盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 851)

FINAL RESULTS ANNOUNCEMENT FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2011

The board of directors (the "Directors", collectively referred to as the "Board") of Sheng Yuan Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the eight months ended 31 December 2011 together with the comparative figures for the year ended 30 April 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 May 2011 to 31 December 2011

	NOTES	**1.5.2011 to 31.12.2011** *HK$'000*	1.5.2010 to 30.4.2011 *HK$'000* (restated)
Continuing operations			
Revenue	*3&4*	**47,491**	19,776
Other income	*5*	**377**	30
Purchase of inventories for trading businesses		**(44,515)**	(19,240)
Salaries, commission and related benefits		**(25,732)**	(2,999)
Depreciation		**(1,342)**	(100)
Finance costs	*6*	**(3,813)**	(5,310)
Other administrative expenses		**(12,530)**	(5,097)
Loss before taxation		**(40,064)**	(12,940)
Taxation	*7*	**–**	–
Loss for the period/year from continuing operations		**(40,064)**	(12,940)
Discounted operations			
Loss for the period/year from discontinued operations	*8*	**(303)**	(130)
Loss for the period/year	*9*	**(40,367)**	(13,070)
Other comprehensive income for the period/year			
Exchange difference arising on translation of foreign operations		**859**	691
Total comprehensive expense for the period/year attributable to owners of the Company		**(39,508)**	(12,379)
Loss per share	*10*		
From continuing and discontinued operations			
Basic and diluted		**HK$(0.03)**	HK$(0.01)
From continuing operations			
Basic and diluted		**HK$(0.03)**	HK$(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	**31.12.2011** *HK$'000*	30.4.2011 *HK$'000*
Non-current assets			
Property, plant and equipment		**7,439**	4,675
Prepaid lease payments		**–**	–
Investment properties		**11,542**	11,306
Trading rights		**2,822**	2,822
Statutory deposits		**205**	205
		22,008	19,008
Current assets			
Trade and other receivables and prepayments	*11*	**33,412**	11,257
Bank balances (trust and segregated accounts)		**1,168**	338
Bank balances (general accounts) and cash		**104,019**	144,439
		138,599	156,034
Current liabilities			
Trade and other payables and accruals	*12*	**14,767**	5,316
Obligations under finance leases – due within one year		**37**	37
Convertible notes		**19,948**	–
		34,752	5,353
Net current assets		**103,847**	150,681
Total assets less current liabilities		**125,855**	169,689
Capital and reserves			
Share capital		**117,840**	117,840
Share premium and reserves		**(27,174)**	(614)
		90,666	117,226
Non-current liabilities			
Obligations under finance leases – due after one year		**107**	128
Convertible notes		**35,082**	52,335
		35,189	52,463
		125,855	169,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

1. GENERAL

The Company is 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 is Front Riches Investments Limited ("Front Riches"), a company incorporated in the British Virgin Islands. The addresses of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The addresses of the principal place of business of the Group is located in Suites 4301–5, 43/F, Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in trading of telecommunication equipment, securities brokerage and financial services and asset management services. In prior year, it also engaged in trading of electrical products and copper concentrate. The management of the Company removed the sales team of electrical products and copper concentrate subsequent to period ended 31 December 2011. The electrical products and copper concentrate segment was discontinued during the current period.

With the increase in revenue and operating expenses for the securities brokerage and financial services segment and the newly set up of the asset management services segment during the period, the directors of the Company changed the presentation format of the analysis of expenses recognised in profit or loss using classification by nature in the consolidated statement of comprehensive income to be more in line with the industry practice. Certain comparative figures in the consolidated statement of comprehensive income had been restated to conform with the presentation format in current period and to present the discontinued operations for the trading of electrical products and copper concentrate as stated above.

During the current financial period, the reporting period end date of the Group was changed from 30 April to 31 December because the directors of the Company determined to bring the annual reporting period end date of the Group in line with the financial year end of the subsidiaries that generated revenue from securities brokerage and financial services and asset management services businesses. Accordingly, the consolidated financial statements for the current period cover eight months ended 31 December 2011. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 May 2010 to 30th April 2011 and therefore may not be comparable with amounts shown for the current period.

