
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sanyuan Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.



SANYUAN GROUP LIMITED
三元集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 140)

**GENERAL MANDATE TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Sanyuan Group Limited to be held at Founder's Room, 3/F, South Tower, YMCA of Hong Kong, 41 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 21 June 2007 at 10:30 a.m. or any adjournment thereof ("AGM") at which the above proposals will be considered is set out on pages 7 to 8 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting should you so wish.

30 April 2007

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	2
2. General Mandate to Issue Shares	2
3. Re-election of Directors	3
4. Annual General Meeting	5
5. Procedure for Demanding a Poll	6
6. Recommendation	6
Notice of Annual General Meeting	7

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	annual general meeting of the Company to be held at Founder’s Room, 3/F, South Tower, YMCA of Hong Kong, 41 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong, on Thursday, 21 June 2007 at 10:30 a.m.
“Board”	board of directors of the Company
“Company”	Sanyuan Group Limited, a company incorporated in Hong Kong with limited liability, with its Shares listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shares”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholders”	registered holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



SANYUAN GROUP LIMITED 三元集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 140)

Executive Directors:

Wu Kwai Yung

Zhao Tie Liu

Leung Hon Man

Registered office:

Suite 1429, 14th Floor

Ocean Centre

5 Canton Road

Tsimshatsui, Kowloon

Hong Kong

Independent Non-executive Directors:

Zhou Haijun

Ng Wai Hung

Xu Zhi

30 April 2007

To the Shareholders

Dear Sir or Madam

GENERAL MANDATE TO ISSUE SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the granting to the Directors of general mandates to issue securities up to 20% of the aggregate nominal amount of the Company's issued share capital as at the date of passing of such resolution; and (ii) the re-election of Directors.

2. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 9 June 2006, ordinary resolution was passed for the granting of general mandate to the Directors to issue, allot and dispose of and to make or grant offers, agreements or options which might require the allotment, issue or disposal of shares not exceeding 20% of the issued share capital of the Company as at that date (the "Existing Issue Mandate").

The Existing Issue Mandate will lapse upon the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to seek the approval of the Shareholders to grant to the Directors a general mandate to issue, allot and dispose of and to make or grant offers, agreements or options which might require the allotment, issue or disposal of shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the resolution.

LETTER FROM THE BOARD

With reference to the proposed new general mandate, the Directors, as at the date hereof, wish to state that they have no immediate plans to issue any new securities of the Company pursuant to the new mandate.

3. RE-ELECTION OF DIRECTORS

In accordance with Article 103 of the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. At the forthcoming AGM, each of the Executive Directors, Messrs. Wu Kwai Yung and Zhao Tie Liu shall pursuant to Article 103, retire from his office at the AGM and being eligible, will offer himself for re-election.

In addition, pursuant to Article 94 of the Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. Mr. Leung Hon Man was appointed as Executive Director of the Company with effect from 21 November 2006. Accordingly, Mr. Leung Hon Man shall retire from his office at the forthcoming AGM and, being eligible, offer himself for re-election.

Brief biographical details of the above Directors are set out as follows:

(a) Mr. Wu Kwai Yung, Executive Director and the Chairman of the Company

Mr. Wu, aged 56, is very experienced in property investment and management. He Had developed the "South China Mall" in Dongguan, one of the largest shopping malls in the PRC. Moreover, Mr. Wu is also an entrepreneur and investor in other businesses that include properties, food manufacturing, and healthcare products. He has been a director of Weida Medical Applied Technology Company Limited ("Weida"), a company that is principally engaged in the manufacturing and sales of medical equipments. Weida is listed on the Shenzhen Stock Exchange. Mr. Wu resigned from Weida's board of directors in 2003, but he has kept a keen interest in biotechnology, in particular, biopharmaceuticals. Mr. Wu has been indispensable to the Company during its recovery phase and in its new development phase. He joined the Company in 2004.

Mr. Wu entered into a service contract with the Company on 30 September 2004. The term of service contract commenced on 30 September 2004 and shall continue thereafter until terminated by either the Company or Mr. Wu giving each party a two-month written notice. Mr. Wu is currently entitled to a monthly remuneration of HK\$10,000 and a discretionary bonus to be determined by the Board and there is no variable remuneration under the contract. For the year ended 31 December 2006, Mr. Wu received emoluments of HK\$116,000 from the Group.

As at the date of this circular, Hong Jin Holdings Limited holds 820,306,204 Shares (*note 1*) of the Company. Hong Jin Holdings Limited, the controlling shareholder of the Company, which is owned as to 70% by Mr. Wu. As such, Mr. Wu is deemed to have interest in 820,306,204 Shares of the Company, representing approximately 86.0% of the existing issued share capital of the Company. Save as aforesaid, Mr. Wu does not hold any other interest in the Shares of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Note 1: Among these Shares, 176,470,588 Shares represent the new Shares to be issued to Hong Jin Holdings Limited upon full conversion of a zero coupon mandatory convertible note issued by the Company in the principal amount of HK\$30,000,000 which is convertible into new shares at an initial conversion price of HK\$0.17 per share.

Save as disclosed herein, Mr. Wu has not held any positions of directorship in any other listed public company during the past three years and is not related to any directors, senior management or substantial or controlling shareholders of the Company.

