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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)

- (1) MAJOR AND CONNECTED TRANSACTION;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) PROPOSED INCREASE IN AUTHORISED
SHARE CAPITAL; AND**
- (4) RESUMPTION OF TRADING IN SHARES**

Financial adviser



TAIFOOK CAPITAL LIMITED

**Independent financial adviser to the independent board committee of
the Company and the Independent Shareholders**



CIMB-GK Securities (HK) Limited

THE ACQUISITION

The Company is pleased to announce that on 25 October 2007, the Company entered into the Acquisition Agreement with, among others, the Vendor for the purchase of the Sale Share and the Sale Loan for a consideration of HK\$167 million. The Subject Company is an investment holding company which will hold the entire equity interest in the PRC Company immediately before Completion. The PRC Company will be engaged in the development of the Land for villa, residential and ancillary uses.

The Transaction Consideration will be settled by the issue of the Consideration Shares at the price of HK\$0.39 per Share by the Company to the Vendor upon Completion which represent approximately 84.48% of the existing issued share capital of the Company and approximately 45.79% of the enlarged issued share capital of the Company immediately after Completion.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

WHITEWASH WAIVER

The shareholding interest of the Vendor in the Company will increase from approximately 9.35% as at the date of this announcement to approximately 50.86% immediately after Completion. Accordingly, the Acquisition will trigger a mandatory general offer required to be made by the Vendor under Rule 26 of the Takeovers Code for all the issued Shares not already owned or agreed to be acquired by the Vendor and parties acting in concert with it.

A formal application will be made by the Vendor to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. It is a condition precedent to Completion that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive or if the conditions (if any) imposed thereon are not fulfilled, the Acquisition will not proceed. In any event, the requirement for the Vendor to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Acquisition will not be triggered.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 being divided into 1,000,000,000 Shares of par value of HK\$0.10 each. Of the total number of authorised Shares, 506,853,952 have been issued and fully paid and 428,205,128 will be issued as the Consideration Shares pursuant to the Acquisition Agreement upon Completion. In order to accommodate the future expansion and growth of the Group, the Directors propose to increase the Company's authorised share capital from HK\$100,000,000 to HK\$200,000,000 to be divided into 2,000,000,000 Shares, by the creation of additional 1,000,000,000 unissued Shares.

GENERAL

As at the date of this announcement, Mr. Fang, an executive Director, holds the entire equity interest in the Vendor which in turn is interested in approximately 9.35% of the entire issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company and the Acquisition will constitute a connected transaction for the Company under the Listing Rules. In addition, the Acquisition will constitute a major transaction for the Company under the Listing Rules. Pursuant to the Listing Rules, the Acquisition is therefore conditional upon the approval of the Independent Shareholders. Mr. Fang, the Vendor, South Hong and their respective associates and concert parties, and all parties involved in or interested in the Acquisition and the Whitewash Waiver, which in aggregate represent approximately 61.13% of the total shareholding of the Company as at the date of this announcement, will abstain from voting at the EGM in respect of the proposed resolution approving the Acquisition.

An independent board committee, comprising all the independent non-executive Directors namely Mr. Ho Wing Fun, Mr. Wu Wen Jing, Benjamin and Mr. Lam Yat Fai, has been established by the Company to advise the Independent Shareholders on the terms of the Acquisition and the Whitewash Waiver. CIMB-GK Securities (HK) Limited has been approved by the independent board committee of the Company to act as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Acquisition and the Whitewash Waiver.

The increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

A circular containing, among other things, (i) further information on the Acquisition, the Whitewash Waiver and the proposed increase in authorised share capital of the Company; (ii) the recommendation from the independent board committee of the Company in relation to the Acquisition and the Whitewash Waiver; (iii) the advice of CIMB-GK Securities (HK) Limited to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition and the Whitewash Waiver; and (iv) other information as required under the Listing Rules and the Takeovers Code together with notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

TRADING SUSPENSION AND RESUMPTION

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Friday, 26 October 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 31 October 2007.

