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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)

REPAYMENT EXTENSION OF THE NOTE

The Company was required to repay Hong Jin the face value of the Note for HK\$30 million on 7th December 2007. On 6th December 2007, the Company received a notice from Hong Jin by which Hong Jin decided to extend the maturity date of the Note such that the Company can repay the principal amount of HK\$30 million to Hong Jin by no later than 31st March 2009. All other terms and conditions of the Note remain unchanged.

Trading in the Shares will continue to be suspended until further notice.

Reference is made to the announcement of the Company dated 3rd June 2005 (the “Announcement”), the circular of the Company dated 19th August 2005 (the “Circular”) and the announcement of the Company dated 10th April 2006 (the “Extension Announcement”) in relation to, *inter alia*, the issue of a zero coupon convertible note (the “Note”) in the principal amount of HK\$30 million which is convertible into new shares of the Company at an initial conversion price of HK\$0.17 per share to Hong Jin Holdings Limited (“Hong Jin”), the controlling shareholder of the Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, the Circular and the Extension Announcement unless the context herein requires otherwise.

The Note was issued by the Company to Hong Jin on 28th September 2005 with an initial maturity date of 7th December 2006. As disclosed in the Extension Announcement, Hong Jin exercised its discretion to extend the maturity date of the Note to 7th December 2007. Accordingly, the Company would repay the principal amount of HK\$30 million of the Note owing to Hong Jin on 7th December 2007, being then the maturity date of the Note.

On 6th December 2007, the Company received a notice from Hong Jin by which Hong Jin decided to extend the maturity date of the Note and the Company can repay the principal amount of HK\$30 million to Hong Jin by no later than 31st March 2009. All other terms and conditions of the Note remain unchanged. The directors of the Company believe that this repayment extension does not amount to a material change in the terms of the Note, and it is in the best interest of the Company and the Shareholders as a whole given the current financial situation of the Company.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company on 13th May 2004 and will continue to be suspended until further notice.

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

7th December 2007, Hong Kong

As the date of this announcement, the Board comprises five Directors: Mr. Wu Kwai Yung, Mr. Zhao Tie Liu and Mr. Leung Hon Man are the executive Directors; Mr. Zhou Haijun and Mr. Xu Zhi are the independent non-executive Directors.