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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

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 six months ended 30 June 2011 may show a substantial increase in loss as compared to corresponding period last year. The increase in loss was mainly due to (i) the increase in loss for the Group’s ethanol business for the six months ended 30 June 2011 as compared to corresponding period last year, and (ii) the increase in recognition of share option expenses. In order to reduce the future costs of electricity, the Group’s Harbin production facility has temporarily suspended its production process for around one month during the six months ended 30 June 2011 to start up its own electric power generation facility. This temporary suspension has led to a decrease in sales volume of the Group’s ethanol products and an increase in average fixed cost. Combined with the continuous increase in the purchase cost of corn, the Group’s ethanol business is expected to record a greater loss for the six months ended 30 June 2011 as compared to corresponding period last year.

This announcement is only based on a preliminary assessment of the unaudited management accounts of the Group as at 30 June 2011, 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 interim results announcement and interim 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, 22 July 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 Mr. Sam Zuchowski, Dr. Loke Yu alias Loke Hoi Lam and Mr. Zhang Yonggen.