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SANYUAN GROUP LIMITED 三元集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 140)

DELAY IN DESPATCH OF CIRCULAR

The Company has made an application to the Stock Exchange for an extension of time for despatch of circular to the Shareholders to on or before 14th July, 2005.

Reference is made to the announcement made by the Company dated 3rd June, 2005 (the "Announcement") in relation to a proposed issue of HK\$30 million zero coupon convertible note to Hong Jin Holdings Limited, the controlling shareholder of the Company, and a very substantial acquisition relating to the formation of a Sino-foreign joint venture in the PRC. Under the Listing Rules, the issue of the convertible note constitutes a connected transaction for the Company and the formation of the Sino-foreign Joint Venture constitutes a very substantial acquisition for the Company. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless the context herein requires otherwise.

The Announcement was released on 6th June, 2005. Pursuant to Rule 14.38 and Rule 14A.49 of the Listing Rules, the Company is required to despatch a circular to the Shareholders within 21 days after publication of the Announcement, which is on or before 27th June, 2005. As additional time is needed for preparation of the accountants' report on Jin Shun, in accordance with generally accepted accounting principle of Hong Kong, which will be included in the circular of the Company, the Company has applied to the Stock Exchange under Rule 14.38 and Rule 14A.49 of the Listing Rules for an extension of time for despatch of the circular to the Shareholders on or before 14th July, 2005.

By Order of the Board of
Sanyuan Group Limited
Zhao Tie Liu
Managing Director

Hong Kong, 27th June, 2005

As at the date of this announcement, the Board comprises 6 Directors: Mr. Wu Kwai Yung, Mr. Zhao Tie Liu and Dr. Wan Kwong Kee are the executive Directors; Mr. Zhou Haijun, Mr. Ng Wai Hung and Mr. Xu Zhi are the independent Non-executive Directors.

Please also refer to the published version of this announcement in China Daily.