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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 – ACQUISITION OF A WASTE TREATMENT BUSINESS IN CHINA

THE ACQUISITION

The board of Directors is pleased to announce that on 26 October 2008 and 3 November 2008, the Company entered into the Acquisition Agreement and the Supplemental Agreement, respectively, with the Vendor and Peixin, pursuant to which the Company has conditionally agreed to purchase the Sale Shares and subscribe for the Allotment Shares at the Consideration of HK\$109.8 million, comprising the Sale Shares Consideration of HK\$65.0 million, which will be satisfied by the issue of the Convertible Notes by the Company, and the Allotment Shares Consideration of HK\$44.8 million, which will be satisfied in cash. Upon Completion, the Company will own 70% indirect interest in Peixin.

The assets of Peixin mainly comprise its investment in Shuyang ITAD, a wholly foreign owned enterprise established in China which will principally be engaged in the provision of municipal waste management in Shuyang County, Jiangsu Province, China and the related businesses which include, among other things, (i) the development and operations of the Waste Treatment Plant; (ii) the conversion of municipal waste into other products such as organic fertilisers, nutrient soil, plastic pellets and refuse-derived fuels; (iii) the subsequent sale of the products (particularly the organic fertilisers) converted from the wastes collected; and (iv) the research and development of waste recycling technologies and their related applications. Following the Acquisition, the Company will not only be able to extend its waste management business in China to municipal wastes, but will also generate the additional income from the sale of organic fertilisers derived from its municipal waste management operation.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, as Dr. Lo and Ms. Ko, being the executive Directors, indirectly own 80% equity interest in Lo's E-P Biotech (being the sole shareholder of the Vendor), the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules and the Acquisition constitutes a connected transaction of the Company. Accordingly, the Acquisition (including the issue of the Convertible Notes and the issue and allotment of the Conversion Shares) is subject to the requirements of reporting, announcement and independent Shareholders' approval under Chapters 14 and 14A of the Listing Rules.

EGM

The EGM will be convened at which resolutions will be proposed to seek independent Shareholders' approval by way of a poll in relation to, among other things, the Acquisition, the issue of the Convertible Notes, the issue and allotment of the Conversion Shares, the reallocation of the usage of the net proceeds from the Private Placement and the Specific Mandate. Lo's Family, being the controlling Shareholder, together with its associates (as defined under the Listing Rules), and all parties involved in or interested in the Acquisition, the issue of the Convertible Notes, and the issue and allotment of the Conversion Shares are required to abstain from voting with respect to each of the resolutions regarding the above at the EGM.

GENERAL

An independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Cheng Kai Tai, Allen, Mr. Chiu Wai Piu and Mr. Wang Qi, has been established to advise independent Shareholders in respect of the Acquisition. Ample Capital has been appointed as the independent financial adviser to advise the independent board committee of the Company and independent Shareholders in this regard.

A circular containing, among other things, details of (i) the Acquisition Agreement (as supplemented by the Supplemental Agreement) and the Subscription Agreement and the transactions contemplated therein; (ii) an accountants' report on Peixin; (iii) an unaudited pro-forma financial information on the Enlarged Group; (iv) a letter of recommendation from the independent board committee of the Company to independent Shareholders; (v) a letter of advice from Ample Capital to the independent board committee of the Company and independent Shareholders; (vi) the notice convening the EGM; and (vii) other disclosure requirements under the Listing Rules will be despatched to the Shareholders as soon as practicable under the requirement of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 27 October 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 4 November 2008.

THE ACQUISITION AGREEMENT (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

Date

26 October 2008 (as supplemented by the Supplemental Agreement dated 3 November 2008)

Parties to the Acquisition Agreement and the Supplemental Agreement

- (i) The Company as the purchaser
- (ii) ITAD Biotechnology Limited as the vendor
- (iii) Peixin

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the management fee of HK\$300,000 per annum charged by the Group on the Vendor relating to the provision of accounting and administrative services and the sharing of office space and facilities with the Group, the Group has not had transactions with the Vendor, each of its ultimate beneficial owners and/or their respective associates during the previous 12 months which should be aggregated with the Acquisition under Rule 14.22 of the Listing Rules.

Following Completion, the aforesaid management fee of HK\$300,000 per annum will continue to be charged by the Group on the Vendor and will constitute continuing connected transaction under Rule 14A of the Listing Rules for the Company. Given that such management fee is charged on a cost basis and the annual consideration of HK\$300,000 is (i) greater than 0.1% but smaller than 2.5% of the relevant percentage ratios (as defined in the Listing Rules) and (ii) smaller than HK\$1,000,000, the provision of the accounting and administrative services and the sharing of office space will constitute a de minimis transaction and will be exempted from reporting, announcement and independent Shareholders' approval requirements pursuant to Rules 14A.31(2) and (8) of the Listing Rules.

Assets to be Acquired

The Company has conditionally agreed to (i) purchase the Sales Shares, representing 58% of the issued share capital of Peixin as at the date of this announcement (or approximately 41% of the issued share capital of Peixin as enlarged by the issue and allotment of the Allotment Shares), from the Vendor and (ii) subscribe for the Allotment Shares (representing approximately 29% of the issued share capital of Peixin as enlarged by the issue and allotment of the Allotment Shares).

The Consideration

The Consideration of HK\$109.8 million comprises:

- (i) the Sale Shares Consideration, which will be satisfied at Completion by the issue of the Convertible Notes at the principal amount of HK\$65.0 million to the Vendor (or its nominees) under the Subscription Agreement; and
- (ii) the Allotment Shares Consideration of HK\$44.8 million, which will be satisfied in cash to Peixin (expected to be financed by the internal resources of the Group) at Completion.

The Consideration of HK\$109.8 million was determined after arm's length negotiation between the Company and the Vendor and, with reference to, among other things, the estimated total investment cost of approximately HK\$151.20 million (which also includes the future capital requirement of Shuyang ITAD of approximately HK\$44.80 million to be funded by the Allotment Shares Consideration) incurred and/or to be incurred since the establishment of Shuyang ITAD up to the successful commercial operations of Shuyang ITAD, comprising, among other things, the construction of the Waste Treatment Plant and certain pre-operating expenses during the initial operating stage of Shuyang ITAD.

