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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)**

**ADJUSTMENT TO THE CONSIDERATION  
IN RELATION TO THE ACQUISITION OF  
THE ENTIRE ISSUED SHARE CAPITAL OF  
KEEN VITALITY HOLDINGS LIMITED**

The Board wishes to announce that on 20 May 2011, all of the Adjustment Events have occurred and, pursuant to the Sale and Purchase Agreement, the consideration payable by the Company in relation to the acquisition of the entire issued share capital of KVHL has been adjusted from HK\$36,000,000 to HK\$54,000,000.

On 2 June 2011, the Company has allotted and issued, credited as fully paid, the Additional Consideration Shares to the Vendor.

Reference is made to the announcements of the Company dated 4 August 2010, 5 August 2010, 1 September 2010 and 7 September 2010 and the circular of the Company dated 17 August 2010 (the “**Circular**”) in relation to, among other things, the acquisition of the entire issued share capital of KVHL at the consideration of HK\$36,000,000, subject to the Consideration Adjustment pursuant to the terms of the Sale and Purchase Agreement. Capitalised terms used in this announcement shall have the same meanings as defined in the Circular unless otherwise stated.

As announced on 7 September 2010, Completion took place on 7 September 2010. Pursuant to the Sale and Purchase Agreement, if the Adjustment Events occur, the amount of consideration for the Sale Shares shall be adjusted upwards by an amount of HK\$18,000,000 which shall be satisfied by the Company by the allotment and issue, credited as fully paid, of the Additional Consideration Shares to the Vendor within 30 days after the occurrence of the Adjustment Events.

The Board wishes to announce that:

- (i) on 23 August 2010, the Listing Committee of the Stock Exchange granted the listing of, and permission to deal in, the Additional Consideration Shares;
- (ii) on 1 September 2010, the Shareholders approved the allotment and issue of the Additional Consideration Shares to the Vendor in accordance with the Listing Rules; and
- (iii) on 20 May 2011, phase one of the Production Facility was completed with the forage produced by employing the Intellectual Property attaining a protein content level to the satisfaction of the Company.

The forage is tested by China Northeast Agricultural University Ruminant Nutrition Laboratory for product safety, nutritive value, digestibility and degradability. The Group's forage, which is produced without additives by utilising the liquid waste from the ethanol production process and corn stalk, is found to be higher in protein and digestibility when compared to corn silage.

With the completion of the Production Facility, the Group achieves industrial mass production of high-protein corn stalk forage. Ethanol liquid waste and crop stalk can be utilised and converted into quality forage for livestock to replace whole-plant corn silage. Through "stalk for livestock and manure for fields", pollution made by the livestock industry could be reduced. Livestock industry development and environmental protection may now go together. The production of high-protein corn stalk forage also has an enormous effect and revolutionary meaning on solving the problem of "competing for food and land between human and livestock" exists in the agricultural sustainability.

As the Adjustment Events have occurred on 20 May 2011, the consideration payable by the Company to the Vendor under the Sale and Purchase Agreement has been adjusted from HK\$36,000,000 to HK\$54,000,000. On 2 June 2011, the Company allotted and issued, credited as fully paid, 30,000,000 Shares as the Additional Consideration Shares to the Vendor pursuant to the Sale and Purchase Agreement and the Specific Mandate.

The Additional Consideration Shares, representing approximately 2.55% of the enlarged issued capital of the Company as at the date of this announcement, ranks *pari passu* with the existing issued Shares.

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

Hong Kong, 3 June 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.*