate.

The Company will despatch a circular which contains, amongst other things, details of the terms of the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for the grant of specific mandate and the proposal for refreshment of the general mandate, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for the grant of specific mandate and the proposal for the refreshment of the general mandate.

Change in board lot size

The board lot size of Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 1,000 Shares with effect from Friday, 1st June, 2007.

Shareholders may submit their existing share certificates in board lots of 2,000 Shares to the branch share registrar of the Company in exchange for new share certificates in board lots of 1,000 Shares, free of charge, during business hours from Thursday, 17th May, 2007 to Thursday, 28th June, 2007 (both days inclusive).

Resumption of trading

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 30th April, 2007 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 7th May, 2007.

INTRODUCTION

The Directors are pleased to announce that on 27th April, 2007, Tsinghua Daring China and Victory Joy (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which Tsinghua Daring China has conditionally agreed to sell, and Victory Joy has conditionally agreed to purchase, the Sale Shares (representing 65 per cent. of the issued share capital of Season as at the date of this announcement), for an aggregate consideration of HK\$45,000,000.

Following completion of the sale and purchase of the Sale Shares, Season will be owned as to 35 per cent. by Tsinghua Daring China and as to the remaining 65 per cent. by Victory Joy, and will be used as a joint venture vehicle to carry out the Project. Tsinghua Daring China, Victory Joy and Season will enter into the Shareholders' Agreement to regulate their respective rights and obligations in respect of the management and operation of Season and, in turn, the Project.

Certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a substantial shareholder of an indirect non wholly-owned subsidiary of the Company, and hence connected persons of the Company within the meaning of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

27th April, 2007

Parties

- (1) Tsinghua Daring China as vendor.
- (2) Victory Joy as purchaser.

The Sale Shares

The Sale Shares represent 65 per cent. of the issued share capital of Seasun as at the date of this announcement. The Sale Shares will be acquired free from any encumbrance and together with all rights and benefits attaching or accruing to it on or after the date of the Sale and Purchase Agreement.

Tsinghua Daring China has given certain representations and warranties in relation to Seasun and the Project.

Consideration

The consideration for the sale and purchase of the Sale Shares is HK\$45,000,000. The consideration will be settled:

- (i) as to HK\$20,000,000 in cash, payable by Victory Joy to Tsinghua Daring China within three months after completion of the sale and purchase of the Sale Shares; and
- (ii) as to the remaining HK\$25,000,000 by way of allotment and issue of the Consideration Shares by the Company to Tsinghua Daring China, credited as fully paid up, on completion of the sale and purchase of the Sale Shares.

The consideration was arrived at after arm's length negotiations between Tsinghua Daring China and Victory Joy, having regard to a valuation report prepared by BMI Appraisals, a firm of independent professional valuers, on the basis of the overall value of Seasun. The valuers have indicated that they will adopt the market approach in the valuation of Seasun.

The effective date of the valuation report prepared by BMI Appraisals is 31st March, 2007. The exact valued amount is not yet available at this stage but is expected to be not less than HK\$70,000,000.

Such valuation report, containing details of the methodologies, bases and assumptions adopted for the valuation, will be included in the circular to be despatched to the shareholders of the Company.

Tsinghua Daring China has undertaken that, at any time within one year from completion of the sale and purchase of the Sale Shares, it will not create, effect or suffer any disposal of or any encumbrance over, or (where applicable) permit the registered holder to create, effect or suffer any disposal of or any encumbrance over, any of the Consideration Shares (or any direct or indirect interest in them or any of the rights or economic benefits attaching to them).

Tsinghua Daring China has undertaken that, at any time within one year after the first anniversary of the date of completion of the sale and purchase of the Sale Shares, it:

- (i) will create, effect or suffer any disposal of or any encumbrance over, or (where applicable) permit the registered holder to create, effect or suffer any disposal of or any Encumbrance over, only up to 50 per cent. of the Consideration Shares (or any direct or indirect interest in them or any of the rights or economic benefits attaching to them); and
- (ii) will not create, effect or suffer any disposal of or any encumbrance over, or (where applicable) permit the registered holder to create, effect or suffer any disposal of or any encumbrance over, any of the remaining 50 per cent. of the Consideration Shares (or any direct or indirect interest in them or any of the rights or economic benefits attaching to them).