THE ACQUISITION AGREEMENT

1. Date

25 October 2007

2. Vendor

Tianda Group Limited, which is wholly-owned by Mr. Fang, an executive Director

3. Purchaser

The Company

4. Assets to be acquired

The Sale Share (being the entire equity interest in the Subject Company owned by the Vendor) and the Sale Loan (being the entire shareholder's loan owed by the Subject Company to the Vendor at Completion)

5. Consideration

The Transaction Consideration of HK\$167 million, being the aggregate of the Share Consideration and the Loan Consideration, was arrived at after arm's length negotiations between the Vendor and the Company with reference to the market value of the Land as at 31 August 2007 and the aggregate balance of cash and bank of the Subject Group on the date of Completion.

The market value of the Land as at 31 August 2007 as valued by Vigers Appraisal and Consulting Limited, an independent professional property valuer, using the comparison method of valuation, was RMB110 million (or approximately HK\$114 million) on the assumption that all land use rights of the Land have been obtained by the PRC Company. The Share Consideration of HK\$100 million represents a discount of approximately 12.3% to the market value of the Land.

As at the date of this announcement, the Subject Group has aggregate cash and bank balance of approximately HK\$7 million and the loan owed to the Vendor of approximately HK\$8 million. In accordance with the terms of the Acquisition Agreement, the Vendor shall advance further loan to the Subject Group to the extent that the Subject Group shall have aggregate cash and bank balance of not less than HK\$67 million on the date of Completion. Accordingly, the Loan Consideration of HK\$67 million will be equal to the aforesaid minimum aggregate cash and bank balance of the Subject Group on the date of Completion.

The Transaction Consideration shall be settled by the issue of 428,205,128 Consideration Shares by the Company to the Vendor upon Completion which represent approximately 84.48% of the existing issued share capital of the Company and approximately 45.79% of the enlarged issued share capital of the Company immediately after Completion (assuming that there is no change in its issued share capital from the date of this announcement to Completion save for the issue of the Consideration Shares). There is no restriction for dealing with the Consideration Shares under the Acquisition Agreement.

The Consideration Shares will be issued at the price of HK\$0.39 per Share which was determined with reference to, among others, the audited consolidated net assets value per Share as at 31 March 2007 and represents:

- (a) a discount of approximately 61.00% to the closing price of the Shares of approximately HK\$1.00 per Share as quoted on the Stock Exchange on 25 October 2007, being the last trading day prior to suspension of trading in the Shares pending the issue of this announcement;
- (b) a discount of approximately 60.29% to the average closing price of approximately HK\$0.982 per Share for the last five consecutive trading days up to and including 25 October 2007 as quoted on the Stock Exchange;

- (c) a discount of approximately 60.12% to the average closing price of approximately HK\$0.978 per Share for the last ten consecutive trading days up to and including 25 October 2007 as quoted on the Stock Exchange; and
- (d) a premium of approximately 11.43% over the audited consolidated net assets value per Share of HK\$0.35 as disclosed in the Company's audited consolidated financial statements for the year ended 31 March 2007.

The Directors (excluding the independent non-executive Directors) are of the view that the discount for the issue price of the Consideration Shares to the closing price of the Shares are fair and reasonable and in the interest of the Shareholders and the Company as a whole after taking into account, among others, (i) the premium of approximately 11.43% of the issue price per Consideration Share over the audited net assets value per Share as at 31 March 2007; and (ii) the historical audited financial results of the Group's existing businesses, in particular the substantial loss attributable to Shareholders of approximately HK\$39.8 million for the year ended 31 March 2007.

