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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
DISPOSAL OF THE ENTIRE REGISTERED AND PAID-UP CAPITAL OF
SHANGHAI HENG FAI
AND
CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

On 18 January 2006, Star Ocean, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shanghai Jiaxiang in relation to the disposal of the entire registered and paid-up capital of Shanghai Heng Fai for a total cash consideration of RMB7,500,000 (equivalent to approximately HK\$7,212,000).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Jiaxiang and its ultimate beneficial owner(s) are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

Shanghai Heng Fai, an indirect wholly-owned subsidiary of the Company, is a wholly foreign-owned enterprise established in the PRC with limited liability and is principally engaged in property investment and development.

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06(2) of the Listing Rules.

A circular containing details of the Disposal and information regarding the Group will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

The Directors also announce that the principal place of business of the Company in Hong Kong has been changed from Room 702, 7/F, Aon China Building, 29 Queen's Road Central, Hong Kong to Suites 918-920, 9/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong with effect from 19 January 2006.

SALE AND PURCHASE AGREEMENT

Date: 18 January 2006

Parties: (1) Vendor : Star Ocean
(2) Purchaser : Shanghai Jiaxiang

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Jiaxiang and its ultimate beneficial owner(s) are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

Asset to be disposed of

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Capital, being US\$1,000,000 (equivalent to approximately HK\$7,800,000) in the registered and paid-up capital of Shanghai Heng Fai, representing the entire registered and paid-up capital of Shanghai Heng Fai.

Consideration

The total cash consideration for the Disposal is RMB7,500,000 (equivalent to approximately HK\$7,212,000) and shall be payable by Shanghai Jiaxiang to Star Ocean in the following manner:

- (1) RMB4,500,000 (equivalent to approximately HK\$4,327,000) shall be payable by Shanghai Jiaxiang to Star Ocean in cash within 7 days from the date of the signing of the Sale and Purchase Agreement; and
- (2) RMB3,000,000 (equivalent to approximately HK\$2,885,000) shall be payable by Shanghai Jiaxiang to Star Ocean in cash within 7 days from the Completion Date.

Such consideration was arrived at after arm's length negotiations between Star Ocean and Shanghai Jiaxiang and was determined with reference to the unaudited net asset value of Shanghai Heng Fai of approximately HK\$8,360,000 as at 31 December 2005. The Directors consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

The Property was valued at HK\$8,300,000 as at 30 June 2005 and such valuation had taken into account the expenses incurred by the Group, including design costs and other costs incurred by the Group for the purpose of developing the Property into a logistic and warehousing centre. As the Purchaser is now acquiring the Property (through the Disposal) as a vacant land, the additional work done is irrelevant to the Purchaser in the transaction concerned. Accordingly, the Directors believe that the disposal of Shanghai Heng Fai, the principal asset of which is the Property, at approximately HK\$7,212,000 is fair and reasonable on the basis that the Property concerned is disposed of as a vacant land.

Conditions

The Disposal is conditional upon, amongst others:

- (1) the granting of approvals by the relevant Ministry of Foreign Trade and Economic Cooperation in respect of the Sale and Purchase Agreement and the transfer of the Sale Capital; and
- (2) the completion of the procedures for the change of business registration record and the obtaining of the new business licence of Shanghai Heng Fai.

Completion

The Completion will take place on the date on which all the conditions of the Sale and Purchase Agreement have been fulfilled. There is no long stop date for the Disposal.

Upon the Completion, the Group will not hold any interests in the registered and paid-up capital of Shanghai Heng Fai and Shanghai Heng Fai will cease to be a subsidiary of the Company.

INFORMATION ON SHANGHAI JIAXIANG

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Jiaxiang is a company established in the PRC with limited liability and is principally engaged in investment holding, property management, wholesale of industrial equipment, electronic products, electronics and hardware and agricultural by-products and provision of consultancy services in corporate investment (except intermediaries).

INFORMATION ON SHANGHAI HENG FAI

Shanghai Heng Fai, an indirect wholly-owned subsidiary of the Company, is a wholly foreign-owned enterprise established in the PRC on 6 March 2003 with limited liability and is principally engaged in property investment and development.

In October 2003, the Group acquired the Property through acquisition of the entire issued share capital of Star Ocean, whose wholly-owned subsidiary, Shanghai Heng Fai, is holding the Property. The acquisition cost of Star Ocean was approximately US\$450,000 (equivalent to approximately HK\$3,510,000).

As at 31 December 2005, the principal asset of Shanghai Heng Fai is the Property of approximately HK\$8,426,000. The Property is approximately 17,060 square meters and is designated for mainly the establishment of logistic and warehousing centre.

According to the unaudited management accounts of Shanghai Heng Fai, the unaudited net assets of Shanghai Heng Fai as at 31 December 2005, prepared based on HK GAAP, was approximately HK\$8,360,000.

Shanghai Heng Fai does not engage in any revenue-generating activity. It only holds the Property. Therefore, it does not have any turnover recorded for the years ended 31 December 2004 and 31 December 2005.

According to the audited accounts of Shanghai Heng Fai for the year ended 31 December 2004, prepared based on the PRC GAAP and reconciled with the HK GAAP, Shanghai Heng Fai recorded no turnover in 2004 and therefore it has no net profit/loss either before or after taxation and extraordinary items.