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

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

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior period/years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[2]
HKFRS 9 (Amendments) and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE

	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
	HK$'000	*HK$'000*
Continuing operations		
Trading of telecommunication equipment	**45,794**	19,774
Securities brokerage and financial services	**1,210**	2
Asset management services	**487**	–
	47,491	19,776

4. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided.

During the period, the Group is newly engaged in the asset management services and this is a new operating segment in current period. Also, the Group discontinued operate the trading of electrical products and copper concentrate during the period as disclosed in note 8. The Group is therefore organised into three operating segments for the current period – (a) trading of telecommunication equipment, (b) securities brokerage and financial services and (c) asset management services.

The segment information reported below does not include any amounts for the discontinued operation of trading of electrical products and copper concentrate, which are described in more detail in note 8. Segment information for the prior year is restated.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Continuing operations

	Trading of telecommunication equipment		**Securities brokerage and financial services**		**Asset management services**		**Consolidated**	
	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011	**1.5.2011 to 31.12.2011**	1.5.2010 to 30.4.2011	**1.5.2011 to 31.12.2011**	1.5.2010 to 30.4.2011	**1.5.2011 to 31.12.2011**	1.5.2010 to 30.4.2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
External sales	**45,794**	19,774	**1,210**	2	**487**	–	**47,491**	19,776
Inter-segment sales	**–**	–	**–**	–	**1,449**	–	**1,449**	–
Segment revenue	**45,794**	19,774	**1,210**	2	**1,936**	–	**48,940**	19,776
Elimination							**(1,449)**	–
							47,491	19,776
RESULTS								
Segment results	**(2,581)**	(312)	**(5,012)**	(54)	**(1,532)**	–	**(9,125)**	(366)
Other income							**377**	30
Share options expense							**(12,948)**	–
Corporate expenses							**(14,555)**	(7,294)
Finance costs							**(3,813)**	(5,310)
Loss before taxation							**(40,064)**	(12,940)

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.

Inter-segment sales are charged on the expenses incurred by the relevant subsidiary plus certain percentage.

Segment assets and liabilities

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

Continuing operations

	Trading of telecommunication equipment		**Securities brokerage and financial services**		**Asset management services**		**Consolidated**	
	31.12.2011	30.4.2011	**31.12.2011**	30.4.2011	**31.12.2011**	30.4.2011	**31.12.2011**	30.4.2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**22,031**	6,682	**18,459**	8,877	**142**	–	**40,632**	15,559
Investment properties							**11,542**	11,306
Bank balances (general accounts) and cash							**104,019**	144,439
Other assets							**4,414**	3,738
Consolidated total assets							**160,607**	175,042
LIABILITIES								
Segment liabilities	**8,622**	174	**1,145**	1,422	**–**	–	**9,767**	1,596
Convertible notes							**55,030**	52,335
Other liabilities							**5,144**	3,885
Consolidated total liabilities							**69,941**	57,816

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

- All assets are allocated to operating segments other than investment properties, bank balances and cash for group administrative purpose and other assets including other receivables and prepayments and property, plant and equipment of head office.

- All liabilities are allocated to operating segments other than convertible notes and other liabilities including other payables and accruals in relation to corporate administration costs.

Other segment information

Amount included in the measure of segment results or segment assets:

Continuing operations

	Trading of telecom-munication equipment	Securities brokerage and financial services	Unallocated	consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the period from 1 May 2011 to 31 December 2011				
Additions to property, plant and equipment	**3,699**	**41**	**441**	**4,181**
Depreciation of property, plant and equipment	**444**	**843**	**55**	**1,342**
Loss on disposal of property, plant and equipment	**–**	**–**	**75**	**75**
For the year ended 30 April 2011				
Additions to property, plant and equipment	2,107*	–	–	2,107
Additions to prepaid lease payments	8,978*	–	–	8,978
Depreciation of property, plant and equipment	23	7	70	100
Release of prepaid lease payments	89	–	–	89

* *These additions were transferred to investment properties during the year ended 30 April 2011 and ceased to be segment assets of the trading of telecommunication equipment.*

Geographical information

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

Information about the Group's revenue from continuing operations from external customers is presented based on the geographical location of customers irrespective of the origin of the goods. Information about its non-current assets is presented based on geographical location of the assets.

