

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 TRANSACTION

(1) CONDITIONAL SALE AND PURCHASE OF 55 PER CENT. OF THE ISSUED SHARE CAPITAL OF, AND JOINT VENTURE WITH RESPECT TO, ORIENTAL EMPEROR HOLDINGS LIMITED

(2) RESUMPTION OF TRADING

On 23rd November, 2006, Tsinghua Daring (HK) Holdings and Honest Grand (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which Tsinghua Daring (HK) Holdings has conditionally agreed to sell, and Honest Grand has conditionally agreed to purchase, the Sale Shares (representing 55 per cent. of the issued share capital of Oriental Emperor as at the date of this announcement), for an aggregate consideration of US\$55.00 (equivalent to HK\$429).

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, Oriental Emperor will be owned as to 45 per cent. by Tsinghua Daring (HK) Holdings and as to the remaining 55 per cent. by Honest Grand, and will be used as a joint venture vehicle to carry out the Project. Tsinghua Daring (HK) Holdings, Honest Grand and Oriental Emperor will enter into the Shareholders' Agreement to regulate their respective rights and obligations in respect of the management and operation of Oriental Emperor and, in turn, the Project.

Pursuant to the Shareholders' Agreement, Honest Grand will advance, in different stages, up to HK\$80 million to Oriental Emperor by way of shareholder's loans. Such monies will be substantially used by Oriental Emperor to set up subsidiaries in China for the purposes of the Project and to fund and operate the Project. Rights to use the relevant patented technologies for handling medical waste under the Project will be granted or transferred, free of charge, to Oriental Emperor and its subsidiaries.

The transactions contemplated in the Sale and Purchase Agreement and the Shareholders' Agreement 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 Company will despatch a circular which contains, amongst other things, details of the terms of the Sale and Purchase Agreement and the Shareholders' Agreement, to the shareholders of the Company as soon as practicable.

The sale and purchase of the Sale Shares and the involvement of the Company and Honest Grand 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.

As the information contained in this announcement is price sensitive in nature, trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 24th 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 30th November, 2006.

INTRODUCTION

Reference is made to the announcement of the Company dated 20th October, 2006, in which it was announced that on 20th October, 2006, Tsinghua Daring (HK) Holdings and the Company entered into the Cooperation Agreement to set out the basis of their cooperation with respect to the Project. Formal documentation reflecting the terms of the Cooperation Agreement is expected to be executed on or before 30th November, 2006.

The Directors are pleased to announce that on 23rd November, 2006, Tsinghua Daring (HK) Holdings and Honest Grand (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which Tsinghua Daring (HK) Holdings has conditionally agreed to sell, and Honest Grand has conditionally agreed to purchase, the Sale Shares (representing 55 per cent. of the issued share capital of Oriental Emperor as at the date of this announcement), for an aggregate consideration of US\$55.00 (equivalent to HK\$429).

Oriental Emperor is a newly-established intermediate holding company of Tsinghua Daring Environmental, the subject company mentioned in the Cooperation Agreement.

Following completion of the sale and purchase of the Sale Shares, Oriental Emperor will be owned as to 45 per cent. by Tsinghua Daring (HK) Holdings and as to the remaining 55 per cent. by Honest Grand, and will be used as a joint venture vehicle to carry out the Project. Tsinghua Daring (HK) Holdings, Honest Grand and Oriental Emperor will enter into the Shareholders' Agreement to regulate their respective rights and obligations in respect of the management and operation of Oriental Emperor and, in turn, the Project.

The Sale and Purchase Agreement and the Shareholders' Agreement operate to supersede the Cooperation Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

23rd November, 2006.

Parties

- (1) Tsinghua Daring (HK) Holdings as vendor.
- (2) Honest Grand as purchaser.

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.

The Sale Shares

The Sale Shares represent 55 per cent. of the issued share capital of Oriental Emperor 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 (HK) Holdings has given certain representations and warranties in relation to Oriental Emperor and the Project.