In relation to the re-election of Mr. Wu, there are no other matters that need to be brought to the attention of the Shareholders, and there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(b) Mr. Zhao Tie Liu, Executive Director and the Managing Director of the Company

Mr. Zhao, aged 49, graduated from Tianjin University of Finance and Economics with a Bachelor degree of Economics in 1984 and obtained a Master degree in Business Administration from Oklahoma City University, the United States of America in 1990. Since then, Mr. Zhao had held positions in Tianjin University of Finance and Economics as lecturer, the Department of Accounting as deputy dean, and as division director of the Futures Supervision Division and Intermediary Supervision Division of China Securities Regulatory Commission at the Tianjin Regulatory Bureau. From early 2001 to the end of 2003, Mr. Zhao was the president of Weida and was responsible for overseeing the operation of Weida and formulating its overall corporate strategy. He joined the Company in 2004.

Mr. Zhao entered into a service contract with the Company on 30 September 2004. The term of service contract commenced on 30 September 2004 and shall continue thereafter until terminated by either the Company or Mr. Zhao giving each party a two-month written notice. Mr. Zhao is currently entitled to a monthly remuneration of HK\$15,000 and a discretionary bonus to be determined by the Board and there is no variable remuneration under the contract. For the year ended 31 December 2006, Mr. Zhao received emoluments of HK\$363,000 from the Group.

As at the date of this circular, Mr. Zhao has no interest in the Shares of the Company and does not hold any other interest in the Shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed herein, Mr. Zhao has not held any positions of directorship in any other listed public company during the past three years and is not related to any directors, senior management or substantial or controlling shareholders of the Company.

In relation to the re-election of Mr. Zhao, there are no other matters that need to be brought to the attention of the Shareholders, and there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

LETTER FROM THE BOARD

(c) Mr. Leung Hon Man, Executive Director and the Secretary of the Company

Mr. Leung, aged 40, obtained a Master degree in Accounting from Central Queensland University, Australia and a Master degree in Business Administration from Andrews University, USA. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Leung has extensive experience in financial management, accounting and banking. He joined the Company in 2000.

Mr. Leung entered into a service contract with the Company on 22 November 2006. The term of service contract commenced on 21 November 2006 and shall continue thereafter until terminated by either the Company or Mr. Leung giving each party a two-month written notice. Mr. Leung is currently entitled to a monthly remuneration of HK\$15,000 and a discretionary bonus to be determined by the Board and there is no variable remuneration under the contract. For the year ended 31 December 2006, Mr. Leung received emoluments of HK\$68,000 from the Group.

As at the date of this circular, Mr. Leung holds 54 Shares of the Company as nominees. These 54 shares are the fraction of the consolidated shares arising from the share consolidation effective on 18 October 2002. Save as aforesaid, Mr. Leung does not hold any other interest in the Shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed herein, Mr. Leung has not held any positions of directorship in any other listed public company during the past three years and is not related to any directors, senior management or substantial or controlling shareholders of the Company.

In relation to the re-election of Mr. Leung, there are no other matters that need to be brought to the attention of the Shareholders, and there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

4. ANNUAL GENERAL MEETING

The AGM will be held at Founder's Room, 3/F, South Tower, YMCA of Hong Kong, 41 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong, on Thursday, 21 June 2007 at 10:30 a.m. at which resolutions will be proposed to approve, among other things, the general mandate to issue Shares and re-election of Directors. A proxy form for use at the AGM is despatched with this circular and published on the website of the Stock Exchange (www.hkex.com.hk).

Notice of AGM is set out on pages 7 to 8 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting should you so wish.

LETTER FROM THE BOARD

5. PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 74 of the Articles of Association of the Company, the ordinary resolutions put to vote at the AGM shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the AGM; or
- (ii) by at least three Shareholders present in person or by proxy for the time being entitled to vote at the AGM; or
- (iii) by any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the AGM; or
- (iv) by a Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the AGM being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

6. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) believe that the proposed resolutions are either necessary or in the interest of the Company and so recommend you to vote in favour of the resolutions proposed at the AGM.

Yours faithfully,
By Order of the Board
Wu Kwai Yung
Chairman

NOTICE OF ANNUAL GENERAL MEETING



SANYUAN GROUP LIMITED 三元集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 140)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Founder's Room, 3/F, South Tower, YMCA of Hong Kong, 41 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong, on Thursday, 21 June 2007 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and reports of the directors and auditors for the year ended 31 December 2006;
2. To re-elect the retiring directors and to fix their remuneration;
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration;
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** a general mandate be and is hereby unconditionally given to the directors of the Company to issue, allot and dispose of and to make or grant offers, agreements or options which might require the allotment, issue or disposal of shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of this Resolution during the Relevant Period.

For the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; or
 - (c) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's Articles of Association to be held.”; and
5. To transact any other ordinary business of the Company.

By order of the Board
Leung Hon Man
Company Secretary

Hong Kong, 30 April 2007

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy needs not be a member of the Company.
2. To be valid, the form of proxy must be deposited at the Company's Share Registrars in Hong Kong, Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong together with any power of attorney or other authority, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before that time for holding the meeting or adjourned meeting.
3. Concerning the matters set out in Resolution 4, a general mandate is being sought from members to authorise the allotment and issue of shares under the Listing Rules of the Stock Exchange of Hong Kong Limited in order to provide flexibility to the directors should it become desirable for the Company to exercise such powers.

As at the date of this notice, the Board comprises six Directors: Mr. Wu Kwai Yung, Mr. Zhao Tie Liu and Mr. Leung Hon Man are the Executive Directors; Mr. Zhou Haijun, Mr. Ng Wai Hung and Mr. Xu Zhi are the Independent Non-executive Directors.