	Revenue from external customers		Non-current assets	
	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011	**31.12.2011**	30.4.2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,697**	3	**6,995**	7,484
PRC	**45,794**	19,773	**14,808**	11,319
	47,491	19,776	**21,803**	18,803

Note: Non-current assets excluded statutory deposits.

Information about major customers

Revenues from customers of the corresponding period/year contributing over 10% of the total sales of the Group are as follows:

	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
	HK$'000	*HK$'000*
Customer A	**37,044**	–
Customer B	**5,226**	19,446

Note: Amount represented the revenue from trading of telecommunication equipment. Customer A is a new customer for the Group during the period.

5. OTHER INCOME

	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
	HK$'000	*HK$'000*
Continuing operations		
Interest income on bank deposits	**61**	11
Rental income	**315**	18
Other	**1**	1
	377	30

6. FINANCE COSTS

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

7. TAXATION

No provision for Hong Kong Profits Tax has been made for the period from 1 May 2011 to 31 December 2011 and 1 May 2010 to 30 April 2011 as the Group has no assessable profit for the period/year. Hong Kong Profits Tax is calculated at 16.5% for the period/year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiary is 25%.

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

	1.5.2011 to 31.12.2011 ***HK$'000***	1.5.2010 to 30.4.2011 *HK$'000*
Loss before taxation		
Continuing operations	**(40,064)**	(12,940)
Discontinued operations (note 8)	**(303)**	(130)
	(40,367)	(13,070)
Taxation at the Hong Kong Profits Tax rate of 16.5%	**(6,661)**	(2,157)
Tax effect of income not taxable for tax purpose	**(10)**	(2)
Tax effect of expenses not deductible for tax purpose	**5,092**	1,878
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(31)**	(24)
Tax effect of tax losses not recognised	**1,610**	305
Taxation for the period/year	**–**	–

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$14,651,000 (30.4.2011: HK$4,891,000) 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. The unrecognised tax losses of approximately HK$2,648,000 (30.4.2011: HK$440,000) will expire before 2014. Other losses may be carried forward indefinitely.

8. DISCONTINUED OPERATIONS

During the period, the Group discontinued the trading of electrical products and copper concentrate segment. The loss for the period/year from the discontinued operations is analysed as follows:

	1.5.2011 to 31.12.2011 ***HK$'000***	1.5.2010 to 30.4.2011 *HK$'000*
Loss of trading of electrical products and copper concentrate operation for the period/year	**303**	130

The results of trading of electrical products and copper concentrate operations for the period/year, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
	HK$'000	*HK$'000*
Revenue	**–**	32,450
Purchase of inventories for trading businesses	**–**	(31,744)
Salaries, commission and related benefits	**(267)**	(374)
Depreciation	**–**	(46)
Other administrative expenses	**(36)**	(416)
Loss before taxation	**(303)**	(130)
Taxation	**–**	–
Loss for the period/year	**(303)**	(130)

9. LOSS FOR THE PERIOD/YEAR

	Continuing operations		**Discontinued operations**		**Consolidated**	
	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011	**1.5.2011 to 31.12.2011**	1.5.2010 to 30.4.2011	**1.5.2011 to 31.12.2011**	1.5.2010 to 30.4.2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period/year has been arrived at after charging:						
Auditor's remuneration	**1,050**	461	**–**	–	**1,050**	461
Depreciation of property, plant and equipment	**1,342**	100	**–**	46	**1,342**	146
Loss on disposal of property, plant and equipment	**75**	–	**–**	–	**75**	–
Release of prepaid lease payments	**–**	89	**–**	–	**–**	89
Operating lease payments in respect of rented properties	**3,031**	916	**–**	–	**3,031**	916
Staff costs (including directors' remuneration):						
Salaries and allowances and benefits	**12,429**	2,949	**265**	370	**12,694**	3,319
Retirement benefit scheme contributions	**355**	50	**2**	4	**357**	54
Share options expense	**12,948**	–	**–**	–	**12,948**	–
	25,732	2,999	**267**	374	**25,999**	3,373

10. LOSS PER SHARE

For continuing and discontinued operations

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

	1.5.2011 to 31.12.2011 *HK$'000*	1.5.2010 to 30.4.2011 *HK$'000*
Loss for the purposes of basic and diluted loss per share	**(40,367)**	(13,070)

	Number of shares	
	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,178,402,911**	931,289,053

The computation of diluted loss per share from continuing and discontinued operations does not assume the conversion of the convertible notes and exercise of share options since it would result in a decrease in loss per share from continuing and discontinued operations.