Having considered

- (i) the strategic and long term development plan of the Company to broaden its existing medical waste management business in China to cover municipal wastes;
- (ii) the growing demand for municipal waste management in China;

- (iii) the Consideration being comparable to the Group's attributable interest of 70% in the expected total investment cost of Shuyang ITAD, amongst which approximately HK\$85.85 million had been contributed by the Vendor in the form of Shareholder's Loan (which the Vendor has subsequently agreed to waive under the Acquisition Agreement);
- (iv) the Conversion Price representing substantial premium to the recent trading prices of the Shares;
- (v) the Profit Adjustment(s) mechanism on the Sale Shares Consideration (as detailed below);
- (vi) the proven application of the patented proprietary ITAD technology owned by the Vendor to generate organic fertilisers from municipal wastes (as detailed in the section headed "Information of Peixin and Shuyang ITAD" below); and
- (vii) the Allotment Shares Consideration to be primarily applied for the business development on Peixin Group's waste management business in China (including the completion of the establishment of the Waste Treatment Plant),

the Directors (excluding the independent non-executive Directors whose view will be rendered after taking into the consideration of the letter of advice issued by Ample Capital) consider that the Consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Conditions Precedent to Completion

Completion is subject to, among other things, the following conditions precedent:

- (i) the Company being satisfied in all respect with the result of the due diligence review and investigation (including, but not limited to legal, financial and business aspects) in Peixin Group and any other matters related thereto;
- (ii) all necessary approvals, consents or authorisations in connection with the execution of and giving effect to the transactions contemplated under the Acquisition Agreement (as supplemented by the Supplemental Agreement) and each of the documents that is required to be executed have been obtained and/or executed by the Vendor and/or Peixin;
- (iii) all authorisation, approvals, waivers, permits or filings of any kind from the relevant government authorities, the Stock Exchange or any other regulatory authority necessary to be obtained under the applicable laws and the Listing Rules in connection with the entering into and performance of the Acquisition Agreement (as supplemented by the Supplemental Agreement) and the Subscription Agreement and for the consummation of all of the transactions contemplated under the Acquisition Agreement (as supplemented by the Supplemental Agreement) and the Subscription Agreement (including but not limited to the sale and purchase of the Sale Shares, the subscription of the Allotment Shares, the issue of the Convertible Notes and the allotment and issue of the Conversion Shares) having been obtained;

- (iv) the passing by independent Shareholders (i.e Shareholders other than Lo's Family and its associates (as defined in the Listing Rules) who are not involved in or interested in the Acquisition, the issue of the Convertible Notes, and the issue and allotment of the Conversion Shares) of all necessary resolutions at the EGM by way of a poll approving the entering into and performance of the Acquisition Agreement (as supplemented by the Supplemental Agreement) and the Subscription Agreement and for the consummation of all of the transactions contemplated therein, including but not limited to the sale and purchase of the Sale Shares, the subscription of the Allotment Shares, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares, the reallocation of the usage of the net proceeds from the Private Placement and the Specific Mandate;
- (v) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in the Conversion Shares and, if required, the approval of the issue of the Convertible Notes;
- (vi) the consummation of the transactions contemplated under the Acquisition Agreement (as supplemented by the Supplemental Agreement) shall not have been restrained, enjoined, or otherwise prohibited by any applicable laws;
- (vii) all necessary approval, consents or authorization in connection with the execution of this Agreement and the transaction contemplated hereunder, which is required to be obtained under the existing agreements or documents entered into by either Peixin or Shuyang ITAD (if any), shall have been obtained;
- (viii) the Vendor and Peixin having complied with and performed all its covenants, obligations and undertakings contained in the Acquisition Agreement (as supplemented by the Supplemental Agreement) that are due to be complied with and performed as at Completion;
- (ix) the producing of the Certificate of Incumbency and Certificate of Good Standing of Peixin to the Company;
- (x) the issue of a China legal opinion in connection with, among other things, the establishment, shareholding and business operations of Shuyang ITAD without any liquidating liability under China laws, licenses obtained by Shuyang ITAD and agreements (if any) entered into by Shuyang ITAD will remain effective after the Completion, the Vendor has the power to licence the patented ITAD technology and the Fertlife 綠意™, ITAD™ and 綠意得™ trademarks to Shuyang ITAD, upon commencement of the operation of the Waste Treatment Plant, Shuyang ITAD has the capacity to apply for a provisional organic fertilizer registration certificate (肥料臨時登記證) from the Ministry of Agriculture of China to sell its organic fertilizer for agricultural use, and Peixin is the sole shareholder of Shuyang ITAD, and legally and beneficially owns all of the equity interests in Shuyang ITAD, the Vendor can procure Shuyang municipal government to enter into an investment agreement with Peixin whereby Peixin shall have the same rights as the Vendor have under the terms of the investment agreement entered by the Vendor with Shuyang municipal government (沅陽縣人民政府) on 9 September 2006 in relation to the arrangement for the investment and future operation of the Waste Treatment Plant (the "Investment Agreement"), to the Company's satisfaction;

- (xi) the issue of a British Virgin Islands legal opinion in connection with, among other things, the incorporation, shareholding and business operations of Peixin without any liquidating liability under the laws of the British Virgin Islands, agreements (if any) entered into by Peixin will remain effective after the Completion, the allotment and issue of the Allotment Shares by Peixin, and the Vendor is the sole shareholder of Peixin, and legally and beneficially owns all of the equity interests in Peixin, to the Company's satisfaction;
- (xii) the passing of the shareholders and board resolutions of the Vendor approving the waiver of the Shareholder's Loan (amounting to approximately HK\$85.85 million as at 31 July 2008 based on the unaudited financial statement of Peixin) and authorising the execution and delivery of the deed of waiver of the Shareholder's Loan to be duly executed by the Vendor under seal on the date of Completion for the purpose of waiving and relinquishing irrevocably and unconditionally all its title, claims, rights, interests and benefits in and to the Shareholder's Loan, and the Vendor having executed such deed of waiver in favour of Peixin;
- (xiii) the warranties provided by each of the Vendor and Peixin remains true, complete and accurate and not misleading in all respect on the date of the Acquisition Agreement (as supplemented by the Supplemental Agreement) and at all times up to and including the date of Completion;
- (xiv) the Vendor and Peixin having not materially breached any of the warranties as at the date of Completion;
- (xv) there having no material adverse change on the business, operations, financial positions and conditions of Peixin Group during the period between the date of the Acquisition Agreement (as supplemented by the Supplemental Agreement) and the date of Completion; and
- (xvi) such other documents, evidence and matters as the Company may request prior to the date of Completion.

None of the above conditions precedent can be waived by Peixin or the Vendor, and the Company has the right to waive any of the above conditions precedent in writing except conditions numbered (ii) to (vi). In the event that any of the above conditions has not been fulfilled or waived by the Company on or before 31 January 2009, or such other dates as agreed between the parties to the Acquisition Agreement (as supplemented by the Supplemental Agreement), the provisions of the Acquisition Agreement (as supplemented by the Supplemental Agreement) will be terminated, and none of the parties to the Acquisition Agreement (as supplemented by the Supplemental Agreement) shall have any claim against the others, provided that the rights and liabilities of the parties thereto which have accrued prior to the termination shall subsist.

Completion of the Acquisition Agreement (as Supplemented by the Supplemental Agreement)

Completion of the Acquisition Agreement (as supplemented by the Supplemental Agreement) will take place within five business days after all of the above conditions precedent have been fulfilled or waived (as the case may be) or such other time as may be agreed in writing amongst the parties to the Acquisition Agreement (as supplemented by the Supplemental Agreement).

Upon Completion, the Company shall nominate Marce, its indirect wholly-owned subsidiary, as the registered holder of the Sale Shares and the Allotment Shares. Accordingly, the Company will own 70% indirect interest in Peixin and the financial information of Peixin Group will be consolidated into the consolidated financial statements of the Group.

