SANYUAN GROUP LIMITED
三元集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 140)

2008 INTERIM RESULTS

The board of directors (the "Board") of Sanyuan Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with comparative figures for the corresponding period in 2007.

CONSOLIDATED INCOME STATEMENT (Unaudited)

For the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 HK$'000	2007 HK$'000
Turnover	3	**93,028**	76,302
Cost of sales		**(88,830)**	(73,411)
Gross profit		**4,198**	2,891
Other revenue		**573**	2,740
Other income		**–**	1,402
Selling and distribution costs		**(444)**	(336)
General and administrative expenses		**(5,408)**	(4,887)
(Loss)/profit from operations		**(1,081)**	1,810
Finance costs	4(a)	**(2,483)**	(1,817)
Loss before taxation	4	**(3,564)**	(7)
Income tax	5	**(459)**	(833)
Loss for the period		**(4,023)**	(840)
Attributable to:			
Equity shareholders of the Company		**(4,503)**	(1,517)
Minority interests		**480**	677
		(4,023)	(840)
Dividends	6	**–**	–
Loss per share	7		
– Basic		**(HK0.47 cents)**	(HK0.16 cents)
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET (Unaudited)

As at 30 June 2008

	Note	**As at 30 June 2008 HK$'000 (Unaudited)**	As at 31 December 2007 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,051**	1,092
Current assets			
Inventories		**11,540**	7,036
Trade and other receivables	*8*	**92,968**	51,125
Cash and cash equivalents	*9*	**32,997**	9,009
		137,505	67,170
Current liabilities			
Trade and other payables	*10*	**88,572**	35,688
Bank borrowings	*11*	**24,598**	5,951
Convertible note		**26,809**	–
Provisions		**14,964**	14,964
Tax payable		**233**	918
		(155,176)	(57,521)
Net current (liabilities)/assets		**(17,671)**	9,649
Total assets less current liabilities		**(16,620)**	10,741
Non-current liabilities			
Convertible note		**–**	(24,880)
Net liabilities		**(16,620)**	(14,139)
Capital and reserves attributable to the equity shareholders of the Company			
Share capital		**19,078**	19,078
Reserves		**(50,043)**	(47,082)
		(30,965)	(28,004)
Minority interests		**14,345**	13,865
Total equity		**(16,620)**	(14,139)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 24 October 2008.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2007. These condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). HKFRSs include all applicable HKFRS, HKAS and related interpretations.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2007.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2008. The board of directors believes that the adoption of these new and revised HKFRSs will not have a material impact on the Group's financial position or result of operations.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2008 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim financial report. Therefore the policies that will be applied in the Group's annual financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for the financial year but is derived from those financial statements. The statutory financial statements for the year ended 31 December 2007 are available from the Company's registered office. The auditors have expressed a modified opinion on those financial statements in their report dated 28 April 2008 due to the fact that the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In preparing the interim financial report, the directors have considered the future liquidity of the Group in view of its net liabilities position as at 30 June 2008. The Group sustained loss attributable to equity shareholders of the Company of HK$4,503,000 for the six months ended 30 June 2008 (Six months ended 30 June 2007: HK$1,517,000). At 30 June 2008, the Group had net current liabilities of HK$17,671,000 (As at 31 December 2007: net current assets of HK$9,649,000) and net liabilities of HK$16,620,000 (As at 31 December 2007: HK$14,139,000) respectively.

Nevertheless, the interim financial report has been prepared on the assumption that the Group will continue to operate as a going concern in the foreseeable future. In the opinion of directors, the liquidity of the Group can be maintained in the coming year, after taking into account several measures adopted and to be adopted subsequent to the balance sheet date as further detailed below:

(i) Hong Jin Holdings Limited ("Hong Jin"), the parent and ultimate holding company of the Company in which Mr. Wu Kwai Yung held 70% beneficial interest, has committed to provide financial support to enable the Group to meet in full its liabilities as they fall due, both present and future;

(ii) the directors are currently looking into the cases in respect of the provisions and seeking legal advice as to the possible outcome and appropriate course of action to be taken in relation to these cases with the provisions of HK$14,850,000 already provided as at the balance sheet date; and

(iii) the directors are planning to adopt various cost control measures to reduce various general and administrative and other operating expenses.

