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 30 APRIL 2010

The board of directors (the "**Directors**", collectively referred to as the "**Board**") of Sheng Yuan Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the financial year ended 30 April 2010 together with the comparative figures for the corresponding year in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April

	Notes	**2010 HK$'000**	2009 HK$'000
Continuing operations			
Revenue	*4*	**7,782**	23,546
Cost of sales		**(7,600)**	(23,035)
Gross profit		**182**	511
Other income	*6*	**–**	14
Administrative expenses		**(15,309)**	(4,194)
Finance costs	*7*	**(4,232)**	(4,779)
Loss before taxation		**(19,359)**	(8,448)
Taxation	*8*	**–**	–
Loss for the year from continuing operations	*9*	**(19,359)**	(8,448)
Discontinued operations			
Profit for the year from discontinued operations	*10*	**–**	39,674
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		**(19,359)**	31,226
(Loss) earnings per share	*11*		
From continuing and discontinued operations			
Basic and diluted		**HK$(0.03)**	HK$0.06
From continuing operations			
Basic and diluted		**HK$(0.03)**	HK$(0.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April

	Notes	**2010 HK$'000**	2009 HK$'000
Non-current assets			
Property, plant and equipment		**280**	184
Current assets			
Trade and other receivables and prepayments	*12*	**296**	14,550
Bank balances and cash		**43,813**	2,956
		44,109	17,506
Current liabilities			
Trade and other payables and accruals	*13*	**5,530**	14,180
Net current assets		**38,579**	3,326
Total asset less current liabilities		**38,859**	3,510
Capital and reserves			
Share capital		**84,172**	54,172
Reserves		**(94,006)**	(95,483)
Net deficits		**(9,834)**	(41,311)
Non-current liabilities			
Convertible notes		**48,693**	44,821
		38,859	3,510

NOTES

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company was Front Riches Investments Limited, a company incorporated in the British Virgin Islands ("BVI"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Group is located in Unit 803, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in trading of electrical products and copper concentrate.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's net liabilities amounted to approximately HK$9,834,000 as at 30 April 2010. The controlling shareholder of the Group has committed to provide adequate funds for the Group to meet its liabilities as they fall due for the foreseeable future. In addition, the directors believe that the convertible notes holder has the intention to convert the convertible notes into shares of the Company before the respective maturity dates and therefore there will be no cash impact arising from these liabilities. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 5). However, there has been no change in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The revised accounting policy does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 May 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. REVENUE

	2010 HK$'000	2009 HK$'000
Continuing operations		
Trading of electrical products	**1,815**	15,344
Trading of copper concentrate	**5,967**	8,202
	7,782	23,546

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 May 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments that was organised into three operating divisions, namely, trading of electrical products, trading of copper concentrate and manufacturing and trading of adaptors and transformers.

The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. The trading of electrical products and trading of copper concentrate operating divisions reported previously as separate business segments represent a single operating segment under HKFRS 8 since the trading businesses are carried out by one of operating subsidiary in the Group. The financial statements of this subsidiary were reviewed by the board of directors to assess the performance of the trading businesses. Amounts reported for the prior year have been represented to conform to the requirements of HKFRS 8.

On 28 October 2008, the Group completed the disposal of subsidiaries engaged in the manufacturing and trading of adaptors and transformers. Hence, the manufacturing and trading of adaptors and transformers segment is presented as discontinued operations. Detail of the discontinued operations are set out in note 10.

Segment revenue and results

The following is a reconciliation of the Group's revenue and results by operating segment for the year under review to loss before taxation from continuing operations:

	Trading of electrical products and copper concentrate	
	2010	2009
	HK$'000	HK$'000
REVENUE		
External sales	**7,782**	23,546
RESULTS		
Segment results	**(278)**	(773)
Other income	**–**	14
Share options expense	**(8,744)**	–
Corporate expenses	**(6,105)**	(2,910)
Finance costs	**(4,232)**	(4,779)
Loss for the year	**(19,359)**	(8,448)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the financial results by segment without allocation of other income, share options expense, corporate expenses and finance costs. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment from continuing operations:

	Trading of electrical products and copper concentrate	
	2010	2009
	HK$'000	HK$'000
ASSETS		
Segment assets	**46**	14,201
Bank balances and cash	**43,813**	2,956
Other assets	**530**	533
Consolidated total assets	**44,389**	17,690
LIABILITIES		
Segment liabilities	**265**	12,305
Convertible notes	**48,693**	44,821
Other liabilities	**5,265**	1,875
Consolidated total liabilities	**54,223**	59,001

For the purposes of monitoring segment performances and allocating resources between segments:

- Segment assets comprises of trade and certain other receivables. Bank balances and cash, other assets including other receivables and prepayments and property, plant and equipment of head office are not allocated to operating segments.