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:

	1.5.2011 to 31.12.2011 *HK$'000*	1.5.2010 to 30.4.2011 *HK$'000*
Loss for the year attributable to owners of the Company	**(40,367)**	(13,070)
Effect of loss for the period/year from discontinued operations	**303**	130
Loss for the purposes of basic and diluted loss per share from continuing operations	**(40,064)**	(12,940)

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

The computation of diluted loss per share from continuing operations does not assume the conversion of the convertible notes and exercise of share options since it would result in a decrease in loss per share from continuing operations.

From discontinued operations

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

	1.5.2011 to 31.12.2011 *HK$'000*	1.5.2010 to 30.4.2011 *HK$'000*
Loss for the period/year from discontinued operations	**303**	130
Loss per share from discontinued operations attributable to owners of the Company		
Basic and diluted	**HK$(0.0003)**	HK$(0.0001)

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

The computation of diluted loss per share from discontinued operations does not assume the conversion of the convertible notes and exercise of share options since it would result in a decrease in loss per share.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	1.5.2011 to 31.12.2011 *HK$'000*	1.5.2010 to 30.4.2011 *HK$'000*
Trade receivables from trading business	**18,765**	6,668
Trade receivables arising from the business of securities brokerage		
– Cash clients	**1**	1,014
– Hong Kong Securities Clearing Company Limited	**–**	62
	1	1,076
Loans to securities margin clients	**10,567**	–
Other receivables and prepayments	**4,079**	3,513
	33,412	11,257

The following is an aged analysis of trade receivables at the end of the reporting period:

	1.5.2011 to 31.12.2011 *HK$'000*	1.5.2010 to 30.4.2011 *HK$'000*
0–30 days	**11,697**	6,550
31 to 60 days	**6,152**	1,194
61 to 90 days	**917**	–
	18,766	7,744

As at 30th April 2011, trade and other receivables and prepayments of approximately HK$7,428,000 were denominated in RMB, the currency other than the functional currency of the respective group entities.

The Group allows a credit period of 60 days (30.4.2011: 45 days) to its trading customers from trading businesses. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$917,000 (30.4.2011: HK$99,000) as at 31 December 2011, which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change on credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these trade receivables is 50 days (30.4.2011: 48 days) as at 31 December 2011.

In the opinion of the directors, the Group has maintained good 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 customers. Such credit limit is reviewed by the management periodically.

The settlement terms of trade receivables arising from the business of securities brokerage are usually one to two days after the trade date. The directors will follow up the trade receivables that had been over the settlement terms.

Loans to securities margin clients are repayable on demand and bear interest from 8% to 13% (30.4.2011: nil) per annum. In the opinion of the directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately of HK$70,602,000 (30.4.2011: nil). The average percentage of collateral over the outstanding balance as at 31 December 2011 is 668% (30.4.2011: nil). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans respectively. The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
	HK$'000	HK$'000
Trade payables from trading business	**8,622**	96
Trade payables arising from the business of securities brokerage and financial services		
– cash clients	**1,104**	1,363
– Hong Kong Securities Clearing Company Limited	**1,258**	–
	2,362	1,363
Amounts due to securities margin client	**42**	–
Other payables and accruals	**3,741**	3,857
	14,767	5,316

Trade payables from trading business were aged within 60 days (30.4.2011: 60 days) at 31 December 2011.

The settlement term of trade payables arising from business of securities brokerage and financial services is two days after the trade date and aged within 30 days.

Amounts due to securities margin clients are repayable on demand and interest free. In the opinion of the directors, no aged analysis is disclosed for amounts due to securities margin clients as the aged analysis does not give additional value.

As at 30 April 2011, trade and other payables and accruals of approximately HK$174,000 were denominated in RMB, the currency other than the functional currency of the respective group entities. There was no amount denominated in currencies other than the functional currency of the respective group entities as at 31 December 2011.

