



YANG YANG CHINA HOLDINGS LIMITED

ABN 21 109 469 383

3rd November 2006

Announcements Officer

Stock Exchange of Newcastle

Ground Floor 284 Hunter Street Newcastle NSW 2300

SUBJECT: Diatomite (see note 1) Processing and Re-Processing Technology

REFERENCE: Negotiations for Exclusive Rights to Use in Australia, NZ and the Pacific Island Nations.

The director's of Yang Yang China Holdings Limited (www.sibco.com.au/YangYangInfo.htm) are pleased to announce that the company has entered into negotiations with a Singaporean Based company, Logic Diatomite International Limited, to purchase exclusive rights to use of a patented process for the processing and re-processing of Diatomite and wastewater treatment using Diatomite. No terms have been agreed as yet. The Board will fully inform the NSX of any further developments as and when it is appropriate pursuant to its obligations continuous disclosure obligations under the Listing Rules.

Colin Archer is a director of Yang Yang China Holdings Limited and has declared an interest in Logic Diatomite International Pte Limited as a Director and shareholder.

About Yang Yang

Yang Yang China Holdings Limited is an international biotechnology company focused on developing its proprietary LETU lactobacillus. Yang Yang is listed on the Stock Exchange of Newcastle and has its operations in Guangzhou Province, China and Sydney, Australia. Its lead programs involve the licensing of farms in both Australia and China to use LETU lactobacillus in animal feed. For additional information please contact the company on +61-2-9327 7373.

Yang Yang Forward - Looking Statements

This press release contains forward-looking statements that reflect the Company's current expectations regarding future events. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors including the success of the Company's research strategy, the applicability of the discoveries made therein, the successful and timely completion of clinical studies and the uncertainties related to the regulatory process.

Yours sincerely

LIU Yang

Chairman

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Dated 3rd November 2006

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Reference Note: Note (1) <http://minerals.usgs.gov/minerals/pubs/commodity/diatomite/>