6. Conditions precedent

The Completion shall be conditional on the following conditions precedent:

- (a) the issue of the PRC legal opinion (the content and format of which shall be up to the satisfaction and acceptance by the Company) from the legal counsel engaged by the Company certifying that:–
 - (i) the PRC Company legally owns the First Land Parcel and the Second Land Parcel, and can assign and dispose of the First Land Parcel and the Second Land Parcel in compliance with PRC laws;
 - (ii) the PRC Company may develop and carry out the development and construction work on the First Land Parcel and the Second Land Parcel in accordance with the permission certificate on planning for construction in compliance with PRC laws;
 - (iii) the PRC Company holds valid qualified licenses for real estate development, and is qualified to develop and carry out construction work on the First Land Parcel and the Second Land Parcel in compliance with PRC laws;

- (iv) the PRC Company is duly incorporated, registered, validly existing and operating its business without any liquidating liability in accordance with PRC laws, and the Subject Company is the sole shareholder of the PRC Company, and legally owns all of the equity interests in the PRC Company;
 - (v) Tianda Zhuhai has successfully completed the injection of the First Land Parcel and the Second Land Parcel into the PRC Company by way of shareholder's capital contribution; and
 - (vi) there is no existing or foreseeable litigation claim, arbitration and other dispute in connection with the First Land Parcel and the Second Land Parcel; and the PRC Company will not incur any cost or liability for compensation for any issues related to the building(s) used to be erected in relation to the First Land Parcel and the Second Land Parcel.
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- (b) the Company has completed due diligence investigation (including but not limited to in the respect of legal, financial and business; the surveyor appointed by the Company has provided an valuation report (the contents of which shall be up to the satisfaction of the Company) on the First Land Parcel and the Second Land Parcel) in the Subject Company and the PRC Company, and the Company considers that the results of the due diligence investigation are acceptable and completely satisfactory to the Company in all respect;
 - (c) the Vendor has been granted the Whitewash Waiver and the conditions of such waiver have been met;
 - (d) the passing of the ordinary resolutions at the EGM approving the issue and allotment of the Consideration Shares by the Company, the Whitewash Waiver, the transactions as contemplated under the Acquisition Agreement and related matters by the Independent Shareholders by way of poll;
 - (e) the grant of the listing of and permission to deal in the Consideration Shares by the Listing Committee of the Stock Exchange;
 - (f) the Company has not received any notice from the Stock Exchange of revocation of its listing status;

- (g) the Vendor has not materially breached any of its warranties before Completion; and
- (h) the Vendor shall advance further loan to the Subject Company to the extent that the Subject Group shall have aggregate cash and bank balance of not less than HK\$67 million on the date of Completion.

Apart from the above condition (g), no other condition can be waived by the parties to the Acquisition Agreement. If any of the conditions precedent is not fully fulfilled (or waived as to (g) by the Company) on or before 31 March 2008 (or such other date as the Vendor and the Company may agree), the rights and obligations of the parties under the Acquisition Agreement shall lapse and be of no further effect, in which event the parties shall be released from all further obligations thereunder without any liability save as to any antecedent breach.

7. Completion

The Completion shall take place on the fifth business day after all conditions precedent to the Acquisition Agreement are fulfilled (or waived as appropriate) or on such other date as agreed by the Vendor and the Company in writing.

Upon the Completion, the Subject Company will become a wholly-owned subsidiary of the Company.

APPLICATION FOR LISTING OF THE CONSIDERATION SHARES

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares. The Consideration Shares will rank pari passu in all respects with the Shares in issue at Completion.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company as at the date of this announcement and immediately after Completion (assuming there is no change in the issued share capital of the Company from the date of this announcement to Completion save for the issue of the Consideration Shares) are set out as follows:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>% of total issued Shares</i>	<i>Number of Shares</i>	<i>% of total issued Shares</i>
Vendor	47,380,952	9.35	475,586,080	50.86
South Hong (<i>Note</i>)	262,442,930	51.78	262,442,930	28.07
Vendor and party acting in concert with it	309,823,882	61.13	738,029,010	78.93
Public	197,030,070	38.87	197,030,070	21.07
Total	<u>506,853,952</u>	<u>100.00</u>	<u>935,059,080</u>	<u>100.00</u>

Note: As at the date of this announcement, South Hong is beneficially owned as to approximately 92.28% by Hongta Tobacco (Group) Limited which is a state-owned enterprise in Yunnan Province, the PRC and approximately 3.43% by Mr. Fang. Mr. Fang is also a director of South Hong.

