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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF 18% SHAREHOLDING IN SKYFLYING DA ZHONG HUA CIGARETTE LIMITED

ISSUE OF CONSIDERATION SHARES

RESUMPTION OF TRADING

ACQUISITION

The Board is pleased to announce that the Company entered into the Agreement on 6 March 2008 for the acquisition of 18% shareholding in Skyflying Da Zhong Hua Cigarette Limited, a company established to carry out the business of cigarette production and distribution.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular of the Company in relation to the Acquisition will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:38 a.m. on 4 March 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 March 2008.

ACQUISITION OF 18% SHAREHOLDING IN SKYFLYING DA ZHONG HUA CIGARETTE LIMITED

Reference is made to the announcement of the Company issued on 3 March 2008 which mentioned a possible acquisition by the Company. Further to the said announcement, the Board is pleased to announce that the Company entered into the Agreement on 6 March 2008, pursuant to which the Vendor agreed to sell and the Company agreed to purchase 18% shareholding in the Target Company.

** For identification purpose only*

Summary of the Agreement:

Date of Agreement: 6 March 2008

Parties to the Agreement: the Vendor (as vendor)
the Company (as purchaser)

The principal activities of the Company and its subsidiaries are investment holding and manufacturing and trading of bio-energy products, healthcare food products, multi-functional water generators and other healthcare products in the PRC.

The Vendor is a company incorporated with limited liability in Hong Kong and its principal activity is to carry out investment business.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the shareholders of the Target Company, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter: 18% shareholding in the Target Company which was incorporated as a company with limited liability in Hong Kong with an issued share capital of HK\$10,000, which is held as to 90% by the Vendor and 10% by an independent third party (the 10% shareholding is held by the independent third party on trust for the Vendor). The Target Company is carrying out the business of cigarette production and distribution under the brand name (「大中華」) (“Da Zhong Hua”).

Based on the latest management account of the Target Company which was prepared according to the generally accepted accounting principles in the PRC, as at 31 December 2007, the value of total assets of the Target Company was HK\$11,190,795 and the value of total assets of the Target Company attributable to the 18% shareholding was HK\$2,014,343. For each of the two financial years ended 31 December 2007 immediately preceding the Acquisition, the Target Company did not record any net profits either before or after taxation and extraordinary items and did not record any revenue for the same periods, since the Company had not commenced the business of cigarette production and distribution before 31 December 2007. The Company has not made any further capital commitment on the Target Company.

Conditions Precedent: Completion of the Acquisition is conditional upon:

- (i) the Vendor delivers, within 8 days after the date of the Agreement, to the Company:
 - (a) a valuation report issued by a professionally qualified valuer in respect of the Target Company; and
 - (b) a legal opinion issued by the lawyer in the place of incorporation of the Target Company opining on its shareholding structure and board composition and whether it is duly incorporated and validly existing;

- (ii) the Company is satisfied with the result of the due diligence conducted on the Target Company; and
- (iii) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares (if the Company chooses to issue the Consideration Shares for payment of the 2nd installment payment).

The Company may at any time waive or postpone the deadline for the Vendor to deliver any of the required documents under the condition (i) above.

If any of the conditions precedent is not satisfied, the Company has the right to cancel the Acquisition. All moneys paid by the Company will then be returned by the Vendor with interest and any shareholding in the Target Company which has been transferred to the Company will be transferred back to the Vendor. The parties to the Agreement shall then have no claim against each other.

Payment of
Consideration:

The consideration of HK\$25,600,000 will be satisfied by two installments in the following manner:

- (i) The first installment of HK\$15,000,000 was paid by the Company in cash to the Vendor upon signing of the Agreement;
- (ii) The second installment of HK\$10,600,000 shall be paid by (a) HK\$5,600,000 in cash; and (b) either (i) HK\$5,000,000 in cash; or (ii) by the Company's issuing 17,143,000 new Shares to the Vendor, to be decided at the sole discretion of the Company, within 10 days after the signing of the Agreement (or such later day on which the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares).

After the first installment of HK\$15,000,000 is paid, the Vendor shall commence to transfer 18% shareholding in the Target Company to the Company and shall, within 5 business days thereafter, complete such shareholding transfer.

As at the date of this announcement, the Company is still conducting the due diligence, which is targeted to be completed before the second installment payment of HK\$10,600,000.

The Board has carefully analyzed the cigarette market in mainland China (to which the cigarette of the Target Company will mainly be distributed) and considered that the business of cigarette production and distribution (especially cigarettes made from imported tobacco) has good potential of profitability. The Board has also consulted and obtained the view of some potential cigarette distributors and they have reached the same conclusion. So the consideration was determined on the basis of the strong earning capability of the Target Company in which the Board is confident and after arm's length negotiations between the parties to the Agreement.

The Company will also obtain from the Vendor a valuation report in respect of the value of the Target Company within 8 days after the date of the Agreement. As at the date of this announcement, the Company has not received the aforesaid valuation report from the Vendor.

Upon completion of the Acquisition, the shareholding of the Target Company will be held as to 18% by the Company and therefore the Target Company will not become a subsidiary of the Company. Accordingly, the results of the Target Company will not be consolidated into the Company's account upon completion of the Acquisition.

The Company confirms that there is no other acquisition or transactions in relation to the Vendor and/or its ultimate beneficial owners which shall be aggregated with the Acquisition in accordance with Rule 14.22 of the Listing Rules.