Post-Completion Undertaking by the Vendor

Pursuant to Acquisition Agreement (as supplemented by the Supplemental Agreement), the Vendor has undertaken with the Company on the following matters:

- (i) to provide on-going support to the Company and the business of Peixin after Completion, including to use its reasonable endeavours to procure that all contractual arrangements entered into between the Vendor (or its associated companies) and the Peixin Group prior to Completion shall continue to be performed;
- (ii) together with Peixin, to promptly carry out all necessary application to the relevant government authorities and complete all requisite procedures for obtaining the title deeds (房屋所有權證) to the Waste Treatment Plant and to procure the granting of such title deeds (房屋所有權證) to Shuyang ITAD within six months of Completion;
- (iii) together with Peixin, to continue to do all such acts for assisting Peixin to promptly complete the construction of the Waste Treatment Plant and to obtain all requisite business licences, including the permit or license required for providing living waste disposal service (生活垃圾處置服務許可證) and a provisional/permanent organic fertilizer registration certificate (肥料(臨時/正式)登記證), from the relevant government authorities for the operation of the Waste Treatment Plant by Shuyang ITAD;
- (iv) to fully indemnify and keep the Company fully indemnified from and against all claims, liabilities, penalties, losses, damages, surcharges, fees or expenses which the Company, Peixin or Shuyang ITAD may suffer or incur or which may be made against the Company, Shuyang ITAD or Peixin arising out of the failure by Shuyang ITAD to make provision for or pay to the relevant government authorities of the requisite housing provident fund (住房公積金) for any period prior to Completion in accordance with the relevant administrative rules on housing provident fund (住房公積金管理條例) promulgated by the relevant government authorities in China;
- (v) to, within two months of Completion, procure the signing of an agreement between Peixin and Shuyang municipal government (滙陽縣人民政府) 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; and
- (vi) to, within two months of Completion, grant to Shuyang ITAD licences to use the patented ITAD technology and the Fertilfe 綠意™, ITAD™ and 綠意得™ trademarks at nil consideration and on terms and conditions to the satisfaction of the Company. The licences to be granted to Shuyang ITAD shall be effective as long as the Waste Treatment Plant is in operation and selling the organic fertilizers generated.

Separate agreement(s) will be entered into between the Vendor and Shuyang ITAD after Completion in relation to the granting of the relevant licenses to use the patented ITAD technology and the aforesaid trademarks.

As represented by the Vendor, Peixin has not entered into other contractual agreement(s) except the Investment Agreement. The Company will comply with the relevant Listing Rules if Peixin has any other contractual agreement(s) with the Vendor which, after the Completion, constitutes a notifiable transaction and/or a connected transaction and/or a continuing connected transaction under the Listing Rules.

If any of the above undertakings constitute a notifiable transaction and/or connected transaction and/or continuing connected transaction under the Listing Rules, further announcement will be made by the Company, in compliance with the Listing Rules, as and when appropriate.

THE SUBSCRIPTION AGREEMENT AND THE TERMS OF THE CONVERTIBLE NOTES

The Subscription Agreement will be signed between the Company and the Vendor on the date of Completion and the closing of which, shall take place on the same date. Pursuant to the Subscription Agreement, 80% and 20% of the principal amount of the Convertible Notes will be issued to the nominees of the Vendor, namely Triple Kind and Awards Technology, both of them are shareholders of Lo's E-P Biotech, which is the shareholder of the Vendor.

Principal Terms of the Convertible Notes

- Principal amount : Subject to the Profit Adjustment(s), the principal amount of the Convertible Notes is HK\$65.0 million.
- Maturity Date : 1 January 2012, or if such date is not a business day, the first business day immediately following such date.
- Interest rate : Nil.
- Transferability : Non-transferable.
- Conversion right : The principal amount of the Convertible Notes shall be divided into two tranches of HK\$32.5 million each (the "First Tranche Convertible Notes" and the "Second Tranche Convertible Notes", respectively), which shall be convertible into the Conversion Shares at the Conversion Price upon the exercise of the conversion rights attached to the Convertible Notes during the first conversion period commencing from 1 July 2010 and ending on 31 December 2010 (for the First Tranche Convertible Notes) and the second conversion period commencing from 1 July 2011 and ending on 31 December 2011 (for the Second Tranche Convertible Notes).

Each of the principal amounts of the First Tranche Convertible Notes and the Second Tranche Convertible Notes is subject to Profit Adjustment(s) and the conversion rights attached to each tranche shall only be exercised after the Profit Adjustment(s) (if any) has been made to each of them respectively.

Each of the First Tranche Convertible Notes and the Second Tranche Convertible Notes will be issued as to 80% and 20% to Triple Kind and Awards Technology, respectively.

Triple Kind and Awards Technology will each separately have the right to convert (i) the whole but not in part of 80% or 20% of the principal amount of the First Tranche Convertible Note issued to it (as the case may be) at the Conversion Price into the Conversion Shares at any time during the first conversion period commencing from 1 July 2010 and ending on 31 December 2010; and (ii) the whole but not in part of 80% or 20% of the principal amount of the Second Tranche Convertible Note issued to it (as the case may be) at the Conversion Price into the Conversion Shares at any time during the second conversion period commencing from 1 July 2011 and ending on 31 December 2011.

Furthermore, no conversion rights attached to the Convertible Notes can be exercised by the holders of the Convertible Notes to the extent that immediately after the exercise of such conversion rights, (i) a holder of the Convertible Notes together with parties acting in concert with it, taken together, will directly or indirectly, control or be interested in such percentage of the voting rights of the Company as may from time to time as specified in The Code on Takeovers and Mergers and Share Repurchase being the level for triggering a mandatory general offer or otherwise, a general offer shall be required to be given in accordance with the requirement of The Code on Takeovers and Mergers and Share Repurchase; or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules from time to time.

- Conversion Price : HK\$0.31 per Conversion Share, subject to adjustment for events including:
- (a) subdivision or consolidation of Shares;
 - (b) issue of Shares by way of capitalisation of profits or reserves;
 - (c) distribution in cash or species to Shareholders or grant to Shareholders the rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (d) offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any Shares at a price less than 90% of the market price at the date of announcement of the terms of the offer or grant;
 - (e) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares and the total effective consideration per Share initially receivable for such securities is less than 90% of the market price at the date of announcement of the terms of issue of such securities;

- (f) issue wholly for cash any Shares at a price per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue; or
- (g) issue Shares for the acquisition of asset at a total effective consideration per Share which is less than 90% of the market price at the date of announcement of the terms of such issue.

Adjustment to the Conversion Price shall be certified either by the auditors of the Company for the time being or by an approved merchant bank.

If adjustment has been made to the Conversion Price in any of the aforesaid events, the Company will make the relevant announcement as and when appropriate in compliance with the Listing Rules.

