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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)

CONSULTANCY AGREEMENT INVOLVING GRANT OF OPTION TO SUBSCRIBE FOR SHARES UNDER GENERAL MANDATE

After the trading hours of the Stock Exchange on 19 June 2014, the Company and the Consultant entered into the Consultancy Agreement pursuant to which the Company engaged the Consultant to provide the Consultancy Services for a fixed term of three years. As consideration for the Consultancy Services, the Company has conditionally granted to the Consultant the Option, at a nominal consideration of HK\$1.00, to subscribe for a total of 70,000,000 Shares at the Exercise Price of HK\$0.50 per Option Share exercisable during the Option Period.

THE CONSULTANCY AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Sheng Yuan Holdings Limited (the “**Company**”) announces that, after the trading hours on 19 June 2014, the Company and Rotaland Limited (the “**Consultant**”) entered into a consultancy agreement (the “**Consultancy Agreement**”) pursuant to which the Company engaged the Consultant to provide marketing and introduction services advice and guidance to support the Group’s business expansion and development (the “**Consultancy Services**”) for a fixed term of three years.

The Consultant is a company incorporated in British Virgin Islands and beneficially owned by Mr. Ho Wai Kong. Mr. Ho is an entrepreneur who for the last 30 years has been actively involved in China/Hong Kong cross border business development. Mr. Ho's extensive experience, far-reaching network and business acumen will be invaluable for the Company in its business development.

To the best knowledge, information and belief of the Directors, the Consultant and its ultimate beneficial owner are independent third parties and not connected persons of the Company within the meaning of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Grant of Option

As consideration for the Consultancy Services, the Company has, upon the signing of the Consultancy Agreement, conditionally granted to the Consultant an option (the "**Option**"), at a nominal consideration of HK\$1.00, to subscribe for 70,000,000 new shares of HK\$0.10 each in the share capital of the Company ("**Option Shares**") at an exercise price (the "**Exercise Price**") of HK\$0.50 per Option Share.

The 70,000,000 Option Shares to be issued upon the exercise of the subscription rights attaching to the Option represent: (i) approximately 4.33% of the existing issued share capital of the Company; and (ii) approximately 4.15% of the existing issued share capital of the Company as enlarged by the issue of the Option Shares.

Exercise Price

The Exercise Price of HK\$0.50 per Option Share was determined after arm's length negotiation between the Company and the Consultant with reference to the ten-day average closing price of the shares in the Company ("**Shares**") immediately prior to the date of the Consultancy Agreement. The Exercise Price represents (i) a premium of approximately 11.11% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on 19 June 2014, being the date of the Consultancy Agreement; and (ii) a premium of approximately 3.73% of the average closing price of HK\$0.482 per Share as quoted on the Stock Exchange over the last five trading days immediately prior to the date of the Consultancy Agreement.

The net price to the Company of each Option Share, which is calculated by dividing the expected net proceeds from the exercise of the subscription right attached to the Option by the total number of the Option Shares, would be approximately HK\$0.50.

Option Period

The Option is exercisable from the date of Consultancy Agreement up to the third anniversary of the date of the Consultancy Agreement (the “**Option Period**”). Vesting of the Option is conditional upon the achievement of certain performance target by a subsidiary of the Company.

Condition

The grant of the Option is subject to the approval of the Stock Exchange and is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Option Shares having been obtained.

General Mandate

The Option Shares will be issued under the general mandate (the “**General Mandate**”) granted to the Directors by a resolution of the shareholders of the Company (“**Shareholders**”) passed at the annual general meeting of the Company held on 25 April 2014. Accordingly, issue of the Option Shares upon exercise of the Option is not subject to further approval of the Shareholders. The Directors were authorised to allot and issue up to 322,402,582 Shares pursuant to the General Mandate. Up to the date of this announcement, the General Mandate has not been utilised.

Ranking of the Option Shares

The Option Shares, when issued, will rank pari passu in all respects with all other Shares in issue at the date of issue and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of issue.

Transfer

The Option shall be fully or partly assignable by the Consultant to any parties which are not connected persons (as defined in the Listing Rules) of the Company and upon notice to the Company after the achievement of certain performance target by a subsidiary of the Company.

Voting

The holder of the Option will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Option and will not be entitled to receive notice of any meetings of the Company.

USE OF PROCEED

The net proceeds to be received by the Company upon the exercise of the Option in full is estimated to be about HK\$35 million which is intended to be used by the Company as general working capital and business expansion purposes.

FUND RAISING ACTIVITY OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company had not raised any fund in the 12 months immediately preceding the date of this announcement.

REASON FOR THE GRANT OF THE OPTION

The Group is principally engaged in developing financial services platform for its securities brokerage, asset management services and trading of chemical products. The grant of the Option is consideration provided to the Consultant for the Consultancy Services to the Group and will not have any adverse impact on the cashflow of the Group and the Company can receive subscription money upon exercise of the Option. The Directors believe that the terms of the Consultancy Agreement (including the grant of the Option and the Exercise Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure of the Company immediately following the exercise of the Option in full:

	As at the date of this announcement		Immediately following the exercise of the Option in full (note 3)	
	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage
Substantial Shareholders				
Front Riches Investments Limited (note 1)	405,154,800	25.06	405,154,800	24.02
Tse Dik Chi	200,000,000	12.37	200,000,000	11.86
King Lion Group Limited (note 2)	158,500,000	9.80	158,500,000	9.40
Directors				
Wu Siu Lam, William	152,677	0.01	152,677	0.01
Kwong Wai Man, Karina	1,000,000	0.06	1,000,000	0.06
Qi Wenju	600,000	0.04	600,000	0.04
The Consultant	–	–	70,000,000	4.15
Other public Shareholders	<u>851,205,434</u>	<u>52.66</u>	<u>851,205,434</u>	<u>50.46</u>
Total	<u>1,616,612,911</u>	<u>100</u>	<u>1,686,612,911</u>	<u>100.00</u>

Note:

1. Front Riches Investments Limited is a corporation controlled by Mr. Hu Yishi, whose spouse, Ms. Lin Min, is a former executive Director.
2. King Lion Group Limited is wholly owned by Smart Chant Limited which in turn is wholly owned by Mr. Gao Yongzhi.
3. This does not include any Shares which may be issued pursuant to the exercise of options or any conversion rights under any convertible securities of the Company in place as at the date of this announcement.

By Order of the Board
Sheng Yuan Holdings Limited
Wu Siu Lam, William
Executive Director and Chief Executive Officer

Hong Kong, 19 June 2014

As at the date of this announcement, the Board consists of Mr. Wu Siu Lam, William, Ms. Kwong Wai Man, Karina and Ms. Cheng Kit Sum, Clara (all being executive Directors), Mr. Xu Guocai (being non-executive Director), Mr. Lo Kai Wai, Mr. Qi Wenju and Mr. Wu Fred Fong (all being independent non-executive Directors).