In the opinion of the directors, in light of the measures adopted, together with the expected results of other measures and arrangements in progress and as planned, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. In addition, Tianjin Jinshun Pharmaceutical Co., Ltd. ("Tianjin Jinshun"), the 60% subsidiary of the Group, is engaged in trading of pharmaceutical products and the business of which formed the major business activities for the Group as a whole. The directors believe that the future funding generated from Tianjin Jinshun will sufficiently improve the financial and cash flow position and maintain the Group's ability to continue as a going concern. Accordingly, the directors are of the view that it is appropriate to prepare the interim financial report on a going concern basis.

Should the Group be unable to achieve the above and fail to continue in business as a going concern, adjustments would have to be made to restate the values of the assets to their immediate recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the interim financial report.

2. SEGMENT INFORMATION

(a) Business segments

No separate analysis of financial information by business segments is presented as the Group's revenue, results, assets and liabilities were all derived from its principal line of business of pharmaceutical and healthcare business.

(b) Geographical segments

All of the activities of the Group are based in PRC and all of the Group's turnover and loss before taxation are derived from PRC. Accordingly, no geographical segment information is presented.

3. TURNOVER

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Sales of pharmaceutical products	**93,028**	76,023
Laboratory testing service income	**–**	279
	93,028	76,302

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

		Six months ended 30 June	
		2008	2007
		HK$'000	*HK$'000*
(a)	**Finance costs**		
	Interest expenses on bank borrowings wholly repayable within five years	**554**	–
	Imputed interest on convertible note	**1,929**	1,782
	Other finance charges	**–**	35
		2,483	1,817
(b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and allowances	**1,133**	1,542
	Retirement benefits scheme contribution	**28**	46
		1,161	1,588
(c)	**Other items**		
	Auditors' remuneration		
	– audit services		
	current period	**–**	–
	under provision in prior years	**–**	58
	– other services	**259**	207
		259	265
	Cost of inventories	**88,830**	73,411
	Depreciation	**134**	110
	Operating lease charges for the leasing of properties	**416**	559
	Net foreign exchange loss	**1**	112

5. INCOME TAX

(a) Income tax in the consolidated income statement represents:

	Six months ended 30 June **2008** *HK$'000*	2007 *HK$'000*
Current tax		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**459**	833
	459	833

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2008 (Six months ended 30 June 2007: HK$Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(b) On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for the Group's PRC subsidiary, Tianjin Jinshun from 1 January 2008.

In addition, under the New Law, a withholding tax may be applied on the gross amount of dividends received by the Company from its PRC subsidiary after 1 January 2008. The Implementation Rules provide for the withholding tax rate to be at 10% unless reduced by treaty.

6. DIVIDENDS

The directors do not recommend any payment of interim dividend for the six months ended 30 June 2008 (Six months ended 30 June 2007: HK$Nil).

7. LOSS PER SHARE

(a) Basic

The calculation of basic loss per share for the six months ended 30 June 2008 is based on the loss attributable to equity shareholders of the Company of HK$4,503,000 (Six months ended 30 June 2007: HK$1,517,000) and the weighted average number of 953,906,963 ordinary shares (As at 30 June 2007: 953,906,963 ordinary shares) in issue during the period.

(b) Diluted

Diluted loss per share for the six months ended 30 June 2008 and 2007 has not been disclosed as the potential ordinary shares outstanding during the periods have an anti-dilutive effect on the basic loss per share for the periods.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
Trade receivables *(note (a))*	**60,890**	49,094
Less: allowance for doubtful debts	**(24)**	(24)
	60,866	49,070
Other receivables, deposits and prepayments	**26,952**	2,055
Due from a minority shareholder of a subsidiary	**5,150**	–
	92,968	51,125

All of the trade and other receivables other than those for which an impairment allowance has been made are expected to be recovered within one year.

Included in trade receivables is HK$82,000 (As at 31 December 2007: HK$266,000) due from a minority shareholder of a subsidiary.

