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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 THE 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 on Thursday, 6 October, 2011 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to the fulfillment of all the conditions set out in the section headed “Conditions of the Capital Reorganization” in the circular of the Company dated 9 September 2011, with effect from the date immediately after the date of passing this resolution:

- (a) every twenty (20) existing issued and unissued shares of HK\$0.02 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.40 each in the share capital of the Company (a “**Consolidated Share**”) (the “**Share Consolidation**”);
- (b) the issued share capital of the Company be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.399 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share be reduced from HK\$0.40 to HK\$0.001 and a round down of the total number of Consolidated Shares in the issued share capital of the Company to a whole number resulting in the reduction of issued share capital from HK\$161,976,737.78 divided into 404,941,844.45 Consolidated Shares to HK\$404,941.84 divided into 404,941,844 shares of HK\$0.001 each (a “**New Share**”); and the nominal value of all the Consolidated Shares comprising the authorised share capital of the Company be reduced from HK\$0.40 to HK\$0.001 each, resulting in the reduction of authorised share capital from HK\$1,500,000,000 divided into 3,750,000,000 Consolidated Shares to HK\$3,750,000 divided into 3,750,000,000 New Shares (the “**Capital Reduction**”);

- (c) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company and the directors of the Company (each a “**Director**”) be and are hereby authorized to apply the entire amount standing to the credit of the contributed surplus account of the Company in accordance with the bye-laws of the Company and all applicable laws and in such manner as they consider appropriate, including but not limited to setting off against the accumulated losses of the Company from time to time;
- (d) the authorised share capital of the Company be and is hereby increased from HK\$3,750,000 (divided into 3,750,000,000 New Shares) to HK\$1,500,000,000 (divided into 1,500,000,000,000 New Shares) by the creation of an additional 1,496,250,000,000 New Shares, each ranking *pari passu* in all respects with the existing shares of the Company (the “**Increase in Authorised Share Capital**”), together with the Share Consolidation and the Capital Reduction, the “**Capital Reorganization**”); and
- (e) any one or more Directors be and is/are hereby authorised for and on behalf of the Company to do all things and acts and sign all documents which he considers necessary, desirable, or expedient in connection with the implementation of the Capital Reorganization.”

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

Hong Kong, 9 September 2011

<i>Registered office:</i>	<i>Head office and principal place of business in Hong Kong:</i>
Canon’s Court	25/F., Overseas Trust Bank Building
22 Victoria Street	160 Gloucester Road
Hamilton HM 12	Wanchai
Bermuda	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 appointer or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized 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, Wan Chai, 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 joint holding.

As at the date of this announcement, the executive Directors of the Company are Mr. Yiu Kwok Ming, Tommy (managing Director), Mr. Wong Man Pan, Mr. Tsang King Sun and Mr. Yim Hin Keung, and the independent non-executive Directors of the Company are Mr. Ng Lok Kei, Mr. Liang Jin An and Mr. Chan Hon Yuen.