- Segment liabilities comprises of trade and certain other payables. Convertible notes, other liabilities including other payables and accruals in relation to corporate administration costs are not allocated to operating segments.

Other segment information

Amount included in the measure of segment results or segment assets from continuing operations:

	Trading of electrical products and copper concentrate	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000
For the year ended 30 April 2010			
Additions to property, plant and equipment	**–**	**294**	**294**
Depreciation of property, plant and equipment	**138**	**60**	**198**
For the year ended 30 April 2009			
Additions to property, plant and equipment	34	–	34
Depreciation of property, plant and equipment	135	–	135

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from continuing operations from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets from continuing operations by geographical location of the assets are detailed below.

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**7,782**	11,284	**280**	184
PRC	**–**	12,262	**–**	–
	7,782	23,546	**280**	184

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group from trading of electrical products and copper concentrate are as follows:

	2010	2009
	HK$'000	HK$'000
Customer A	**–**	12,262
Customer B	**5,967**	8,201
Customer C	**–**	3,083
Customer D	**1,815**	–

6. OTHER INCOME

Amount of other income for the year ended 30 April 2009 represented the interest income on bank deposits from continuing operations.

7. FINANCE COSTS

Amounts of finance costs represent the effective interest expense on convertible notes from continuing operations.

8. TAXATION

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

No provision for Hong Kong Profits Tax has been made for the year ended 30 April 2010 and 2009 as the Group has no assessable profit for both years. Hong Kong Profits Tax is calculated at 16.5% for both years.

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	HK$'000
(Loss) profit before taxation		
Continuing operations	**(19,359)**	(8,448)
Discontinued operations *(note 10)*	**–**	39,674
	(19,359)	31,226
Taxation at the Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	**(3,194)**	5,152
Tax effect of expenses not deductible for tax purpose	**3,168**	832
Tax effect of income not taxable for tax purpose	**–**	(6,592)
Tax effect of tax losses not recognised	**26**	608
Taxation for the year	**–**	–

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$3,043,000 (2009: HK$2,888,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the uncertainty of future profit stream.

9. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2010	2009
	HK$'000	HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	**400**	400
Depreciation of property, plant and equipment	**198**	135
Operating lease payments in respect of rented properties	**551**	–
Staff costs (including directors' remuneration):		
Salaries and allowances and benefits	**1,826**	1,345
Retirement benefit scheme contributions	**18**	28
Share options expense	**8,744**	–
	10,588	1,373

10. DISCONTINUED OPERATIONS

On 28 October 2008, the Group entered into a sale agreement to dispose of certain subsidiaries, Mei Ah Electrical & Industry (HK) Limited, Mei Ah Management Services Limited and Mei Ah Industrial Limited (collectively known as the "Disposal Group"), which carried out all of the Group's operations related to manufacturing and trading of adaptors and transformers. The disposal was effected in order to focus the resources on the Group's electrical products and copper concentrate trading operations. The disposal resulted in a gain on disposal of HK$41,640,000 and was completed on the same date, on which date control of the Disposal Group was passed to the acquirer, Good Ethic Limited, a company incorporated in BVI and an independent third party of the Group.

The (loss) gain for the year ended 30 April 2009 from the discontinued operations was analysed as follows:

	2009
	HK'000
Loss of manufacturing and trading of adaptors and transformers operation for the period	**(1,966)**
Gain on disposal of manufacturing and trading of adaptors and transformers operation	**41,640**
	39,674

The results for the period from 1 May 2008 to 28 October 2008, which have been included in the consolidated statement of comprehensive income, were as follows:

	Period from 1.5.2008 to 28.10.2008
	HK$'000
Administrative expenses	(1,171)
Loss on write off of property, plant and equipment	(795)
Loss before taxation	(1,966)
Taxation	–
Loss for the period	(1,966)

During the year ended 30 April 2009, the Disposal Group used HK$49,000 in the Group's net operating cash flows and had no cash flow in the investing activities and financing activities.

11. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(19,359)**	31,226

	Number of shares	
	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**660,483,488**	520,757,461

For the year ended 30 April 2009, the computation of weighted average number of ordinary shares included the ordinary shares that would be issued upon the conversion of mandatorily convertible notes. The mandatorily convertible notes are not considered as contingently issuable shares as they are mandatorily convertible solely after the passage of time.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
(Loss) profit for the year attributable to owners of the Company	**(19,359)**	31,226
Effect of profit for the year from discontinued operations	**–**	(39,674)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(19,359)**	(8,448)

The denominators used for basic and diluted loss per share from continuing operations are the same as those detailed above for basic and diluted (loss) earnings per share from continuing and discontinued operations.

The computation of diluted (loss) earnings per share from continuing and discontinued operations and diluted loss per share from continuing operations do not assume the conversion of the non-mandatorily convertible notes and exercise of share options since the conversion of non-mandatorily convertible notes and exercise of share options would result in a decrease in loss per share from continuing operations.

From discontinued operations

For the year ended 30 April 2009, basic earnings per share from discontinued operations was HK$0.08 per share based on the profit for the year from the discontinued operations of HK$39,674,000 and the denominators detailed above for both basic and diluted (loss) earnings per share from continuing and discontinued operations. The diluted earnings per share from discontinued operations was HK$0.04 per share based on the profit for the year from the discontinued operations of HK$39,674,000 and the denominator of 950,757,461 shares that comprised of 520,757,461 weighted average number of ordinary shares and 430,000,000 number of ordinary shares for the effect of dilutive potential ordinary shares assuming conversion of convertible notes.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2010	2009
	HK$'000	HK$'000
Trade receivables	**–**	13,644
Other receivables and prepayments	**296**	906
	296	14,550

The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	2010	2009
	HK$'000	HK$'000
0-45 days	**–**	10,101
46 to 180 days	**–**	2,160
> 180 days	**–**	1,383
	–	13,644

For the year ended 30 April 2009, trade receivables of approximately HK$1,383,000 were denominated in United States dollars, the currency other than the functional currency of the respective group entities.

The Group allows an average credit period of 45 days to its customers. As at 30 April 2009, trade receivables of approximately HK$3,543,000, were past due but not provided for as there had not been a significant change in credit quality. The Group did not hold any collateral over the aforesaid trade receivables. The average age of these receivables was 152 days.

In the opinion of the directors, the Group has maintained long term relationship with existing customers who have a strong financial position. The directors consider that such relationship enables the Group to limit its credit risk exposure. Before accepting any new customers, the Group will assess the potential customers' credit quality by reference to the experience of the management and defines credit limit by customer. Such credit limit is reviewed by the management periodically.

Movement in the allowance for bad and doubtful debts

	2010	2009
	HK$'000	HK$'000
Balance at beginning of the year	**–**	7,008
Disposal of subsidiaries	**–**	(7,008)
Balance at end of the year	**–**	–

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	2010	2009
	HK$'000	HK$'000
Trade payables	**–**	12,081
Other payables and accruals	**5,530**	2,099
	5,530	14,180

All the trade payables were aged within 0-180 days at 30 April 2009.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 30 April 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

For the year ended 30 April 2010 (the "Year"), revenue of the Group was approximately HK$7,782,000, representing a decrease of 67% from that of the year ended 30 April 2009 (the "Preceding Year") (approximately HK$23,546,000). The decrease corresponded to a decrease in revenue from the Group's trading of electrical products and copper concentrate under the challenging economic environment. Net loss of HK$19,359,000 was recorded for the Year, as compared with net profit of approximately HK$31,226,000 for the Preceding Year. The profit of the Preceding Year was mainly due to the significant contribution of profit of approximately HK$39,674,000 from the disposal and operation of discontinued operations recognized, which is not applicable to this Year's results. During the Year, the Group recorded a loss from continuing operations of approximately HK$19,359,000, as compared with approximately a loss of HK$8,448,000 for the Preceding Year. The increase in loss from continuing operations was recorded after accounting for an increase in administrative expenses mainly attributable to (i) share-based payments in the amount of HK$8,744,000 incurred for the issuance of options to newly recruited staff and directors of the Company (the "Directors"); and (ii) legal and advisory expenses incurred for the Group's change of controlling shareholder, associated fundraising exercise and exploration of new business projects during the Year. If the above factors were excluded, the net loss from operations of the Group of the Year would be approximately HK$8,772,000, which is in line with the net loss from operations of the Preceding Year.

