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## 盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED  
(Incorporated in Bermuda with limited liability)  
(Stock code: 851)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the “Directors”, collectively referred to as the “Board”) of Sheng Yuan Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015 together with the comparative figures for the corresponding year ended 31 December 2014 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Revenue	4	<b>405,678</b>	414,588
Other gains and losses	5	<b>46,919</b>	(5,449)
Other income	6	<b>1,756</b>	35
Purchase of inventories for trading business		<b>(224,074)</b>	(349,007)
Staff costs	8	<b>(161,523)</b>	(35,512)
Depreciation		<b>(1,036)</b>	(1,072)
Finance costs	7	<b>(34,936)</b>	(5,080)
Other expenses		<b>(50,374)</b>	(19,997)
Share of results of associates		<b>(14,140)</b>	(1,156)

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Loss before income tax</b>	8	<b>(31,730)</b>	(2,650)
Income tax expense	9	<u>(2,668)</u>	<u>(2,379)</u>
<b>Loss for the year</b>		<u><b>(34,398)</b></u>	<u>(5,029)</u>
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of foreign operations		<u>(4,491)</u>	<u>(365)</u>
<b>Other comprehensive income for the year</b>		<u><b>(4,491)</b></u>	<u>(365)</u>
<b>Total comprehensive income for the year</b>		<u><b>(38,889)</b></u>	<u>(5,394)</u>
<b>Loss for the year attributable to:</b>			
– Owners of the Company		<u>(34,385)</u>	<u>(5,040)</u>
– Non-controlling interests		<u>(13)</u>	<u>11</u>
		<u><b>(34,398)</b></u>	<u>(5,029)</u>
<b>Total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<u>(38,876)</u>	<u>(5,405)</u>
– Non-controlling interests		<u>(13)</u>	<u>11</u>
		<u><b>(38,889)</b></u>	<u>(5,394)</u>
		<i>HK cent</i>	<i>HK cent</i>
<b>Loss per share</b>	<i>11</i>		
– Basic		<u>(0.99)</u>	<u>(0.15)</u>
– Diluted		<u>(0.99)</u>	<u>(0.28)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,046	1,961
Trading rights		3,322	3,322
Available-for-sale investment		–	100
Interests in associates		73,945	92,092
Derivative financial instruments		3,667	1,481
Other assets		1,730	1,730
		<u>83,710</u>	<u>100,686</u>
<b>Current assets</b>			
Trade and other receivables and prepayments	<i>12</i>	291,230	249,952
Held for trading investments	<i>13</i>	184,304	71,958
Current tax assets		–	156
Derivative financial instruments		–	640
Trust bank balances held on behalf of clients		51,381	10,542
Cash and cash equivalents		60,536	94,467
		<u>587,451</u>	<u>427,715</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	<i>14</i>	117,030	22,717
Borrowings		222,314	154,924
Obligations under finance leases		–	32
Derivative financial instruments		–	203
Current tax liabilities		5,067	2,399
		<u>344,411</u>	<u>180,275</u>
<b>Net current assets</b>		<u>243,040</u>	<u>247,440</u>
<b>Total assets less current liabilities</b>		<u>326,750</u>	<u>348,126</u>
<b>Non-current liabilities</b>			
Convertible bonds		148,462	133,900
		<u>148,462</u>	<u>133,900</u>
<b>Net assets</b>		<u><u>178,288</u></u>	<u><u>214,226</u></u>

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>EQUITY</b>			
Share capital		<b>174,328</b>	173,588
Reserves		<b>(13,842)</b>	22,823
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>160,486</b>	196,411
<b>Non-controlling interests</b>		<b>17,802</b>	17,815
		<hr/>	<hr/>
<b>Total equity</b>		<b>178,288</b>	214,226
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2015*

### 1. GENERAL INFORMATION

Sheng Yuan Holdings Limited (the “Company”) is an exempted company with limited liability incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Suites 4301-5, 43/F., Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The Company is an investment holding company. Its subsidiaries are principally engaged in trading business, provision of securities brokerage and financial services, asset management services and proprietary trading business.

The consolidated financial statements for the year ended 31 December 2015 were approved for issue by the board of directors on 11 March 2016.

### 2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### 2.1 New or amended HKFRSs effective for annual period beginning on or after 1 January 2015

In the current year, the Group has applied the new standards, amendments and interpretations (the “new HKFRSs”) which are effective for the Group’s financial statements for the annual period beginning on 1 January 2015. HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The adoption of new or amended HKFRSs has no material impact on the Group’s financial statements.

#### 2.2 New or amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new or amended HKFRSs have been issued but are not yet effective. The Group has not early adopted these new or amended HKFRSs in the financial statements for the year ended 31 December 2015. The directors of the Company anticipate that these pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new or amended HKFRSs that have not been adopted early by the Group but expected to have impact on the Group’s accounting policies is provided below. Other new or amended HKFRSs have been issued but are not yet effective and not adopted in advance are not expected to have a material impact on the Group’s consolidated financial statements.

