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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)**

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Bao Yuan Holdings Limited (the “**Company**”) will be held at The City Garden Hotel, 9 City Garden Road, Hong Kong at 8:30 a.m. on 28 June 2011 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** subject to the fulfillment or waiver of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”) dated 15 April 2011 in respect of the proposed rights issue by the Company and entered into between the Company and Chung Nam Securities Limited (the “**Underwriter**”) (a copy of the Underwriting Agreement has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification):

- (a) the allotment and issue of not less than 7,746,713,546 new shares and not more than 7,812,410,826 new shares each ranking *pari passu* in all respects with the existing shares of the Company (the “**Rights Shares**”) of HK\$0.02 each in the share capital of the Company (the “**Shares**”) pursuant to an offer by way of rights to the holders of Shares (the “**Shareholders**”) at the subscription price of HK\$0.05 per Rights Share in the proportion of twenty two Rights Shares for every one existing Share held by the Shareholders whose names appear on the register of members of the Company on 28 June 2011 (or such later date as the Company and the Underwriter may agree to be the record date for such Rights Issue) (the “**Record Date**”) other than those Shareholders whose addresses on the Record Date are outside Hong Kong (the “**Overseas Shareholders**”) as described in further details in a circular issued by the Company dated 3 June 2011 of which the notice convening this meeting forms part and on and subject to such terms and conditions as may be determined by the Directors of the Company, be and is hereby approved;

- (b) any one or more Director(s) of the Company be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the Directors of the Company may make such exclusions or other arrangements in relation to the Overseas Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (c) the Directors of the Company be and are hereby authorised for and on behalf of the Company to do all acts and things as they deem, in their absolute discretion, necessary in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate and in the interests of the Company."

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

Hong Kong, 3 June 2011

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Head office and principal place of business:*

25/F  
Overseas Trust Bank Building  
160 Gloucester Road  
Wanchai  
Hong Kong

*Notes:*

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one, or if he is the holder of two or more shares, more than one, proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

*As at the date hereof, the Board comprises 3 executive directors, namely Mr. Yiu Kwok Ming, Tommy (Managing Director), Mr. Yim Hin Keung, and Mr. Wong Man Pan, and 3 independent non-executive directors, namely Mr. Cheung Cho Yiu, Mr. Wong Chun Hung and Mr. Liang Jin An*