CONSIDERATION SHARES

Assuming that the Company chooses to issue the Consideration Shares for payment of the second installment of the consideration for the Acquisition, the 17,143,000 new Shares will be allotted and issued under the General Mandate granted to the Directors to allot and issue up to 147,137,192 new Shares. As at the date of this announcement, the General Mandate has not been utilized. After the allotment and issue of the Consideration Shares, the General Mandate granted to the Directors to allot and issue up to 129,994,192 new Shares will remain unutilized.

The issue price of approximately HK\$0.2916 per Consideration Share represents:

- (a) a discount of approximately 10.28% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 3 March 2008, being the last trading day before the Agreement is signed;
- (b) a premium of approximately 26.89% above the average closing price of HK\$0.2298 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 3 March 2008; and
- (c) a premium of approximately 65.12% above the average closing price of HK\$0.1766 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 3 March 2008.

The Consideration Shares to be allotted and issued represent approximately 2.33% of the existing issued share capital of the Company and approximately 2.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares. There is no restriction on sales of the Consideration Shares by the Vendor.

If the Company chooses to issue the Consideration Shares for payment of the second installment of the consideration for the Acquisition, application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Effect on Shareholding Structure

The shareholding structures of the Company as at the date of this announcement and immediately after completion of the Acquisition are shown as follows:

	As at the date of this announcement		Immediately after completion of the Acquisition	
	Shares	% (approx.)	Shares	% (approx.)
Power Field International Ltd. (Note 1)	219,805,112	29.87	219,805,112	29.19
Sub-total	<u>219,805,112</u>	<u>29.87</u>	<u>219,805,112</u>	<u>29.19</u>
Public Shareholders				
Vendor	—	—	17,143,000	2.28
Other public Shareholders	515,880,849	70.13	515,880,849	68.53
Sub-total	<u>515,880,849</u>	<u>70.13</u>	<u>533,023,849</u>	<u>70.81</u>
Total	<u><u>735,685,961</u></u>	<u><u>100%</u></u>	<u><u>752,828,961</u></u>	<u><u>100%</u></u>

Note:

1. Porttone Investments Ltd. is the shareholder of Power Field International Limited which is ultimately owned as to 66.66% by Dr. Han Xiaoyue (an executive director and the chairman of the Company) and as to 33.33% by Mr. Wang Jian Dong.

Reasons for the Acquisition

The Group is principally engaged in the manufacturing and trading of bio-energy products, healthcare food products, multi-functional water generators and other healthcare products in the PRC. As apart of its strategy, the Group has been constantly appraising opportunities in attractive businesses. The Board is of the view that the Acquisition is a good opportunity for the Group to increase its cashflow by taking the leverage on the earning potential of the Target Company in cigarette industry and to diversify the businesses of the Group and broaden its income base so that it will not unduly rely on the business in trading of health care products and thus the business risk of the Group in the event of market downturn can be reduced. Therefore, the Board believes that the Acquisition will be beneficial to the Company and its Shareholders as a whole.

After exercise of due care and diligence, the Board considers that the terms and conditions of Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

The Acquisition is not related to the resignation of Mr. Hung Kai So as the chairman and executive Director of the Company or the changes of directors and company secretary of the Company as announced on 26 and 28 February 2008.

The Vendor and Power Field International Ltd. (a substantial shareholder which holds 29.87% shareholding in the Company) and its beneficial owners are not parties acting in concert; and there was no relationship between each other prior to the signing of the Agreement.

Dr. Han Xiaoyue became the chairman of the Company since 25 February 2008 and he has no relationship with the Vendor.

Other than having an indirect shareholding interest in Power Field International Ltd., Mr. Wang Jian Dong does not have any other role or hold any position in the Group.

The Acquisition pursuant to the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular in relation to the Acquisition will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:38 a.m. on 4 March 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 March 2008.

DEFINITIONS

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

“Acquisition”	the acquisition of 18% shareholding in the Target Company pursuant to the Agreement
“Agreement”	the agreement for the sale and purchase of 18% shareholding in the Target Company entered into between the Vendor as vendor and the Company as purchaser dated 6th March 2008
“Board”	the board of Directors
“Company”	Vitop Bioenergy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“Consideration”	HK\$25,600,000 (Hong Kong dollars Twenty-Five Million and Six Hundred Thousand)
“Consideration Shares”	17,143,000 new Shares to be allotted and issued to the Vendor to satisfy part of the Consideration
“Directors”	the directors of the Company

“General Mandate”	the general mandate to allot and issue Shares granted to the Directors by a resolution passed by the Shareholders at the annual general meeting of the Company held on 10 December 2007
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.025 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Skyflying Da Zhong Hua Cigarette Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Skyflying International Holdings Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.09 has been used for currency translation, where applicable. Such exchange rate is for illustration purpose only and does not constitute a representation that any amount in HK\$ or RMB have been, could have been or may be converted at such or any other rates or at all.

Certain English translation of Chinese names or words in this announcement are included for information only, and are not official English translations of such Chinese names or words.

By Order of the Board of
Vitop Bioenergy Holdings Limited
Han Xiaoyue
Chairman

Hong Kong, 13 March 2008

As at the date of this statement, the board of directors of the Company comprises Dr. Han Xiaoyue as chairman; Mr. Zhang He, Mr. Chen Henglong, Mr. Liu Jun and Mr. Tse Kam Fai as executive directors; Mr. Chan Yuk Tong as non-executive director; and Mr. Li Li Te, Mr. Li Xinzhong and Mr. Zhang Fan as independent non-executive directors.