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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)

PROPOSED CAPITAL REORGANIZATION PROPOSED SHARE CONSOLIDATION AND

ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

INTRODUCTION

Reference is made to (i) the Circular in relation to, among others, the subscription of the Convertible Bonds by the Subscriber and the proposed Capital Reorganization; (ii) the poll results announcement of the Company dated 14 May 2021 in relation to the poll results of the special general meeting held on 14 May 2021; and (iii) the announcement of the Company dated 21 May 2021 in relation to the completion of the issue of the Convertible Bonds. As disclosed in the Circular, the conversion of the Convertible Bonds at the Conversion Price of HK\$0.03 per Conversion Share is subject to, among others, completion of the Capital Reorganization to be approved by the Shareholders at a general meeting of the Company.

PROPOSED CAPITAL REORGANIZATION

The Company proposes to implement the Capital Reorganization which will involve the Capital Reduction and the Share Subdivision, details of which are as follows:

(i) Capital Reduction

the Company proposes to implement the Capital Reduction, pursuant to which the issued share capital of the Company will be reduced by a reduction of the par value of each issued Existing Share from HK\$0.05 to HK\$0.01 which reduction will comprise a cancellation of the paid-up capital to the extent of HK\$0.04 on each issued Existing Share so that each issued Existing Share will be treated as one fully paid-up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(ii) Share Subdivision

immediately following the Capital Reduction, each of the authorized but unissued Existing Shares of par value of HK\$0.05 each will be sub-divided into five Adjusted Shares of par value of HK\$0.01 each.

WARNING: Shareholders and potential investors of the Company should note that the credit arising in the accounts of the Company from the Capital Reduction will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reduction becoming effective.

PROPOSED SHARE CONSOLIDATION

The Board further proposes that immediately following the Capital Reorganization becoming effective, the Share Consolidation be implemented that every ten (10) issued and unissued Adjusted Shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$0.10 each in the share capital of the Company. The implementation of the Capital Reorganization is conditional upon, among others, the Capital Reorganization having become effective, and the passing of an ordinary resolution approving the Share Consolidation by the Shareholders at the SGM.

The Existing Shares are traded in board lots of 10,000 Existing Shares. The Board proposes that the board lot size for trading in the Shares of the Company remain unchanged at 10,000 Consolidated Shares upon the Capital Reorganization and the Share Consolidation becoming effective.

GENERAL

The SGM will be convened to consider and, if thought fit, approve, among others, (i) the Capital Reorganization and (ii) the Share Consolidation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganization or the Share Consolidation, and as such, no Shareholder is required to abstain from voting on the relevant resolution(s) to be proposed with respect to (i) the Capital Reorganization and (ii) the Share Consolidation at the SGM.

A circular containing, among other things, (i) details of the Capital Reorganization and the Share Consolidation, and (ii) a notice of the SGM, is expected to be despatched to the Shareholders on or before Wednesday, 31 August 2022.

As the Capital Reorganization and the Share Consolidation are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to (i) the Circular in relation to, among others, the subscription of the Convertible Bonds by the Subscriber and the proposed Capital Reorganization; (ii) the poll results announcement of the Company dated 14 May 2021 in relation to the poll results of the special general meeting held on 14 May 2021; and (iii) the announcement of the Company dated 21 May 2021 in relation to the completion of the issue of the Convertible Bonds. As disclosed in the Circular, the conversion of the Convertible Bonds is subject to, among others, completion of the Capital Reorganization to be approved by the Shareholders at a general meeting of the Company.

PROPOSED CAPITAL REORGANIZATION

The Company proposes to implement the Capital Reorganization which will involve the Capital Reduction and the Share Subdivision, details of which are as follows:

(i) Capital Reduction

the Company proposes to implement the Capital Reduction, pursuant to which the issued share capital of the Company will be reduced by a reduction of the par value of each issued Existing Share from HK\$0.05 to HK\$0.01, which reduction will comprise a cancellation of the paid-up capital to the extent of HK\$0.04 on each issued Existing Share so that each issued Existing Share will be treated as one fully paid-up share of par value of HK\$0.01 in the share capital of the Company immediately following the

Capital Reduction and the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and

(ii) Share Subdivision

immediately following the Capital Reduction, each of the authorized but unissued Existing Shares of par value of HK\$0.05 will be sub-divided into five Adjusted Shares of par value of HK\$0.01 each.

Conditions

The implementation of the Capital Reorganization is conditional upon:

- (i) the passing of a special resolution approving the Capital Reorganization by the Shareholders at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Capital Reorganization and the Share Consolidation;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganization; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganization.

