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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)

(1) PLACING OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN LO'S ENVIRO-PRO HOLDINGS LIMITED

(2) RESUMPTION OF TRADING

The Vendor is currently beneficially interested in 70 per cent. of the issued share capital of the Company as at the date of this announcement. On 6th November, 2006, the Placing Agreement was executed, pursuant to which the Vendor has agreed to place, through the Placing Agent and on a best efforts basis, up to 60,000,000 Shares to independent investors at a price of HK\$0.61 per Share. On completion of the Placing, the Vendor will subscribe for such number of new Shares as is equivalent to the number of Shares actually placed pursuant to the Placing Agreement, at the same price.

The Placing Shares represent up to 20 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 16.67 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Placing is unconditional, but the Subscription is conditional upon fulfilment of two conditions. **The Subscription is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares.**

On the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and 60,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, net proceeds from the Subscription of up to approximately HK\$36,000,000 (being a net placing price of approximately HK\$0.60 per Share) will be applied by the Group to fund part of the investment cost for the proposed medical waste treatment joint venture project as announced on 20th October, 2006 or, if such proposed joint venture project does not proceed, to fund new investments and acquisitions in future as and when opportunities arise and require and for general working capital purposes.

On the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and 60,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, the beneficial interest of the Vendor in the issued share capital of the Company will be reduced from 70 per cent. to 50 per cent. immediately following completion of the Placing, but will increase to approximately 58.33 per cent. immediately following completion of the Subscription.

Trading in the Shares on the Stock Exchange was suspended at its request with effect from 9:30 a.m. on 7th November, 2006 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 8th November, 2006.

PLACING OF UP TO 60,000,000 EXISTING SHARES AND SUBSCRIPTION OF UP TO 60,000,000 NEW SHARES

Placing Agreement dated 6th November, 2006 made between the Vendor and the Placing Agent

- Vendor:** The Vendor, which is the controlling shareholder of the Company.
- Number of Placing Shares:** Up to 60,000,000 Shares to be placed, representing up to 20 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 16.67 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.
- Under the Placing Agreement, the Placing Agent has agreed to be appointed as placing agent to procure, on a best efforts basis, purchasers for the Placing Shares.
- Placing price:** HK\$0.61 per Placing Share, which 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 18.67 per cent. to the closing price of HK\$0.75 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 discount of approximately 17.12 per cent. to the average closing price of HK\$0.736 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 discount of approximately 15 per cent. to the average closing price of HK\$0.71 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of this announcement; and
 - (iv) a discount of approximately six per cent. to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange for the last one month of the Shares immediately before date of this announcement;
 - (v) a premium of approximately 21 per cent. over the closing price of HK\$0.51 per Share as quoted on the Stock Exchange for the last three months of the Shares immediately before the date of this announcement;
 - (vi) a premium of approximately 46 per cent. over the closing price of HK\$0.42 per Share as quoted on the Stock Exchange for the last six months of the Shares immediately before the date of this announcement; and
 - (vii) a premium of approximately 152 per cent. over the net asset value of HK\$0.2419 per Share as stated in the audited consolidated accounts of the Company for the year ended 31st March, 2006.

Recent closing prices of the Shares as quoted on the Stock Exchange represent the highest prices at which the Shares have been traded since listing in 2003.

Placing Agent: The Placing Agent.

The Placing Agent and its ultimate owners are all:

- (i) independent of, and not acting in concert with, the Vendor and parties acting in concert with it; and
- (ii) independent third parties not connected with the Company or its subsidiaries or any of their respective associates, or any of the connected persons of the Company or its subsidiaries or any of their respective associates.

Placing commission: The Placing Agent will receive a placement commission of one per cent. on the gross proceeds of the Placing. The placing commission is arrived at after arm's length negotiations between the Vendor and the Placing Agent.

Places: The Placing Shares will be placed to not less than six places (which will be individual, corporate or institutional investors or a combination of them).

Such places and their respective ultimate owners are all:

- (i) independent of, and not acting in concert with, the Vendor and parties acting in concert with it; and
- (ii) independent third parties not connected with the Company or its subsidiaries or any of their respective associates, or any of the connected persons of the Company or its subsidiaries or any of their respective associates.

None of such places is expected to become a substantial shareholder of the Company as a result of the Placing.

Completion: The Placing Agreement is unconditional, and completion of the Placing is expected to take place on or before 9th November, 2006.

Subscription agreement dated 6th November, 2006 made between the Vendor and the Company

Subscriber: The Vendor.

Number of Subscription Shares: Such number of new Shares as is equivalent to the number of Placing Shares.