### ***Amendments to HKAS 1, Disclosure Initiative***

Amendments to HKAS 1 will be effective for accounting period beginning on or after 1 January 2016. The amendments to HKAS 1 are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements. In addition, an amendment is made to HKAS 1 to clarify the presentation of an entity's share of other comprehensive income from its equity accounted interests in associates and joint ventures. The amendment requires an entity's share of other comprehensive income to be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

### ***HKFRS 9 (2014), Financial Instruments***

HKFRS 9 (2014) introduced new requirements for the classification and measurement of financial assets. Under HKFRS 9 (2014), all recognised financial assets that are within the scope of HKAS 39, Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value through profit or loss at the end of the subsequent accounting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of financial liability that is attributable to change in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9 (2014), greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s management activities have also been introduced.

HKFRS 9 (2014) will be effective for accounting period beginning on or after 1 January 2018. The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide reasonable estimate of the effect of HKFRS 9 (2014) until the Group undertakes a detailed review.

#### ***HKFRS 15, Revenue from Contracts with Customers***

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 will be effective for accounting period beginning on or after 1 January 2018. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

### 3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines as follows:

- (a) trading business – trading of chemical products and energy and minerals products;
- (b) securities brokerage and financial services – provision of discretionary and non-discretionary dealing services for securities, securities placing and underwriting services, margin financing and money lending services, corporate finance advisory and general advisory services;
- (c) asset management services – provision of fund management and discretionary portfolio management and investment advisory services; and
- (d) proprietary trading – investment holding and securities trading.

No operating segments identified have been aggregated in arriving at the reportable segments of the Group. Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches.



2015	Trading business <i>HK\$'000</i>	Securities brokerage and financial services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>					
From external customers	234,192	130,634	40,852	–	405,678
From other segments	–	66	–	–	66
<b>Reportable segment revenue</b>	<b>234,192</b>	<b>130,700</b>	<b>40,852</b>	<b>–</b>	<b>405,744</b>
<b>Reportable segment result</b>	<b>(5,865)</b>	<b>14,230</b>	<b>6,939</b>	<b>4,286</b>	<b>19,590</b>
Interest income from margin financing and money lending service	–	2,911	–	–	2,911
Increase in net assets attributable to other holders of redeemable shares of a consolidated investment fund	–	–	–	(2,811)	(2,811)
Depreciation	62	701	25	17	805
Fair value gain on held for trading investments	–	–	–	(48,649)	(48,649)
Finance costs	9,559	1	–	14	9,574
<b>Reportable segment assets</b>	<b>224,228</b>	<b>93,092</b>	<b>27,039</b>	<b>185,382</b>	<b>529,741</b>
Expenditures for additions to non-current segment assets*	–	118	–	–	118
<b>Reportable segment liabilities</b>	<b>222,356</b>	<b>75,329</b>	<b>18,678</b>	<b>21,968</b>	<b>338,331</b>

2014	Trading business HK\$'000	Securities brokerage and financial services HK\$'000	Asset management services HK\$'000	Proprietary trading HK\$'000	Total HK\$'000
<b>Revenue</b>					
From external customers	355,032	57,311	2,245	–	414,588
From other segments	–	–	–	–	–
<b>Reportable segment revenue</b>	<b>355,032</b>	<b>57,311</b>	<b>2,245</b>	<b>–</b>	<b>414,588</b>
<b>Reportable segment result</b>	<b>9</b>	<b>37,986</b>	<b>(5,328)</b>	<b>(10,990)</b>	<b>21,677</b>
Interest income from margin financing and money lending service	–	1,125	–	–	1,125
Depreciation	109	716	1	4	830
Fair value loss on held for trading investments	–	–	–	1,803	1,803
Net losses on disposals of property, plant and equipment	285	–	–	–	285
<b>Reportable segment assets</b>	<b>156,601</b>	<b>84,393</b>	<b>1,207</b>	<b>93,643</b>	<b>335,844</b>
Expenditures for additions to non-current segment assets*	248	–	–	73	321
<b>Reportable segment liabilities</b>	<b>154,930</b>	<b>20,312</b>	<b>1,082</b>	<b>97</b>	<b>176,421</b>

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that changes in fair value of derivative financial instruments, other income (excluding dividend income), directors' emoluments, equity-settled share-based payment expense; interest expenses on convertible bonds, other borrowings and loan from a shareholder; share of results of associates accounted for using the equity method; income tax expense; and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segments. Common expenditures are allocated between operating segments based on proportion of segment revenue where necessary. Inter-segment revenue are charged on the expenses incurred by the relevant subsidiary plus certain percentage.