RESTORATION OF PUBLIC FLOAT

As shown in the table under the section headed “Shareholding structure of the Company” above, immediately after Completion, the public float of the Company would drop from approximately 38.87% to approximately 21.07%. It is the intention of the Directors to maintain the listing of the Company on the Stock Exchange following Completion. Accordingly, South Hong has undertaken that it will place down the Shares held by it to certain placees who are Independent Third Parties to ensure not less than 25% of the Shares are held by members of the public and in compliance with the minimum public float requirement of the Listing Rules immediately after Completion.

WHITEWASH WAIVER

The shareholding interest of the Vendor in the Company will increase from approximately 9.35% as at the date of this announcement to approximately 50.86% immediately after Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to Completion save for the issue of the Consideration Shares). Accordingly, the Acquisition will trigger a mandatory general offer required to be made by the Vendor under Rule 26 of the Takeovers Code for all the issued Shares not already owned or agreed to be acquired by the Vendor and persons acting in concert with it. Neither the Vendor, Mr. Fang nor any of their concert parties have acquired voting rights of the Company in the 6 months prior to the date of this announcement.

A formal application will be made by the Vendor to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. It is a condition precedent to Completion that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive or if the conditions (if any) imposed thereon are not fulfilled, the Acquisition will not proceed. In any event, the requirement for the Vendor to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Acquisition will not be triggered.

INFORMATION ON THE VENDOR, THE SUBJECT COMPANY, THE PRC COMPANY

The Vendor

The Vendor and its subsidiaries are principally engaged in health businesses such as pharmaceuticals, medical health care and biotechnology, as well as investment and development of projects in areas such as property, mining and energy resources.

The Subject Company

As at the date of this announcement, the Subject Company is wholly-owned by the Vendor. The Subject Company is an investment holding company established for holding the PRC Company. Since the date of its incorporation in October 2006, the Subject Company has not commenced any operations other than investing in the PRC Company and has only incurred insignificant amount of administrative expenses.

The unaudited net assets value of the Subject Company (before deduction of its shareholder's loan of approximately HK\$4.3 million) as at 30 June 2007 was approximately HK\$4.3 million. As at the date of the announcement, save for the interest in the PRC Company, the cash and bank balance and the shareholder's loan from the Vendor, the Subject Company has no other material assets and liabilities.

The PRC Company

The PRC Company was established in the PRC with limited liability in October 2006. The PRC Company will be principally engaged in the development of the Land and the sale of villa, residential and ancillary uses such as landscaped garden and carparks to be developed on the Land. The Land, comprising the First Land Parcel and the Second Land Parcel, has a total site area of 25,137.99 square meters and is located at the Southwest of Gangwan Main Road, Yinkeng, Xiangzhu, Zhuhai, Guangdong Province, the PRC. Yinkeng is a sub-urban area in Zhuhai where the area will be established into low-density residential area. The immediate surrounding is dominated by woodlands and certain tourist attractions are nearby.

According to the shareholding agreement between the Subject Company and Tianda Zhuhai, the Subject Company shall inject cash of RMB28.05 million into the PRC Company and Tianda Zhuhai shall inject the Land at a valuation of RMB27 million into the PRC Company, representing approximately 51% and 49% interests in the entire registered capital of the PRC Company after such injections in full respectively. As at the date of this announcement, the Subject Company has injected cash of approximately RMB8.07 million into the PRC Company and Tianda Zhuhai has injected the First Land Parcel at a valuation of approximately RMB17.6 million into the PRC Company, representing approximately 31% and 69% interests in the existing entire registered capital of the PRC Company respectively. It is expected that the Subject Company will inject the remaining cash to the PRC Company in the first half of 2008 and Tianda Zhuhai will inject the Second Land Parcel to the PRC Company in or before December 2007. It is expected that the total development costs of the Land will be approximately HK\$100 million.

