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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 NEW SHARES (2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES AND (3) RESUMPTION OF TRADING

Placing of new Shares

On 14th May, 2007, the Placing Agreement was executed, pursuant to which the Company has conditionally agreed to place, through the Placing Agent and on a best efforts basis, 25,000,000 new Shares to independent investors at a price of HK\$4.00 per Share.

The Placing Shares represent approximately 6.89 per cent. of the issued share capital of the Company as at the date of this announcement and approximately 6.45 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

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

The placees have each undertaken not to dispose of any of the Placing Shares at any time within six months from completion of the Placing.

Net proceeds from the Placing of approximately HK\$98,650,000 (being a net placing price of approximately HK\$3.946 per Share) will be applied by the Group to fund the completion of the sale and purchase of 65 per cent. of the issued share capital of Seasun Group Limited as announced on 4th May, 2007, and the balance will be applied to fund part of the investment cost for implementing the projects relating to the handling of medical waste in the PRC as announced on 29th November, 2006 and on 4th May, 2007.

Immediately following completion of the Placing, the beneficial interest of Lo's Family (the controlling shareholder of the Company) in the issued share capital of the Company will be reduced from approximately 57.90 per cent. to approximately 54.17 per cent.

Proposed grant of specific mandate to issue Shares

Under the Placing Agreement, the Company will issue the Placing Shares to the potential placees. The Company will seek the grant of specific mandate to issue Shares to satisfy the allotment and issue of the Placing Shares.

The Company will despatch a circular to its shareholders as soon as practicable. The circular to be despatched by the Company will contain, amongst other things, details of the terms of the Placing Agreement, the proposal of the grant of specific mandate to issue Shares and a notice to convene an extraordinary general meeting to approve the proposal of the grant of specific mandate to issue Shares. Three of the placees, namely Galaxy China Opportunities Fund, Wellchamp Capital and Mr. Chan Kam Tim (all being existing shareholders of the Company), will abstain from voting on the resolution approving the proposal of the grant of specific mandate to issue Shares.

Resumption of trading

Trading in the Shares on the Stock Exchange was suspended at its request with effect from 2:30 p.m. on 14th May, 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 16th May, 2007.

PLACING OF 25,000,000 NEW SHARES

Placing Agreement dated 14th May, 2007 made between the Company and the Placing Agent

Issuer: The Company.

Number of Placing Shares: 25,000,000 new Shares to be placed, representing approximately 6.89 per cent. of the issued share capital of the Company as at the date of this announcement and approximately 6.45 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Under the Placing Agreement, the Placing Agent has agreed to be appointed as placing agent to procure, on a best efforts basis, subscribers for the Placing Shares.

Placing price: HK\$4.00 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 25.9 per cent. to the closing price of HK\$5.4 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 23.4 per cent. to the average closing price of HK\$5.22 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 20.5 per cent. to the average closing price of HK\$5.03 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 discount of approximately 16.5 per cent. to the average closing price of HK\$4.79 per Share as quoted on the Stock Exchange on the last one month of the Shares immediately before date of this announcement;
- (v) a discount of less than 0.1 per cent. to the average closing price of HK\$4.01 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 34.7 per cent. over the average closing price of HK\$2.97 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 1,666.7 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.

Given that most of the placees are reputable institutional investors whose investments in the Company would significantly broaden the shareholders base of the Company and enhance the profile of the Company and that the placees have each undertaken not to dispose of any of the Placing Shares at any time within six months from completion of the Placing (as opposed to the Shares held by all other shareholders of the Company which are freely transferable), the Directors believe that it is appropriate to fix a placing price at more than 20 per cent. discount to the reference price.

The Directors consider that such placing price is fair and reasonable in the interests of the Company and other shareholders as a whole.

Placing Agent:

The Placing Agent.

The Placing Agent and its ultimate owners are all:

- (i) independent of, and not acting in concert with, any shareholder of the Company 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 placing 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 Company and the Placing Agent.

Placees:

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

The Directors are advised that three of the placees, namely Galaxy China Opportunities Fund, Wellchamp Capital and Mr. Chan Kam Tim, are interested in approximately 5.13 per cent., approximately 2.21 per cent. and approximately 0.33 per cent., respectively, of the issued share capital of the Company as at the date of this announcement. Following completion of the Placing, the interests of Galaxy China Opportunities Fund, Wellchamp Capital and Mr. Chan Kam Tim will increase to approximately 6.73 per cent., approximately 4.13 per cent. and approximately 1.08 per cent., respectively, of the issued share capital as enlarged by the allotment and issue of the Placing Shares. Except as disclosed above, none of Galaxy China Opportunities Fund, Wellchamp Capital and Mr. Chan Kam Tim has any other relationship with the Company or is a connected person of the Company.