According to the unaudited management accounts of Shanghai Heng Fai for the year ended 31 December 2005, prepared based on HK GAAP, Shanghai Heng Fai recorded no turnover in 2005. The net loss before taxation and extraordinary items of Shanghai Heng Fai was approximately HK\$3,070,000. The net loss after taxation and extraordinary items of Shanghai Heng Fai was also approximately HK\$3,070,000. The net loss was mainly attributed to the operating expenses of Shanghai Heng Fai which included payroll and travelling expenses and the waiver by Shanghai Heng Fai of debts owed to it by a subsidiary of the Company. The debts represented cash advances of approximately HK\$2,282,000 previously made by Shanghai Heng Fai to the said subsidiary of the Company. However, before entering into the transaction for the Disposal, Shanghai Heng Fai had cleared the inter-company current account and therefore Shanghai Heng Fai had waived the debts owed to it by the said subsidiary of the Company. The waiver will be eliminated on consolidation and therefore has no financial effect to the Group in the consolidated profit and loss account.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding with its subsidiaries principally engaged in manufacturing and trading of multi-functional water generators, and the trading of BIOenergy® products, healthcare food products and other healthcare products in the PRC.

REASONS FOR THE DISPOSAL

In October 2003, the Group acquired the Property through acquisition of the entire issued share capital of Star Ocean, whose wholly-owned subsidiary, Shanghai Heng Fai, is holding the Property. The original intention of the Group to acquire the Property is to develop the Property into a logistic and warehousing centre of the Group in the PRC, particularly for the northern and eastern parts of the PRC. However, as a result of the change of plans, the Directors decided to have the logistic and warehousing functions outsourced, which, the Directors considered, is feasible and economically efficient. Consequently, the Property becomes surplus to the Group's operational requirement and the Directors decided to make the Disposal.

The Directors believe that the terms of the Sale and Purchase Agreement are entered into upon normal commercial terms following arm's length negotiations between the parties and the terms of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

The sale proceeds of the Disposal will be RMB7,500,000 (equivalent to approximately HK\$7,212,000). The net proceeds of the Disposal of approximately HK\$7,037,000, after deducting the legal fees and other related expenses paid by the Company in the sum of approximately HK\$175,000, will be used for general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, upon the Completion, the Group will record a loss on the Disposal of approximately HK\$1,323,000 for the year ending 30 June 2006, which will be reflected in the consolidated profit and loss account of the Group for the year ending 30 June 2006. The loss on the Disposal is calculated based on the net asset value of Shanghai Heng Fai of approximately HK\$8,360,000 at the date of the Disposal and the net proceeds of the Disposal of approximately HK\$7,037,000.

Apart from the loss on the Disposal to be reflected in the consolidated profit and loss account of the Group for the year ending 30 June 2006, it is estimated that the Disposal would not have a material negative impact on the Group's financial position/performance.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06(2) of the Listing Rules.

A circular containing details of the Disposal and information regarding the Group will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Directors announce that the principal place of business of the Company in Hong Kong has been changed from Room 702, 7/F, Aon China Building, 29 Queen's Road Central, Hong Kong to Suites 918-920, 9/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong with effect from 19 January 2006.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Company”	Vitop Bioenergy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Capital in accordance with the Sale and Purchase Agreement
“Completion Date”	the date on which all the conditions of the Sale and Purchase Agreement have been fulfilled
“Directors”	the directors of the Company
“Disposal”	the disposal by Star Ocean of the Sale Capital subject to and upon the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK GAAP”	the accounting principles generally accepted in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“PRC GAAP”	the accounting principles generally accepted in the PRC
“Property”	a piece of land situated at Cha Shan Village, West Industrial Development Area, Nan Xiang Town, Jia Ding District, Shanghai (上海市嘉定區南翔鎮西工業開發區槎山村)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 January 2006 and entered into between Star Ocean and Shanghai Jiaxiang
“Sale Capital”	the registered and paid-up capital of Shanghai Heng Fai in the sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000)
“Shanghai Heng Fai”	上海恒輝生物制品有限公司 (Shanghai Heng Fai Biological Products Company Limited) [#] , a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shanghai Jiaxiang”	上海嘉翔工業開發有限公司 (Shanghai Jiaxiang Industrial Development Company Limited) [#] , a company established in the PRC
“Star Ocean”	Star Ocean Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company and the Vendor under the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Hung Kai So
Chairman

Hong Kong, 19 January 2006

* *for identification purpose only*

the English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi into Hong Kong dollars are based on the approximate exchange rate of HK\$1.00 to RMB1.04 and conversion of United States dollars into Hong Kong dollars are based on the approximate exchange rate of US\$1.00 to HK\$7.80. The exchange rates are for illustration purpose only and do not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

As at the date of this announcement, Mr. Hung Kai So, Mr. Kam Ioi, Mr. Chan Yuk Tong, Mr. Ma Yufeng and Mr. Liu Jun are the executive Directors; and Mr. Yuan Tsu I, Mr. Yick Wing Fat Simon, Professor Li Li Te and Mr. Chan Chiu Hung Alex are the independent non-executive Directors.

Please also refer to the published version of this announcement in the China Daily.