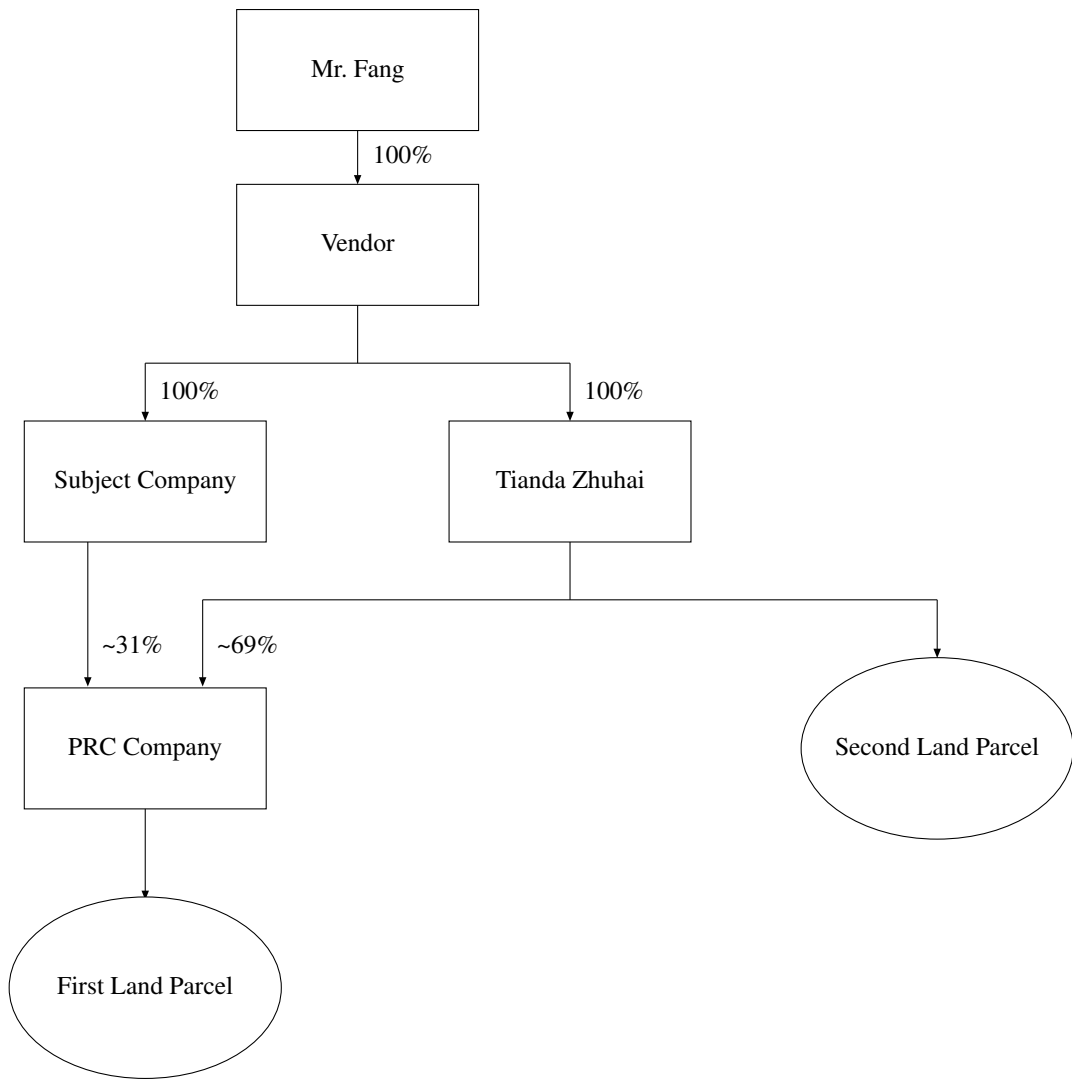
In November 2006, Tianda Zhuhai and the Subject Company entered into a share transfer agreement, pursuant to which Tianda Zhuhai agreed to transfer its entire interest in registered capital of the PRC Company to the Subject Company. In addition, as confirmed by Tianda Zhuhai, Tianda Zhuhai will inject the Second Land Parcel into the PRC Company before completion of the aforesaid transfer of its entire interest in the registered capital of the PRC Company to the Subject Company. Tianda Zhuhai is currently in the process of injecting the Second Land Parcel to the PRC Company. Accordingly, after the injection of the Second Land