The restrictions mentioned in above paragraphs will cease to have effect from the day following the second anniversary of the date of completion of the sale and purchase of the Sale Shares.

The aggregate value of the Consideration Shares of HK\$25,000,000 (i.e. HK\$5.00 per Consideration Share) was agreed after arm's length negotiations by reference to historical performance of the prices of the Shares and represents:

- (i) a discount of approximately 2.2 per cent. to the closing price of HK\$5.11 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of this announcement;
- (ii) a premium of approximately 7.8 per cent. over the average closing price of HK\$4.64 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of this announcement;
- (iii) a premium of approximately 10.4 per cent. over the average closing price of HK\$4.53 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of this announcement;
- (iv) a premium of approximately 11.6 per cent. over the average closing price of HK\$4.48 per Share as quoted on the Stock Exchange on the last one month of the Shares immediately before date of this announcement;
- (v) a premium of approximately 39.7 per cent. over the average closing price of HK\$3.58 per Share as quoted on the Stock Exchange on the last three months of the Shares immediately before the date of this announcement;
- (vi) a premium of approximately 87.3 per cent. over the average closing price of HK\$2.67 per Share as quoted on the Stock Exchange on the last six months of the Shares immediately before the date of this announcement; and
- (vii) a premium of approximately 1,983.3 per cent. over the net asset value of HK\$0.24 per Share as stated in the audited consolidated accounts of the Company for the year ended 31st March, 2006.

As at the date of this announcement, the Consideration Shares represent approximately 1.38 per cent. of the existing issued share capital of the Company and approximately 1.36 per cent. of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The market value of the Consideration Shares is HK\$25,550,000 by reference to the closing price of HK\$5.11 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or any other securities.

The Company will apply to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, the Consideration Shares.

Tsinghua Daring China has also undertaken that:

- (i) if any of the warranties in the Sale and Purchase Agreement is inaccurate or misleading; or
- (ii) if Tsinghua Daring China fails or refuses to observe or perform any of its undertakings or obligations in the Sale and Purchase Agreement or in the Shareholders' Agreement,

Tsinghua Daring China will forthwith pay to Victory Joy an amount equal to the entire amount of the aggregate consideration for the sale and purchase of the Sale Shares (being HK\$45,000,000) in cash as liquidated damages and not as penalty (which, the parties acknowledge, represents a genuine covenanted pre-estimate of damage to Victory Joy).

Conditions

Completion of the sale and purchase of the Sale Shares is conditional upon fulfilment of a number of conditions, in particular:

- (i) all authorisations necessary or desirable for the consummation of the transactions contemplated in the Sale and Purchase Agreement (including the Shareholders' Agreement) having been obtained by Tsinghua Daring China and Season and remaining in full force and effect;

- (ii) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on:
 - (a) the business, operations, prospects or financial condition, or a material portion of the properties or assets, of Season;
 - (b) the legality or feasibility of the Project; or
 - (c) the ability of Tsinghua Daring China to perform or observe any of its obligations, undertakings or covenants under the Sale and Purchase Agreement;
- (iii) there being no applicable law which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated in the Sale and Purchase Agreement (including the Shareholders' Agreement) or the legality or feasibility of the Project;
- (iv) there being no bona fide proceedings in effect, pending or genuinely threatened as of completion before any court, tribunal or arbitrator of a competent jurisdiction or by any governmental authority which seek to prohibit, restrict, impose condition or limitation on or otherwise challenge any of the transactions contemplated in the Sale and Purchase Agreement;
- (v) Season having legally and successfully obtained, at the expense of Tsinghua Daring China, the sole and exclusive lawful right to acquire and use in the PRC the non-incineration medical waste treatment technologies and equipment (including high heat steam boilers) manufactured by the patent holder and supplier (which is a Canadian company), in terms satisfactory to Victory Joy;
- (vi) compliance by the Company with all applicable disclosure and shareholders' approval requirements under the Listing Rules; and
- (vii) listing of and permission to deal in the Consideration Shares having been granted by the Listing Committee of the Stock Exchange (and such listing and permission not subsequently being revoked prior to completion of the sale and purchase of the Sale Shares).

