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BIO-DYNAMIC GROUP LIMITED
生物動力集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

**PROFIT WARNING –
IMPAIRMENT OF GOODWILL**

This announcement is made by Bio-Dynamic Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “Board”) would like to inform shareholders of the Company (the “Shareholders”) and the potential investors that the expected results of the Group for the year ended 31 December 2010 may show a substantial increase in loss as compared to last year. The increase in loss was mainly due to an impairment of goodwill of approximately HK\$60.0 million arising from the acquisition of Power Range Holdings Limited. The consideration for the acquisition of Power Range Holdings Limited was satisfied by allotment and issue of 150,000,000 shares of the Company (“Consideration Shares”). As a result of increase in the quoted share price of the Company’s shares during the period from the announcement date to the completion date of the acquisition, the fair value of the Consideration Shares was increased by approximately HK\$60.0 million. Such increase contributed to the goodwill arising from the acquisition. The impairment of goodwill mainly represented the increase in fair value of the Consideration Shares. The Board would like to state that, the impairment of goodwill is a one-off and non-cash expense and has no impact on the operating results and cash flows of the Group.

This announcement is only based on a preliminary assessment of the unaudited management accounts of the Group as at 31 December 2010, which will be subject to the final review procedures of the Company and its auditors. The detailed financial information will be published in the forthcoming annual results announcement and annual report of the Company.

Shareholders and potential investors should exercise caution in dealing in the shares of the Company.

By Order of the Board
BIO-DYNAMIC GROUP LIMITED
Peter Lo
Chairman

Hong Kong, 1 February 2011

As at the date hereof, the executive directors are Mr. Peter Lo, Mr. Li Wentao, Mr. David Lee Sun, Mr. Zhao Difei, Mr. Li Jian Quan and Mr. Fu Hui; the non-executive director is Mr. Derek Emory Ting-Lap Yeung; and the independent non-executive directors are Dr. Leung Kwan-Kwok, Mr. Sam Zuchowski and Dr. Loke Yu alias Loke Hoi Lam.