Payments and mandatory final redemption : The outstanding principal amount of each of the First Tranche Convertible Notes and the Second Tranche Convertible Notes that has not been converted into Shares during the first conversion period commencing from 1 July 2010 and ending on 31 December 2010 and the second conversion period commencing from 1 July 2011 and ending on 31 December 2011, respectively, shall be redeemed in its entirety by the Company at a redemption price of HK\$1 payable to each of Triple Kind and Awards Technology, both being the holders of the Convertible Notes on the maturity date.

The holders of the Convertible Notes shall not have any rights to request for repayment or redemption of any outstanding principal amount of the Convertible Notes.

Ranking of the Convertible Notes : The Convertible Notes constitute direct, unconditional, unsecured and unsubordinated obligation of the Company and ranks *pari passu* and rateably without preference (except the obligation in respect of the relevant tax and certain other statutory exceptions) with all other unsecured and unsubordinated obligations of the Company.

Ranking of the Conversion Shares : The Conversion Shares will be issued free from any encumbrances or third party rights of any kind and will rank *pari passu*, in all respects with all other existing Shares outstanding at the date of the conversion notice and shall be entitled to all dividend and other distributions the record date of which falls on a date on or after the date of the conversion notice.

Voting : The holders of the Convertible Notes shall not be entitled to attend or vote at any general meeting of the Company by reason only of them being a holder of the Convertible Notes.

Conversion Shares

The Conversion Shares will, upon exercise of the conversion rights attached to the Convertible Notes, be allotted and issued pursuant to the Specific Mandate which is proposed to be granted by independent Shareholders to the Directors at the EGM.

As at the date of this announcement, there are 778,925,000 Shares in issue. Based on the assumption that the principal amount of the Convertible Notes will be converted into the Conversion Shares in full and that no Profit Adjustment(s) will be made to the principal amount of the Convertible Notes, 209,677,419 Conversion Shares, representing (i) approximately 26.92% of the existing issued share capital of the Company and (ii) approximately 21.21% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares will be issued upon exercise of the conversion rights attached to the Convertible Notes.

Conversion Price

The Conversion Price of HK\$0.31 per Conversion Share (subject to adjustment (if any) to be made in accordance with the terms of the Convertible Notes) represents:

- (i) a premium of approximately 82.35% over the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on 24 October 2008, being the last trading day of the Shares prior to the release of this announcement (the “Last Trading Day”);
- (ii) a premium of approximately 72.22% over the average closing price of HK\$0.18 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 63.16% over the average closing price of HK\$0.19 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

In view of the significant premium of the Conversion Price over the recent market of the Shares, the Directors (excluding the independent non-executive Directors, whose view will be rendered after taking into the consideration of the letter of advice issued by Ample Capital) are of the view that the Conversion Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Application for Listing

No application will be made by the Company for the listing of the Convertible Notes on any public stock exchange and an application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares.

There is no restriction on the disposal of the Conversion Shares.

The Guaranteed Profits and Profit Adjustment(s) Mechanism on the Convertible Notes

Pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement), the Vendor has warranted that the audited net profit after taxation (but excluding any non-recurring or exceptional items) of Shuyang ITAD for the year ending 31 December 2009 and 31 December 2010 as prepared under PRC GAAP will be not less than RMB10.0 million (equivalent to approximately HK\$11.2 million) (the “2009 Guaranteed Profit”) and RMB30.0 million (equivalent to approximately HK\$33.6 million) (the “2010 Guaranteed Profit”), respectively. In the event that (i) the actual audited net profit after taxation (but excluding any non-recurring or exceptional items) of Shuyang ITAD for the year ending 31 December 2009 as shown in the 2009 Accounts (the “2009 Actual Profit”) falls below the 2009 Guaranteed Profit; or (ii) the actual audited net profit after taxation (but excluding any non-recurring or exceptional items) of Shuyang ITAD for the year ending 31 December 2010 as shown in the 2010 Accounts (the “2010 Actual Profit”) falls below the 2010 Guaranteed Profit, the principal amount of the First Tranche Convertible Notes (in the case of (i) above) and/or the Second Tranche Convertible Notes (in the case of (ii) above) will be adjusted downwards by deducting an amount calculated based on the formulas below, subject to a maximum of HK\$32,500,000 for each case:

Amount to be deducted from the principal amount of the First Tranche Convertible Notes:

$$\begin{array}{l} \text{Amount to be deducted from} \\ \text{the principal amount of the First Tranche} \\ \text{Convertible Notes (Note)} \end{array} = \begin{array}{l} \text{Principal amount of the First Tranche} \\ \text{Convertible Notes} \times [(\text{2009 Guaranteed Profit} \\ - \text{2009 Actual Profit}) / \text{2009 Guaranteed Profit}] \end{array}$$

Amount to be deducted from the principal amount of the Second Tranche Convertible Notes:

$$\begin{array}{l} \text{Amount to be deducted from} \\ \text{the principal amount of the Second Tranche} \\ \text{Convertible Notes (Note)} \end{array} = \begin{array}{l} \text{Principal amount of the Second Tranche} \\ \text{Convertible Notes} \times [(\text{2010 Guaranteed Profit} \\ - \text{2010 Actual Profit}) / \text{2010 Guaranteed Profit}] \end{array}$$

Note:

80% of the amount as calculated based on the formulas will be deducted from the principal amount of the First Tranche Convertible Notes or Second Tranche Convertible Notes (as the case may be) held by Triple Kind (being the holder of 80% of the principal amount of the First Tranche Convertible Notes and the Second Tranche Convertible Notes), while 20% of the amount as calculated based on the formulas will be deducted from the principal amount of the First Tranche Convertible Notes or Second Tranche Convertible Notes (as the case may be) held by Awards Technology (being the holder of 20% of the principal amount of the First Tranche Convertible Notes and the Second Tranche Convertible Notes).

The above deductions to the First Tranche Convertible Notes and/or the Second Tranche Convertible Notes shall be made by the Company on the next business day immediately after the receipt of the respective 2009 Accounts and 2010 Accounts by the Company, and in such event, the Company shall as soon as practicable, advise Triple Kind and Awards Technology on the adjusted principal amount as determined by the Company.

The 2009 Actual Profit and the 2010 Actual Profit will be audited by an auditor appointed by the Company and will be delivered to the Company by no later than 30 April 2010 and 30 April 2011 respectively.

INFORMATION ON THE VENDOR

The Vendor is a company with limited liability incorporated in Hong Kong on 15 July 1993 and is beneficially owned as to 80% and 20% by Triple Kind and Awards Technology. The Vendor is principally engaged in investment holding, development of municipal waste treatment business and marketing the patented ITAD technology. It is also the owner of the patented ITAD technology and the Fertilife 綠意™ (a trademark registered in Hong Kong and China, with registration nos. 300083385 and 3775507 respectively), ITAD™ (a trademark registered in China, with registration no. 3239354) and 綠意得™ (a trademark registered in China, with registration no. 3249768) trademarks. The principal assets of the Vendor mainly comprise its investment in Peixin in the form of the Shareholder's Loan which amount to approximately HK\$85.85 million as at 31 July 2008.