Segment assets include all assets but available-for-sale investment; interests in associates; current tax assets; derivative financial instruments and bank balances of the Group. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters. Segment liabilities include all liabilities but derivative financial instruments; current tax liabilities and convertible bonds. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

The total presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Reportable segment revenue	<b>405,744</b>	414,588
Elimination of inter-segment revenue	<b>(66)</b>	–
Group's revenue	<b>405,678</b>	414,588
Reportable segment result	<b>19,590</b>	21,677
Changes in fair value of derivative financial instruments	<b>4,825</b>	–
Other income	<b>42</b>	35
Equity-settled share-based payment expense	–	(4,218)
Finance costs	<b>(25,362)</b>	(5,080)
Share of results of associates	<b>(14,140)</b>	(1,156)
Corporate expenses **	<b>(16,685)</b>	(13,908)
Group's loss before income tax	<b>(31,730)</b>	(2,650)
Reportable segment assets	<b>529,741</b>	335,844
Available-for-sale investment	–	100
Interests in associates	<b>73,945</b>	92,092
Current tax assets	–	156
Derivative financial instruments	<b>3,667</b>	2,121
Cash and cash equivalents	<b>60,536</b>	94,467
Corporate assets	<b>3,272</b>	3,621
Group's assets	<b>671,161</b>	528,401

\*\* mainly staff costs, including directors' emoluments and other professional fees

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Reportable segment liabilities	<b>338,331</b>	176,421
Derivative financial instruments	–	203
Current tax liabilities	<b>5,067</b>	2,399
Convertible bonds	<b>148,462</b>	133,900
Corporate liabilities	<b>1,013</b>	1,252
	<hr/>	<hr/>
Group's liabilities	<b>492,873</b>	314,175
	<hr/> <hr/>	<hr/> <hr/>

	Reportable		Unallocated		Consolidated	
	segment total					
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other material items</b>						
Depreciation	805	830	231	242	1,036	1,072
Finance costs	9,574	–	25,362	5,080	34,936	5,080
Expenditures for additions to non-current assets*	118	321	15	13	133	334
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets\*. The geographical location of customers is based on the location at which the subsidiary operates. The geographical location of non-current assets\* is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operations to which they are allocated, in the case of trading rights, and the location of the operations, in the case of interests in associates.

	Revenue from			
	external customers		Non-current assets*	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)#	403,266	398,954	4,180	5,161
Mainland China	2,412	15,634	74,133	92,214
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>405,678</b>	414,588	<b>78,313</b>	97,375
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\* Non-current assets exclude available-for-sale investment, derivative financial instruments and other assets.

# The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8, Operating Segments.

The Group's customers include the following with whom transactions have exceeded 10% of the Group's revenue:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Customer A <i>(note 1)</i>	<b>234,192</b>	336,178
Customer B <i>(note 2)</i>	<b>67,566</b>	52,402
	<b><u>          </u></b>	<b><u>          </u></b>

*Notes:*

1. Revenue from this customer is attributable to trading business
2. Revenue from this customer is attributable to securities brokerage and financial services

#### 4. REVENUE

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Commission and brokerage income from securities		
dealing and handling fee income	<b>4,952</b>	2,534
Financial advisory and consultancy fee income	<b>1,317</b>	1,250
Fund and portfolio management and		
investment advisory fee income	<b>39,703</b>	2,111
Fund and portfolio performance and incentive fee income	<b>1,149</b>	134
Interest income from margin financing and		
money lending service	<b>2,911</b>	1,125
Trading of goods and products	<b>234,192</b>	355,032
Underwriting and placing commission income	<b>121,454</b>	52,402
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>405,678</u></b>	<b><u>414,588</u></b>

## 5. OTHER GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Changes in fair value of financial instruments classified as held for trading investments	53,474	(1,786)
Changes in net assets attributable to other holders of redeemable shares of a consolidated investment fund	(2,811)	–
Net foreign exchange losses	(3,741)	(3,378)
Net losses on disposals of property, plant and equipment	(3)	(285)
	<u>46,919</u>	<u>(5,449)</u>

## 6. OTHER INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividend income	1,714	–
Interest income from banks and others	41	13
Sundry income	1	22
	<u>1,756</u>	<u>35</u>

## 7. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Effective interest on liability component of convertible bonds	25,362	4,199
Interest on bank and other borrowings	9,574	567
Interest on loan from a shareholder	–	314
	<u>34,936</u>	<u>5,080</u>

## 8. LOSS BEFORE INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before income tax is arrived at after charging:		
Auditor's remuneration	1,280	1,230
Minimum lease payments under operating leases in respect of land and buildings	6,756	5,786
Staff costs, including directors' emoluments		
– Fees, salaries, allowances and bonuses	160,468	30,236
– Equity-settled share-based payment expense	–	4,218
– Retirement benefit scheme contributions	1,055	1,058
	<u>161,523</u>	<u>35,512</u>

## 9. INCOME TAX EXPENSE

For the years ended 31 December 2015 and 2014, Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profits for the respective years.

