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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)

POSSIBLE MAJOR TRANSACTION – COOPERATION AGREEMENT WITH TSINGHUA DARING (HK) HOLDINGS LIMITED

AND

RESUMPTION OF TRADING

On 20th October, 2006, Tsinghua Daring (HK) Holdings and the Company entered into the Cooperation Agreement, which sets out the basis of their cooperation with respect to the Project. The Cooperation Agreement is legally binding.

It is contemplated in the Cooperation Agreement that Tsinghua Daring Environmental, which is currently a wholly-owned subsidiary newly established by Tsinghua Daring (HK) Holdings but will become owned as to 45 per cent. by Tsinghua Daring (HK) Holdings and as to the remaining 55 per cent. by the Company, will be used as the joint venture vehicle to carry out the Project.

It is expected that the Formal Agreements will be executed on or before 30th November, 2006 (or such later date as may be agreed by Tsinghua Daring (HK) Holdings and the Company) with respect to the sale of the 55 per cent. interest in Tsinghua Daring Environmental by Tsinghua Daring (HK) Holdings to the Company (or its wholly-owned subsidiary) and with respect to the detailed arrangements for the management and operation of Tsinghua Daring Environmental. If the Formal Agreements are not executed on or before 30th November, 2006 (or such later date as may be agreed by Tsinghua Daring (HK) Holdings and the Company), the Cooperation Agreement will cease to be of any force or effect, and the sale and purchase of the 55 per cent. interest in Tsinghua Daring Environmental and the involvement of the Company in the Project will not proceed.

A further announcement will be made after the execution of the Formal Agreements (in accordance with the requirements under Chapter 14 of the Listing Rules) or if the Cooperation Agreement ceases to be of any force or effect.

The Project relates to the handling of medical waste in China 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 first two years of the joint venture, in eight cities in China.

The sale and purchase of the 55 per cent. interest in Tsinghua Daring Environmental and the involvement of the Company 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 of the Company.

Trading in the shares of the Company on the Stock Exchange was suspended at its request with effect from 9:30 a.m. on 20th October, 2006 pending the release of this announcement. The Company has applied for a resumption of trading in its shares with effect from 9:30 a.m. on 23rd October, 2006.

THE COOPERATION AGREEMENT

Background

On 20th October, 2006, Tsinghua Daring (HK) Holdings and the Company entered into the Cooperation Agreement, which sets out the basis of their cooperation with respect to the Project. The Cooperation Agreement is legally binding.

Date

20th October, 2006.

Parties

- (1) Tsinghua Daring (HK) Holdings.
- (2) The Company.

To the best of the Directors' knowledge, Tsinghua Daring (HK) Holdings and its ultimate owners are independent third parties not connected with the Company, any of its subsidiaries or any of their respective associates, or any of the connected persons of the Company, any of its subsidiaries or any of their respective associates.

Terms

It is contemplated in the Cooperation Agreement that Tsinghua Daring Environmental, which is currently a wholly-owned subsidiary newly established by Tsinghua Daring (HK) Holdings but will become owned as to 45 per cent. by Tsinghua Daring (HK) Holdings and as to the remaining 55 per cent. by the Company, will be used as the joint venture vehicle to carry out the Project.

It is expected that the Formal Agreements will be executed on or before 30th November, 2006 (or such later date as may be agreed by Tsinghua Daring (HK) Holdings and the Company) with respect to the sale of the 55 per cent. interest in Tsinghua Daring Environmental by Tsinghua Daring (HK) Holdings to the Company (or its wholly-owned subsidiary) and with respect to the detailed arrangements for the management and operation of Tsinghua Daring Environmental. If the Formal Agreements are not executed on or before 30th November, 2006 (or such later date as may be agreed by Tsinghua Daring (HK) Holdings and the Company), the Cooperation Agreement will cease to be of any force or effect, and the sale and purchase of the 55 per cent. interest in Tsinghua Daring Environmental and the involvement of the Company in the Project will not proceed.

A further announcement will be made after the execution of the Formal Agreements (in accordance with the requirements under Chapter 14 of the Listing Rules) or if the Cooperation Agreement ceases to be of any force or effect.

Completion of the sale and purchase of the 55 per cent. interest in Tsinghua Daring Environmental and the involvement of the Company in the Project are conditional upon fulfilment of a number of conditions to be set out in the Formal Agreements, including the Company complying with all applicable disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules. It is expected that the transactions contemplated in the Formal Agreements will constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

The sale and purchase of the 55 per cent. interest in Tsinghua Daring Environmental and the involvement of the Company 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 of the Company.

THE PROJECT

The Project relates to the handling of medical waste in China 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 first two years of the joint venture, in eight cities in China.

It is expected that following execution of the Formal Agreements, rights to use the relevant patented technologies for handling medical waste will be granted to Tsinghua Daring Environmental, and up to HK\$80 million will be required in stages to fund 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 TSINGHUA DARING (HK) HOLDINGS

The Directors are advised that Tsinghua Daring (HK) Holdings is engaged principally in investment holding in Hong Kong.

To the best of the Directors' knowledge, Tsinghua Daring (HK) Holdings and its ultimate owners are independent third parties not connected with the Company, any of its subsidiaries or any of their respective associates, or any of the connected persons of the Company, any of its subsidiaries or any of their respective associates.

REASONS FOR ENTERING INTO THE COOPERATION AGREEMENT AND THE PROJECT

The Cooperation Agreement sets out the basis of the cooperation between Tsinghua Daring (HK) Holdings and the Company with respect to the Project. It lays down the framework within which the Formal Agreements will be prepared for execution.

The Project relates to the handling of medical waste in China. The Group intends to increase its degree of participation in the continuing growth of the China market, by way of a further expansion of its cleaning and related services into the more specialised area of the handling of medical waste in China. 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 transactions contemplated in the Cooperation Agreement, the Directors believe that the terms of the Cooperation Agreement are fair and reasonable and is in the interests of the shareholders of the Company taken as a whole.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was suspended at its request with effect from 9:30 a.m. on 20th October, 2006 pending the release of this announcement. The Company has applied for a resumption of trading in its shares with effect from 9:30 a.m. on 23rd October, 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

“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
“Cooperation Agreement”	the cooperation agreement dated 20th October, 2006 made between Tsinghua Daring (HK) Holdings and the Company, which sets out the basis of their cooperation with respect to the Project
“Directors”	directors of the Company
“Formal Agreements”	(i) the agreement for sale and purchase to be entered into between Tsinghua Daring (HK) Holdings and the Company, with respect to the sale and purchase of a 55 per cent. interest in Tsinghua Daring Environmental; and (ii) the shareholders’ agreement to be entered into between Tsinghua Daring (HK) Holdings and the Company, with respect to the detailed arrangements for the management and operation of Tsinghua Daring Environmental
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Project”	the handling of medical waste in China with patented technologies, in accordance with the standards prescribed by the State Environmental Protection Administration

“Tsinghua Daring Environmental”	Tsinghua Daring Environmental Technology Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of Tsinghua Daring (HK) Holdings
“Tsinghua Daring (HK) Holdings”	Tsinghua Daring (HK) Holdings Limited, a company incorporated in Hong Kong with limited liability

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

Hong Kong, 20th October, 2006

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