Except as disclosed above, all the placees and their respective ultimate owners are all:

- (i) independent of, and not acting in concert with, any shareholder of the Company 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 placees is expected to become a substantial shareholder (within the meaning of the Listing Rules) of the Company as a result of the Placing.

The placees have each undertaken not to dispose of any of the Placing Shares at any time within six months from completion of the Placing.

Use of Proceeds:

Net proceeds from the Placing of approximately HK\$98,650,000 (being a net placing price of approximately HK\$3.946 per Share) will be applied by the Group to fund the completion of the sale and purchase of 65 per cent. of the issued share capital of Seasun Group Limited as announced on 4th May, 2007, and the balance will be applied to fund part of the investment cost for implementing the projects relating to the handling of medical waste in the PRC as announced on 29th November, 2006 and 4th May, 2007.

Conditions:

The Placing is conditional upon:

- (i) the compliance by the Company with all applicable disclosure and shareholders' approval requirements under the Listing Rules; and
- (ii) the Stock Exchange granting listing of and permission to deal in the Placing Shares.

Neither of the above conditions can be waived. If either (or both) of the conditions set out above is not fulfilled on or before 14th August, 2007 (or such later date as may be agreed by the Company and the Placing Agent), the Placing Agreement will terminate, upon which the parties shall not have any claim against the other for costs, damages, compensation or otherwise.

Completion:

The business day after the day on which the conditions set out above are satisfied, or such later date as may be agreed by the Company and the Placing Agent in writing.

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

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

Costs and expenses

Subject to completion of the Placing, the Company will bear the costs and expenses in connection with the Placing, which are estimated to be not more than approximately HK\$1,350,000.

EFFECT OF THE PLACING

The shareholding structure of the Company immediately before completion of the Placing and immediately after completion of the Placing are and will be as follows:

Name	Approximate shareholding percentage in the Company (<i>Note</i>)	
	Immediately before completion of the Placing	Immediately after completion of the Placing
Lo's Family	57.90% (210,000,000 Shares)	54.17% (210,000,000 Shares)
Placees	–	6.45% (25,000,000 Shares)
Public	42.10% (152,680,000 Shares)	39.38% (152,680,000 Shares)
Total	100.00 (362,680,000 Shares)	100.00 (387,680,000 Shares)

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

Immediately following completion of the Placing, the beneficial interest of Lo's Family in the issued share capital of the Company will be reduced from approximately 57.90 per cent. to approximately 54.17 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

In view of current market conditions, the Directors consider that the Placing represents a good opportunity to raise further working capital for the Company while at the same time broadening its shareholder and capital base.

Net proceeds from the Placing of approximately HK\$98,650,000 (being a net placing price of approximately HK\$3.946 per Share) will be applied by the Group to fund the completion of the sale and purchase of 65 per cent. of the issued share capital of Season Group Limited as announced on 4th May, 2007, and the balance will be applied to fund part of the investment cost for implementing the projects relating to the handling of medical waste in the PRC as announced on 29th November, 2006 and 4th May, 2007.

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

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES

Under the Placing Agreement, the Company will issue the Placing Shares to the potential placees. The Placing Shares will rank pari passu with all the then existing issued 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.

Accordingly, the Company will seek the grant of specific mandate to issue Shares to satisfy the allotment and issue of the Placing Shares.

The Company will despatch a circular to its shareholders as soon as practicable. The circular to be despatched by the Company will contain, amongst other things, details of the terms of the Placing Agreement, the proposal for the grant of specific mandate to issue Shares and a notice to convene an extraordinary general meeting to approve the proposal for the grant of specific mandate to issue Shares. Three of the potential placees, namely Galaxy China Opportunities Fund, Wellchamp Capital and Mr. Chan Kam Tim (all being existing shareholders of the Company), will abstain from voting on the resolution approving the proposal of the grant of specific mandate to issue Shares.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Except for the top-up placing as announced in the announcement of the Company dated 7th November, 2006 and the proposed issue of 5,000,000 Shares to Tsinghua Daring (China) Holdings Limited under the agreement for sale and purchase dated 27th April, 2007 as announced in the announcement of the Company dated 4th May, 2007, no funds were raised by the Company on any issue of equity securities in the 12 months immediately preceding the date of this announcement. The proceeds from such top-up placing was approximately HK\$36,000,000 and approximately HK\$10,000,000 has been utilised as at the date of this announcement.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at its request with effect from 2:30 p.m. on 14th May, 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 16th 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

“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
“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
“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 14th May, 2007 made between the Company and the Placing Agent in relation to the Placing
“Placing Shares”	25,000,000 new 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

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

Hong Kong, 15th May, 2007

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