Subject to the above conditions being fulfilled, the Capital Reorganization is expected to become effective on the second Business Day immediately following the date of passing the special resolution approving the Capital Reorganization.

Effects and Reasons of the Capital Reorganization

As at the date of this announcement, the authorized share capital of the Company is HK\$600,000,000 divided into 12,000,000,000 Shares of par value of HK\$0.05 each, among which 3,819,705,413 Existing Shares have been issued and 8,180,294,587 Existing Shares remain unissued. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganization, the authorized share capital of the Company after the Capital Reorganization but prior to the Share Consolidation will become HK\$600,000,000 divided into 60,000,000,000 Adjusted Shares of par value of HK\$0.01 each, among which 3,819,705,413 Adjusted Shares will be issued and 56,180,294,587 Adjusted Shares will remain unissued.

As at the date of this announcement, save for the Convertible Bonds and the rights attached thereto, the Company does not have any other outstanding options, warrants or securities in issue which are convertible or exchangeable into the shares of the Company.

The Capital Reorganization will reduce the par value per Existing Share from HK\$0.05 to HK\$0.01 (including both issued and unissued Existing Shares). Assuming no further Existing Shares will be issued or repurchased prior to the effective date of the Capital Reorganization, the effect of the Capital Reorganization and the share capital structure of the Company is summarized below:

	As at the date of this announcement	Immediately upon the Capital Reorganization becoming effective but prior to the Share Consolidation becoming effective
Par value per Share	HK\$0.05 per Existing Share	HK\$0.01 per Adjusted Share
Authorized share capital	HK\$600,000,000 divided into 12,000,000,000 Existing Shares	HK\$600,000,000 divided into 60,000,000,000 Adjusted Shares
Number of issued Shares	3,819,705,413 Existing Shares	3,819,705,413 Adjusted Shares
Number of unissued Shares	8,180,294,587 Existing Shares	56,180,294,587 Adjusted Shares

Based on the 3,819,705,413 Existing Shares in issue as at the date of this announcement and assuming that the par value of each of the 3,819,705,413 issued Existing Shares will be reduced from HK\$0.05 to HK\$0.01 per issued Share by way of the Capital Reduction, a credit amounting to approximately HK\$152,788,217 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act, which will be used by the Board to set-off against the accumulated losses of the Company (if any) after the Capital Reorganization becoming effective or in any manner as the Board may deem fit as may be permitted under the applicable laws and the bye-laws of the Company.

WARNING: Shareholders and potential investors of the Company should note that the credit arising in the accounts of the Company from the Capital Reduction will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reduction becoming effective.

As disclosed in the Circular, the conversion of the Convertible Bonds is subject to, among others, completion of the Capital Reorganization to be approved by the Shareholders at a general meeting of the Company. The completion of the conversion of the Convertible Bonds can significantly decrease the debt ratio and in turn alleviate the financial burden of the Group. Furthermore, upon the completion of the conversion of the Convertible Bonds, the Subscriber will hold more than 50% of the then total issued share capital of the Company, which will therefore have more incentive in devoting its resources into the Group at both operational and financial levels.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred and to be incurred, the implementation of the Capital Reorganization will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganization will not have any material adverse effect on the financial position of the Group.

PROPOSED SHARE CONSOLIDATION

The Board further proposes that immediately following the Capital Reorganization becoming effective, the Share Consolidation be implemented that every ten (10) issued and unissued Adjusted Shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$0.10 each in the share capital of the Company.

Conditions

The implementation of the Share Consolidation is conditional upon:

- (i) the Capital Reorganization having become effective;
- (ii) the passing of an ordinary resolution approving the Share Consolidation by the Shareholders at the SGM;
- (iii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Capital Reorganization and the Share Consolidation;
- (iv) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Share Consolidation; and

- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation.

Subject to the above conditions being fulfilled, the Share Consolidation is expected to become effective immediately following the Capital Reorganization having become effective.

Effect and Reasons of the Share Consolidation

After the completion of the Capital Reorganization but prior to the completion of the Share Consolidation, the authorized share capital of the Company will become HK\$600,000,000 divided into 60,000,000,000 Adjusted Shares of par value of HK\$0.01 each, among which 3,819,705,413 Adjusted Shares are issued and are fully paid or credited as fully paid, and 56,180,294,587 Adjusted Shares remain unissued.

Immediately upon the Share Consolidation becoming effective, and assuming no further Adjusted Shares will be issued or repurchased from the completion of the Capital Reorganization up to and including the effective date of the Share Consolidation, the authorised share capital of the Company shall be HK\$600,000,000 divided into 6,000,000,000 Consolidated Shares of par value HK\$0.10 each, of which 381,970,541 Consolidated Shares will have been issued and will be fully paid or credited as fully paid, and 5,618,029,459 Consolidated Shares remain unissued.