Front Riches Investments Limited ("Front Riches") became the Company's controlling shareholder on 13 April 2009 and completed a mandatory unconditional general offer on 3 June 2009. On 8 June 2009, shareholders approved in a special general meeting the subscription agreement and a supplemental subscription agreement dated 13 April 2009 and 22 April 2009 respectively in relation to the issuance of convertible notes in the aggregate principle amount of HK$44,417,600. Convertible notes of HK$5,152,000 and HK$39,265,600 were issued on 17 November 2009 and 29 April 2010 respectively, providing the Group with financial resources for future business development. In August 2009 and March 2010, Front Riches has converted on each respective date convertible notes issued in July 2007 of HK$18,000,000 in face value into an aggregate of 300,000,000 ordinary shares of the Company ("Shares").

Subsequent to the change of controlling shareholder, the Group has undergone a number of changes in order to provide the Group with new directions, highest standards of corporate governance and a new corporate identity. These include (i) the formation of a new board of directors; (ii) a change in auditors of the Group to Deloitte Touche Tohmatsu; and (iii) a change of the Company's name to Sheng Yuan Holdings Limited.

Prospects

Since joining the Group, the new Board and management have reviewed the business and strategies of the Group. In view of new opportunities that exist in other areas of trade and the increasingly narrow niche available for the Group's existing trading of electrical products and copper concentrate, the Group is actively seeking to expand its trading activities into other more attractive areas. The Group is currently establishing a new wholly foreign-owned enterprise in Shanghai, the People's Republic of China, paving way for expanding the Group's trading business into higher growth sectors. Leveraging on the Group's business network in China, it is envisaged that this new venture will bring opportunities for new revenue streams and prospects to the Group. Furthermore, the Group shall continue seeking for other new business projects to diversify its scope of business, thereby further broadening its income streams and enhancing its growth.

Acquisitions and Disposals

There was no material acquisition or disposal during the Year.

Liquidity and Financial Resources

As at 30 April 2010, cash and bank balances maintained by the Group were approximately HK$43,813,000 (30 April 2009: HK$2,956,000). The Group current ratio (current assets over current liabilities) as at 30 April 2010 was 798% (30 April 2009: 123%). The Group has no borrowings as at 30 April 2010. The gearing of the Group, measured as total debts to total assets was 122% as at 30 April 2010, as compared with 334% as at 30 April 2009. With the conversion of convertible notes for the Year, the net deficit of the Group as at 30 April 2010 improved to approximately HK$9,834,000 from HK$41,311,000 as at 30 April 2009.

The Group financed its operation with internally generated cash flow and fund from issuance of convertible notes.

Foreign Exchange Exposure

The Group's transactions are mainly denominated in Hong Kong dollars and United States dollars. As Hong Kong dollars is pegged to United State dollars, the Group's exposure to exchange rate fluctuations is minimal. Therefore, the Group has not engaged in any hedging contracts during the Year.

Capital Structure

During the Year, the holder of the convertible notes of the Company has converted convertible notes of HK$36,000,000 in face value into 300,000,000 Shares.

Contingent Liabilities

As at 30 April 2010, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 30 April 2010, the Group did not pledge any of its assets.

Employee and Remuneration Policies

As at 30 April 2010, the Group employed approximately 11 employees, all situated in Hong Kong. The remuneration policy and package of the Group's employees are maintained at market level and reviewed annually by the management. In addition to the 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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 April 2010.

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 and internal controls. The audited results for the year ended 30 April 2010 have been reviewed by the audit committee and agreed by the external auditors.

The audit committee comprises three members namely, Mr. Chan Ho Sun, Sunny, Mr. Cheung Kwok Keung and Mr. Lau On Kwok. 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. Chan Ho Sun, Sunny, Mr. Cheung Kwok Keung and Mr. Lau On Kwok.

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 financial year ended 30 April 2010 except the following:

Code Provision A.2.1

There was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO") of the Company as set out in the Code provision A.2.1. during the period from 1 May 2009 to 3 June 2009. Mr. Ko Chun Shun, Johnson, a former Director, assumed the role of both the Chairman and CEO during the period. This was a temporary arrangement to allow the Board to select a suitable candidate to fill the post of the CEO. Subsequent to the appointment of Ms. Lin Min as the Chairman and Mr. Yip Kar Hang, Raymond as the CEO on 4 June 2009, Code provision A.2.1 has been complied accordingly.

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 30 April 2010.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 April 2010 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.shengyuanholdings.com) and the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 30 April 2010 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
Yip Kar Hang, Raymond
Executive Director and Chief Executive Officer

Hong Kong, 16 July 2010

As at the date of this announcement, Ms. Lin Min is the chairman and an executive Director; Mr. Yip Kar Hang, Raymond is an executive Director; Mr. Chan Ho Sun, Sunny, Mr. Cheung Kwok Keung and Mr. Lau On Kwok are the independent non-executive Directors.