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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)

Rule 13.09 Announcement Memorandum of Understanding in relation to the Proposed Acquisition and Resumption of Trading

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 31st March, 2008, the Company and the Vendor entered into a non-legally binding (except for the Exclusivity Undertaking and confidentiality obligations) Memorandum of Understanding in relation to the Proposed Acquisition, pursuant to which the Company intended to acquire and the Vendor intended to sell 60 per cent of equity interest of the Target Project of the Vendor.

The Board wishes to emphasize that no formal agreement in relation to the Proposed Acquisition has been entered into as at the date of the announcement. As the Proposed Acquisition may or may not proceed, public investors and the shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

In the event the Proposed Acquisition materialises, the transaction may or may not constitute a notifiable transaction under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to such possible notifiable transaction.

SUSPENSION AND RESUMPTION OF TRADING

Trading of the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 1st April, 2008 pending the release of this announcement. The Company has applied for a resumption of trading in the shares of the Company with effect from 2:30 p.m. on 2nd April, 2008.

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

MEMORANDUM OF UNDERSTANDING

Date of the Memorandum of Understanding: 31st March, 2008

Parties to the Memorandum of Understanding: (a) the Company; and
(b) the Vendor.

The Directors confirmed that to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are not connected persons of the Company.

PROPOSED ACQUISITION

Pursuant to the Memorandum of Understanding, the Company intended to acquire and the Vendor intended to sell 60 per cent of equity interest of the Target Project of the Vendor.

As disclosed by the Vendor, it currently operates with an Italian company a joint venture company (the “**Italian Joint Venture**”) which engages in the manufacturing and production of medical waste treatment equipment in PRC. As such, the terms for the Proposed Acquisition may include right to the Target Project in respect of use and purchase of certain medical waste treatment equipments of the Italian Joint Venture, and restriction on the Italian Joint Venture in respect of its sales of certain medical waste treatment equipments in the PRC. Such information is still subject to verification under due diligence by the Company.

The parties to the Memorandum of Understanding mutually agreed that if the Company is satisfied with the result of due diligence and intends to undertake the Proposed Acquisition, both parties would negotiate and use best endeavours to enter into Formal Agreement by 30th April, 2008.

CONDITIONS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is conditional upon (inter alias):

- (a) the Company having completed due diligence to its satisfaction with respect to the Proposed Acquisition;
- (b) all necessary statutory, legal and regulatory approvals in respect of the Target Project, operational rights and the Proposed Acquisition having been obtained; and
- (c) all legal and other documents as normally required in similar transactions, the content and format of which being satisfactory to the Company, having been obtained.

CONSIDERATION OF THE PROPOSED ACQUISITION AND EXCLUSIVITY UNDERTAKING

Consideration of the Proposed Acquisition is approximately RMB24,000,000.

Under the Memorandum of Understanding, the Vendor has agreed that it would not negotiate with any third party for the sale and transfer of any equity interests in the Target Project from the date of the Memorandum of Understanding up to 30th April, 2008 (the “**Exclusivity Undertaking**”).

NON-LEGALLY BINDING

Except for the Exclusivity Undertaking and confidentiality obligations, the Memorandum of Understanding does not constitute the parties’ legally binding commitments as to the Proposed Acquisition. If the Proposed Acquisition does proceed, the parties will enter into Formal Agreement in which relevant terms and conditions will be incorporated.

TARGET PROJECT

Target Project includes two medical waste treatment projects which are located in Pingxiang and Yichun of Jiangxi Province, China respectively.

REASONS AND BENEFIT OF THE PROPOSED ACQUISITION

The Vendor is considered to be a leader in the field of medical wastes treatment in the PRC and the Proposed Acquisition is in line with the business strategy and activities of the Group. As the Target Project is already in operation, such operation will bring in immediate revenue and profit to the Group.

The Directors believe that the Proposed Acquisition is fair and reasonable and is in the interests of the Company and the shareholders.

GENERAL

The Memorandum of Understanding does not constitute legally binding commitment on the part of the parties in relation to the Proposed Acquisition. Further announcement will be made by the Company once the Formal Agreement in relation to the Proposed Acquisition is entered into.

The Board wishes to emphasize that no formal agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. Since the Proposed Acquisition may or may not proceed, public investors and the shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

In the event the Proposed Acquisition materialises, the transaction may or may not constitute a notifiable transaction under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to such possible notifiable transaction.

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DEFINITIONS

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Company”	Lo’s Enviro-Pro Holdings Limited (stock code: 309), a company incorporated in the Cayman Islands with limited liability, and whose shares are listed on the Main Board of the Stock Exchange
“connected person”	having the meaning ascribed to it under the Listing Rules

“Directors”	directors of the Company
“Formal Agreement”	the legally binding formal sale and purchase agreement to be entered into by the Company (and its wholly-owned subsidiary) and the Vendor if the Proposed Acquisition proceeds
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	memorandum of understanding dated 31st March, 2008 made between the Company and the Vendor in relation to the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition by the Company (or its subsidiary) of 60 per cent equity interest of the Target Project of the Vendor
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Project”	two projects currently owned by the Vendor, among these, which include the two medical waste treatment projects locating in Pingxiang and Yichun of Jiangxi Province, China respectively
“Vendor”	Fengxiandeye (Nancheong) Environment Technology Garden Ltd* (奉先德業(南昌)環保科技園有限公司), a company incorporated and validly existing under the laws of PRC
“%”	per cent

On behalf of the Board
LO’S ENVIRO-PRO HOLDINGS LIMITED
Lo Kou Hong
Chairman

Hong Kong, 2nd April, 2008

As at the date of this announcement, Dr Lo Kou Hong, Ms Ko Lok Ping, Maria Genoveffa, Mr Leung Tai Tsan, Charles and Mr Cheung Pui Keung are the executive directors of the Company; Professor Bai Qingzhong is the non-executive director of the Company; and Mr Cheng Kai Tai, Allen, Mr Chiu Wai Piu and Mr Wang Qi are the independent non-executive directors of the Company.

* *For identification purpose only*