Tsinghua Daring China will use its best endeavours to fulfil, or procure the fulfilment of, conditions (i) to (vii). If any of the conditions is not fulfilled (or waived by Victory Joy, except for conditions (v), (vi) and (vii) which cannot be waived) on or before 31st August, 2007 (or such later date as may be agreed by Tsinghua Daring China and Victory Joy in writing), no party will be obliged to complete the sale and purchase of the Sale Shares, whereupon the Sale and Purchase Agreement will cease to be of any force or effect.

The sale and purchase of the Sale Shares and the involvement of the Company and Victory Joy in the Project are conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares.

Completion

Subject to fulfilment of the conditions set out in the Sale and Purchase Agreement, completion of the sale and purchase of the Sale Shares will take place on or before 31st August, 2007 (or such other date as may be agreed by Tsinghua Daring China and Victory Joy in writing).

Season is in the process of obtaining the lawful right to acquire and use the non-incineration medical waste treatment technologies in the PRC and such right is expected to be successfully obtained by Season before completion of the sale and purchase of the Sale Shares. To have Season obtain such right is therefore set as a condition precedent to completion of sale and purchase of the Sale Shares.

After completion of the sale and purchase of the Sale Shares, Season will have the sole and exclusive lawful right to acquire and use in the PRC the non-incineration medical waste treatment technologies and equipment (including high heat steam boilers) manufactured by the patent holder and supplier, being the existing owner of such technologies (which is a Canadian company, an independent third party so far as the Company is concerned).

Following completion of the sale and purchase of the Sale Shares, Season will become an indirect non wholly-owned subsidiary of the Company and will be owned as to 65 per cent. by Victory Joy and as to 35 per cent. by Tsinghua Daring China.

THE SHAREHOLDERS' AGREEMENT

Date

To be entered into on completion of the sale and purchase of the Sale Shares.

Parties

- (1) Tsinghua Daring China.
- (2) Victory Joy.
- (3) Season.

Business

The principal business of Victory Joy will be the operation of the Project in the PRC, except for the eight cities in which Oriental Emperor, another indirect non wholly-owned subsidiary of the Company, has already obtained the right to use in the PRC the non-incineration medical waste treatment technologies and equipment to implement the Project, for the purpose of handling medical waste in the PRC (details of which are set out in the announcement of the Company dated 29th November, 2006).

Board of Directors

The board of directors of Season will consist of a maximum of five directors. Victory Joy will be entitled to nominate three directors and Tsinghua Daring China will be entitled to nominate two directors. Both Victory Joy and Tsinghua Daring China will be entitled to remove the directors respectively appointed by them.

Finance

Victory Joy is expected to advance up to HK\$220,000,000 million to Season by way of shareholder's loans for the initial development of Season. Such monies will substantially be applied by Season to initially set up 22 subsidiaries in the PRC for the purposes of the Project and to fund and operate the Project.

The advance of HK\$220,000,000 will be funded out of internal resources of the Company or by further capital raising exercises or external borrowings, or a combination of them.

The shareholder's loans will be provided by Victory Joy as investment to fund the Project and accordingly will be interest-free, unsecured and without collateral. There are no existing repayment terms.

As the funding to be provided by Victory Joy is in the form of shareholders' loan as opposed to a capital commitment, and having regard to the respective rights and obligations of Tsinghua Daring China and Victory Joy with respect to the Project and the prospects of the Project, the Directors believe that these funding arrangements are fair and reasonable and are in the interests of the Company and the shareholders of the Company taken as a whole.

Tsinghua Daring China will be responsible for overall liaison in the PRC, in particular to negotiate with the governmental departments in different cities in the PRC before setting up the subsidiaries in such places. No funding will therefore be required from Tsinghua Daring China. The Directors are of the view that the role of Tsinghua Daring China is important for the development of Season, and the funding arrangements are therefore fair to both parties.