Note:

(a) Ageing analysis

Included in trade and other receivables are trade receivables net of allowance for doubtful debts of HK$24,000 (As at 31 December 2007: HK$24,000) with the following ageing analysis as of the balance sheet date:

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
Within 90 days	**46,471**	40,270
91 days to 180 days	**7,093**	5,551
181 days to 365 days	**7,299**	3,246
Over 365 days	**3**	3
	60,866	49,070

(b) The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period ranging from 30 to 180 days (As at 31 December 2007: 30 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(c) Certain trade receivables with an aggregate carrying amounts of approximately HK$15,862,000 (As at 31 December 2007: HK$6,029,000) are pledged to banks for bank loans *(note 11(b))* granted to the Group.

9. CASH AND CASH EQUIVALENTS

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
Cash at bank and on hand	**32,997**	9,009
Cash and cash equivalents in the consolidated balance sheet	**32,997**	9,009
Bank overdraft *(note 11)*	**(601)**	(1,147)
Cash and cash equivalents in the condensed consolidated cash flow statement	**32,396**	7,862

Certain bank deposits with an aggregate carrying amounts of approximately HK$22,703,000 (As at 31 December 2007: HK$631,000) and HK$50,000 (As at 31 December 2007: HK$50,000) are pledged to banks for bills payable *(note 10(b))* granted to the Group and to secure corporate credit card account of the Group respectively.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**25,098**	17,926
Bills payable, secured *(note (b))*	**47,812**	1,231
Other payables and accruals	**3,275**	3,312
Due to directors	**5,255**	2,921
Due to minority shareholders of a subsidiary	**7,132**	10,298
	88,572	35,688

All of the trade and other payables (including amounts due to directors and minority shareholders of a subsidiary) are expected to be settled within one year or are repayable on demand.

Note:

(a) The following is an ageing analysis of the trade payables as at the balance sheet date:

	As at 30 June 2008 *HK$'000*	As at 31 December 2007 *HK$'000*
Within 90 days	**19,686**	16,323
91 days to 180 days	**2,490**	970
181 days to 365 days	**2,541**	264
Over 365 days	**381**	369
	25,098	17,926

(b) As at 30 June 2008, bills payable are secured by certain bank deposits of the Group with an aggregate carrying amounts of approximately HK$22,703,000 (As at 31 December 2007: HK$631,000) *(note 9)* and properties of a key management personnel of Tianjin Jinshun and a staff.

11. BANK BORROWINGS

	As at 30 June 2008 *HK$'000*	As at 31 December 2007 *HK$'000*
Bank loans, secured *(note (b))*	**23,997**	4,804
Bank overdraft, unsecured *(note 9)*	**601**	1,147
	24,598	5,951

As at the balance sheet date, the borrowings were repayable as follows:

	As at 30 June 2008 *HK$'000*	As at 31 December 2007 *HK$'000*
Within one year	**24,598**	5,951

Note:

(a) At 30 June 2008, the Group has total banking facilities amounted to HK$88,110,000 (As at 31 December 2007: HK$23,787,000) in which HK$23,997,000 (As at 31 December 2007: HK$4,804,000) of bank loans and HK$47,812,000 (As at 31 December 2007: HK$1,231,000) of bills payable *(note 10)* have been utilised.

(b) Bank loans of HK$12,646,000 (As at 31 December 2007: HK$4,804,000) bear interest at rates ranging from 6.57% to 6.75% (As at 31 December 2007: 6.48%) per annum and are secured by certain trade receivables of the Group with an aggregate carrying amounts of approximately HK$15,862,000 (As at 31 December 2007: HK$6,029,000) *(note 8(c))*.

Bank loan of HK$11,351,000 (As at 31 December 2007: HK$Nil) bears interest at 8.21% (As at 31 December 2007: Nil) per annum and is secured by a corporate guarantee from an independent third party of HK$11,351,000 and repayable on 14 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the first half of 2008, keen competition in the pharmaceutical market still existed and tight supervision over the drug prices by the government in the PRC remained the same. Despite these adverse conditions, the Group still saw improvements in our operations and financial position during the period under review.