Parcel to the PRC Company by Tianda Zhuhai, obtaining of the approval of the relevant government authorities and completion of applicable formalities in compliance with PRC laws, the PRC Company will become a wholly-owned subsidiary of the Subject Company. In accordance with the Acquisition Agreement, the PRC Company will be wholly-owned by the Subject Company and will own the Land before Completion.

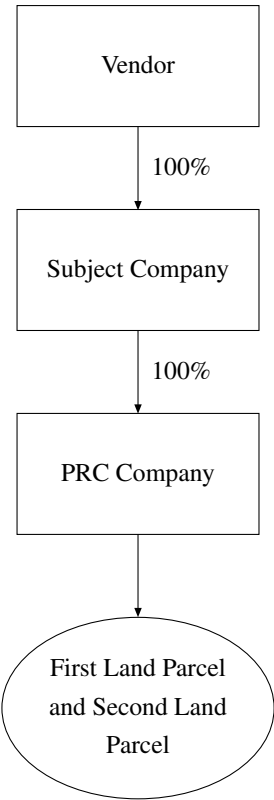
As at the date of this announcement, save for cash and bank balance and the First Land Parcel, the PRC Company has no other material assets and liabilities.

THE SHAREHOLDING STRUCTURE OF THE SUBJECT GROUP

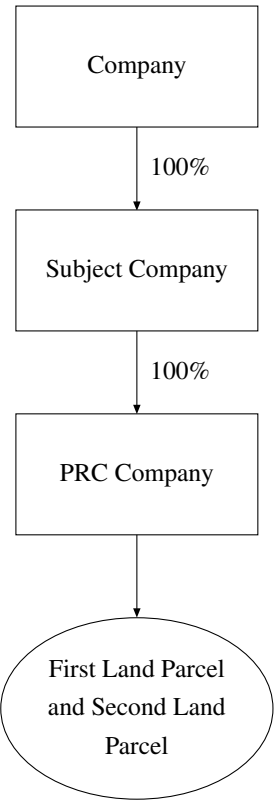
As at the date of this announcement:



Immediately before Completion:



Immediately after Completion:



INFORMATION ON THE GROUP

The Group is principally engaged in the sales of pharmaceutical products, property holding and investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the annual report for the year ended 31 March 2007, the Group recorded a substantial loss attributable to the equity holders of the Company of approximately HK\$39.8 million mainly due to (1) the share of loss from its major associated company which involves in the business of biotechnology products owing to tough competition in the domestic pharmaceutical market and; (2) the impairment loss from an investee company which involves in the business of printing and sale of cigarette packaging packs and boxes owing to decreasing demand and falling market share. In addition, the Group's existing principal businesses have not produced a promising return to the Group so far. As a result, the Group is looking for new business opportunities with a view to broadening its income base and improving its financial performance.