Option

As part of the principal terms of the Sale and Purchase Agreement and the Shareholders' Agreement, Tsinghua Daring China will grant an option to Victory Joy, pursuant to which Victory Joy may, during the subsistence of the Shareholders' Agreement, require Tsinghua Daring China to sell all its interests in Season at par value if:

- (i) any of the warranties or representations in the Sale and Purchase Agreement and the Shareholders' Agreement given or made by Tsinghua Daring China is misleading or untrue;
or

- (ii) Tsinghua Daring China fails to perform any of its obligations or undertakings set out in the Sale and Purchase Agreement and the Shareholders' Agreement.

Such option would protect the investment of Victory Joy by enabling it to acquire all the interests owned by Tsinghua Daring China in the Project in the event of any breach on the part of Tsinghua Daring China.

Profit Guarantee

Tsinghua Daring China guarantees that during the subsistence of the Shareholders' Agreement, the profits generated in each city will not be less than 70 per cent. of the estimated profits agreed by Tsinghua Daring China and Victory Joy from time to time, failing which Victory Joy may seek compensation from Tsinghua Daring China. There are no existing provisions in the Shareholders' Agreement governing the mechanisms for such compensation. If any circumstance arises which may lead to any compensation obligation, the Company will comply with all applicable requirements under the Listing Rules, including making further announcements.

Victory Joy and Tsinghua Daring China will budget the estimated profits for each year at the beginning of the relevant year, having regard to all the relevant factors then prevailing, including the standard charges in relation to the handling of medical waste in hospitals and clinics in the PRC and the turnover of the preceding financial years of each of the subsidiaries.

THE PROJECT

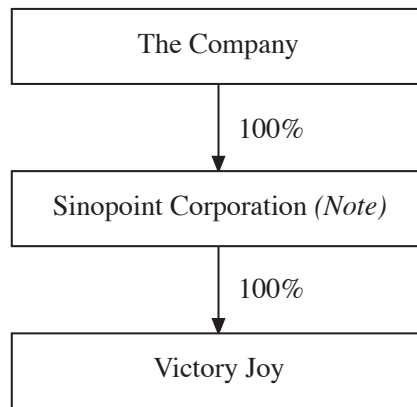
The Project relates to the handling of medical waste in the PRC with patented technologies, in accordance with the standards prescribed by the State Environmental Protection Administration. It is contemplated that the Project will be carried out in the PRC except for the eight cities in which Oriental Emperor, another indirect non wholly-owned subsidiary of the Company, has already obtained the right to use in the PRC the non-incineration medical waste treatment technologies and equipment to implement the Project, for the purpose of handling medical waste in the PRC (details of which are set out in the announcement of the Company dated 29th November, 2006).

It is currently estimated that approximately HK\$10 million will be required by each subsidiary to operate the Project in each city, to acquire the relevant land use rights, vehicles, equipment and machinery and to set up factories and offices.

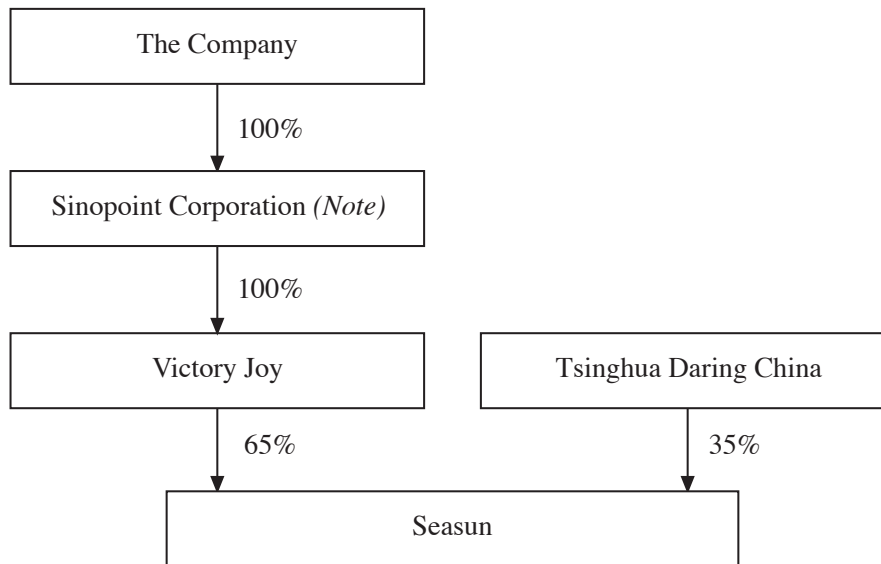
After completion of the sale and purchase of the Sale Shares, Seasun will have the sole and exclusive lawful right to acquire and use in the PRC the non-incineration medical waste treatment technologies and equipment (including high heat steam boilers) manufactured by the patent holder and supplier, being the existing owner of such technologies (which is a Canadian company, an independent third party so far as the Company is concerned). Such right will attach to the machinery for medical waste treatment on an individual basis and, in respect of individual machinery, will last for a period of 20 years from the date of acquisition of the relevant machinery.

