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## VITOP BIOENERGY HOLDINGS LIMITED

(天 年 生 物 控 股 有 限 公 司)\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1178)

### ISSUE OF NON-LISTED CONVERTIBLE NOTES AND RESUMPTION OF TRADING

#### THE SUBSCRIPTION AGREEMENTS

On 29 September 2010 after 12:30 p.m. (the trading hours in the morning session of the Stock Exchange), the Company entered into the Subscription Agreements with each of the Subscribers respectively in respect of the issue of the Convertible Notes in the aggregate principal amount of HK\$30,000,000 at coupon rate of 3% per annum due eighteenth (18th) calendar months after the Issue Date convertible into Conversion Shares at the Conversion Price of HK\$0.25 per Conversion Share (subject to adjustments).

Assuming full conversion of the Convertible Notes, a total of 120,000,000 Conversion Shares will be issued by the Company, representing (i) approximately 13.59% of the Company's existing issued share capital of 882,785,961 Shares; and (ii) approximately 11.97% of the Company's issued share capital as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Notes. The Conversion Shares shall be issued under the General Mandate.

The estimated net proceeds for the issue of the Convertible Notes of approximately HK\$29,800,000 will be used for the general working capital of the Group.

The Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreements. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

#### RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 29 September 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 5 October 2010.

\* For identification purpose only.

## THE SUBSCRIPTION AGREEMENTS

### Date

29 September 2010 (after 12:30 p.m. (the trading hours in the morning session of the Stock of Exchange))

### Parties

Issuer: the Company

Subscribers: six subscribers who are individual professional investors and are PRC nationals

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries:

- (i) each of the Subscribers is a third party independent of the Company and its connected persons;
- (ii) there is no relationship among the Subscribers;
- (iii) none of the Subscribers have any shareholding in the Company before the Subscription;
- (iv) none of the Subscribers are associates of the connected persons of the Company;
- (v) none of the Subscribers are related to any of the subscribers of the 8 September 2008 Subscription and the 24 September 2008 Subscription.

### Principal terms of the Subscription

Aggregate principal amount: HK\$30,000,000

Notes maturity date: The date falling on the corresponding calendar day in the eighteenth (18th) calendar month after the Issue Date.

Issue price: The Convertible Notes will be issued at 100% of their principal amount.

Form of the notes: The Convertible Notes will be in registered form only.

Redemption at maturity: Unless previously converted, the Company will redeem all outstanding Convertible Notes on the Notes Maturity Date at its principal amount outstanding together with Interest.

Interest: 3% per annum on the outstanding aggregate principal amount of the Convertible Notes, commencing from the Issue Date and computed on the basis of a 365-day year and actual days elapsed.

Conversion rights: The rights attached to the Convertible Notes to convert the whole or any part(s) of the principal amount into Conversion Shares at the Conversion Price at any time during the conversion period (as stated below).

Conversion period: The period commencing from the Issue Date and ending on the Notes Maturity Date (both dates inclusive).

Initial conversion price: HK\$0.25 per Conversion Share, which represents:—

- (i) a premium of approximately 20.77% to the closing price of the Shares of HK\$0.2070 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 26.39% to the average of the closing prices of the Shares of HK\$0.1978 per Share for the five (5) consecutive trading days preceding the Last Trading Date; and
- (iii) a premium of approximately 23.95% to the average of the closing prices of the Shares of HK\$0.2017 per Share for the ten (10) consecutive trading days preceding the Last Trading Date.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares.

Adjustments to the Conversion Price:

The Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Notes upon occurrence of, among other things, the following events:—

- (i) there shall be an alteration to the nominal value of the Shares by reason of any consolidation or sub-division;
- (ii) the Company shall issue any Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) the Company shall make any capital distribution to the holders (in their capacity as such) of Shares or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) the Company shall offer or grant to the holders of Shares new Shares for subscription by way of rights, or shall grant to the holders of Shares any options or warrants or other rights to subscribe for or purchase any Shares;

- (v) the Company shall issue wholly for cash any securities 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 the greater of either the closing price per Share as at the date of the announcement of the terms of issue of such securities or the Conversion Price in effect immediately prior to the date of the announcement of the terms of issue of such securities;
- (vi) the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub-paragraph (v) are modified so that the total effective consideration per Share initially receivable for such securities shall be less than the greater of either the closing price per Share as at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription or the Conversion Price in effect immediately prior to the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
- (vii) the Company shall issue wholly for cash any Shares (other than Shares issued pursuant to an employee share option scheme of the Company) at a price per Share which is less than the greater of either the closing price per Share as at the date of the announcement of the terms of such issue or the Conversion Price in effect immediately prior to the date of the announcement of the terms of such issue; and
- (viii) the Company shall issue Shares for the acquisition of assets at a total effective consideration per Share which is less than the greater of either the closing price per Share as at the date of the announcement of the terms of such issue or the Conversion Price in effect immediately prior to the date of the announcement of the terms of such issue.

