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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)

FURTHER DELAY IN DESPATCH OF CIRCULAR

The Company has made an application to the Stock Exchange for a further extension of time for despatch of a circular to the Shareholders to on or before 19th August, 2005.

Reference is made to the announcement of 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 and the announcements of the Company dated 27th June, 2005 and 13th July, 2005 in relation to the delay in despatch of a circular. Capitalised terms used in this announcement shall have the same meanings as those 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. The Company applied to and was granted by the Stock Exchange an extension of time for the despatch of the circular to the Shareholders from 27th June, 2005 to 14th July, 2005 and a further extension from 14th July, 2005 to 8th August, 2005. As additional time is needed to finalise the accountants' report on Jin Shun and other financial information as required under the Listing Rules, the Company has applied to the Stock Exchange under Rule 14.38 and Rule 14A.49 of the Listing Rules for a further extension of time for despatch of the circular to the Shareholders to on or before 19th August, 2005.

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

Hong Kong, 8th August, 2005

As at the date of this announcement, the Board comprises six 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.