Consideration

The consideration for the sale and purchase of the Sale Shares is US\$55.00 (equivalent to HK\$429), representing the aggregate par value of the Sale Shares. The consideration will be settled in cash and payable on completion. The consideration was arrived at after arm's length negotiations between Tsinghua Daring (HK) Holdings and Honest Grand.

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 (HK) Holdings and Oriental Emperor 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 Oriental Emperor or its subsidiary Tsinghua Daring Environmental;
 - (b) the legality or feasibility of the Project; or
 - (c) the ability of Tsinghua Daring (HK) Holdings 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; and
- (v) compliance by the Company with all applicable disclosure and shareholders' approval requirements under the Listing Rules.

Tsinghua Daring (HK) Holdings will use its best endeavours to fulfil, or procure the fulfilment of, conditions (i) to (iv). If any of the conditions is not fulfilled (or waived by Honest Grand, except for condition (v) which cannot be waived) on or before 15th January, 2007 (or such later date as may be agreed by Tsinghua Daring (HK) Holdings and Honest Grand 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 Honest Grand 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 15th January, 2007 (or such other date as may be agreed by Tsinghua Daring (HK) Holdings and Honest Grand in writing).

THE SHAREHOLDERS' AGREEMENT

Date

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

Parties

- (1) Tsinghua Daring (HK) Holdings.
- (2) Honest Grand.
- (3) Oriental Emperor.

Business

The principal business of Oriental Emperor will be the operation of the Project.

Board of Directors

The board of directors of the Company will consist of a maximum of five directors. Honest Grand will be entitled to nominate three directors and Tsinghua Daring (HK) Holdings will be entitled to nominate two directors. Both Honest Grand and Tsinghua Daring (HK) Holdings will be entitled to remove the directors respectively appointed by them.

Finance

Within five business days after the execution of the Shareholders' Agreement, Honest Grand will advance HK\$15 million in cash to Oriental Emperor by way of an interest-free shareholder's loan.

Honest Grand will further advance HK\$65 million in cash to Oriental Emperor by way of interest-free shareholder's loans within 18 months after the execution of the Shareholders' Agreement.

Such monies will be substantially used by Oriental Emperor to set up subsidiaries in China for the purposes of the Project and to fund and operate the Project.

The initial advance of HK\$15 million will be funded out of the proceeds of the top-up placing of Shares announced on 7th November, 2006. The balance of HK\$65 million will be funded, over a period of 18 months, out of internal resources of the Company or by further capital raising exercises or external borrowings, or a combination of them.

The shareholders' loans are provided by Honest Grand as investment to fund the Project and accordingly will be interest-free and unsecured. Having regard to the respective rights and obligations of Tsinghua Daring (HK) Holdings and Honest Grand 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.

Patented Technologies

Tsinghua Daring (HK) Holdings will procure one of its shareholders to grant or transfer, free of charge, to Oriental Emperor and its subsidiaries the rights to use the relevant patented technologies for handling medical waste under the Project. It will also be responsible for overall liaison in China. For these reasons, no funding will be required from Tsinghua Daring (HK) Holdings.

Option

As part of the principal terms of the Sale and Purchase Agreement and the Shareholders' Agreement, Tsinghua Daring (HK) Holdings will grant an option to Honest Grand, pursuant to which Honest Grand may, during the subsistence of the Shareholders' Agreement, require Tsinghua Daring (HK) Holdings to sell all its interests in Oriental Emperor at par value if:

- (i) any of the warranties or representations in the Sale and Purchase Agreement given or made by Tsinghua Daring (HK) Holdings is misleading or untrue; or
- (ii) Tsinghua Daring (HK) Holdings fails to perform any of its obligations or undertakings set out in the Sale and Purchase Agreement.

Such option would protect the investment of Honest Grand by enabling it to acquire all the interests owned by Tsinghua Daring (HK) Holdings in the Project in the event of any breach on the part of Tsinghua Daring (HK) Holdings.