For the years ended 31 December 2015 and 2014, no provision for PRC Corporate Income Tax has been made as the Group did not derive any assessable profits in the PRC for the respective years.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
– Provision for current year	2,668	2,399
– Over provision in respect of prior years	–	(20)
	<u>2,668</u>	<u>2,379</u>

## 10. DIVIDENDS

No dividend was proposed or paid during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

## 11. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$34,385,000 (2014: loss of approximately HK\$5,040,000) and the weighted average number of 3,480,484,748 (2014: 3,275,104,100\*) ordinary shares in issue during the year.

### Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to owners of the Company of approximately HK\$34,385,000 (2014: loss of approximately HK\$9,194,000) and the weighted average number of 3,480,484,748 (2014: 3,275,104,100\*) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares for the year, calculated as follows:

#### (a) Loss attributable to owners of the Company

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
For the purpose of basic loss per share	(34,385)	(5,040)
After tax effect of effective interest on the liability component of convertible bonds	–	2,605
After tax effect of fair value changes on the derivative component of convertible bonds	–	–
Effect of earnings on conversion of convertible bonds issued by a subsidiary of the Company	–	(6,759)
	<u>          </u>	<u>          </u>
For the purpose of diluted loss per share	<u><u>(34,385)</u></u>	<u><u>(9,194)</u></u>

#### (b) Weighted average number of ordinary shares

	2015 Number of shares	2014 Number of shares*
For the purpose of basic loss per share	3,480,484,748	3,275,104,100
Effect of share options	–	–
Effect of convertible bonds issued by the Company	–	–
Effect of contingent consideration shares	–	–
	<u>          </u>	<u>          </u>
For the purpose of diluted loss per share	<u><u>3,480,484,748</u></u>	<u><u>3,275,104,100</u></u>



On 16 June 2014, Sheng Yuan Financial Services Group Limited (“SYFS”), a wholly-owned subsidiary of the Company, issued convertible bonds with the principal amount of HK\$45 million. Subject to attainment of certain profit conditions, these convertible bonds are convertible into ordinary shares of SYFS at a conversion price of HK\$10,000, at the option of the holders of the convertible bonds, which created a potential dilutive effect to the basic loss per share. None of these convertible bonds are assumed to have been converted into ordinary shares of SYFS for the year ended 31 December 2015 as it would result in decrease in diluted loss per share. In the calculation of the diluted loss per share for the year ended 31 December 2014, these convertible bonds are assumed to have been converted into ordinary shares of SYFS.

On 19 November 2014 and 30 December 2014, the Company issued convertible bonds with aggregate principal amount of HK\$135,000,000. The computation of diluted loss per share does not assume the conversion of these convertible bonds as it would result in a decrease in diluted loss per share.

The Company has outstanding share options, which were granted on 25 August 2011, 24 July 2013, 19 June 2014 and 20 June 2014 with exercise price (adjusted after share-subdivision) of HK\$0.280, HK\$0.183, HK\$0.250 and HK\$0.245 respectively. The computation of diluted loss per share does not assume an exercise of these share options since it would result in a decrease in diluted loss per share.

The computation of diluted loss per share also does not assume the issue of the Company’s contingent consideration shares of 556,585,714 (after share-subdivision) in aggregate as the relevant profit target has not been satisfied at the end of the reporting period.

\* The weighted average number of ordinary shares for the year ended 31 December 2014 for the purposes of basic and diluted loss per share has been calculated by assuming the share-subdivision had occurred on 1 January 2014.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>2015</b>	2014
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Trade receivables	<b>286,592</b>	244,526
Other receivables and prepayments	<b>4,638</b>	5,420
Amount due from an associate	–	6
	<b>291,230</b>	249,952

Other receivables of the Group are neither past due nor impaired. Amount due from an associate was unsecured, interest-free and repayable on demand. The analysis of trade receivables is as follows:

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Arising from the business of dealing in securities		
– HKSCC	<b>31,041</b>	4,302
– Cash clients	<b>1,361</b>	27
– Margin clients	<b>2,704</b>	9,573
Arising from asset management services	<b>26,974</b>	920
Arising from financial advisory and consultancy services	<b>488</b>	1,250
Arising from underwriting and placing services	–	52,402
Arising from proprietary trading	–	19,793
Arising from trading business	<b>224,024</b>	156,259
	<hr/>	<hr/>
	<b>286,592</b>	244,526
	<hr/> <hr/>	<hr/> <hr/>

The normal settlement terms of trade receivables arising from the business of dealing in securities are two business days after the respective trade dates. The amounts due from cash and margin clients are repayable on demand subsequent to the settlement date and bear interest at Hong Kong Dollar Prime Rate plus a spread of 3% to 8% (2014: 3% to 8%) per annum.

The Group does not provide any credit term to clients for its financial advisory and consultancy services as well as asset management services. Settlement of amounts arising from the underwriting and placing services is in accordance with the terms set out in the respective agreements, usually within one year after the service obligation has been fulfilled.

