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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)

PROFIT WARNING

This announcement is made by Sheng Yuan Holdings Limited (the "**Company**", which together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company and potential investors that the Group is expected to record an approximately 10 times increase in loss for the year ended 31 December 2017 as compared to the consolidated net loss of approximately HK$16.9 million for the corresponding period in 2016. Such increase in net loss is primarily attributable to (i) share of results of and the impairment loss on interest in an associate, Xinhua (Daqing) Merchandise Exchange Company Limited ("**XHME**") due to the continual suspension of a material line of its business during 2017; (ii) loss incurred by the proprietary trading segment; and (iii) provision for settlement of convertible bonds issued by a subsidiary of the Company with reference to the fair value of the convertible bonds to be issued by the Company under the deed of settlement (the "**Deed of Settlement**"), during the year ended 31 December 2017. Further details on (a) the impairment loss on interest in XHME and the loss incurred by the proprietary trading segment; and (b) the Deed of Settlement, are set out in the Company's interim results announcement for the six months ended 30 June 2017 dated 28 August 2017 and the Company's announcement on the Deed of Settlement dated 29 December 2017, respectively.

As the Company is still in the process of finalising the financial results of the Group for the year ended 31 December 2017, the information contained in this announcement is based only on the preliminary assessment by the management according to the information currently available to it and is not based on any figures or information that has been audited or reviewed by the auditors and the audit committee of the Company. The announcement in respect of the financial results of the Group for the year ended 31 December 2017 is expected to be released on 21 March 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 19 March 2018

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