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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: 039)

CLARIFICATION ANNOUNCEMENT
IN RELATION TO THE PROPOSED ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
POWER RANGE HOLDINGS LIMITED

Reference is made to the announcement of the Company dated 5 July 2010. The Company would like to clarify certain financial information in relation to the Target Group as set out in the Announcement and the correct classification of the Proposed Acquisition as a major transaction for the Company under Chapter 14 of the Listing Rules instead of a very substantial acquisition as stated in the Announcement.

Reference is made to the announcement of Bio-Dynamic Group Limited (the “**Company**”) dated 5 July 2010 (the “**Announcement**”) in relation to the Proposed Acquisition.

Unless otherwise defined herein, terms used in this announcement shall have the same meaning as those defined in the Announcement.

According to the Conditions under the Sale and Purchase Agreement, Completion is conditional upon, among other things, completion of legal and financial due diligence on the Target Group by the Company to the satisfaction of the Company. After publication of the Announcement, and based on the ongoing financial due diligence by the Company on the Target Group, it has come to the attention of the Company that certain financial information of a company affiliated with, but not intended to be part of, the Target Group had been erroneously included in the consolidated financial statements of the Target Group presented to the Company before publication of the Announcement (the “**Pre-Announcement Financial Information**”). After publication of the Announcement, the Vendor has clarified and provided with the Company the revised financial information of the Target Group (the “**Revised Financial Information**”).

As disclosed in the Announcement, the consideration of the Proposed Acquisition was determined on the basis of normal commercial terms and after arm's length negotiation between the Company and the Vendor with reference to, among other things, the net asset value of the Target Group and the values of the Distribution Rights and the Trademark. Notwithstanding the discrepancies between the Pre-Announcement Financial Information and the Revised Financial Information, the Company and the Vendor do not propose to adjust the consideration of the Proposed Acquisition because the Company and the Vendor believe that: (i) the value of the Trademark and the Distribution Rights as determined in the preliminary valuation of the Trademark and the Distribution Rights would offset the difference between the net asset value of the Target Group in the Pre-Announcement Financial Information and that in the Revised Financial Information; and (ii) the discrepancies between the Pre-Announcement Financial Information and the Revised Financial Information are not related to and do not affect the value of the Trademark and the Distribution Rights, which, together, are considered by the Company and the Vendor as the key underlying subject matter of the Proposed Acquisition.

FINANCIAL INFORMATION OF THE TARGET GROUP

It was originally stated in the section headed "Information on the Target Group – The Target Group" on page 6 of the Announcement that:

"According to the unaudited consolidated financial statements of the Target Group, the net profit of the Target Group before and after taxation and extraordinary items for the period from 1 January 2010 to 30 April 2010 and for the two financial years ended 31 December 2009 and 31 December 2008 were approximately RMB2,367,000, RMB5,489,000 and RMB2,297,000, respectively. The net assets of the Target Group as at 30 April 2010, 31 December 2009 and 31 December 2008 were approximately RMB16,480,000, RMB11,486,000 and RMB5,997,000, respectively."

Based on the Revised Financial Information, the Company would like to clarify that the financial information of the Target Group in the section headed "Information on the Target Group – The Target Group" on page 6 of the Announcement should read as follows:

"According to the unaudited consolidated financial statements of the Target Group, the net loss of the Target Group before and after taxation and extraordinary items for the period from 1 January 2010 to 30 April 2010 and for the two financial years ended 31 December 2009 and 31 December 2008 were approximately RMB361,000, RMB249,000 and RMB1,192,000, respectively. The net assets of the Target Group as at 30 April 2010, 31 December 2009 and 31 December 2008 were approximately RMB8,232,000, RMB2,258,000 and RMB2,507,000, respectively."

In the section headed "Consideration" on page 3 of the Announcement, it was originally stated that the consideration for the Proposed Acquisition was determined with reference to, among other things, the unaudited consolidated net asset value of the Target Group as at 30 April 2010 of approximately RMB16,480,000. Based on the Revised Financial Information, the Company would like to clarify that the unaudited consolidated net asset value of the Target Group as at 30 April 2010 should be approximately RMB8,232,000.

Except for the restatement of the above financial information of the Target Group in the Announcement, the contents of the Announcement remain full and complete and accurate in all material aspect. The consideration of the Proposed Acquisition and the other terms of the Sale and Purchase Agreement remain unchanged.

RECLASSIFICATION OF THE PROPOSED ACQUISITION

The relevant percentage ratios under Chapter 14 of the Listing Rules in respect of the Proposed Acquisition as disclosed in the Announcement were calculated based on the Pre-Announcement Financial Information, resulting in at least one of the percentage ratios exceeding 100%. Accordingly, the Proposed Acquisition was regarded as a very substantial acquisition pursuant to Rule 14.06(5) of the Listing Rules in the Announcement.

Based on the Company's re-calculation of the relevant percentage ratios under Chapter 14 of the Listing Rules by reference to the Revised Financial Information, at least one of the resulting percentage ratios is more than 25% but less than 100%. Accordingly, the Proposed Acquisition is reclassified as a major transaction for the Company under Rule 14.06(3) of the Listing Rules.

The Company currently expects that a circular containing, among other things, (i) further details of the Proposed Acquisition; (ii) financial and other information on the Group; (iii) financial and other information on the Target Group; (iv) pro forma financial information of the Group assuming Completion; and (v) a notice convening the EGM will be sent to the Shareholders on or before 16 August 2010.

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

Hong Kong, 16 July 2010

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. Lu Gui Pin; 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.