Amount arising from proprietary trading represents margin deposits placed with a securities broker. The excess of the outstanding amounts over the required margin deposits stipulated are repayable on demand.

The general credit periods granted to customers of trading business are 365 days (2014: 180 to 365 days).

At 31 December 2015, the amounts due from margin clients are neither past due nor impaired except for HK\$703,000 (2014: Nil) where the amounts were past due for 181 – 365 days following a trading suspension of the pledged securities. Based on past experience, management believes that no impairment allowance is necessary due to their track record with the Group and the balances are still considered fully recoverable. The ageing analysis of trade receivables in respect of other balances, based on due date, is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Not yet past due	<b>224,024</b>	156,259
0 – 30 days	<b>36,496</b>	78,433
31 – 60 days	<b>2,843</b>	261
61 – 90 days	<b>2,961</b>	–
91 – 180 days	<b>9,173</b>	–
181 – 365 days	<b>8,391</b>	–
	<hr/> <b>283,888</b> <hr/>	<hr/> 234,953 <hr/>

The amounts due from margin clients that are neither past due nor impaired at the reporting date of HK\$2,001,000 (2014: HK\$9,573,000) are secured by pledged marketable securities with fair value of HK\$17,177,000 (2014: HK\$85,761,000). The fair value of pledged marketable securities of each individual margin client is higher than the corresponding outstanding balance. The Group is permitted to sell or re-pledge these collaterals if that client defaults in payments.

The amount arising from trading business represents bills receivables held by and factored to a bank with recourse for cash proceeds. These bills receivables are neither past due nor impaired at the reporting date. In the event of default by the debtors, the Group is obliged to pay the bank the amount in default. As the Group retains substantially all the risks and rewards of ownerships of these receivables, the Group continues to recognise the whole carrying amounts of the receivables and has recognised the cash received on transfer as collateralised borrowings until the receivables are collected or the Group settles any losses suffered by the bank. At 31 December 2015, the carrying amount of these receivables and the associated borrowings were HK\$224,024,000 (2014: HK\$156,259,000) and HK\$222,314,000 (2014: HK\$154,924,000) respectively. The difference between the carrying amount of receivables and the associated borrowings was HK\$1,710,000 (2014: HK\$1,335,000). The directors of the Company consider that the fair value of these receivables and the associated borrowings are not materially differing from their carrying amount.

The amount arising from underwriting and placing services at 31 December 2014 represents the balance due from a securities broker who retained the service fee payable to the Group on behalf of a client, which was disbursed to the Group upon client's approval. The amounts due from HKSCC, cash clients, brokers and clients for its asset management as well as financial advisory and consultancy services has not provided for impairment loss as there has not been a significant change in their credit quality.

### 13. HELD FOR TRADING INVESTMENTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Listed equity securities	17,173	51,652
Unlisted investments funds	167,131	20,306
	<u>184,304</u>	<u>71,958</u>

#### Equity securities

Equity securities of HK\$30,330,000 at 31 December 2014 were placed under the margin account maintained with a securities broker and were pledged for margin finance facilities obtained. None of the equity securities at 31 December 2015 are pledged to the securities broker or any third parties.

#### Investment funds

Pursuant to the subscription agreements, the Group's interests in the above investment funds are in the form of redeemable shares, which are puttable at the holder's option and entitles the Group to a proportionate stake in the respective funds' net assets. These investment funds are managed by the respective investment managers who are empowered to manage their daily operations and apply various investment strategies to accomplish their respective investment objectives.

The Group also served as an investment manager for certain of these investment funds and generated management fee income (note 4) from managing assets on behalf of investors but is terminable by independent board of directors without a cause. The Group therefore does not consolidate the above investment funds in which it holds an interest.

The total net asset value of the above investment funds of which the Group is the investment manager and investment adviser at 31 December 2015 is HK\$308,063,000 (2014: HK\$25,465,000) and HK\$446,204,000 (2014: Nil), respectively. The Group's maximum exposure to loss from its interests in these investment funds is limited to the carrying amount of HK\$88,342,000 (2014: HK\$20,306,000) and HK\$76,272,000 (2014: Nil) included above. Change in fair value of these investment funds is included in the consolidated statement of profit or loss and other comprehensive income in "Changes in fair value of financial instruments classified as held for trading" within "Other gains and losses" (note 5), the amount attributable to these investment funds of which the Group is the investment manager and investment adviser amounted to HK\$21,325,000 (2014: HK\$306,000) and HK\$6,273,000 (2014: Nil), respectively.

