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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 2011 may show a significant increase as compared with that in 2010.

**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 2011 may show a significant increase as compared with that in 2010. Such increase was mainly due to the decrease in other income, decrease in turnover with the increase of production cost in garment sectors, the administrative expense of a new established fashion design business and also the impairment of the exploration and evaluation assets.

The profit warning announcement is only based on preliminary unaudited management accounts of the Group for the year ended 31 December 2011. 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, 28 March 2012

*As at the date of this announcement, the Board comprises four executive Directors namely, Mr. Yim Hin Keung, Mr. Wong Man Pan, Mr. Tsang King Sun and Mr. Fu Zhenjun; one non-executive Director namely, Mr. Yiu Kwok Ming, Tommy and three independent non-executive Directors namely, Mr. Chan Hon Yuen, Mr. Liang Jin An and Mr. Ng Lok Kei.*