



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

The Stock Exchange of Hong Kong Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

ANNOUNCEMENT

In relation to the matter of Sanyuan Group Limited

(Stock Code: 140)

Proceeding to the third stage of the delisting procedures

as stipulated under Practice Note 17 to the Rules Governing

the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”)

The Exchange announces that effective from the date of this announcement, the Company will be put into the third stage of the Delisting Procedures.

Pursuant to the Delisting Procedures, the Company will have a final six months for the submission of a viable resumption proposal to the Exchange. If the Company does not put forward a viable resumption proposal by 2 December 2005, being six months from the date of this announcement, the Exchange intends to cancel the listing of the Company.

The Stock Exchange of Hong Kong Limited (the “Exchange”) announces that effective from the date of this announcement, Sanyuan Group Limited (the “Company”) will be put into the third stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules (“Delisting Procedures”). Practice Note 17 formalises the procedures to be adopted in dealing with long suspended companies.

Dealing in the shares of the Company has been suspended since 13 May 2004. The Company has been placed in the second stage of the Delisting Procedures pursuant to Practice Note 17 since 12 November 2004. Prior to the expiry of the second stage of the Delisting Procedures on 11 May 2005, the Company has not submitted a viable resumption proposal. A viable resumption proposal means a proposal that, if it were implemented, would enable an issuer to demonstrate that it complies with, among others, Rule 13.24 of the Listing Rules. Rule 13.24 of the Listing Rules requires an issuer to carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Exchange to warrant the continued listing of the issuer’s securities on the Exchange.

In view of the absence of any resumption proposals prior to the expiry of the second stage of the Delisting Procedures and the Company’s continued failure to demonstrate it is able to meet the requirements as stipulated under Rule 13.24 of the Listing Rules, the Company will now proceed to the third stage of the Delisting Procedures. The Company will have a final six months for the submission of a viable resumption proposal to the Exchange. A viable resumption proposal should be submitted at least 10 business days before the expiry of the six-month period. If the Company does not submit a viable resumption proposal as required, the Exchange intends to cancel the listing of the Company on the expiry of the six-month period from 3 June 2005.

The Exchange will make a further announcement in due course if the delisting takes place.

Hong Kong, 3 June 2005

Please also refer to the published version of this announcement in South China Morning Post.