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Since June 2020, the share price of the Company has been constantly below HK\$0.1 each and the existing board lot value has been less than HK\$2,000. The proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the expected value per board lot. As such, it would enable the Company to comply with the trading requirements under the Listing Rules. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

Thus, the Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company. It is also hoped that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund raising in the future.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

Status of the Shares after the Capital Reorganization and the Share Consolidation

All Consolidated Shares in issue immediately following the Capital Reorganization and the Share Consolidation becoming effective will rank pari passu in all respects with each other and the Capital Reorganization and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

The Existing Shares are traded in board lots of 10,000 Existing Shares. The Board proposes that the board lot size for trading in the Shares of the Company remain unchanged at 10,000 Consolidated Shares upon the Capital Reorganization and the Share Consolidation becoming effective.

Listing Application

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Capital Reorganization and the Share Consolidation.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

After the Capital Reorganization and the Share Consolidation becoming effective, the Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal in is being currently proposed to be sought from any other stock exchange

Exchange of Share Certificates

Subject to the Capital Reorganization and the Share Consolidation becoming effective, which is expected to be on Monday, 26 September 2022, the Shareholders may on or after Monday, 26 September 2022 and until Monday, 31 October 2022 (both days inclusive) submit their existing share certificates for the Existing Shares in blue color for the Existing Shares to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong to exchange for new share certificates for the Consolidated Shares in red color at the expense of the Company. Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. After 4:00 p.m. on Monday, 31 October 2022, existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not acceptable for trading, settlement and registration purposes.

Arrangement on Odd Lot Trading

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint an agent to provide matching services, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. The Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers. Further details of the odd lot arrangement will be set out in a circular containing, among other things, (i) details of the Capital Reorganization and the Share Consolidation, and (ii) a notice of the SGM, which is expected to be despatched to the Shareholders on or before Wednesday, 31 August 2022.

ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

Pursuant to the terms and conditions of the Convertible Bonds, the Conversion Price shall be subject to adjustment upon the occurrence of, among others, any alteration of the nominal value of the Shares by reason of consolidation or sub-division of Shares. Accordingly, the Share Consolidation gave rise to the adjustment to the Conversion Price. Pursuant to the terms and conditions of the Convertible Bonds, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration, and

such adjustment shall become effective from the day on which such consolidation or subdivision becomes effective.

The adjustments resulting from the Share Consolidation as set out in the table below will take effect after the trading hours on Monday, 26 September 2022, being the date on which the Share Consolidation becomes effective:

<i>Convertible Bonds</i>	<i>After the Capital Reorganization but immediately before the Share Consolidation becoming effective</i>			<i>Immediately after the Share Consolidation becoming effective</i>	
	Outstanding principal amount of the Convertible Bonds	Number of the Adjusted Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds	Conversion Price per Adjusted Share	Adjusted number of the Consolidated Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds	Adjusted Conversion Price per Consolidated Share
Date of Issue					
21 May 2021 (due 2023)	HK\$150,000,000	5,000,000,000	HK\$0.03	500,000,000	HK0.3

As the Capital Reorganization will involve no sub-division of issued shares of the Company, it would not give rise to any other adjustment to the Conversion Price.

Save for the above adjustments, all other terms and conditions of the Convertible Bonds remain unchanged. Gram Capital Limited, the independent financial advisor of the Company, has certified that the above adjustments of the Convertible Bonds were made in accordance with the instrument of the Convertible Bonds and were made in compliance with the Listing Rules.

EXPECTED TIMETABLE

The expected timetable for implementation of the Capital Reorganization and the Share Consolidation is as follows:

Event	2022
Publication of a reduction notice in relation to the Capital Reduction in Bermuda.....	Between Sunday, 27 August 2022 and Sunday, 11 September 2022
Despatch of the Company's circular regarding, among others, the Capital Reorganization and the Share Consolidation with notice of SGM and form of proxy.....	Wednesday, 31 August 2022
Latest time and date for lodging transfer of the Existing Shares in order to qualify for attending and voting at the SGM.....	4:30 p.m. on Friday, 16 September 2022
Register of members of the Company closed for determining the entitlement to attend and vote at the SGM.....	from Monday, 19 September 2022 to Thursday, 22 September 2022 (both days inclusive)
Latest time and date for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM).....	10:00 a.m. on Tuesday, 20 September 2022
Time and date of the SGM.....	10:00 a.m. on Thursday, 22 September 2022
Publication of announcement of poll results of the SGM.....	Thursday, 22 September 2022