#### 14. TRADE AND OTHER PAYABLES AND ACCRUALS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	64,804	18,395
Payable of net assets attributable to other holders of redeemable shares of a consolidated investment fund	14,811	–
Other payables and accruals	37,415	3,976
Amount due to an associate	–	346
	<u>117,030</u>	<u>22,717</u>

Amount due to an associate was unsecured, interest-free and repayable on demand. The analysis of trade payables is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Arising from the business of dealing in securities		
– Cash clients	52,446	17,358
– Margin clients	12,358	1,037
	<u>64,804</u>	<u>18,395</u>

The normal settlement terms of trade payables arising from the business of dealing in securities are two business days after the respective trade dates. The amounts payable to cash and margin clients are repayable on demand.

No ageing analysis in respect of trade payables is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2015 (2014: Nil).

## **BUSINESS AND FINANCIAL REVIEW**

For the year ended 31 December 2015, the revenue of the Group amounted to approximately HK\$405.7 million, representing 2.1% decrease as compared with approximately HK\$414.6 million for the year ended 31 December 2014. Loss for the year ended 31 December 2015 was approximately HK\$34.4 million, as compared with loss of approximately HK\$5.0 million for the year ended 31 December 2014. Such increase in net loss is primarily attributable to loss incurred by the trading business segment, increase in finance costs and losses arising from share of results of an associate during the year ended 31 December 2015.

During the year ended 31 December 2015, in the light of quantitative easing policy and improved enterprise fundamentals in PRC, the Hong Kong stock market has been in active trading. However, a global turmoil triggered by uncertainties of US interest rate hike, downward pressure on commodity prices and slowing growth of the PRC economy has caused a large scale correction in the Hong Kong stock market since June 2015. Despite continuous fluctuation in local stock market, Hong Kong remains one of the preferred options for global initial public offering.

During the year ended 31 December 2015, the total revenue of Sheng Yuan Financial Services Group Limited and its subsidiaries (collectively, the “SYFSG Group”) increased by 187.8% to approximately HK\$171.5 million (2014: approximately HK\$59.6 million). Net profit from the SYFSG Group for the year ended 31 December 2015 amounted to HK\$10.1 million, representing 49.2% decrease from HK\$19.9 million when compared to the year ended 31 December 2014.

Staff costs of the Group increased from HK\$35.5 million to HK\$161.5 million for the year ended 31 December 2015 was mainly due to the bonus paid to the staff of SYFSG Group.

For securities business, the revenue from securities brokerage and financial services during the year ended 31 December 2015 increased to approximately HK\$130.6 million as compared with approximately HK\$57.3 million for the year ended 31 December 2014. Such increase in revenue was mainly due to the receipt and recognition of the commission and underwriting fee income related to the public offering of the shares of Shengjing Bank Co., Ltd. by Sheng Yuan Securities Limited (“SYSL”), as well as the completion of placement transactions of various Hong Kong listed companies by SYSL acting as the placing agent.

For asset management business, Sheng Yuan Asset Management Limited (“SYAM”) acts as the fund manager or investment adviser for 11 funds as at 31 December 2015. The total assets under management of SYAM have exceeded HK\$3.8 billion as at 31 December 2015. During the year ended 31 December 2015, SYAM recorded segment revenue of approximately HK\$40.9 million, representing 18.6 times of that of the last year (2014: approximately HK\$2.2 million).

In order to provide a new stream of income for its financial business, the SYFSG Group expanded the proprietary trading business during the year ended 31 December 2015 and mainly invested in listed shares in Hong Kong market and private fund. The segment profit from proprietary trading business for the year ended 31 December 2015 was approximately HK\$4.3 million (2014: segment loss of HK\$11.0 million).

During the year ended 31 December 2015, the revenue from trading business decreased to HK\$234.2 million, representing 34.0% decrease compared with approximately HK\$355.0 million for the year ended 31 December 2014, mainly because the global commodities was seriously hit during the year ended 31 December 2015, with a successive plunge in oil price as well as a significant fall in the price of energy and metal minerals, which challenged the trading business of such products. As such, the trading business of the Group recorded a loss of approximately HK\$5.9 million during the year ended 31 December 2015 (2014: profit of approximately HK\$0.009 million). The Group has suspended its trading business in the second half of the year ended 31 December 2015.

In October 2014, the Group has completed its acquisition of approximately 24.975% equity interest in Xinhua (Daqing) Merchandise Exchange Company Limited (新華(大慶)商品交易所有限公司, “XHME”), a merchandise exchange company established in Heilongjiang Province, the PRC (the “Acquisition”). XHME is engaged in the operation of an electronic merchandise exchange platform for commodity goods trading, which provides trading, clearing financing and logistics services to suppliers and purchasers on the electronic trading platform.

Pursuant to the conditional sale and purchase acquisition agreement dated 11 September 2014 (the “Acquisition Agreement”) entered into by the Company and World Tycoon Limited (the “Vendor”), the Company is required to allot and issue 556,585,714 consideration shares as the second payment of the consideration to the Vendor within 14 days after the auditor appointed by the Company confirms that XHME has recorded audited consolidated net profit before tax in the amount of HK\$50 million (the “Profit Target”) on any day within 365 days from the date of completion of the Acquisition (the “Profit Target Period”).

