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**寶源控股有限公司**  
**Bao Yuan Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code 692)**

**PROFIT WARNING**

The announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board would like to inform the shareholders of the Company that it is expected that the unaudited consolidated loss of the Group for the year ended 31 December 2010 may show a significant increase as compared with that in 2009.

**Investors and shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.**

The announcement is made by Bao Yuan Holdings Limited (the “Company”) and 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 (“Listing Rules”).

After preliminary review by the Company’s management based on the information currently available, the board of directors of the Company (the “Board”) would like to inform the shareholders of the Company that it is expected that the unaudited consolidated loss of the Group for the year ended 31 December 2010 may show a significant increase as compared with that in 2009. Such increase was mainly due to the imputed interest cost of the convertible bonds issued by the Company.

The profit warning announcement is only based on preliminary unaudited management accounts of the Group for the year ended 31 December 2010. The detailed financial information will be published in the forthcoming annual results announcement and annual report of the Company.

**Investors and shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Bao Yuan Holdings Limited**  
**Wong Man Pan**  
*Executive Director*

Hong Kong, 18 March 2011

*As at the date of this announcement, the Board comprises four executive Directors namely, Mr. Yiu Kwok Ming, Tommy, Mr. Chan Yiu Fai, Mr. Yim Hin Keung and Mr. Wong Man Pan; and three non-executive Directors namely, Mr. Cheung Cho Yiu, Mr. Liang Jin An and Mr. Wong Chun Hung.*