13. ACQUISITION OF A SUBSIDIARY

On 28 April 2011, the Group acquired the entire share capital in Sheng Yuan Securities Limited ("SYSL") from Global Strategy Investment Limited (the "Acquisition"), with SYSL principally engaged in the securities brokerage and financial services. The fair value of the consideration for the Acquisition was cash consideration of HK$17,700,000. This Acquisition had been accounted for using the acquisition method.

Acquisition-related costs amounting to HK$1,275,000 have been excluded from the consideration transferred and had been recognised as an expense for the year ended 30 April 2011, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	4,505
Trading rights	2,822
Statutory deposits	205
Trade and other receivables and prepayments	1,512
Bank balances (trust and segregated accounts)	419
Bank balances (general accounts) and cash	10,227
Trade and other payables and accruals	(1,825)
Obligations under finance leases	(165)
	17,700
Total consideration satisfied by cash	17,700
Net cash outflow arising on Acquisition:	
Cash consideration paid	(17,700)
Bank balances (general accounts) and cash acquired	10,227
	(7,473)

The fair value of trade and other receivables at the acquisition date amounted to HK$1,304,000 which was same as the gross contractual amounts.

The acquired subsidiary contributed loss of approximately HK$54,000 to the Group's loss for the period between the date of acquisition and the year ended 30 April 2011.

Had the Acquisition been completed on 1 May 2010, total group revenue for the year would have been approximately HK$19,865,000, and loss for the year would have been approximately HK$17,562,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 May 2010, nor is it intended to be a projection of future results.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the eight months ended 31 December 2011 (April 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the eight months ended 31 December 2011 (the “8-Month Period”), revenue of the Group from continuing operations was approximately HK$47.5 million, as compared with approximately HK$19.8 million for the twelve months ended 30 April 2011 (the “Preceding 12-Month Period”). The revenue from continuing operations of the 8-Month Period reflects i) the increased revenue contribution from the Group’s operations in the trading of telecommunication equipment in the PRC; ii) increased revenue contributions from the Group’s securities brokerage and financial services in Hong Kong; and iii) the beginning of revenue contribution from the asset management service segment in Hong Kong during the 8-Month Period. During the 8-Month Period, the Group has discontinued its trading of electrical products and copper concentrates operations in Hong Kong, which did not contribute any revenue during the 8-month Period (Preceding 12-Month Period: HK$32.5 million). Loss attributable to owners of the Company for the 8-Month Period was approximately HK$40.4 million, versus approximately HK$13.1 million of the Preceding 12-Month Period. The loss was mainly attributable to expenditures incurred and increased to support the Group’s diversification into the financial services field, including salaries, rental expenses for the Group’s offices in Hong Kong and the PRC, and expense recorded in relation to the issuance of share options amounting approximately HK$12.9 million as part of the Group’s incentive scheme for its staff.

During the 8-Month Period, the Group had focused its trading operations on that of telecommunication equipment in PRC, the revenue of which had improved to approximately HK$45.8 million as compared with approximately HK$19.8 million in the Preceding 12-Month Period. The Group’s trading operations in the PRC is principally engaged in sourcing telecommunication equipment and products for local telecommunication companies such as the Shanghai branch of China Telecom Corporation Limited, and the Group continued to diligently expand its range of product representation and cultivate client relationship with the aim at further expanding such business. On the other hand, due to continued unfavourable market environment for the Group’s trading of electrical products and copper concentrates operations in Hong Kong characterized by fierce competition and very thin margins, the Group has discontinued operations in this segment during the 8-Month Period and resources were instead focused on the development of the trading of telecommunication products in the PRC.

Beginning with the completion of the acquisition of Sheng Yuan Securities Limited ("SYSL") (previously named Kai Yuan Securities Limited), a licensed corporation under the Securities and Futures Ordinance ("SFO") to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, just prior to the beginning of the 8-Month Period, the Group has taken steady steps towards diversifying into the financial services field during the 8-Month Period. SYSL provides stock brokerage and securities advisory services via its network of account executives and a user-friendly internet platform to retail and professional investors. During the 8-Month Period, as SYSL gradually began building its client base and its margin lending business, the securities brokerage and financial services segment contributed approximately HK$1.2 million in revenue to the Group (Preceding 12-Month Period: minimal), and recorded approximately HK$5.0 million in segmental loss as SYSL was still at its initial stage of development.