According to the management accounts of XHME for the Profit Target Period, XHME recorded net losses for the Profit Target Period. The Vendor agreed that XHME incurred net losses during the Profit Target Period and there was no need for the Group to prepare the audited accounts of XHME for the Profit Target Period as required in the Acquisition Agreement. As XHME did not fulfill the Profit Target requirement, the Group is not required to settle the second payment of the consideration.



Since the last quarter of 2014, XHME has experienced a change of its management team which has unavoidably affected its operations and results. During the year ended 31 December 2015, the Group noticed that XHME has put its effort to recruit its management and develop its business plans. It is expected that improvement in the operation of XHME will be seen in 2016.

## **PROSPECTS**

Looking forward, the complexity and fluctuation of the market is likely to sustain against a backdrop of various challenges from market decline, slower economy and intensive industrial competition. However, due to increasingly close market interactions between Hong Kong and Mainland China, including the Mutual Recognition of Hong Kong and China Fund Program approved at the end of 2015 and the Shenzhen-Hong Kong Stock Connect Program possibly to be launched early 2016, Hong Kong is expected to usher in new business opportunities.

Apart from its traditional brokerage business, SYSL will further develop their intermediary businesses such as underwriting of IPO, placement of private notes, bonds and funds, as well as shares to deliver steady profit growth. SYAM will continue to step up its efforts in funds management and customised discretionary investment services to expand its customer base, at the same time keeping abreast of the market trends. Sheng Yuan Capital (Hong Kong) Limited will march on financial advisory businesses such as corporate financing, merger and acquisition. For proprietary trading, the Group plans to increase its investment in fixed income products, seeking investment opportunities arising from the fluctuation of secondary market and also looking for opportunities for PE investment in due course.

Besides, in May 2015, the SYFSG Group has established a wholly owned subsidiary, Sheng Yuan Global High Growth Industries Fund Series SPC, in Cayman Island, acting as an all-round off-shore investment platform and bringing further opportunities for the Group to invest globally.

Looking ahead, in spite of various difficulties, the SYFSG Group will remain cautious in identifying opportunities during the operation of its business in a stable way, and aims to surpass targeted net profit in 2016.

The Group is currently exploring investment opportunities with its mainland business partners in relation to establish a joint venture brokerage firm in the PRC with full licences to carry on securities related business to capture opportunities arising from the latest development in the capital markets in the PRC. The CEPA and QFII (“Qualified Foreign Institutional Investor”) frameworks and other newly announced initiatives such as QDII (“Qualified Domestic Institutional Investor”) have seen China’s financial markets gradually open which facilitates the Group’s diversification and expansion of business development geographically.



## **ACQUISITION AND DISPOSAL**

There was no material acquisition or disposal during the year ended 31 December 2015.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2015, cash and bank balances in general accounts maintained by the Group were approximately HK\$60.5 million, representing a decrease of approximately 36.0% from approximately HK\$94.5 million as at 31 December 2014. Balances in trust and segregated accounts were approximately HK\$51.4 million (2014: HK\$10.5 million). Trade and other receivables and prepayments were approximately HK\$291.2 million as at 31 December 2015 (2014: HK\$250.0 million), which mainly represented increased receivables from asset management services and increased trade volume arising from business of securities brokerage. Trade and other payables and accruals have increased from approximately HK\$22.7 million as at 31 December 2014 to approximately HK\$117.0 million as at 31 December 2015, which was also attributable to the accrual of staff bonus and increased trade volume arising from business of securities brokerage.

The Group's current assets and current liabilities as at 31 December 2015 were approximately HK\$587.5 million (2014: HK\$427.7 million) and approximately HK\$344.4 million (2014: HK\$180.3 million) respectively. The borrowings as at 31 December 2015 amounted to HK\$222.3 million (2014: HK\$154.9 million) due to increase in collateralised borrowings. The gearing of the Group, measured as total debts to total assets, remained healthy at approximately 55.2% as at 31 December 2015 despite increasing from approximately 54.7% as at 31 December 2014. As at 31 December 2015, the Group recorded net assets of approximately HK\$178.3 million as compared with approximately HK\$214.2 million as at 31 December 2014, with the decrease largely due to the loss recorded during the year ended 31 December 2015. During the year ended 31 December 2015, the Group financed its operations with internally generated cash flow and funds from convertible bonds issued.

## **FOREIGN EXCHANGE RISK MANAGEMENT**

The Group's transactions are mainly denominated in Hong Kong dollars, United States dollars ("USD"), and Renminbi ("RMB"). During the year ended 31 December 2015, the Group used foreign exchange forward contracts to manage the Group's currency exposure in relation to foreign currency receivables. As at 31 December 2015, the Group does not held outstanding commitments to sell RMB for USD under foreign exchange contract (2014: approximately US\$15.2 million).

