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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)

SECOND SUPPLEMENTAL AGREEMENT – AMENDMENTS TO THE TERMS OF THE CONVERTIBLE NOTES

The Board is pleased to announce that on 5 August 2009, the Company, the Vendor and the Noteholders entered into the Second Supplemental Agreement to further clarify the negotiation process in reaching the Agreed Formula, namely (a) the Original Pre-determined Formulae shall be considered in negotiating the Agreed Formula; and (b) approval from the Independent Shareholders shall be obtained if the Agreed Formula to be agreed is going to be different from the Original Pre-determined Formulae.

It is agreed that the terms of the Second Supplemental Agreement shall take retrospective effect as from 16 December 2008. Save for those amendments as set out in the Second Supplemental Agreement, all other terms of the Convertible Notes remain unchanged and in full force and effect.

The Board is of the view that the terms of the Second Supplemental Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INTRODUCTION AND REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

Reference is made to (a) the announcements dated 3 November 2008; (b) the circular dated 24 November 2008 (the “**Circular**”); (c) the results of the EGM dated 10 December 2008; (d) the announcement dated 16 December 2008; and (e) the announcement dated 10 July 2009, made by the Company in respect of the major and connected transaction regarding the acquisition of a waste treatment business in China. Capitalized terms used in this announcement shall have the same meanings as those defined in the Circular unless defined otherwise. The purpose of making this announcement is to provide an update to the Shareholders and the public on the latest development of the Convertible Notes.

The Board is pleased to announce that on 5 August 2009, the Company, the Vendor and the existing holders of the Convertible Notes (i.e. Triple Kind and Awards Technology) (the “**Noteholders**”) entered into a second supplemental agreement (the “**Second Supplemental Agreement**”). As at the date of this announcement, the entire principal amount of the Convertible Notes (i.e. HK\$65.0 million) remains outstanding.

As announced on 10 July 2009, following the consultations with the auditors of the Company in relation to the accounting treatment of the Convertible Notes, the Company, the Vendor and the Noteholders entered into the CB Supplemental Agreement, pursuant to which, it is agreed that the certain events for triggering the adjustment on the Conversion Price shall be removed such that the Conversion Price will not be subject to the pre-determined formulae as originally set out in the Convertible Notes (the “**Original Pre-determined Formulae**”). To keep the change as minimal as possible as a result of the above amendment, it is also agreed in the CB Supplemental Agreement that the Company shall not (a) 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 the announcement of the terms of issue of such securities; (b) 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; and (c) 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 the announcement of the terms of such issue (collectively known as the “**Relevant Events**”) unless the Company and the Noteholders have reached a mutual agreement in writing in relation to the mechanism for adjustment on the Conversion Price (the “**Agreed Formula**”) by taking into account the interest of the Shareholders and the Noteholders (provided that the Company and the Noteholders shall not act unreasonably in reaching such agreement).

To further clarify the negotiation process in reaching the Agreed Formula, the Company, the Vendor and the Noteholders agreed to enter into the Second Supplemental Agreement.

SECOND SUPPLEMENTAL AGREEMENT

Under the Second Supplemental Agreement, the parties thereto agreed that:

- (a) in negotiating the Agreed Formula when any one of the Relevant Events occurs, the Company and the Noteholders shall consider and shall take reference of the Original Pre-determined Formulae; and
- (b) if the Agreed Formula to be agreed is going to be different from the Original Pre-determined Formulae, the new formula shall be subject to the approval by the Independent Shareholders before it takes effect.

It is agreed that the terms of the Second Supplemental Agreement shall take retrospective effect as from 16 December 2008 (i.e. on the date when the Subscription Agreement was entered into and the Convertible Notes were issued to Triple Kind and Awards Technology).

Save for the above-mentioned amendments, all other terms of the Convertible Notes remain unchanged and in full force and effect.

THE BOARD'S VIEW

The Board is of the view that the terms of the Second Supplemental Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 5 August 2009

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; 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.