Profit Guarantee

Tsinghua Daring (HK) Holdings 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 (HK) Holdings and Honest Grand from time to time, failing which Honest Grand may seek compensation from Tsinghua Daring (HK) Holdings. There are no existing provisions in the Shareholders' Agreement governing the mechanisms for such compensation.

Honest Grand and Tsinghua Daring (HK) Holdings 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 China and the turnover of the preceding financial years of each of the subsidiaries.

THE PROJECT

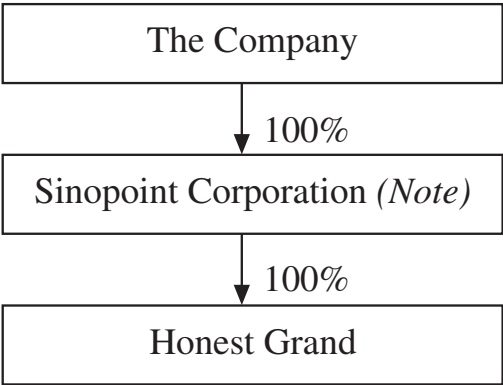
The Project relates to the handling of medical waste in China with patented technologies, in accordance with the standards prescribed by the State Environmental Protection Administration. It is contemplated that the Project will be carried out, in the first two years of the joint venture, in eight cities in China. The number of cities may increase if agreed by Tsinghua Daring (HK) Holdings and Honest Grand.

The current plan is to set up a subsidiary in each of the eight designated cities in China. 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.

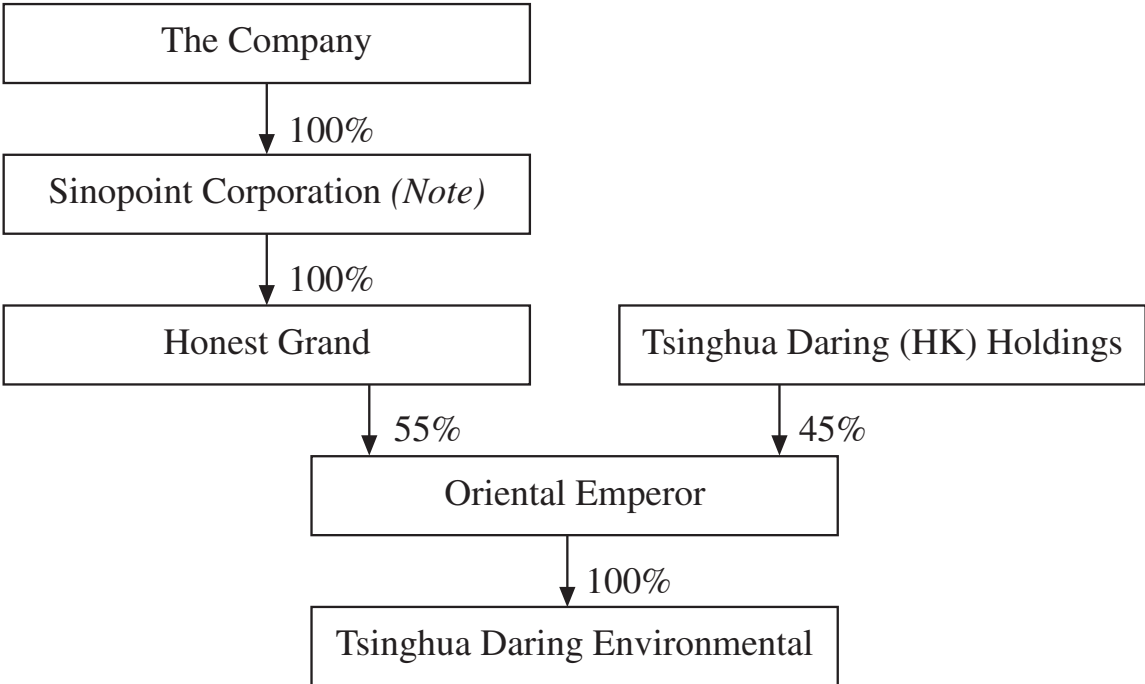
Following execution of the Shareholders' Agreement, rights to use the relevant patented technologies for handling medical waste will be granted or transferred, free of charge, to Oriental Emperor and its subsidiaries. Such rights, when granted or transferred, will attach to the machinery for medical 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. The patented technologies relate to the non-incineration treatment of medical waste, and are owned by a Canadian company. A right to use such technologies in China has been granted by the Canadian company to a shareholder of Tsinghua Daring (HK) Holdings, which right will continue until terminated by agreement between them. Tsinghua Daring (HK) Holdings will procure the grant or transfer of the rights to use the patented technologies to Oriental Emperor and its subsidiaries.