## **CAPITAL STRUCTURE**

During the year ended 31 December 2015, 14,800,000 shares of the Company were issued upon exercise of share options.

## **CONTINGENT LIABILITIES**

As at 31 December 2015, the Group did not have any material contingent liabilities.

## **PLEDGE OF ASSETS**

As at 31 December 2015, the collateralised borrowings at the amount of HK\$222.3 million mainly represented the amount of financing obtained from factoring the Group's bills receivables amounting to HK\$224.0 million.

## **HUMAN RESOURCES**

As at 31 December 2015, the Group employed approximately 60 employees. The remuneration policy and package of the Group's employees are maintained at market level and are reviewed annually by management. In addition to basic salary, discretionary bonuses, mandatory pension fund and medical insurance scheme, share options may also be granted to eligible employees at the discretion of the Board and are subject to the performance of the individual employees as well as the Group.

## **PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2015, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, financial control, risk management and internal controls systems. The consolidated results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee. The Audit Committee comprises three members namely Mr. Lo Ka Wai (Chairman), Dr. Huan Guocang and Mr. Wu Fred Fong. All of them are independent non-executive Directors.

## **REMUNERATION COMMITTEE**

The Remuneration Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises three independent non-executive Directors namely, Mr. Wu Fred Fong (Chairman), Dr. Huan Guocang and Mr. Lo Ka Wai.

## **NOMINATION COMMITTEE**

The Nomination Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Nomination Committee comprises three independent non-executive Directors namely, Dr. Huan Guocang (Chairman), Mr. Lo Ka Wai and Mr. Wu Fred Fong.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code on corporate governance practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 31 December 2015 except the following deviations:

The Code provision A.2.1 stipulates that the role of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. Although the Company does not have a Chairman, all major decisions are made in consultation with the Board members and the senior management of the Company. There are three independent non-executive Directors in the Board. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

Under the Code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Xu Guocai, a non-executive Director who was removed with effect from 8 June 2015, was unable to attend the annual general meeting and the special general meeting of the Company both held on 22 May 2015 as he had other business commitments.

Following the retirement of Mr. Qi Wenju, a former independent non-executive Director, on 22 May 2015, the number of independent non-executive Directors of the Board fell below the minimum number of independent non-executive Directors required under Rule 3.10(1) of the Listing Rules. There was also a vacancy for the chairman of the nomination committee of the Company and the Company no longer fulfilled the requirements on minimum number of independent non-executive directors for the formation of audit committee stipulated under Rule 3.21 of the Listing Rules. Following the appointment of Dr. Huan Guocang as an independent non-executive Director, chairman of the nomination committee and members of the audit committee and remuneration committee of the Company on 8 June 2015, the Company has met the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

## **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”) of the Listing Rules as a code of conduct of the Company for directors’ securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the year ended 31 December 2015.

## **EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT**

### **Basis for Qualified Opinion**

Included in the consolidated statement of financial position is interest in an associate, Xinhua (Daqing) Merchandise Exchange Company Limited (“XHME”), of approximately HK\$92,025,000 and HK\$73,945,000 as at 31 December 2014 and 31 December 2015, respectively. As stated in note 18 to the consolidated financial statements, XHME was acquired during the year ended 31 December 2014 and the Group applies equity method to account for its interest in XHME. Included in the consolidated statement of profit or loss and other comprehensive income is the Group’s share of loss of XHME for the year ended 31 December 2014 and year ended 31 December 2015 of approximately HK\$1,145,000 and HK\$14,151,000, respectively and exchange differences on translating the financial statements of XHME for the year ended 31 December 2014 and year ended 31 December 2015 amounted to HK\$394,000 and HK\$3,929,000, respectively.

During the course of our audit, we had not been given access by the local management of XHME to the books and records and to obtain other information of XHME that we considered necessary in order to satisfy ourselves as to whether the Group’s share of XHME’s loss and other comprehensive income for the year ended 31 December 2015 and the carrying amount as included in the Group’s consolidated statement of financial position as at 31 December 2015 were fairly

stated and whether the information of XHME as shown in note 18 to the consolidated financial statements was properly disclosed. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate audit evidence in this regard. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our opinion on the Group's consolidated financial statements for the year ended 31 December 2014 was also qualified on the same basis.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

*Note: Details of "note 18 to the consolidated financial statements" is included in the annual report for the year ended 31 December 2015.*

### **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Company ([www.shengyuan.hk](http://www.shengyuan.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report for the year ended 31 December 2015 of the Company containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**Sheng Yuan Holdings Limited**  
**Wu Siu Lam, William**

*Executive Director and Chief Executive Officer*

Hong Kong, 11 March 2016

*As at the date of this announcement, the Board consists of Mr. Wu Siu Lam, William and Ms. Cheng Kit Sum, Clara (all being executive Directors), Dr. Huan Guocang, Mr. Lo Ka Wai and Mr. Wu Fred Fong (all being independent non-executive Directors).*