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雲南實業控股有限公司*

YUNNAN ENTERPRISES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0455)

DISCLOSEABLE TRANSACTION DISPOSAL OF AN ASSOCIATED COMPANY

On 30 March 2010, the Vendor and the Purchaser entered into the Agreement relating to the Disposal pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire a 48% interest in Shenzhen Xin Peng at the Consideration of RMB38,850,000 (equivalent to approximately HK\$44,148,000).

The Directors consider that the terms of the Agreement, which were concluded by the parties after arm's length negotiations, are fair and reasonable and are on normal commercial terms and the Agreement is in the interests of the Company and the Shareholders as a whole.

The Disposal constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules.

THE AGREEMENT

Date : 30 March 2010

Vendor : Yunyu Bio-Pharmaceutical Company Limited (雲玉生物製藥有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, which is currently holding 48% equity interest in Shenzhen Xin Peng

* *For identification purpose only*

Purchaser : 武漢人福高科技產業股份有限公司(Wuhan Humanwell Hi-tech Industry Company Limited*), an enterprise established under the laws of the PRC with its A-shares (Stock Code: 600079) listed on the Shanghai Stock Exchange in 1997, which is currently holding 52% equity interest in Shenzhen Xin Peng.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

The Purchaser is principally engaged in the research, manufacture and sale of medicines, medical equipment and reproductive health products; and the provision of technical services.

Asset to be disposed of : The 48% equity interest of Shenzhen Xin Peng owned by the Vendor

Consideration : RMB38,850,000 (equivalent to approximately HK\$44,148,000), which was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the net asset value of Shenzhen Xin Peng based on the audited financial statements of Shenzhen Xin Peng as at 31 December 2009

The Consideration shall be settled by two installments: (i) 30% of which to be payable within 5 working days from the date of the Agreement; and (ii) while the balance of 70% thereof to be payable within 10 working days upon Completion.

The Directors consider that the terms of the Agreement, which were concluded by the parties after arm's length negotiations, are fair and reasonable and are on normal commercial terms and the Agreement is in the interests of the Company and the Shareholders as a whole.

COMPLETION

Each of the Vendor, the Purchaser and Shenzhen Xin Peng shall comply with the applicable transfer and registration procedures (the “**Transfer and Registration Procedures**”) under the PRC laws and regulations to enable the 48% equity interest in Shenzhen Xin Peng held by the Vendor immediately before the signing of the Agreement to be transferred to the Purchaser upon the signing of the Agreement and shall procure to complete the Transfer and Registration Procedures as soon as possible. Completion shall take place upon fulfilment of the Transfer and Registration Procedures.

FINANCIAL EFFECT OF THE DISPOSAL

It is currently expected that a net gain on the Disposal of approximately RMB5.0 million (equivalent to approximately HK\$5.7 million) (subject to finalisation of audit) can be realized as a result of the Disposal (based on the difference between the Consideration and the net asset value stated at the balance sheet of the Group as at the date of Completion).

Shenzhen Xin Peng has been a 48% owned associated company of the Group, and the financial results of which has been equity-accounted for by the Group. Upon Completion, the Group shall cease to have any equity interest in Shenzhen Xin Peng.

INFORMATION OF SHENZHEN XIN PENG

Shenzhen Xin Peng is a sino-foreign owned enterprise established under the laws of the PRC on 18 December 1992 with limited liability, and has both registered and paid up capital of RMB100,000,000 (equivalent to approximately HK\$113.6 million). As at the date of this announcement, Shenzhen Xin Peng is beneficially owned as to (i) 52% by the Purchaser; and (ii) 48% by the Vendor which in turn is a wholly-owned subsidiary of the Company. Shenzhen Xin Peng is principally engaged in the research, development, manufacture and sale of biotechnology products in the PRC.

