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senyuan

SENYUAN INTERNATIONAL HOLDINGS LIMITED

森源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

CONNECTED TRANSACTIONS

In September and October 2005, Changzhou Senyuan, a wholly owned subsidiary of the Company, sold circuit breakers and switchgear components to SY Tai Ah for a total consideration of approximately RMB1.7 million (equivalent to approximately HK\$1.6 million).

SY Tai Ah is a connected person of the Company under the Listing Rules, therefore, the sales constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Since the total consideration of the transactions is less than 2.5% of the applicable percentage ratios of the Company under Rule 14.07 of the Listing Rules, no independent shareholders' approval is required pursuant to Rule 14A.32 and therefore is only subject to the disclosure requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules. Details of the transactions will be included in the Company's next annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

BACKGROUND AND REASON FOR THE TRANSACTIONS

In September and October 2005, Changzhou Senyuan, a wholly owned subsidiary of the Company, sold circuit breakers and switchgear components to SY Tai Ah for a total consideration of approximately RMB1.7 million (equivalent to approximately HK\$1.6 million). SY Tai Ah is principally engaged in manufacturing of metal parts and trading of switchgear components. The prices of the sales were determined by reference to market price and were no more favourable than that available to parties independent of and not connected with the Company. SY Tai Ah purchased products from Changzhou Senyuan because Changzhou Senyuan is a well-established manufacturer in the PRC that supplies high quality vacuum circuit breakers and switchgear components.

The transactions were entered into in the ordinary and usual course of business, on normal commercial terms and the terms and conditions were determined on an arm's length basis between the parties.

GENERAL

SY Tai Ah is owned as to 75% by Lanling and 25% by Tai Ah HK. Lanling is owned as to 48.845% and 48.845% by Changzhou Lanling Factory and Tai Ah HK respectively. Changzhou Lanling Factory is owned as to 90% and 10% by Mr. Zhou, a director of the Company, and his spouse respectively. Tai Ah HK is owned as to 43% and 18% by Mr. Tsang, a director of the Company, and Mr. Tsang Shui Woon (a brother of Mr. Tsang) respectively. Since Lanling is a connected person of the Company, SY Tai Ah being a subsidiary of Lanling is also a connected person of the Company under the Listing Rules. Therefore, the transactions constitute connected transactions under Chapter 14A of the Listing Rules.

COMPLIANCE WITH THE LISTING RULES

Since the total consideration of the transactions is less than 2.5% of the applicable percentage ratios of the Company under Rule 14.07 of the Listing Rules, no independent shareholders' approval is required pursuant to Rule 14A.32 and therefore is only subject to the disclosure requirements set out in Rules 14A.45 and 14A.47

of the Listing Rules. The Directors including the independent non-executive directors of the Company consider that the terms and conditions of the transactions are fair and reasonable, and in the interest of the Company and its shareholders taken as a whole.

Details of the transactions will be included in the Company's next annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

The Group is principally engaged in the manufacture and sale of vacuum circuit breakers and components of switchgear.

DEFINITIONS

“Board”	the board of Directors
“Changzhou Lanling Factory”	常州市蘭陵電器成套廠有限公司 (Changzhou Lanling Electrical Complete Set Factory Co., Ltd.), a limited liability company incorporated in the PRC
“Changzhou Senyuan”	常州森源開關有限公司 (Changzhou Senyuan Switch Co., Ltd.) a wholly foreign owned enterprise incorporated in the PRC and a wholly owned indirect subsidiary of the Company
“Company”	Senyuan International Holdings Limited 森源國際控股有限公司, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lanling”	常州蘭陵電器集團有限公司 (Changzhou Lanling Electrical Group

	Co., Ltd.), a limited liability company incorporated in the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tsang”	Mr. Tsang Shui Ching Patrick, a director and the chairman of the Company
“Mr. Zhou”	Mr. Zhou Anmin, a director and the chief executive officer of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SY Tai Ah”	常州森源大亞電器有限公司 (Changzhou Senyuan Tai Ah Electrical Co., Ltd.), a limited liability company incorporated in the PRC
“Tai Ah HK”	Tai Ah Investment Company Limited (大亞投資發展有限公司), a limited liability company incorporated in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent

By Order of the Board
Wong Kwok Wai Allan
Company Secretary

Hong Kong, 8 November 2005

As at the date of this announcement, the Board of Directors comprises Tsang Shui Ching Patrick, Zhou Anmin, Lou Chong Wei, Shu Yijin, being the Executive Directors and Keung Ping Yin Raymond, Wong Yiu Sun Peter, Lu Yansun, being the Independent Non-executive Directors.

“Please also refer to the published version of this announcement in The Standard.”