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 the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company.

INFORMATION ABOUT TSINGHUA DARING (HK) HOLDINGS

The Directors are advised that Tsinghua Daring (HK) Holdings is a company incorporated in Hong Kong with limited liability. It 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.

The Directors are further advised that the shareholders of Tsinghua Daring (HK) Holdings specialise in medical waste treatment in China.

INFORMATION ABOUT ORIENTAL EMPEROR AND TSINGHUA DARING ENVIRONMENTAL

Oriental Emperor is a company incorporated on 25th September, 2006 in the British Virgin Islands with limited liability. The principal business activity of Oriental Emperor is investment holding. As at the date of this announcement, Oriental Emperor is a direct wholly-owned subsidiary of Tsinghua Daring (HK) Holdings and an intermediate holding company of Tsinghua Daring Environmental.

Following completion of the sale and purchase of the Sale Shares, Oriental Emperor will be owned as to 45 per cent. by Tsinghua Daring (HK) Holdings and as to the remaining 55 per cent. by Honest Grand, and will be used as a joint venture vehicle to carry out the Project.

Tsinghua Daring Environmental is a company incorporated on 9th October, 2006 in Hong Kong with limited liability. The principal business activity of Tsinghua Daring Environmental is investment holding. Tsinghua Daring Environmental is a direct wholly-owned subsidiary of Oriental Emperor.

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 HONEST GRAND

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

Honest Grand is an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE

The Sale and Purchase Agreement and the Shareholders' Agreement formalise the cooperation between Tsinghua Daring (HK) Holdings and the Company with respect to the Project. They set out the detailed arrangements for the management and operation of Oriental Emperor and the Project.

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 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 Oriental Emperor and Tsinghua Daring Environmental (a direct wholly-owned subsidiary of Oriental Emperor) were only incorporated on 25th September, 2006 and 9th October, 2006 respectively, there are no audited or unaudited net profits or net asset value in respect of Oriental Emperor or Tsinghua Daring Environmental as at the date of this announcement.

LISTING RULES IMPLICATIONS

The transactions contemplated in the Sale and Purchase Agreement and the Shareholders' Agreement 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 Company will despatch a circular which contains, amongst other things, details of the terms of the Sale and Purchase Agreement and the Shareholders' Agreement, to the shareholders of the Company as soon as practicable.

RESUMPTION OF TRADING

As the information contained in this announcement is price sensitive in nature, trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 24th 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 30th 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 under 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
“connected person”	having the meaning ascribed to it under the Listing Rules
“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
“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
“Oriental Emperor”	Oriental Emperor Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of Tsinghua Daring (HK) Holdings
“Project”	the handling of medical waste in China 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 23rd November, 2006 entered into between Tsinghua Daring (HK) Holdings and Honest Grand, with respect to the sale and purchase of the Sale Shares (representing 55 per cent. of the issued share capital of Oriental Emperor as at the date of this announcement)
“Sale Shares”	55 shares of US\$1.00 each in the issued share capital of Oriental Emperor, representing 55 per cent. of the issued share capital of Oriental Emperor as at the date of this announcement
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between Honest Grand, Tsinghua Daring (HK) Holdings and Oriental Emperor, with respect to the detailed arrangements for the management and operation of Oriental Emperor
“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 Environmental”	Tsinghua Daring Environmental Technology Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of Oriental Emperor
“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, 29th November, 2006

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