GROUP CHARTS

An overview of the shareholding structure of the Group before completion of the sale and purchase of the Sale Shares is set out below:



An overview of the shareholding structure of the Group after completion of the sale and purchase of the Sale Shares is set out below:



Note: Sinopoint Corporation is a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company.

INFORMATION ABOUT TSINGHUA DARING CHINA

The Directors are advised that Tsinghua Daring China is a company incorporated in Hong Kong with limited liability. It is engaged principally in investment holding in Hong Kong.

Certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a substantial shareholder of an indirect non wholly-owned subsidiary of the Company, and hence connected persons of the Company within the meaning of the Listing Rules.

INFORMATION ABOUT SEASUN

Seasun is a company incorporated on 8th February, 2007 in the British Virgin Islands with limited liability. The principal business activity of Seasun is investment holding. As at the date of this announcement, Seasun is a direct wholly-owned subsidiary of Tsinghua Daring China.

Following completion of the sale and purchase of the Sale Shares, Seasun will be owned as to 35 per cent. by Tsinghua Daring China and as to the remaining 65 per cent. by Victory Joy, and will be used as a joint venture vehicle to carry out the Project.

INFORMATION ABOUT THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are the provision of cleaning and related services, and building maintenance and renovation services.

INFORMATION ABOUT VICTORY JOY

Victory Joy is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of Victory Joy is investment holding.

Victory Joy is an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE

The Project relates to the handling of medical waste in the PRC. The Group intends to continue the further expansion of its business in cleaning and related services, in particular the handling of medical waste in the PRC (in addition the eight cities in which Oriental Emperor, another indirect non wholly-owned subsidiary of the Company, has already obtained the right to use in the PRC the non-incineration medical waste treatment technologies and equipment to implement the Project, for the purpose of handling medical waste in the PRC) by using the non-incineration medical waste treatment technologies. The involvement of the Company in the Project is in line with the business strategies and activities of the Group.

Having regard to the nature of and benefits resulting from the sale and purchase of the Sale Shares and the joint venture with respect to the Project, the Directors believe that the terms of the Sale and Purchase Agreement and the Shareholders' Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company taken as a whole.

As Season was only incorporated on 8th February, 2007, there are no audited or unaudited net profits or net asset value in respect of Season as at the date of this announcement.

LISTING RULES IMPLICATIONS

Certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a substantial shareholder of an indirect non wholly-owned subsidiary (namely, Tsinghua Daring (HK) Holdings) of the Company, and hence connected persons of the Company within the meaning of the Listing Rules. The transactions contemplated in the Sale and Purchase Agreement and the Shareholders' Agreement therefore constitute a connected transaction for the Company and is subject to the approval of its independent shareholders of the Company. The Directors are advised that none of such ultimate beneficial owners or their respective associates own any Share as at the date of this announcement. Any of them who subsequently becomes interested in any Share will abstain from voting on the resolution for approving the Sale and Purchase Agreement and the Shareholders' Agreement.