Financial results

The 60% owned subsidiary of the Company in Tianjin, the PRC, Tianjin Jinshun Pharmaceutical Co., Ltd. ("Tianjin Jinshun") recorded growth in this period. As a result, consolidated turnover recorded by the Group for the six months ended 30 June 2008 was approximately HK$93,028,000 representing an increase of approximately 21.9% from HK$76,302,000 for the six months ended 30 June 2007.

Other revenue dropped by about 79.1% or HK$2,167,000 for the six months ended 30 June 2008. Other revenue for the current period amounted to HK$573,000 which mainly came from provision of consultancy advice service. Other income for the period was HK$Nil (Six months ended 30 June 2007: HK$1,402,000).

Administrative expenses for the period increased by 10.7% to HK$5,408,000 (Six months ended 30 June 2007: HK$4,887,000) mainly because of the increase of legal and consultancy fees on the resumption of the trading of the shares of the Company. For the period, legal fees incurred were HK$1,418,000 (Six months ended 30 June 2007: HK$599,000) and consultancy fees incurred were HK$200,000 (Six months ended 30 June 2007: HK$36,000).

Finance costs for the period were HK$2,483,000 (Six months ended 30 June 2007: HK$1,817,000) representing an increase of 36.7%. The increase was made up mainly of interest expenses on bank borrowings of HK$554,000 (Six months ended 30 June 2007: HK$Nil) and an increase in imputed interest of HK$147,000 on the convertible note (the "Note"). The imputed interest recorded for the period on the Note was HK$1,929,000 (Six months ended 30 June 2007: HK$1,782,000).

Unaudited consolidated loss reported for the period was HK$4,023,000 as compared to a loss of HK$840,000 during the same period in 2007. The increase of consolidated loss of HK$3,183,000 was mainly because of the aforementioned factors coupled with an unchange harsh market conditions.

Loss per share for the period was HK0.47 cents (Six months ended 30 June 2007: HK0.16 cents) because of the loss recorded for the period.

Review of operations

The PRC

During the period under review, the Chinese government continued to strengthen supervision over drug prices and expanded the scope of drugs under government-set pricing. As drug manufacturers and distributors in the PRC have to comply with the existing pricing caps in dealing with the regulated drugs, competition remained stiff within the pharmaceutical industry.

In spite of the adverse circumstances, the Group continued to distribute its existing products and generated approximately HK$93,028,000 for the first half of 2008 which accounted for 100% of the total turnover of the Group (Six months ended 30 June 2007: 99.6%).

Hong Kong

The Group was reviewing and restructuring its pharmaceutical and healthcare business during the review period to enhance the performance of this business segment. As the business was under restructuring, turnover in the first half of 2008 was HK$Nil and accounted for Nil% (Six months ended 30 June 2007: 0.4%) of the total turnover of the Group.

During the six months ended 30 June 2008, there were no material acquisitions and disposals of subsidiaries and associates.

Liquidity and financial resources

Total assets of the Group increased to approximately HK$138,556,000 as at 30 June 2008 (As at 31 December 2007: HK$68,262,000). Among the total assets, HK$137,505,000 (As at 31 December 2007: HK$67,170,000) were current assets including trade and other receivables of HK$92,968,000 (As at 31 December 2007: HK$51,125,000), cash and cash equivalents of HK$32,997,000 (As at 31 December 2007: HK$9,009,000) and inventories of HK$11,540,000 (As at 31 December 2007: HK$7,036,000).

At 30 June 2008, the Group had total liabilities of HK$155,176,000 (As at 31 December 2007: HK$82,401,000). Current liabilities of the Group as at the balance sheet date included the principal amount of the Note of HK$30,000,000 (the carrying amount of which was HK$26, 809,000 (As at 31 December 2007: HK$24,880,000)) held by the controlling shareholder of the Company. The Note was issued to Hong Jin and will be mandatory and automatically converted into ordinary shares of the Company upon, inter alia, the trading of the shares of the Company resumes. During 2007, the maturity date of the Note has been further extended by Hong Jin to 31 March 2009. The other current liabilities included mainly bank borrowings of HK$24,598,000 (As at 31 December 2007: HK$5,951,000), trade and other payables of HK$88,572,000 (As at 31 December 2007: HK$35,688,000) and provisions of HK$14,964,000 (As at 31 December 2007: HK$14,964,000) made in previous years for employee benefits and legal claims etc.