Based on the audited financial statements prepared in accordance with the PRC GAAP, the net profit before and after taxation for the year ended 31 December 2008 of Shenzhen Xin Peng were approximately RMB214,569 (equivalent to approximately HK\$243,828) and RMB202,810 (equivalent to approximately HK\$230,466) respectively; while both of its net loss before and after taxation for the year ended 31 December 2009 were approximately RMB281,117 (equivalent to approximately HK\$319,451). Based on the audited financial statements of Shenzhen Xin Peng prepared in accordance with the PRC GAAP, the net asset value of Shenzhen Xin Peng was approximately RMB80.3 million (equivalent to approximately HK\$91.3 million) as at 31 December 2009.

REASONS FOR THE DISPOSAL

The Directors have noted that the operating performance and profitability of Shenzhen Xin Peng had not been satisfactory over the past three financial years ended 31 December 2009 with operating profit/(loss) of approximately RMB849,479 (equivalent to approximately HK\$965,317) in 2007, RMB375,738 (equivalent to approximately HK\$426,975) in 2008 and RMB(835,232) (equivalent to approximately HK\$(949,127)) in 2009 respectively; while its net operating profit margins had also been deteriorating gradually from approximately 4.0%, 1.6% to (3.5)% (i.e. negative profit margin in 2009) during the respective periods. Having considered that the Consideration is arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the net asset value of Shenzhen Xin Peng based on the audited financial statements of Shenzhen Xin Peng as at 31 December 2009, the Directors are of the view that the Disposal provides an opportunity for the Group to realize its investment in Shenzhen Xin Peng at a fair value.

USE OF PROCEEDS

The net proceeds from the Consideration will be utilised as general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

The Disposal contemplated under the Agreement constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

INFORMATION ON THE GROUP

The Group is principally engaging in the research, development, production and sale of pharmaceutical and biotechnology products; exploration, development and investment of mining and energy, packaging and printing; property holding and development as well as investment holding.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	a conditional agreement dated 30 March 2010 entered into between the Vendor and the Purchaser pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 48% equity interest of Shenzhen Xin Peng pursuant to the terms and conditions of such agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Yunnan Enterprises Holdings Limited (Stock Code: 0455), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Agreement
“Consideration”	RMB38,850,000 (equivalent to approximately HK\$44,148,000), being the consideration payable by the Purchaser to the Vendor for the Disposal upon Completion

“Disposal”	the disposal of 48% equity interest in Shenzhen Xin Peng by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company and its subsidiaries, or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“PRC GAAP”	the generally accepted accounting principles in the PRC
“Purchaser”	武漢人福高科技產業股份有限公司(Wuhan Humanwell Hi-tech Industry Company Limited*), an enterprise established under the laws of the PRC with its A-shares (Stock Code: 600079) listed on the Shanghai Stock Exchange in 1997, which is currently holding 52% equity interest in Shenzhen Xin Peng
“Share(s)”	the existing share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shenzhen Xin Peng”	深圳新鵬生物工程股份有限公司(Shenzhen Xin Peng Biotechnology Co., Ltd.*), a sino-foreign owned enterprise established under the laws of the PRC with limited liability on 18 December 1992 which is owned as to (i) 52% by the Purchaser; and (ii) 48% by the Vendor which in turn is a wholly-owned subsidiary of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Yunyu Bio-Pharmaceutical Company Limited (雲玉生物製藥有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, which is currently holding 48% equity interest in Shenzhen Xin Peng
“working day(s)”	a day on which commercial banks in the PRC and Hong Kong are generally open for business (excluding Saturdays, Sundays and public holidays of both places)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* For English translations only

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB0.88 = HK\$1. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

By order of the Board
Yunnan Enterprises Holdings Limited
Fang Wen Quan
Chairman

Hong Kong, 30 March 2010

As at the date of this announcement, the executive Directors are Mr. Fang Wen Quan (the Chairman and Managing Director), Mr. Li Suiming and Mr. Liu Huijiang; and the independent non-executive Directors are Mr. Chiu Sung Hong, Mr. Chiu Fan Wa, and Mr. Lam Yat Fai.

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