Under Rules 14.22 and 14.23 of the Listing Rules, the proposed transaction should be aggregated with the discloseable transaction announced on 29th November, 2006 by the Company in relation to the acquisition of 55 per cent. interests by Honest Grand (an indirect wholly-owned subsidiary of the Company) from Tsinghua Daring (HK) Holdings on the basis that:

- (i) certain ultimate beneficial owners of Tsinghua Daring China are also ultimate beneficial owners controlling a substantial shareholder (namely, Tsinghua Daring (HK) Holdings) of an indirect non wholly-owned subsidiary of the Company, and hence connected persons of the Company and thus fall into Rule 14.23(1) of the Listing Rules; and
- (ii) both transactions took place within a period of 12 months and the targets of both transactions are engaged in medical waste business.

The transactions contemplated in the Sale and Purchase Agreement and the Shareholders' Agreement, when aggregate with the transaction announced by the Company on 29th November, 2006, also constitute a discloseable transaction for the Company, on the basis that the calculation of the consideration ratio is within the range of five per cent. and 25 per cent.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES

Under the Sale and Purchase Agreement, the Company will issue the Consideration Shares to Tsinghua Daring China as part payment for the consideration of the sale and purchase of the Sale Shares. The Consideration Shares will rank pari passu with all the then existing issued Shares.

The Company will seek the grant of a specific mandate from the shareholders of the Company to allot and issue Shares to satisfy the allotment and issue of the Consideration Shares.

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE SHARES

As disclosed in the announcement of the Company dated 7th November, 2006, a subscription agreement in relation to a top-up placing was entered into between the Company as issuer and Lo's Family as subscriber, pursuant to which the Company had issued a total of 60,000,000 Shares under the general mandate granted at the annual general meeting of the Company held on 25th August, 2006. Immediately after completion of such subscription, such general mandate has been fully utilised.

The Directors therefore propose to renew the general mandate granted to the Directors at the annual general meeting of the Company held on 25th August, 2006 to allot, issue and deal with Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date passing the relevant ordinary resolution and to repurchase Shares.

As at the date of this announcement, the issued share capital of the Company is 362,680,000 Shares and therefore up to 72,536,000 Shares can be issued under the proposed refreshment of general mandate to issue Shares.

The Directors will seek approval from its independent shareholders of the Company at an extraordinary general meeting for the refreshment of the general mandate. Lo's Family and its associates who are holding 210,500,000 Shares, representing 58.04 per cent. of the issued share capital of the Company, will abstain from voting on the resolution for approving the proposal for refreshment of general mandate.

GENERAL

An independent board committee of the Company has been constituted to consider the terms of the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for grant of the specific mandate and the proposal for refreshment of the general mandate, and to make a recommendation to its shareholders. Commerzbank has been appointed as independent financial advisers to advise the independent board committee of the Company on the fairness and reasonableness of the transactions contemplated in the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for grant of the specific mandate and the proposal for refreshment of the general mandate.

The Company will despatch a circular which contains, amongst other things, details of the terms of the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for the grant of specific mandate and the proposal for refreshment of the general mandate, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the Sale and Purchase Agreement, the Shareholders' Agreement, the proposal for the grant of specific mandate and the proposal for the refreshment of the general mandate.

CHANGE IN BOARD LOT SIZE

The Directors also wish to announce that the board lot size of Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 1,000 Shares with effect from Friday, 1st June, 2007. The Directors believe that the reduced board lot size may:

- (i) facilitate trading;
- (ii) improve the liquidity of the Shares;
- (iii) enable the Company to attract more investors; and
- (iv) broaden its shareholder base.

The change in board lot size will not affect the rights of the shareholders of the Company.

Expected Timetable

First day for free exchange of existing share certificates
in board lots of 2,000 Shares for new share certificates
in board lots of 1,000 Shares Thursday, 17th May, 2007

Effective date of the change in board lot size
from 2,000 Shares to 1,000 Shares Friday, 1st June, 2007

Original counter for trading in Shares in board lots of
2,000 Shares closes and becoming counter for
trading in the Shares in board lots of 1,000 Shares
(in the form of new share certificates) 9:30 a.m. on Friday, 1st June, 2007

Temporary counter for trading in Shares
in board lots of 2,000 Shares (in the form of
existing share certificates) opens 9:30 a.m. on Friday, 1st June, 2007