Subscription Price: HK\$0.61 per Subscription Share, which is the same as the placing price of the Placing Shares, less expenses for the Placing (being a net subscription price of HK\$0.60 per Subscription Share).

On 7th November, 2006, being the day on which the terms of the Subscription were fixed, the closing price per Subscription Share was HK\$0.75 as quoted on the Stock Exchange.

General Mandate: The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the shareholders of the Company passed at the annual general meeting held on 25th August, 2006. The Company has not utilised the general mandate prior to entering into the Subscription Agreement.

Ranking of Subscription Shares: The Subscription Shares will rank equally with the Shares in issue at the time of allotment and issue of the Subscription Shares.

Use of Proceeds: On the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and 60,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, net proceeds from the Subscription of up to approximately HK\$36,000,000 will be applied by the Group to fund part of the investment cost for the proposed medical waste treatment joint venture project as announced on 20th October, 2006 or, if such proposed joint venture project does not proceed, to fund new investments and acquisitions in future as and when opportunities arise and require and for general working capital purposes.

Conditions: The Subscription is conditional upon:

- (i) the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (ii) completion of the Placing.

Neither of the above conditions can be waived.

Application will be made to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares.

The Subscription is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares.

Completion: Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Subscription Agreement, that is, on or before 20th November, 2006 (or such later date as may be agreed by the Company and the Vendor subject to compliance with the Listing Rules), failing which the Subscription will cease and terminate.

Costs and expenses

Subject to completion of the Subscription, the Company will bear the costs and expenses in connection with the Placing and the Subscription, which are estimated to be not more than approximately HK\$600,000, on the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and 60,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement. Any interest earned by the Vendor on the monies raised by the Placing, between the date of completion of the Placing and the date of completion of the Subscription, will be paid to the Company.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

On the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and 60,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, the shareholding structure of the Company immediately before completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both the Placing and the Subscription are and will be as follows:

Name	Approximate shareholding percentage in the Company (Note)		
	Immediately before the Placing and the Subscription	Immediately after the Placing but before the Subscription	Immediately after the Placing and the Subscription
The Vendor	70.00	50.00	58.33
Placees	–	20.00	16.67
Public	30.00	30.00	25.00
	<hr/>	<hr/>	<hr/>
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: The figures assume that other than the Subscription Shares, no new Shares are issued or purchased by the Company and that other than the Placing Shares, no Shares are sold or purchased by the Vendor, in each case, after the date of this announcement up to the date of completion of the Subscription.

On the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and accordingly 60,000,000 new Shares are subscribed for pursuant to the Subscription Agreement, the beneficial interest of the Vendor in the issued share capital of the Company will be reduced from 70 per cent. to 50 per cent. immediately following completion of the Placing, but will increase to approximately 58.33 per cent. immediately following completion of the Subscription.

If completion of the Subscription does not take place, the beneficial interest of the Vendor in the issued share capital of the Company will be reduced from 70 per cent. to 50 per cent., but will not be increased to approximately 58.33 per cent.

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.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION

In view of current market conditions, the Directors consider that the Placing, together with the Subscription, represents a good opportunity to raise further working capital for the Company while at the same time broadening its shareholder and capital base. On the basis that all the 60,000,000 Shares are placed pursuant to the Placing Agreement and 60,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, net proceeds from the Subscription of approximately HK\$36,000,000 (being a net placing price of approximately HK\$0.60 per Share) will

be applied by the Group to fund part of the investment cost for the proposed medical waste treatment joint venture project as announced on 20th October, 2006 or, if such proposed joint venture project does not proceed, to fund new investments and acquisitions in future as and when opportunities arise and require and for general working capital purposes.

The Directors believe that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the shareholders of the Company taken as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

No funds were raised by the Company on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at its request with effect from 9:30 a.m. on 7th November, 2006 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 8th November, 2006.

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

“associates”	having the meaning ascribed to it in the Listing Rules
“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
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement

“Placing Agent”	KGI Capital Asia Limited, a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities
“Placing Agreement”	the placing agreement dated 6th November, 2006 made between the Vendor and the Placing Agent in relation to the Placing
“Placing Shares”	the actual number of Shares placed by the Placing Agent pursuant to the Placing Agreement, being up to 60,000,000 Shares
“Shares”	ordinary shares of nominal value of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 6th November, 2006 made between the Vendor and the Company in relation to the Subscription
“Subscription Shares”	such number of new Shares as is equivalent to the number of Placing Shares
“Vendor”	The Lo’s Family Limited, a company incorporated in British Virgin Islands with limited liability, and the controlling shareholder of the Company

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

Hong Kong, 7th November, 2006

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