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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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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)**

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

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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 Tuesday, 30 June 2009 at 11:00 a.m. or any adjournment thereof ("AGM") at which the above proposals will be considered is set out on pages 8 to 9 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, Triocr Secretaries Limited at Level 28, Three Pacific Place, 1 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.

2 June 2009

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## DEFINITIONS

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*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 Tuesday, 30 June 2009 at 11:00 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

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Tso Hon Sai Bosco  
Yim Kai Pung  
Liu Kwok Leung Paul  
Zhao Tie Liu

*Registered office:*

Workshop 16, 18/F  
New Commerce Centre  
19 On Sum Street  
Shatin, New Territories  
Hong Kong

*Independent Non-executive Directors:*

Wong Ting Kon  
Xu Zhi  
Xu Quing Fah

2 June 2009

*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 19 September 2008, 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").

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## LETTER FROM THE BOARD

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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.

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, Mr. Zhao Tie Liu shall pursuant to Article 103, retire from his office at the AGM and being eligible, will offer himself for re-election.

#### **Mr. Zhao Tie Liu, Executive Director and the Managing Director of the Company**

Mr. Zhao, aged 51, 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 2008, Mr. Zhao gave up his emoluments of HK\$168,000 from the Group.

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## LETTER FROM THE BOARD

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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 five 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.

In accordance with Article 94 of the Company's Articles of Association, Directors appointed to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following annual general meeting of Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

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

**(a) *Mr. Tso Hon Sai Bosco, Executive Director***

Mr. Tso, aged 44 is currently a consultant with Messrs. Tso Au Yim & Yeung, Solicitors and he has been a Hong Kong practicing solicitor since 1990. Mr. Tso received his bachelor of laws degree from King's College, London. Mr. Tso was an executive director of Tiger Tech Holdings Limited which is listed on The Stock Exchange of Hong Kong Limited. Mr. Tso is currently an independent non-executive director of Fortuna International Holdings Limited, Neolink Cyber Technology (Holding) Limited and Rising Development Holdings Limited, all are companies listed on The Stock Exchange of Hong Kong Limited. Mr. Tso joined the Company on 30 March, 2009 and is not related to any directors, senior management or substantial or controlling shareholders of the company. He is entitled to a monthly remuneration of HK\$10,000.

As at the date of this circular, Mr. Tso 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.

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## LETTER FROM THE BOARD

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**(b) Mr. Yim Kai Pung, Executive Director**

Mr. Yim, aged 44, holds a Bachelor degree of Accountancy with honours from City University of Hong Kong and is an associate member of Hong Kong Institute of Certified Public Accountants and fellow member of The Associate of Chartered Certified Accountants of the United Kingdom. He has over 18 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC. Mr. Yim is presently a sole proprietor of David Yim & Co., Certified Public Accountants. He was an executive director of Tiger Tech Holdings Limited, which is a company listed on the Stock Exchange of Hong Kong Limited. Mr. Yim is currently an independent non-executive director of Macau Success Limited, which is a company listed on the Stock Exchange of Hong Kong Limited. Mr. Yim joined the Company on 30 March, 2009 and is not related to any directors, senior management or substantial or controlling shareholders of the company. He is entitled to a monthly remuneration of HK\$10,000.

As at the date of this circular, Mr. Yim 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.

**(c) Mr. Liu Kwok Leung Paul, Executive Director**

Mr. Liu, aged 39, had finished his study at Lingnan University and joined Kwan Wong Tan & Fong CPA firm in 1989. Mr. Liu is currently working in a local audit firm as audit manager. Mr. Liu has over 19 years' experience in accounting, auditing and financial management. Mr. Liu joined the Company on 30 March, 2009. He is entitled to a monthly remuneration of HK\$10,000.

As at the date of this circular, Mr. Liu 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. Liu has not hold any positions of directorship in any other listed public company and is not related to any directors, senior management or substantial or controlling shareholders of the Company.

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## LETTER FROM THE BOARD

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**(d) Mr. Wong Ting Kon, Independent Non-executive Directors**

Mr Wong, aged 38, holds a Bachelor degree in Commerce from University of Windsor, Canada. He is a Certified Public Accountant (Practicing) of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Accountants. He is currently a Partner of Chan Wong & Company C.P.A. Mr. Wong was an independent non-executive director of Zhong Hua International Holding Limited which is a company listed on The Stock Exchange of Hong Kong Limited. Mr Wong joined the Company on 30 March 2009 and is not related to any directors, senior management or substantial or controlling shareholders of the company. He is entitled to a monthly remuneration of HK\$10,000.

As at the date of this circular, Mr. Wong 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.

In relation to the re-election of the above, 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 Tuesday, 30 June 2009 at 11:00 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](http://www.hkex.com.hk)).

Notice of AGM is set out on pages 8 to 9 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, Tricor Secretaries Limited at Level 28, Three Pacific Place, 1 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.



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## LETTER FROM THE BOARD

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### 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 shareholders and so recommend you to vote in favour of the resolutions proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**TSO HON SAI BOSCO**  
*Executive Director*

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

### 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 Tuesday, 30 June 2009 at 11:00 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 2008;
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

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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  
**Ho Suk Yin Nancy**  
*Company Secretary*

Hong Kong, 2 June 2009

*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, Tricor Secretaries Limited, Level 28, Three Pacific Place, 1 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, there are four executive Directors, namely Mr. Tso Hon Sai Bosco, Mr. Yim Kai Pung, Mr. Liu Kwok Leung Paul and Mr. Zhao Tie Liu and 3 independent non-executive Directors, namely Mr. Wong Ting Kon, Mr. Xu Zhi and Mr. Xu Quing Fah.*