The following events are conditional on the fulfillment of the conditions of both of the Capital Reorganization and the Share Consolidation:

Expected effective date of the Capital Reorganization and the Share Consolidation	Monday, 26 September 2022
First day for free exchange of existing share certificates for the Existing Shares for new share certificates for the Consolidated Shares.....	9:00 a.m. on Monday, 26 September 2022
Commencement of dealings in the Consolidated Shares on the Stock Exchange	9:00 a.m. on Monday, 26 September 2022
Original counter for trading in Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes.....	9:00 a.m. on Monday, 26 September 2022
Temporary counter for trading in Consolidated Shares in temporary board lot of 1,000 Consolidated Shares (in the form of existing share certificates) opens.....	9:00 a.m. on Monday, 26 September 2022
Original counter for trading in Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens.....	9:00 a.m. on Tuesday, 11 October 2022
Parallel trading in the Shares and Consolidated Shares (in the form of existing share certificates and new share certificates) commences	9:00 a.m. on Tuesday, 11 October 2022
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Tuesday, 11 October 2022

Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Consolidated Shares 4:00 p.m. on Monday, 31 October 2022

Temporary counter for trading in Consolidated Shares in temporary board lot of 1,000 Consolidated Shares (in the form of existing share certificates) closes..... 4:10 p.m. on Monday, 31 October 2022

Parallel trading in Consolidated Shares (in the form of new share certificates for Consolidated Shares and existing share certificates) ends 4:10 p.m. on Monday, 31 October 2022

Last day for free exchange of existing share certificates for the Existing Shares for the new share certificates for the Consolidated Shares 4:30 p.m. on Wednesday, 2 November 2022

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

The SGM will be convened to consider and, if thought fit, approve, among others, (i) the Capital Reorganization and (ii) the Share Consolidation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganization or the Share Consolidation, and as such, no Shareholder is required to abstain from voting on the relevant resolution(s) to be proposed with respect to the Capital Reorganization or the Share Consolidation at the SGM.

A circular containing, among other things, (i) details of the Capital Reorganization and the Share Consolidation, and (ii) a notice of the SGM, is expected to be despatched to the Shareholders on or before Wednesday, 31 August 2022.

As the Capital Reorganization and the Share Consolidation are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Adjusted Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company following the Capital Reorganization becoming effective but prior to the Share Consolidation becoming effective
“Board”	the board of Director(s)
“Business Day(s)”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Existing Share from HK\$0.05 to HK\$0.01 by way of a cancellation of the paid-up capital to the extent of HK\$0.04 on each issued Existing Share so that each issued Existing Share will be treated as one fully paid-up share of par value of HK\$0.01 in the share capital of the Company
“Capital Reorganization”	collectively, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 29 April 2021 in relation to, among others, the subscription of the Convertible Bonds
“Companies Act”	the Companies Act 1981 of Bermuda

“Company”	Sheng Yuan Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 851)
“Consolidated Share(s)”	the ordinary share(s) of par value HK\$0.10 each in the share capital of the Company upon the Share Consolidation becoming effective
“Conversion Price”	the conversion price of each Conversion Share subject to adjustment in the manner provided in the terms and conditions of the Convertible Bonds
“Conversion Shares”	the Shares to be issued upon the conversion of the Convertible Bonds
“Convertible Bonds”	the convertible bonds due 2023 in the aggregate principal amount of HK\$150 million at the interest rate of 1% per annum issued by the Company to the Subscriber on 21 May 2021
“Director(s)”	director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company prior to the Capital Reorganization becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among others, (i) the Capital Reorganization and (ii) the Share Consolidation

“Share(s)”	the Existing Share(s), the Adjusted Share(s) or the Consolidated Share(s), as the case maybe
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Adjusted Shares of par value HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$0.10 each
“Share Subdivision”	the proposed subdivision of each of the authorized but unissued Existing Shares of par value of HK\$0.05 into five Adjusted Shares of par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Yuanyin Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which, together with its subsidiaries, is interested in 1,030,170,000 Shares, representing approximately 26.97% of the total issued share capital of the Company as at the date of this announcement

By order of the Board
Sheng Yuan Holdings Limited
Zhou Quan
Executive Director

Hong Kong, 24 August 2022

As at the date of this announcement, the board of director of the Company consists of Mr. Ma Baojun (being a non-executive Director), Mr. Zhou Quan and Mr. Zhao Yun (all being executive Directors), Mr. Huang Shuanggang (being a non-executive Director), Mr. Zhang Jinfan, Ms. Wen Han Qiuzi and Ms. Huang Qin (all being independent non-executive Directors).

* *For identification purpose only*