Save for the Shareholder's Loan and the initial setting up cost of approximately HK\$0.01 million, no acquisition cost was involved in respect of the Sale Shares.

The entire issued share capital of the Vendor is beneficially owned by Lo's E-P Biotech.

INFORMATION ON PEIXIN AND SHUYANG ITAD

Peixin is an investment company established by the Vendor and incorporated in the British Virgin Islands on 3 January 2006, with its entire issued share capital wholly-owned by the Vendor. The principal asset of Peixin is its investment in Shuyang ITAD, being the principal operating subsidiary of the Peixin Group. Based on the unaudited consolidated financial statements of Peixin Group as prepared under HK GAAP, for each of the two years ended 31 March 2007 and 2008, Peixin Group recorded a net loss after tax of approximately HK\$0.009 million and HK\$0.009 million, respectively. As at 31 July 2008, the unaudited consolidated net asset of Peixin Group amounted to approximately HK\$6.57 million.

Shuyang ITAD is a wholly foreign owned enterprise established in China on 11 May 2006. After the Completion, it is intended that Shuyang ITAD will be principally engaged in the municipal solid waste management in China and the related business, which includes, among other things, (i) the development and operations of the Waste Treatment Plant; (ii) the conversion of municipal waste into other products such as organic fertilisers and nutrient soil, plastic pellets and refused-derived fuels; (iii) the subsequent sale of the products (particularly organic fertilisers) converted from the waste collected; and (iv) the research and development of waste recycling technologies and their related applications. As at the date of this announcement, Shuyang ITAD has not commenced its business operations yet pending for the completion of the establishment of the Waste Treatment Plant. As advised by the Vendor, the Waste Treatment Plant has a designed treatment capacity of approximately 500 tonnes per day and is expected to commence its commercial operations in or about January 2009. In addition, the Vendor has signed the Investment Agreement with the Shuyang municipal government and whereby, among other things, Shuyang municipal government has undertaken to the Vendor that 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 Vendor a subsidy of RMB20.0 for each tonne of municipal waste being treated. 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. Subject to the consent of Shuyang municipal government, Peixin and Shuyang municipal government will enter into such investment agreement and the Vendor will cancel its Investment Agreement with Shuyang municipal government simultaneously.

Furthermore, the Vendor has also confirmed that the proprietary patented ITAD technology owned by the Vendor, being one of the major environmental biotechnologies to be licenced to Shuyang ITAD, is a proven technology for the conversion of municipal waste into organic fertiliser, whereby the organic fertilizer produced has been registered by the Vendor with the Ministry of Agriculture of China as suitable for agricultural use. The Vendor has undertaken to licence the patented ITAD technology to Shuyang ITAD to convert municipal waste into organic fertiliser and to licence the Fertiflife 綠意™, ITAD™ and 綠意得™ trademarks for Shuyang to use, all at nil consideration. The licences to be granted to Shuyang ITAD shall be effective as long as the Waste Treatment Plant is in operations and selling the organic fertilizers generated. Upon commencement of the operation of the Waste Treatment Plant, Shuyang ITAD will also make the necessary application to the Ministry of Agriculture for a provisional organic fertilizer registration certificate (肥料臨時登記證) to have its organic fertilizer product registered as suitable for agricultural use, and such application is subject to the approval by the Ministry of Agriculture.

Based on the audited financial information of Shuyang ITAD prepared under the PRC GAAP, Shuyang ITAD did not record any income or expenses for the period from 11 May 2006 to 31 December 2006, and the year ended 31 December 2007. The audited net asset value of Shuyang ITAD amounted to approximately RMB33.12 million (equivalent to approximately HK\$37.09 million) as at 31 December 2007. Based on the unaudited financial information of Shuyang ITAD as prepared under PRC GAAP, its net asset value amounted to approximately RMB62.6 million (equivalent to approximately HK\$70.11 million) as at 31 July 2008.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholding Structure of the Company

Assuming no adjustment will be made on the principal amount of the Convertible Notes, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the exercise of the conversion rights attached to the Convertible Notes in full are set out as below:

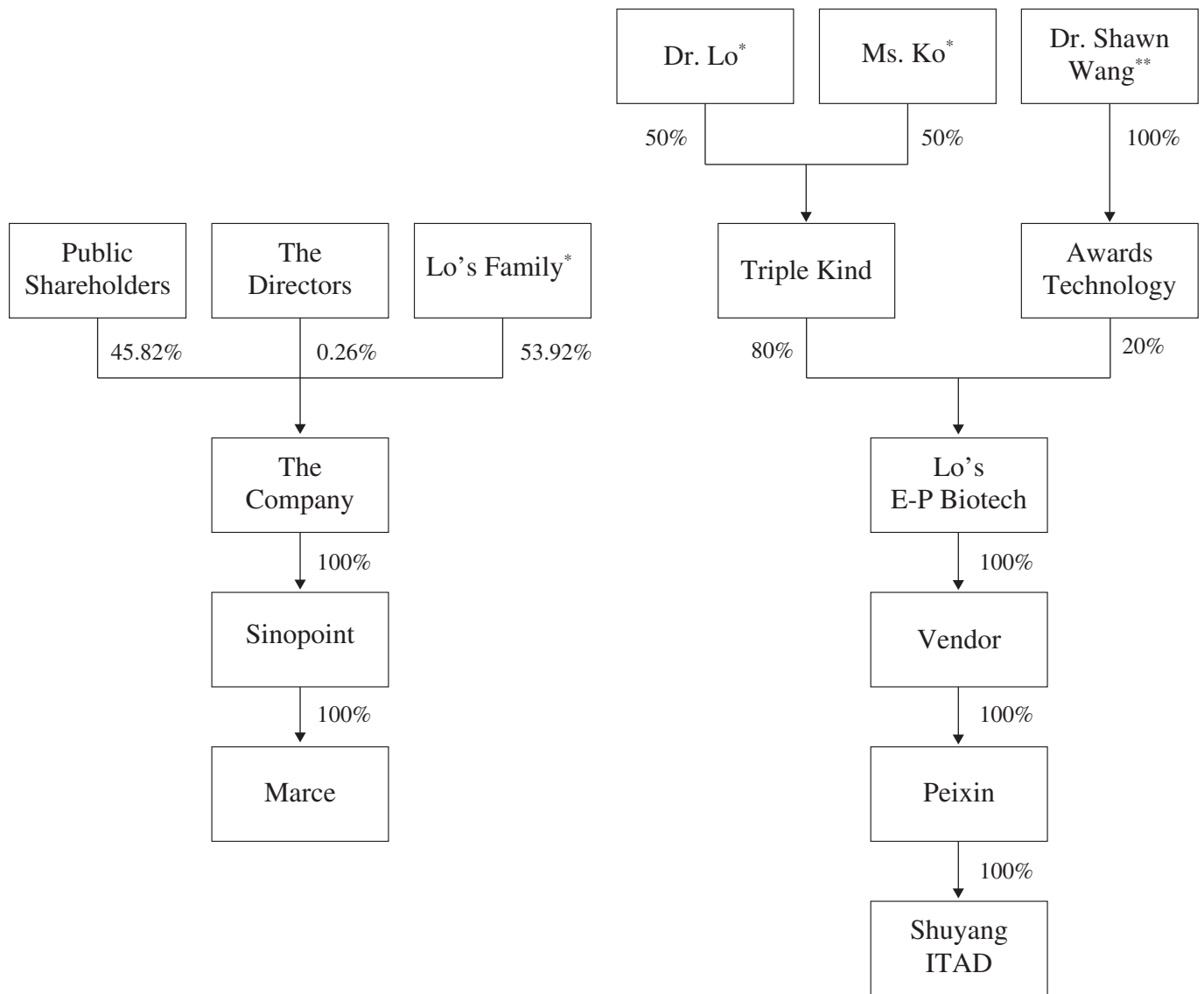
		As at the date of this announcement		Immediately after the exercise of the conversion rights attached to the Convertible Notes in full	
		(Shares)	%	(Shares)	%
Controlling Shareholders and Directors:					
– Lo's Family	(Note 1)	420,000,000	53.92	420,000,000	42.48
– Ms. Ko	(Note 2)	1,700,000	0.22	1,700,000	0.17
– Mr. Cheung Pui Keung, James	(Note 2)	280,000	0.04	280,000	0.03
		421,980,000	54.18	421,980,000	42.68
Triple Kind	(Note 3)	–	–	167,741,935	16.97
Awards Technology		–	–	41,935,484	4.24
Public Shareholders		356,945,000	45.82	356,945,000	36.11
Total		<u>778,925,000</u>	<u>100.00</u>	<u>988,602,419</u>	<u>100.00</u>