In June 2011, Sheng Yuan Asset Management Limited ("SYAML"), the Group's asset management and investment advisory arm, was approved as a licensed corporation under the SFO to engage in Type 4 (advising on securities) and Type 9 (Asset Management) regulated activities and began contributing to the Group's revenue in September 2011. On 16 September 2011, the Group launched Sheng Yuan China Growth Fund (the "Fund"), an open-ended fund aimed at providing investors with the opportunity to long term capital growth through active investment in the financial markets, mainly by way of investments in listed equities whose businesses have a substantial focus in the Greater China Region. The Fund is managed by Sheng Yuan Fund Management (Cayman) Limited, to which SYAML acts as the investment adviser. The strategy and potential of the Fund have earned a vote of confidence from Mr. Hu Yishi and Ms. Lin Min, the ultimate beneficial controlling shareholder of the Company and the Chairlady and executive Director respectively, who invested US$10 million in the Fund (the "Hu Investment") upon its launch. Details of Hu Investment can be found in the announcement and circular of the Company dated 16 September 2011 and 7 October 2011 respectively. From its launch till the end of the 8-Month Period, the Fund's net asset value had continued to outperform the Eurekahedge Greater China Long Short Equities Hedge Fund Index, whose constituents adopt long-short strategy and invest in securities in the Greater China Region similar to the Fund. With the launch of the Fund in September 2011, the asset management service segment began its revenue contribution during the 8-Month Period with approximately $0.5 million in external sales revenue (Preceding 12-Month Period: nil) and recorded a segmental loss of approximately HK$1.5 million. Other than providing advice for the fund, SYAML also provides tailor-made discretionary portfolio management services to individuals, corporate and trust clients to meet their mandate and financial requirements, with one of its focuses being asset management services targeted at the capital investment entrance scheme for foreigners looking to invest and reside in Hong Kong.

Following the successful launch of SYSL and SYAML, the Group has set up Sheng Yuan Capital (Hong Kong) Limited ("SYCHK"), which was approved as a licensed corporation under the SFO to engage in Type 6 (advising on corporate finance) regulated activities in December 2011. Via its provision of advisory services on corporate transactions, SYCHK realized yet another facet of the Group's comprehensive line of financial services.

PROSPECTS

Telecommunication is increasingly becoming an important part of life in the PRC, with mobile phone penetration (2011: 73.6 units/100 people up 9.2 units) and internet coverage (2011: 38.3% up 4%) continuing to grow at a strong rate. The Group shall seek to continue improving its trading of telecommunication operations in the PRC under this healthy environment, and growth shall be achieved via further development of its business network and product roster.

Having obtained Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (Asset Management) licenses, the financial service platform of the Group has gradually taken form. The Group intends to allocate further efforts into building this comprehensive financial services platform.

SYSL, the Groups' securities brokerage unit, shall continue to expand its client base via leveraging the Group's relationship network and strengthening of its sales team, and growth in commission and financing income can be expected. To provide clients with a wider choice of investment avenues and round up our full range of services, SYSL will also seek to expand into dealing in futures, requisite license applications of which were made in March 2012.

SYAML, the Group's asset management arm, shall seek to achieve growth via the recruitment of further investment into the Fund, enlarging its client base for discretionary portfolio management services and launching new investment funds in the future.

SYCHK, the Group's corporate finance unit, provides a comprehensive set of advisory services to clients, covering areas including corporate finance transactions, fund raising, restructuring and reorganization, as well as regulatory compliance. It shall provide not only a new stream of business for the Group, but would also act as an important piece to complete a comprehensive value chain in financial services for clients.

Given the investment opportunities in the PRC presented by its network, the Group is also targeting to capitalize on such opportunities via new private equity funds denominated in Renminbi and US dollars with focus on long term capital appreciation from special opportunities and growth stage investments. The Group shall take the role as general partner of the private equity funds and investments into the funds from limited partners shall be recruited. Furthermore, direct investment opportunities shall also be explored via co-investment with strategic partners and investors. Certain potential anchor investors approached by the Group have displayed keen interest in cooperating with the Group via investment in the funds and participation in co-investment opportunities.