Parallel trading in Shares (in the form of existing
and new share certificates) commences 9:30 a.m. on Friday, 1st June, 2007

Temporary counter for trading in the Shares
in board lots of 2,000 Shares (in the form
of existing share certificates) closes 4:00 p.m. on Monday, 25th June, 2007

Parallel trading in Shares (in the form of existing
and new share certificates) ends 4:00 p.m. on Monday, 25th June, 2007

Last day for free exchange of existing share certificates
in board lots of 2,000 Shares for new
share certificates in board lots of 1,000 Shares Thursday, 28th June, 2007

Shareholders may submit their existing share certificates in board lots of 2,000 Shares to the branch share registrar of the Company, Tengis Limited, at 26th Floor, Tesbury Centre, No. 28 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates in board lots of 1,000 Shares, free of charge, during business hours from Thursday, 17th May, 2007 to Thursday, 28th June, 2007 (both days inclusive).

After Thursday, 28th June, 2007, any exchange of share certificates will be accepted only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate in board lots of 1,000 Shares issued or each existing share certificate submitted, whichever number of share certificates involved is higher.

New share certificates are expected to be available for collection from the branch share registrar of the Company by shareholders of the Company within ten business days after submission of the existing share certificates to the branch share registrar of the Company for exchange purpose.

With effect from Friday, 1st June, 2007, new share certificates will be issued in board lots of 1,000 Shares. All existing share certificates in board lots of 2,000 Shares will continue to be evidence of title to such Shares and be valid for delivery, transfer and settlement purposes. New share certificates in board lots of 1,000 Shares will be issued in the green colour to distinguish from the existing share certificates in the light blue colour.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 30th April, 2007 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 7th May, 2007.

DIRECTORS

As at the date of this announcement, the Directors are:

Executive Directors:

Dr. Lo Kou Hong, Ms. Ko Lok Ping, Maria Genoveffa, Mr. Leung Tai Tsan Charles, Mr. Cheung Pui Keung

Independent non-executive Directors:

Mr. Cheng Kai Tai, Allen, Mr. Chiu Wai Piu, Mr. Wang Qi

DEFINITIONS

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|-------------------------------|---|
| “associates” | having the meaning ascribed to it under the Listing Rules |
| “Commerzbank” | Commerzbank AG, acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO |
| “Company” | Lo’s Enviro-Pro Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange |
| “connected person” | having the meaning ascribed to it under the Listing Rules |
| “Consideration Shares” | 5,000,000 new Shares |
| “Directors” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Honest Grand” | Honest Grand International Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Lo’s Family” | The Lo’s Family Limited, a company incorporated in British Virgin Islands with limited liability, and the controlling shareholder of the Company |
| “Oriental Emperor” | Oriental Emperor Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect non wholly-owned subsidiary of the Company |
| “Project” | the handling of medical waste in the PRC with patented technologies, in accordance with the standards prescribed by the State Environmental Protection Administration |
| “Sale and Purchase Agreement” | the agreement for sale and purchase dated 27th April, 2007 entered into between Tsinghua Daring China and Victory Joy, with respect to the sale and purchase of the Sale Shares (representing 65 per cent. of the issued share capital of Season as at the date of this announcement) |

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| “Sale Shares” | 65 shares of US\$1.00 each in the issued share capital of Season, representing 65 per cent. of the issued share capital of Season as at the date of this announcement |
| “Season” | Season Group Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of Tsinghua Daring China |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholders’ Agreement” | the shareholders’ agreement to be entered into between Victory Joy, Tsinghua Daring China and Season, with respect to the detailed arrangements for the management and operation of Season |
| “Shares” | shares of nominal value of HK\$0.01 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tsinghua Daring China” | Tsinghua Daring (China) Holdings Limited, a company incorporated in Hong Kong with limited liability |
| “Tsinghua Daring (HK) Holdings” | Tsinghua Daring (HK) Holdings Limited, a company incorporated in Hong Kong with limited liability, and a controlling shareholder of Oriental Emperor |
| “Victory Joy” | Victory Joy International Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company |

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

Hong Kong, 4th May, 2007

“Please also refer to the published version of this announcement in China Daily”