Gearing ratio (total liabilities as a percentage of total assets) of the Group decreased to 112% of the current period (As at 31 December 2007: 120.7%). Current ratio of 88.6% as at 30 June 2008 is lower than 31 December 2007 of 116.8%. Should the Note of HK$30,000,000 be converted, the Group would probably improve from net liabilities position to net assets position.

Most of the sales, sales-related costs and expenses, and a portion of the assets and liabilities of the Group are denominated in Renminbi. Renminbi revenue and profit generated are applied to meet the Renminbi obligations of the Group. Cash and cash equivalents were mainly in Renminbi but some lesser sum were in Hong Kong dollars. As such, no financial instruments had been used for hedging purpose. During the period, the Group had not been exposed to any material exchange rate fluctuation.

Charges on assets

As at 30 June 2008, certain assets of the Group with aggregate carrying value of approximately HK$38,615,000 were pledged to secure the Group's borrowings as compared to HK$6,710,000 as at 31 December 2007.

Employee remuneration policy and number of employees

As at 30 June 2008, the Group employed 48 employees in Hong Kong and the PRC. The remuneration policy and package, including the share options, of the Group's employees are maintained at competitive level and reviewed annually by the Remuneration Committee.

Contingent liabilities

As at 30 June 2008, the Group did not have any significant contingent liabilities.

Outlook

The Group in the past participated as drug distributor in the PRC pharmaceutical market and had enjoyed the rapid growth of the industry. As the PRC pharmaceutical market is expected to grow continuously, the Group will continue to expand its operations in the pharmaceutical business.

The management notes that the profit margins of the distribution of pharmaceutical products had been improved to 4.5% (Six months ended 30 June 2007: 3.8%) despite of keen competition and stringent government pricing policy. In order to further improve the profitability of the Group and strengthen its competitiveness in the market, it is believed that development and distribution of its own pharmaceutical products will be the long-term strategy for the Group to pursue. The Group is currently identifying various pharmaceutical products with potential to be invested.

At the same time, the Company also solicits investors in making investments in and/or introducing new projects to the Group to assist its business to expand.

Trading of the shares of the Company has been suspended at the request of the Company since 13 May 2004. According to Rule 13.24 of the Listing Rules, the Company shall carry out, directly or indirectly, sufficient operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of its shares. A proposal was submitted to the Stock Exchange to demonstrate the Company's compliance with Rule 13.24. After reviewing the Company's proposal, the Stock Exchange decided that the proposal was not viable. The Company is currently in the process of obtaining professional advice and discussing with its professional advisors on the appropriate actions to be taken by the Company in achieving the resumption of trading of its shares. Further announcement(s) will be made by the Company in respect of this matter as and when appropriate.

AUDIT COMMITTEE

The Audit Committee has three members including Mr. Zhou Haijun, Mr. Xu Zhi and Mr. Xu Quing Fah and all of them are independent non-executive directors.

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2008 (Six months ended 30 June 2007: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period ended 30 June 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the interim report, except with the following deviations:

Code provision A.4.1 of the CG Code stipulates that the independent non-executive directors of the Company are not appointed for specific terms. However, all directors (executive and independent non-executive) are subject to retirement by rotation in accordance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, the Company confirms that all directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

DIRECTORS

As at the date of this announcement, the Executive Directors are Mr. Wu Kwai Yung and Mr. Zhao Tie Liu; and the Independent Non-executive Directors are Mr. Zhou Haijun, Mr. Xu Zhi and Mr. Xu Quing Fah.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Company for the six months ended 30 June 2008 will be despatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkex.com.hk) in due course.

By Order of the Board
Sanyuan Group Limited
Wu Kwai Yung
Chairman

Hong Kong, 24 October 2008