Notes:

1. These Shares were owned by the Lo's Family as the trustee of The Lo's Family Unit Trust, a unit trust of which all the units in issue were owned by the Equity Trustee Limited as the trustee of The Lo's Family Trust, a discretionary trust of which the beneficiaries include Dr. Lo's family members.
2. The Directors
3. The issued share capital of Triple Kind is owned as to 50% by Dr. Lo and 50% by Ms. Ko.

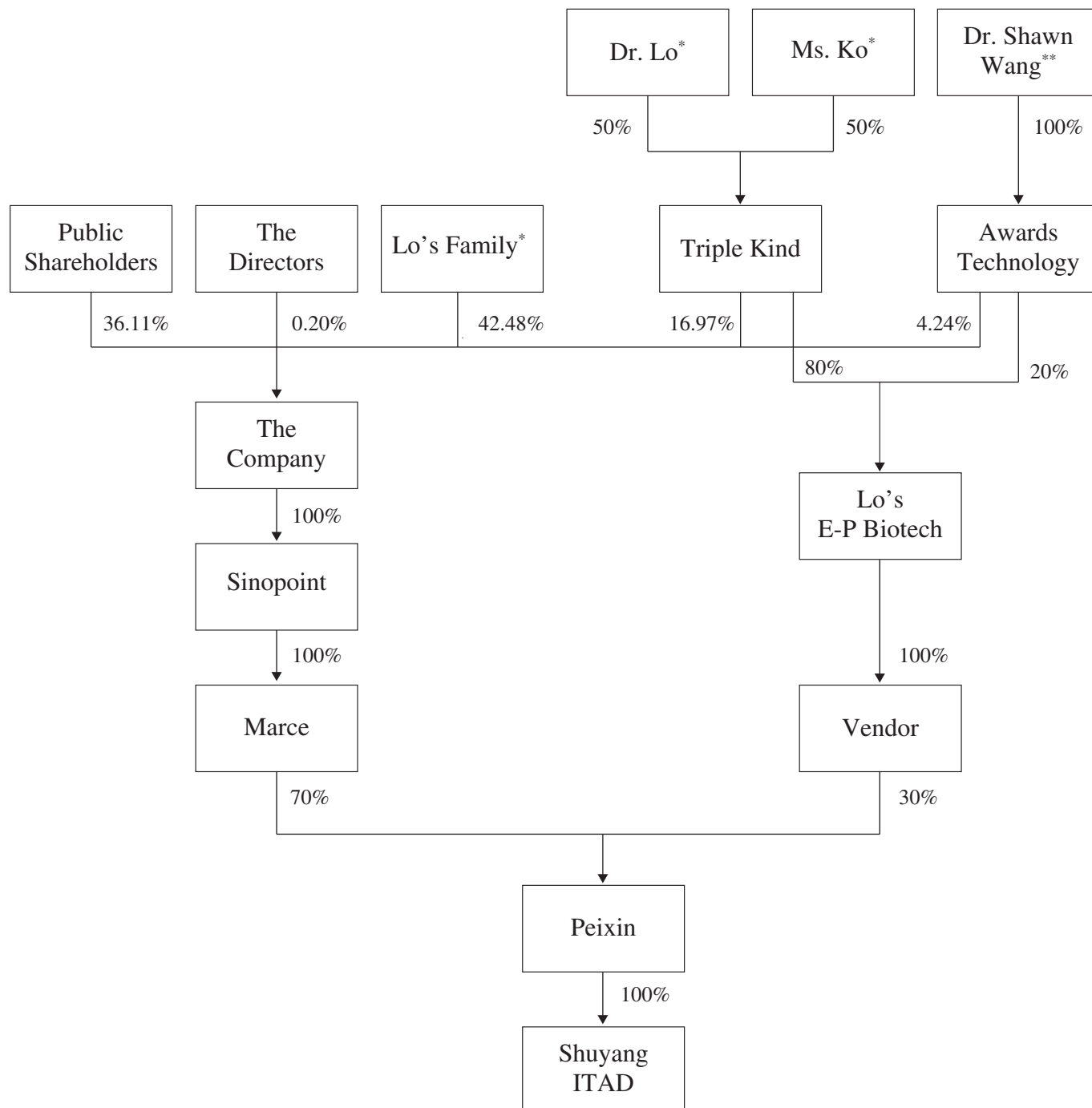
Group Structure

Before the Acquisition



* Dr. Lo and Ms. Ko are the beneficiaries of The Lo's Family Trust
 ** an Independent Third Party

After the Acquisition and the issue of the Conversion Shares



* Dr. Lo and Ms. Ko are the beneficiaries of The Lo's Family Trust
 ** an Independent Third Party

REASONS FOR AND BENEFITS OF THE ACQUISITION

Background of the Company

The Group is principally engaged in the provision of cleaning and related services in Hong Kong as well as the medical waste treatment in China.

Information on China's Municipal Waste Treatment

Municipal wastes (or urban waste) generally include garbage produced by household and certain commercial wastes collected by municipalities, and can be broadly categorised as biodegradable wastes (such as food residues), recyclable materials (such as paper, glass, metals, cans and glass), inert wastes (including construction and demolition wastes such as brick, stone and sand), composite wastes (such as wasted clothing and toys) and domestic hazardous wastes (such as batteries and electronic wastes).