The Directors consider that the Acquisition will enable the Group to participate in the property development in Zhuhai of the PRC, which has been growing owing to the persistent high economic growth and high demand for the properties in the PRC. According to the statistics from Zhuhai's government official website, during the first half of 2007, the local economy of Zhuhai experienced rapid development casting a gross domestic products of approximately RMB39.9 billion, representing an increase of approximately 13.8% over the same period of last year, and the per capita disposable income of urban residents of Zhuhai was approximately RMB10,000, posting a growth of approximately 10.1% over the same period of last year. The Directors believe that the economic and social development of Zhuhai will continue to prosper, promoting the long-term and healthy development of the local real estate market. As such, it is expected that the Group will benefit from the development of the Land and the sales of properties to be constructed on the Land.

The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole. The independent non-executive Directors will provide their view on the terms of the Acquisition and the Whitewash Waiver upon receiving the advice from CIMB-GK Securities (HK) Limited and their view and recommendation to the Independent Shareholders will be included in the circular to be issued by the Company to the Shareholders as required by the Listing Rules and the Takeovers Code.

The development of the Land will be financed by internal resources and/or bank borrowings of the Group and the Subject Group.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 being divided into 1,000,000,000 Shares of par value of HK\$0.10 each. Of the total number of authorised Shares, 506,853,952 have been issued and fully paid and 428,205,128 will be issued as the Consideration Shares pursuant to the Acquisition Agreement upon Completion. In order to accommodate the future expansion and growth of the Group, the Directors propose to increase the Company's authorised share capital from HK\$100,000,000 to HK\$200,000,000 to be divided into 2,000,000,000 Shares, by the creation of additional 1,000,000,000 unissued Shares.

GENERAL

As at the date of this announcement, Mr. Fang, an executive Director, holds the entire equity interest in the Vendor which in turn is interested in 9.35% of the entire issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company and the Acquisition will constitute a connected transaction for the Company under the Listing Rules. In addition, the Acquisition will constitute a major transaction for the Company under the Listing Rules. Pursuant to the Listing Rules, the Acquisition is therefore conditional upon the approval of the Independent Shareholders. Mr. Fang, the Vendor, South Hong and their respective associates and concert parties, and all parties involved in or interested in the Acquisition and the Whitewash Waiver, which in aggregate represent approximately 61.13% of the total shareholding of the Company as at the date of the announcement, will abstain from voting at the EGM in respect of the proposed resolution approving the Acquisition.

An independent board committee, comprising all the independent non-executive Directors namely Mr. Ho Wing Fun, Mr. Wu Wen Jing, Benjamin and Mr. Lam Yat Fai, has been established by the Company to advise the Independent Shareholders on the terms of the Acquisition and the Whitewash Waiver. CIMB-GK Securities (HK) Limited has been approved by the independent board committee of the Company to act as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Acquisition and the Whitewash Waiver.

The increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

A circular containing, among other things, (i) further information on the Acquisition, the Whitewash Waiver and the proposed increase in authorised share capital of the Company; (ii) the recommendation from the independent board committee of the Company in relation to the Acquisition and the Whitewash Waiver; (iii) the advice of CIMB-GK Securities (HK) Limited to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition and the Whitewash Waiver; and (iv) other information as required under the Listing Rules and the Takeovers Code together with notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

TRADING SUSPENSION AND RESUMPTION

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Friday, 26 October 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 31 October 2007.

DEFINITIONS

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

“associate(s)”	: has the meaning ascribed to it under the Listing Rules
“Acquisition”	: the acquisition of the Sale Share and the Sale Loan from the Vendor by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	: the conditional agreement dated 25 October 2007 entered into among the Vendor, the Company and South Hong in connection with the Acquisition
“Company”	: Yunnan Enterprises Holdings Limited (Stock Code: 0455), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange

“Completion”	: completion of the sale and purchase of the Sale Share and the assignment of the Sale Loan in accordance with the Acquisition Agreement
“Consideration Shares”	: 428,205,128 new Shares to be issued by the Company to the Vendor at the issue price of HK\$0.39 per Share in satisfaction of the Transaction Consideration pursuant to the Acquisition Agreement upon Completion
“Director(s)”	: the director(s) of the Company
“EGM”	: the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the increase in the authorised share capital of the Company, the Whitewash Waiver, the Acquisition and the transactions contemplated thereunder
“Executive”	: the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Land Parcel”	: the land of 16,372.08 square meters located at the Southwest of Gangwan Main Road, Yinkeng, Xiangzhou, Zhuhai, Guangdong Province, the PRC (Lot No. C0404009)
“Group”	: the Company and its subsidiaries
“HK\$”	: Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	: The Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	: Shareholders other than Mr. Fang, the Vendor, South Hong and their respective associates and concert parties, and all parties involved in or interested in the Acquisition and the Whitewash Waiver

“Independent Third Parties”	: 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
“Land”	: collectively, the First Land Parcel and the Second Land Parcel
“Loan Consideration”	: HK\$67,000,000, being the consideration payable by the Company for the assignment of the Sale Loan upon Completion
“Listing Committee”	: the listing sub-committee of the Stock Exchange
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fang”	: Mr. Fang Wen Quan, an executive Director who holds the entire equity interest in the Vendor and is beneficially interested in approximately 9.35% equity interest in the Company as at the date of this announcement
“PRC”	: the People’s Republic of China, which for the purpose of this announcement excludes, Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Company”	: 珠海天恆房地產有限公司 (Zhuhai Tianheng Real Estate Company Limited [#]), a wholly foreign owned enterprise established under the laws of the PRC with limited liability which will be wholly-owned by the Subject Company immediately before Completion
“RMB”	: Renminbi, the lawful currency of the PRC
“Sale Loan”	: the amount of the shareholder’s loan owed by the Subject Company to the Vendor on the date of Completion in accordance with the Acquisition Agreement.

“Sale Share”	: 1 ordinary share in the Subject Company owned by the Vendor, representing the entire issued share capital of the Subject Company
“Second Land Parcel”	: the land of 8,765.91 square meters located at the Southwest of Gangwan Main Road, Yinkeng, Xiangzhou, Zhuhai, Guangdong Province, the PRC (Lot No. C0404007)
“Share(s)”	: the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Shares
“Share Consideration”	: being the consideration of HK\$100,000,000 for the purchase of the Sales Shares
“South Hong”	: South Hong Investment Limited, a company incorporated in Hong Kong with limited liability, which is a non-wholly owned subsidiary of Hongta Tobacco (Group) Limited which in turn is a state-owned enterprise in Yunnan Province, the PRC
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Subject Company”	: Tianda Properties Limited, a company incorporated in Hong Kong with limited liability which will hold the entire equity interest in the PRC Company immediately before Completion.
“Subject Group”	: the Subject Company and the PRC Company
“Takeovers Code”	: the Hong Kong Code on Takeovers and Mergers
“Tianda Zhuhai”	: 天大地產（珠海）有限公司 (Tianda Properties (Zhuhai) Company Limited [#]), a wholly foreign owned enterprise established under the laws of the PRC with limited liability, which is wholly-owned by the Vendor

- “Transaction Consideration” : HK\$167,000,000, being the aggregate of the Share Consideration and the Loan Consideration
- “Vendor” : Tianda Group Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Fang. The Vendor is interested in approximately 9.35% equity interest in the Company and the entire interest in the Subject Company as at the date of this announcement.
- “Whitewash Waiver” : a waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code from the obligation of the Vendor or its concert parties to make a mandatory general offer for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it.
- “%” : 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 RMB0.965 = 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 of
YUNNAN ENTERPRISES HOLDINGS LIMITED
Ma Pizhi
Managing Director

Hong Kong, 30 October 2007

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would made any statement in this announcement misleading.

As at the date of this announcement, the board of the Company comprises five executive Directors, being Li Suiming, Ma Pizhi, Li Guanglin, Fang Wen Quan and Liu Huijiang, and three independent non-executive Directors, being Ho Wing Fun, Wu Wen Jing, Benjamin and Lam Yat Fai.