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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)

DISCLOSURE PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

Senyuan International Holdings Limited (the “Company”) through its wholly-owned subsidiary, Senyuan International Investments Limited (the “Grantee”), entered into an options contract (the “Options Contract”) with the Grantors (as defined below) on 15 August 2006 pursuant to which the Grantee shall acquire from the Grantors options (the “Options”) to purchase 100% interest in Tai Ah Electrical (as defined below) for a total consideration of US\$500,000.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

OPTIONS CONTRACT DATED 15 AUGUST 2006

Parties:

Grantors: Mr. Tsang Shui Ching Patrick (“Mr. Tsang”) and Mr. Zhou Anmin (“Mr. Zhou”) (Mr. Tsang and Mr. Zhou collectively the “Grantors”)

Grantee: Senyuan International Investments Limited, a wholly-owned subsidiary of the Company

Options:

- (i) Mr. Tsang shall grant an option to the Grantee to purchase 50% interest in Tai Ah Electrical Limited (“Tai Ah Electrical”) for US\$250,000.
- (ii) Mr. Zhou shall grant an option to the Grantee to purchase 50% interest in Tai Ah Electrical for US\$250,000.

Premium of the Options:

The total consideration for acquiring the Options (the “Premium”) is HK\$2.

Exercise Period:

Both Options shall be exercisable for a period of five years from the date of signing of the Options Contract.

Condition:

The Options shall be exercised simultaneously by the Grantee by serving notice in writing to the Grantors.

THE COMPANY

The Company and its subsidiaries are principally engaged in design, development, manufacturing and marketing of vacuum circuit breakers and other components of switchgears.

TAI AH ELECTRICAL

Tai Ah Electrical is a company incorporated in Hong Kong with limited liability on 8 October 2004. Its principal business is investment holding. Its principal asset is the investment in 南京鑫益佳電氣有限公司 (Nanjing Xin Yi Jia Electrical Limited*) (“Nanjing Xin Yi Jia”). Its issued and paid-up share capital is HK\$10,000 divided into 10,000 shares of HK\$1.00 each.

Nanjing Xin Yi Jia was established on 29 November 2004 as a sino-foreign equity joint venture enterprise in the People’s Republic of China. Its registered capital is US\$2 million and has been fully paid-up. Tai Ah Electrical has 25% interest in its registered capital. The concession period for the operations of Nanjing Xin Yi Jia is 15 years. Its principal business is manufacture and sale of high and low-voltage switchgears and their components. It has not yet commenced operations.

REASONS FOR ACQUIRING THE OPTIONS

The Directors consider that the acquisition of the Options offers the Company an opportunity to penetrate into the market of sale of switchgears in Nanjing, Jiangsu Province and therefore to increase its revenue in the future.

The total consideration of US\$500,000 for the purchase of the Grantors’ 100% interest in Tai Ah Electrical is determined by reference to Tai Ah Electrical’s 25% interest in Nanjing Xin Yi Jia’s registered capital. The Directors, including the independent non-executive Directors, consider that the terms of the acquisition of the Options are in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

The Company is owned as to 75% by Senyuan International Limited which is owned as to 50% and 50% by Lanling Electrical Ltd. (“Lanling Electrical”) and Tai Ah International Limited (“Tai Ah International”) respectively. Lanling Electrical is wholly-owned by Mr. Zhou. Tai Ah International is owned as to 75% by Mr. Tsang. Both Mr. Tsang and Mr. Zhou are directors of the Company. They are therefore connected persons of the Company under the Listing Rules. Since Tai Ah Electrical is owned as to 50% and 50% by Mr. Tsang and Mr. Zhou respectively, it is their associate under the Listing Rules.

Since the Premium for acquiring the Options is HK\$2 and the exercise of which is at the Grantee’s discretion, it is a *de minimis* transaction under the Listing Rules.

This announcement is made voluntarily pursuant to Rule 13.09(1) of the Listing Rules to provide information to the Company’s shareholders and to the public.

As at the date of this announcement, the Board is composed of Mr. Tsang Shui Ching, Patrick, Mr. Zhou Anmin, Mr. Lou Chong Wei and Mr. Shu Yi Jin as executive Directors and Mr. Keung Ping Yin, Raymond, Mr. Wong Yiu Sun, Peter and Mr. Lu Yan Sun as independent non-executive Directors.

By Order of the Board
TSANG SHUI CHING, PATRICK
Chairman

Hong Kong, 16 August 2006

* *The English name is for identification purpose only.*

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