In China, landfill and incineration were two of the most common methods adopted for disposing municipal wastes over the past years. However, these two methods will cause severe secondary pollutions such as the release of dioxin and generation of toxic waste which may then penetrate to the soil. According to the Ministry of Housing and Urban-Rural Development of China, China's municipal waste already reached 156 million tonnes in 2005 (representing 0.12 tonnes per capita). Given the continuous growth in China's economy, coupled with the rapid industrialisation and expansion of urban area, it is expected that the production of municipal wastes will continue to increase. Therefore, the on-going application of the conventional landfill and incineration methods for disposing municipal wastes are undesirable. With an increasing concern on environmental protection to avoid further pollution, the government of China emphasized the importance of proper disposal of municipal wastes to minimise pollution and included such environmental protection issue in The Outline of the 11th Five-year Plan For National Economic and Social Development of China. In July 2007, the Ministry of Housing and Urban-Rural Development issued the 《城市生活垃圾管理办法》 (Management Rules on Municipal Waste) to further tighten the regulations on disposal of municipal wastes. As such, the conversion of municipal wastes into other useful products (such as organic fertilisers and refuse-derived-fuels) by Shuyang ITAD represents an environmental friendly solution to the disposal of municipal waste in China.

Under the circumstances, the Directors consider that the Acquisition will not only provide the Group with an opportunity to leverage on the rising demand of municipal waste management business in China which are encouraged by the government of China, the application of the proprietary patented ITAD technology owned by the Vendor will also allow the Group to enjoy a "first-mover" advantage to establish a strong foothold in China's municipal waste management business. Furthermore, given the strong demand for organic agricultural products in recent years, it is expected that subsequent sales of the organic fertilisers converted from the municipal wastes will also provide the Group with additional income, and thus will enhance the future financial performance of the Group. Accordingly, the Directors (excluding the independent non-executive Directors whose view will be rendered after taking into consideration of Ample Capital's letter of advice) consider that the Acquisition is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

REALLOCATION OF USE OF PROCEEDS

As disclosed in the announcement and circular made by the Company on 15 May 2007 and 6 June 2007 respectively, the net proceeds of approximately HK\$98,650,000 from the Private Placement will be applied by the Group to fund the completion of the sale and purchase of 65% of the issued share capital of Seasum Group Limited as announced on 4 May 2007, and the balance of which (the "Balance") will be applied to fund part of the investment cost for implementing the project relating to the handling of medical waste in China as announced on 29 November 2006 and 4 May 2007.

However, as disclosed in the Company's annual report for the year ended 31 March 2008, the expansion of the Group's medical waste treatment business was not as quickly as planned, for purpose of better utilising the funding obtained from the Private Placement, it is proposed that, in addition to funding the project relating to the medical waste treatment in China (as announced on 29 November 2006 and 4 May 2007), out of the Balance (which amounted to approximately HK\$69.50 million as at 31 October 2008), HK\$44.8 million will be applied towards payment of the Allotment Shares Consideration and the remaining amount of the Balance will be applied as the working capital of the Group.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES

It is proposed that the issue and allotment of the Conversion Shares will be made under the Specific Mandate and the Company will seek the grant of the Specific Mandate from independent Shareholders at the EGM.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, as Dr. Lo and Ms. Ko, being the executive Directors, indirectly own 80% equity interest in Lo's E-P Biotech (being the sole shareholder of the Vendor), the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company. The Acquisition (including the issue of the Convertible Notes and the issue and allotment of the Conversion Shares) is subject to the requirements of reporting, announcement and independent Shareholders' approval under Chapters 14 and 14A of the Listing Rules.

In addition, given that the Allotment Shares Consideration will be financed by part of the Balance, the above-mentioned re-allocation of the usage of net proceeds from the Private Placement is also considered an integral part of the Acquisition and is therefore subject to independent Shareholders' approval at the EGM.

EGM

The EGM will be convened at which resolutions will be proposed to seek independent Shareholders' approval by way of a poll in relation to, among other things, the Acquisition, the issue of the Convertible Notes, the issue and allotment of the Conversion Shares, the reallocation of usage of the net proceeds from the Private Placement and the Specific Mandate. Lo's Family, being the controlling Shareholder, together with its associates (as defined under the Listing Rules), and all parties involved in or interested in the Acquisition and the issue of the Convertible Notes, and the issue and allotment of the Conversion Shares are required to abstain from voting with respect to each of the resolutions regarding the above at the EGM.

GENERAL

An independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Cheng Kai Tai, Allen, Mr. Chiu Wai Piu and Mr. Wang Qi has been established to advise independent Shareholders in respect of the Acquisition (including the issue of the Convertible Notes and the issue and allotment of the Conversion Shares).

Ample Capital has been appointed as the independent financial adviser to advise the independent board committee of the Company and independent Shareholders in this regard.

A circular containing, among other things, details of (i) the Acquisition Agreement (as supplemented by the Supplemental Agreement) and the Subscription Agreement and the transactions contemplated therein; (ii) an accountants' report on Peixin; (iii) an unaudited pro-forma financial information on the Enlarged Group; (iv) a letter of recommendation from the independent board committee of the Company to independent Shareholders; (v) a letter of advice from Ample Capital to the independent board committee of the Company and independent Shareholders; (vi) the notice convening the EGM; and (vii) other disclosure requirement under the Listing Rules will be despatched to the Shareholders as soon as practicable under the requirement of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 27 October 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 4 November 2008.

DEFINITIONS

- “2009 Accounts” : the audited accounts of Shuyang ITAD to be prepared in accordance with PRC GAAP comprising, inter alia, a profit and loss statement for the year ending on 31 December 2009 and a balance sheet as at 31 December 2009
- “2010 Accounts” : the audited accounts of Shuyang ITAD to be prepared in accordance with PRC GAAP comprising, inter alia, a profit and loss statement for the year ending on 31 December 2010 and a balance sheet as at 31 December 2010
- “Acquisition” : the acquisition of a total of 70% issued share capital of Peixin (as enlarged by the issuance and allotment of the Allotment Shares) through the purchase of the Sales Shares and subscription of the Allotment Shares by the Company pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement)