The term “capital distribution” and “total effective consideration” referred to above shall be determined in accordance with the terms and conditions of the Convertible Notes.

#### Conversion Shares:

Upon full conversion of the Convertible Notes at an initial conversion price of HK\$0.25 per Conversion Share, an aggregate of 120,000,000 Conversion Shares will be issued, representing approximately (i) 13.59% of the existing issued share capital of the Company; and (ii) 11.97% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued under the General Mandate granted to the Board pursuant to the resolutions passed by the Shareholders at the annual general meeting of the Company held on 17 December 2009.

Listing:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.
Ranking:	The Conversion Shares to be issued resulting from the exercise of the Conversion Rights attached to the Convertible Notes will rank pari passu in all respects with all other Shares in issue at the date on which the conversion rights attached to the Convertible Notes are exercised.
Voting:	The Noteholders shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of their being the Noteholders.
Events of default:	The Convertible Notes will contain events of default provisions which provide that on the occurrence of certain events of default specified in the Convertible Notes, each of the Noteholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Notes.
Transferability:	Subject to compliance with any restrictions or requirements imposed by the Stock Exchange and the procedural requirements stipulated under the terms and conditions attached to or endorsed on the Convertible Notes, the Convertible Notes or any part(s) thereof may be assigned or transferred at the discretion of the Noteholder(s).

There is no restriction on sales of the Conversion Shares by the Subscribers.

### **Conditions Precedent for the Subscription**

Completion of the subscription under the Subscription Agreements shall be conditional upon, among others:—

- (i) listing of and permission to deal in all of the Conversion Shares being granted, either unconditional or subject to the conditions acceptable to the Subscriber (if any), by the Listing Committee of the Stock Exchange and a copy of the listing approval having been provided to the Subscribers;
- (ii) the Warranties in the reasonable opinion of the Subscriber remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreements and at Completion;
- (iii) the Company shall have performed all of its obligations under the Subscription Agreements on or before the Completion Date; and

- (iv) there shall not have any change, or development or event likely to involve a prospective change, in the condition (financial or otherwise), results of operations, business or properties of the Group, which is material and adverse and which makes it impracticable to subscribe the Convertible Notes on the terms and in the manner contemplated in the Subscription Agreements.

In the event that any of the above conditions are not fulfilled at or before 5:00 p.m. (Hong Kong time) on the Completion Date (or such other date as may be agreed in writing between the Company and the Subscribers), the Subscription Agreements will lapse and become null and void and the parties to the Subscription Agreements shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

## **REASONS FOR THE SUBSCRIPTION AND USE OF NET PROCEEDS**

The Directors consider that the issue of the Convertible Notes will provide the Company with additional funding without having an immediate dilution effect on the shareholding of the existing Shareholders. Further, if the conversion rights attaching to the Convertible Notes are exercised, the capital base of the Company shall be broadened.

The net proceeds from the issue of the Convertible Notes will be approximately HK\$29,800,000, which is intended to be used for the general working capital of the Group.

The Directors consider that the terms of the Subscription Agreements, which were arrived at after arm's length negotiation between the Company and the Subscribers, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **ISSUE OF THE CONVERTIBLE SHARES PURSUANT TO GENERAL MANDATE**

The Conversion Shares will be issued under the General Mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting held on 17 December 2009 subject to the limit up to 20% of the then issued ordinary share capital of the Company as at the date of the annual general meeting. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Notes.

The maximum number of Shares to be issued under the General Mandate is 176,557,192 Shares. As at the date of this announcement, the Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate. The Conversion Shares will utilize 120,000,000 Shares that are allowed to be allotted and issued under the General Mandate, and the balance of 56,557,192 Shares will remain outstanding under the General Mandate (approximately 32.03% thereof). The Subscription and the issue of Conversion Shares are not subject to Shareholders' approval.

## EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company as at the date of this announcement and upon full conversion of the Convertible Notes are shown as follows:—

	As at the date of this announcement		Immediately after full conversion of the Convertible Notes	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<b>Non-public Shareholders</b>				
Han Qingyun ( <i>Note 1</i> )	200,000,000	22.66	200,000,000	19.94
Han Xiaoyue ( <i>Note 2</i> )	3,805,112	0.43	3,805,112	0.38
Wang Jing	66,800,000	7.57	66,800,000	6.66
Chen Henglong ( <i>Note 3</i> )	52,200,000	5.91	52,200,000	5.21
Sae-Lao Rakchanok	48,902,949	5.54	48,902,949	4.88
	<u>371,708,061</u>	<u>42.11</u>	<u>371,708,061</u>	<u>37.07</u>
<b>Public Shareholders</b>				
The Subscribers	0	0	120,000,000	11.97
Other public Shareholders	<u>511,077,900</u>	<u>57.89</u>	<u>511,077,900</u>	<u>50.97</u>
	<u>511,077,900</u>	<u>57.89</u>	<u>631,077,900</u>	<u>62.93</u>
<b>Total</b>	<u>882,785,961</u>	<u>100.00</u>	<u>1,002,785,961</u>	<u>100.00</u>

*Note 1:* Mr. Han Qingyun is an executive director and the chairman of the Company. Out of the 200,000,000 Shares, 181,843,836 Shares are held by Wide Cosmos International Holdings Company Limited, which is beneficially owned by Mr. Han Qingyun. The remaining 18,156,164 Shares are held by Mr. Han Qingyun personally.

*Note 2:* These 3,805,112 shares are owned by Portton Investments Limited, which is beneficially owned by Mr. Han Xiaoyue and Mr. Wang Jiandong as to 66.67% and 33.33% respectively.

*Note 3:* Mr. Chen Henlong is an executive director of the Company.

None of the Subscribers will become a substantial shareholder of the Company upon completion of the Subscription.

## FUND RAISING ACTIVITY OF THE COMPANY

The Company has not conducted any fund raising activity in the past 12 months immediately before the date of this announcement.

## RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 29 September 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 5 October 2010.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:—

“8 September 2008 Subscription”	the subscription of a total of 23,800,000 Shares by two subscribers Mr. Chen Ming and Mr. He Jue Fu pursuant to two subscription agreements dated 8 September 2008
“24 September 2008 Subscription”	the subscription of a total of 123,300,000 Shares by six subscribers pursuant to six subscription agreements dated 24 September 2008
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (except Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Company”	Vitop Bioenergy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreements including the issue of the Convertible Notes by the Company to the Subscribers in accordance with the terms and conditions of the Subscription Agreements
“Completion Date”	the completion date in respect of the Convertible Notes which shall be on 13 October 2010 after all of the Conditions Precedent have been fulfilled by the Company or, as the case may be, waived by the Subscribers (or such later date as the Parties may agree in writing) in respect of the Convertible Notes
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Conversion Price”	the initial conversion price of the Convertible Notes of HK\$0.25 per Conversion Share (subject to adjustments)

“Conversion Shares”	the 120,000,000 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes, based on the initial conversion price of HK\$0.25 per Conversion Shares
“Convertible Notes”	the 3% convertible notes in the aggregate principal amount of HK\$30,000,000 to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 17 December 2009 to allot, issue and deal with up to 176,557,192 Shares, being the limit of 20% of the Shares in issue as at the date of the passing of the resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	the date on which the Convertible Notes are issued by the Company to the Subscribers under the Subscription Agreements
“Last Trading Date”	29 September 2010, being the last trading date on which the Shares were traded prior to the date of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholders”	the person(s) who is/are for the time being the registered holder(s) of the Convertible Notes
“Notes Maturity Date”	the date falling on the corresponding calendar day in the eighteenth (18th) calendar month after the Issue Date
“PRC”	the People’s Republic of China;
“Share(s)”	the ordinary shares of HK\$0.025 each in the share capital of the Company existing on the issue date of the Convertible Notes and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	six subscribers who respectively entered into the Subscription Agreements with the Company on 29 September 2010

“Subscription”	the subscription of the Convertible Notes by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	the conditional subscription agreements dated 29 September 2010 entered into between the Company and each of the Subscribers in relation to the Subscription subject to the terms and conditions contained therein
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**VITOP BIOENERGY HOLDINGS LIMITED**  
**Han Qingyun**  
*Chairman*

Hong Kong, 4 October 2010

*As at the date of this announcement, the board of directors of the Company comprises Mr. Han Qingyun as chairman; Dr. Han Xiaoyue as joint chairman; Dr. Chen Henglong, Mr. Xu Nianchun, Ms. Guo Yanni and Mr. Long Mingfei as executive directors; Mr. Chan Yuk Tong as non-executive director; and Ms. Zhu Jinghua, Mr. Zhang Wen and Mr. Li Xinzhong as independent non-executive directors.*