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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)

MAJOR AND CONNECTED TRANSACTION – COMPLETION OF ACQUISITION OF A WASTE TREATMENT BUSINESS IN CHINA

Completion of the Acquisition

The board of Directors is pleased to announce that Completion took place on 16 December 2008 in accordance with the terms of the Acquisition Agreement.

Reference is made to (a) the announcement of the Company dated 3 November 2008; (b) the circular of the Company dated 24 November 2008 (the “Circular”); and (c) the results of the EGM of the Company dated 10 December 2008. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless defined otherwise.

Completion of the Acquisition

As at the date of this announcement, all conditions precedent as set out in the Acquisition Agreement had been fulfilled and the Completion took place on 16 December 2008. Following the Completion, Peixin becomes an indirect 70% non wholly-owned subsidiary of the Company.

The Sale Shares Consideration has been satisfied by the issue of the Convertible Notes at the principal amount of HK\$65.0 million to the nominees of the Vendor, namely Triple Kind and Awards Technology as to 80% and 20%, respectively under the Subscription Agreement, and the Allotment Shares Consideration of HK\$44.8 million has been satisfied in cash to Peixin at Completion.

Post-Completion Undertaking by the Vendor

Information in respect of the Investment Agreement dated 9 September 2006 entered by the Vendor with Shuyang municipal government in relation to the arrangement for the investment and future operation of the Waste Treatment Plant has been disclosed in the section headed “Information on Peixin and Shuyang ITAD” as set out in the Letter from the Board of the Circular. As disclosed in the Circular, the Vendor has undertaken to procure the signing of an investment agreement between Peixin and Shuyang municipal government whereby Shuyang municipal government shall grant to Peixin the same rights as the Vendor have under the terms of the Investment Agreement, and upon Peixin and Shuyang municipal government entering into such agreement, the Vendor and Shuyang municipal government shall cancel the Investment Agreement simultaneously. After negotiation between the Vendor and the Shuyang municipal government, it is agreed that Peixin shall replace the Vendor to perform all the terms of the Investment Agreement by entering into a supplemental agreement, instead of entering into a new agreement between Peixin and Shuyang municipal government and the cancellation of the Investment Agreement between the Vendor and Shuyang municipal government. Accordingly, Shuyang municipal government, the Vendor, Peixin and Shuyang ITAD entered into an agreement dated 11 December 2008 as a supplemental agreement to the Investment Agreement whereby Peixin shall replace the Vendor to perform all the terms of the Investment Agreement. The board of Directors, including the independent non-executive Directors, considers that such supplemental agreement will enable the Peixin Group to enjoy the same right as the Vendor have under the Investment Agreement, that is for each of the three years after commencement of the Waste Treatment Plant’s business operation, Shuyang municipal government will make arrangement to deliver municipal waste of not less than 300 tonnes per day to the Waste Treatment Plant for treatment, and pay the the Peixin Group a subsidy of RMB20.0 for each tonne of municipal waste being treated.

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

Hong Kong, 16 December 2008

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. Lo Kou Hong, Ms. Ko Lok Ping, Maria Genoveffa, Mr. Leung Tai Tsan, Charles and Mr. Cheung Pui Keung, James; and one non-executive Director, namely Professor Bai Qingzhong; and three independent non-executive Directors, namely Mr. Cheng Kai Tai, Allen, Mr. Chiu Wai Piu and Mr. Wang Qi.