- “Acquisition Agreement” : the agreement relating to the sale and purchase of the Sale Shares and the subscription of the Allotment Shares dated 26 October 2008 entered into between the Company, Peixin and the Vendor in relation to (i) the sale and purchase of the Sale Shares (representing 58% of the existing issued share capital of Peixin, or 41% of the issued share capital of Peixin as enlarged by the issuance and allotment of the Allotment Shares) and (ii) the subscription of the Allotment Shares (representing 29% of the issued share capital of Peixin as enlarged by the issuance and allotment of the Allotment Shares) by the Company
- “Allotment Shares” : 40 new shares of Peixin to be allotted and issued by Peixin to the Company pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement)
- “Allotment Shares Consideration” : the consideration of HK\$44.8 million payable to Peixin for the subscription of the Allotment Shares under the Acquisition Agreement (as supplemented by the Supplemental Agreement)
- “Ample Capital” : Ample Capital Limited, a licensed corporation for the regulated activities of advising on securities (type 4), advising on corporate finance (type 6) and asset management (type 9) under the SFO, the independent financial adviser of the Company in respect of the Acquisition, the issue of the Convertible Notes, and the issue and allotment of the Conversion Shares, the reallocation of the usage of the net proceeds from the Private Placement and the Specific Mandate
- “Awards Technology” : Awards Technology Ltd, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Dr. Shawn Wang, an Independent Third Party
- “China” or “PRC” : the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the special administrative region of Macau and Taiwan
- “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
- “Completion” : completion of the Acquisition Agreement (as supplemented by the Supplemental Agreement)
- “Consideration” : the aggregate consideration of HK\$109.8 million in respect of the Acquisition

“Conversion Price”	:	the initial conversion price of HK\$0.31 per Conversion Share
“Conversion Shares”	:	Shares to be allotted and issued by the Company upon exercise of the conversion rights attached to the Convertible Notes
“Convertible Notes”	:	the non-interest bearing convertible notes due on 1 January 2012 in the principal amount of HK\$65.0 million proposed to be issued by the Company to settle the Sale Share Consideration, which entitle the holder(s) thereof to convert the principal amount outstanding into the Conversion Shares at the Conversion Price
“Directors”	:	directors of the Company
“Dr. Lo”	:	Dr. Lo Kou Hong, chairman of the board of Directors and managing Director
“EGM”	:	the extraordinary general meeting of the Company to be convened and held for independent Shareholders to consider and approve, if thought fit, among other things, the Acquisition Agreement (as supplemented by the Supplemental Agreement); the Subscription Agreement; the Acquisition; the issue of the Convertible Notes; the issue and allotment of the Conversion Shares; the reallocation of the usage of the net proceeds from the Private Placement and the Specific Mandate
“Enlarged Group”	:	the Group as enlarged by the Acquisition immediately after the Completion
“Group”	:	the Company and its subsidiaries
“HK GAAP”	:	the generally accepted accounting principles in Hong Kong
“Hong Kong”	:	Hong Kong Special Administrative Region of China
“Independent Third Party(ies)”	:	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“ITAD”	:	Innovative Thermophilic Aerobic Digestion, a patented and proprietary environmental biotechnology which involves a special fermentation process to transform waste materials into organic fertilizers. The patent of ITAD, (patent registration no. ZL03104552.9) registered in China, is owned by the Vendor

“Listing Rules”	: Rules Governing the Listing of Securities on the Stock Exchange
“Lo’s E-P Biotech”	: Lo’s Enviro-Pro Bio-Technology Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and the share capital of which is owned as to 80% by Triple Kind and as to 20% by Awards Technology
“Lo’s Family”	: The Lo’s Family (PTC) Limited (formerly known as The Lo’s Family Limited), a company incorporated in the British Virgin Islands with limited liability, which holds 420,000,000 Shares, representing 53.92% of the issued share capital as at the date of this announcement, as the trustee of The Lo’s Family Unit Trust, and is the controlling shareholder of the Company
“Marce”	: Marce International Ltd. (圓方國際有限公司), an indirect wholly-owned subsidiary of the Company, which is nominated by the Company to become the registered holder of the Sale Shares and the Allotment Shares
“Ms. Ko”	: Ms. Ko Lok Ping, Maria Genoveffa, an executive Director and the spouse of Dr. Lo
“Peixin”	: Peixin Group Ltd., a company incorporated in the British Virgin Islands with limited liability
“Peixin Group”	: Peixin and its subsidiaries
“PRC GAAP”	: the generally accepted accounting principles in China
“Private Placement”	: placing of 25,000,000 new Shares under the placing agreement dated 14 May 2007 made between the Company and KGI Capital Asia Limited, and detail of which are set out in the announcement made by the Company on 15 May 2007 and the circular made by the Company on 6 June 2007
“Profit Adjustment(s)”	: profit adjustment(s) (if any) to be made on the principal amount of the Convertible Notes in accordance with the terms of the Subscription Agreement, and detail of which are set out in the paragraph headed “The Guaranteed Profits and Profit Adjustment(s) Mechanism on the Convertible Notes” in this announcement
“Sale Shares”	: 58 shares of Peixin, representing 58% of the issued share capital of Peixin (or approximately 41% of the issued share capital of Peixin as enlarged by the issue and allotment of the Allotment Shares) to be sold by the Vendor to the Company pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement)

“Sale Shares Consideration”	:	the consideration of HK\$65.0 million payable to the Vendor for the purchase of the Sale Shares under the Acquisition Agreement (as supplemented by the Supplemental Agreement)
“Share(s)”	:	shares of HK\$0.01 in the share capital of the Company
“Shareholder’s Loan”	:	the shareholder’s loan, together with interest accrued (if any) and other sums owed by Peixin to the Vendor prior to the date of Completion
“Shareholders”	:	holders of the Shares
“Shuyang ITAD”	:	Shuyang ITAD Environmental Technology Limited (滄陽綠意得環保科技有限公司), a wholly foreign owned enterprise established in China with limited liability, the entire registered capital of which is owned by Peixin
“Sinopoint”	:	Sinopoint Corporation, a wholly-owned subsidiary of the Company which holds all the issued capital of Marce
“Specific Mandate”	:	the specific mandate proposed to be granted to the Directors in relation to the issue of the Conversion Shares by independent Shareholders at the EGM
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	:	the subscription agreement to be entered into between the Company and the Vendor on the date of Completion for the subscription of the Convertible Notes by the Vendor
“Supplemental Agreement”	:	the supplemental agreement entered into between the Company, Peixin and the Vendor on 3 November 2008, which is intended to be supplemental to the Acquisition Agreement in respect of the revision of the Acquisition Agreement, which includes (i) the inclusion of the ITAD™ and 綠意得™ trademarks; (ii) allowing the Vendor to have two months instead of one month from Completion to fulfill the undertaking in relation to granting of such licences to Shuyang ITAD; and (iii) replacing the form of the Subscription Agreement as annexed to the Acquisition Agreement resulting from the restatement of the formulas in respect of the Profit Adjustment(s)
“Triple Kind”	:	Triple Kind Investments Limited, a company incorporated in the British Virgin Islands with limited liability and its issued share capital is owned as to 50% by Dr. Lo and 50% by Ms. Ko
“Vendor”	:	ITAD Biotechnology Limited, a company incorporated in Hong Kong and wholly-owned by Lo’s E-P Biotech

- “Waste Treatment Plant” : a waste treatment plant, located in Shuyang County, Jiangsu Province of China, which is under construction and to be operated by Shuyang ITAD. Upon completion of its establishment, the waste treatment plant will have a designed operating capacity of approximately 500 tonnes per day. The Vendor expects that the waste treatment plant will commence commercial operation in or about January 2009
- “%” : percentage
- “HK\$” : Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 3 November 2008

As at the date of this announcement, the board of Directors 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.