In recent months, the Hong Kong financial market has seen some signs of recovery amidst the turbulences caused by the global economy. With its full-fledged financial services platform gradually taken form and with due care taken in risk control and compliance, the Group is confident that it will be ready to capitalize on the opportunities as and when the market rebounds and healthy returns for stakeholders can be expected in the future.

ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal during the 8-Month Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at the end of the 8-Month Period, cash and bank balances in general accounts maintained by the Group were approximately HK$104.0 million, representing an decrease of 28.0% from approximately HK$144.4 million as at 30 April 2011, which was largely due to funding applied for the Group's expansion into the financial services field, set up of a new office in PRC and provision of margin loans to brokerage clients. Cash and bank balances of trust and segregated accounts was approximately HK$1.2 million as at 31 December 2011 as compared with approximately HK$0.4 million as at 30 April 2011. Corresponding with the Group's business expansion, increases in property, plant and equipment have led to the non-current assets of the Group having increased to approximately HK$22.0 million as at the end of the 8-Month Period, as compared with approximately HK$19.0 million as at 30 April 2011. In tandem with the Group's growth in trading business in the PRC and the growth in securities trading and margin trading business, trade and other receivables and other prepayments have increased from approximately HK$11.3 million to approximately HK$33.4 million during the 8-Month Period. Trade and other payables and accruals have also increased from approximately HK$5.3 million to approximately HK$14.8 million, which was largely due to the Group's growth in trading business in the PRC. Approximately HK$19.9 million of the Group's outstanding convertible notes have been reclassified to current liabilities during the 8-Month Period. As a result of all of the above, the Group's current assets and current liabilities as at the end of the 8-Month Period were approximately HK$138.6 million (30 April 2011: HK$156.0 million) and approximately HK$34.8 million (30 April 2011: HK$5.4 million) respectively. The Group has no borrowings as at 31 December 2011. The gearing of the Group, measured as total debts to total assets was approximately 34.3% as at the end of the 8-Month Period, as compared with 30.0% as at 30 April 2011. At the end of the 8-Month Period, the Group recorded net assets of approximately HK$90.7 million as compared with approximately HK$117.2 million as at 30 April 2011, with the decrease largely due to the loss recorded during the 8-Month Period. During the 8-Month Period, the Group financed its operation with internally generated cash flow and funds from the prior rights issue and issuance of convertible notes.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in Hong Kong dollars and Renminbi. Foreign exchange exposure of the Group is considered minimal as the exchange rate of Renminbi against Hong Kong dollars were relatively stable during the 8-Month Period. Therefore, the Group has not engaged in any hedging contracts during the Interim Period. The Group will from time to time review and monitor exchange risks, and consider employing foreign exchange hedging arrangements when appropriate and necessary.

CAPITAL STRUCTURE

There has been no change to the capital structure of the Group during the 8-Month Period.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2011, the obligations under finance leases of approximately HK$144,000 were pledged by the assets with carrying amount of approximately HK$160,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group employed approximately 45 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 8-Month period, 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 and internal controls. The audited results for the eight months period ended 31 December 2011 have been reviewed by the Audit Committee.

The Audit Committee comprises three members namely, Mr. Cheung Kwok Keung (Chairman), Mr. Chan Chi On, Derek and Mr. Lam Kam Tong. 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. Cheung Kwok Keung (Chairman), Mr. Chan Chi On, Derek and Mr. Lam Kam Tong.

NOMINATION COMMITTEE

The Nomination Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules in March 2012. The Nomination Committee comprises one executive Director namely Ms. Lin Min (Chairman), and two independent non-executive Directors namely, Mr. Cheung Kwok Keung and Mr. Lam Kam Tong.

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 as set out in Appendix 14 of the Listing Rules during the eight months ended 31 December 2011.

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 eight months ended 31 December 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.shengyuan.hk) and the Stock Exchange (www.hkexnews.hk). The annual report for the eight months ended 31 December 2011 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 Office

Hong Kong, 27 March 2012

As at the date of this announcement, the Board consists of Ms. Lin Min, Mr. Yip Kar Hang, Raymond and Ms. Kwong Wai Man, Karina (all being executive Directors), Mr. Chan Chi On, Derek, Mr. Cheung Kwok Keung and Mr. Lam Kam Tong(all being independent non-executive Directors).