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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Directors**”, collectively referred to as the “**Board**”) of Sheng Yuan Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	3,673	42,588
Other gains and losses	6	(3,998)	(7,471)
Other income	7	3,256	2,954
Purchase of inventories for trading business		–	(4,717)
Staff costs	8	(5,617)	(6,616)
Depreciation		(1,501)	(1,498)
Finance costs	8	(3,720)	(4,673)
Impairment losses on trade receivables and other receivables		(5,909)	(7,647)
Other expenses		(3,872)	(3,818)
(Loss)/Profit before income tax	8	(17,688)	9,102
Income tax expense	9	–	(4,450)
(Loss)/Profit for the period		(17,688)	4,652

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
— Exchange differences on translating foreign operations			
Exchange differences arising during the period		<u>3</u>	<u>(46)</u>
Other comprehensive income for the period		<u>3</u>	<u>(46)</u>
Total comprehensive income for the period		<u>(17,685)</u>	<u>4,606</u>
		<i>HK cents</i>	<i>HK cents</i> (restated)
(Loss)/Earnings per share	<i>11</i>		
— Basic		<u>(3.51)</u>	<u>1.21</u>
— Diluted		<u>(3.51)</u>	<u>1.02</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	230	579
Right-of-use assets	13	554	1,706
Trading rights		–	–
Goodwill		–	–
Other assets		1,705	1,705
Long-term deposit		478	–
Debt instruments held at fair value through profit or loss	16	–	11,989
		2,967	15,979
Current assets			
Trade and other receivables and prepayments	14	14,299	18,021
Held for trading investments	15	15,155	15,936
Debt instruments held at fair value through profit or loss	16	8,683	–
Current tax assets		3,516	2,442
Trust bank balances held on behalf of clients		92,340	82,381
Cash and cash equivalents		69,083	79,929
		203,076	198,709
Current liabilities			
Trade and other payables and accruals	17	109,738	99,673
Lease liabilities	13	937	2,270
Contract liabilities		590	513
Convertible bonds	18	–	149,388
		111,265	251,844
Net current assets/(liabilities)		91,811	(53,135)
Net assets/(liabilities)		94,778	(37,156)
EQUITY			
Share capital	19	88,197	38,197
Reserves		6,581	(75,353)
Total equity/(Capital deficiency)		94,778	(37,156)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION

Sheng Yuan Holdings Limited (the “**Company**”) is an exempted company with limited liability incorporated and domiciled in Bermuda. The address of its registered office is 4/F North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda and its principal place of business is 26th Floor, 238 Des Voeux Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of securities brokerage and financial services, asset management services, proprietary trading and trading business.

The condensed consolidated financial statements for the six months ended 30 June 2023 were approved for issue by the board of directors on 24 August 2023.

These condensed consolidated financial statements contains selected explanatory notes primarily an explanation of the events and changes that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together referred as the “**Group**”) since the end of the last annual reporting period and do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

2. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current period, the Group has applied the new and amendments and interpretations (the “**new HKFRSs**”) which are effective for the Group’s condensed consolidated financial statements for the annual period beginning on 1 January 2023. HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The adoption of the following new and amended HKFRSs has no material impact on the Group’s condensed consolidated financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

3. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared in compliance with HKAS 34 “Interim Financial Reporting” issued by the HKICPA and with the applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies and methods of computation that have been used in the preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of new HKFRSs.

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group’s major service lines as follows:

- (a) securities brokerage and financial services — provision of discretionary and non-discretionary dealing services for securities and futures contracts, securities placing and underwriting services, margin financing and money lending services, corporate finance advisory and general advisory services;
- (b) asset management services — provision of fund management and discretionary portfolio management and investment advisory services;
- (c) proprietary trading — investment holding and securities trading; and
- (d) trading business — trading of chemical products and energy and minerals products.

During the six months ended 30 June 2023, there were no changes from prior periods in the measurement methods used to determine operating segments, reported segment profit or loss and reported segment assets and liabilities. No operating segments identified have been aggregated in arriving at the reportable segments of the Group. Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches.

	Securities brokerage and financial services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2023					
(Unaudited)					
Reportable segment revenue					
External customers					
— Fee and commission income	1,890	1,727	—	—	3,617
— Margin financing income	56	—	—	—	56
	<u>1,946</u>	<u>1,727</u>	<u>—</u>	<u>—</u>	<u>3,673</u>
Fee and commission income from external customers					
— Timing of revenue recognition					
Point in time	1,310	—	—	—	1,310
Over time	580	1,727	—	—	2,307
Revenue from other sources	<u>56</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>56</u>
	<u>1,946</u>	<u>1,727</u>	<u>—</u>	<u>—</u>	<u>3,673</u>
— Geographical region					
Hong Kong	<u>1,946</u>	<u>1,727</u>	<u>—</u>	<u>—</u>	<u>3,673</u>
Reportable segment result	<u>(3,696)</u>	<u>(1,393)</u>	<u>(2,781)</u>	<u>(6)</u>	<u>(7,876)</u>
30 June 2023 (Unaudited)					
Reportable segment assets	<u>102,614</u>	<u>3,686</u>	<u>17,371</u>	<u>53</u>	<u>123,724</u>
Reportable segment liabilities	<u>93,408</u>	<u>502</u>	<u>4,825</u>	<u>52</u>	<u>98,787</u>

	Securities brokerage and financial services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2022					
(Unaudited)					
Reportable segment revenue					
External customers					
— Fee and commission income	<u>26,889</u>	<u>10,884</u>	<u>—</u>	<u>4,815</u>	<u>42,588</u>
Fee and commission income from external customers					
— Timing of revenue recognition					
Point in time	26,889	—	—	4,815	31,704
Over time	<u>—</u>	<u>10,884</u>	<u>—</u>	<u>—</u>	<u>10,884</u>
	<u>26,889</u>	<u>10,884</u>	<u>—</u>	<u>4,815</u>	<u>42,588</u>
— Geographical region					
Hong Kong	<u>26,889</u>	<u>10,884</u>	<u>—</u>	<u>4,815</u>	<u>42,588</u>
Reportable segment result	<u>23,517</u>	<u>(547)</u>	<u>(5,044)</u>	<u>90</u>	<u>18,016</u>
31 December 2022 (Audited)					
Reportable segment assets	<u>83,027</u>	<u>11,495</u>	<u>29,856</u>	<u>61</u>	<u>124,439</u>
Reportable segment liabilities	<u>82,883</u>	<u>712</u>	<u>6,849</u>	<u>60</u>	<u>90,504</u>

The Group's reportable segment result is reconciled to the Group's (loss)/profit before income tax as follows:

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Reportable segment result	(7,876)	18,016
Other income	—	153
Finance costs	(3,720)	(4,673)
Corporate expenses**	(6,092)	(4,394)
Group's (loss)/profit before income tax	<u>(17,688)</u>	<u>9,102</u>

** mainly staff costs, including directors' emoluments and other professional fees.

5. REVENUE

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Fee and commission income		
Securities brokerage and financial services segment:		
— Securities and futures brokerage	586	1,669
— Placing and underwriting	724	25,220
— Consultancy fee income	280	—
— Custodian fee income	300	—
	<u>1,890</u>	<u>26,889</u>
Asset management services segment:		
— Fund and portfolio management and investment advisory	1,727	10,884
Trading business segment:		
— Trading of chemical products	—	4,815
	<u>3,617</u>	<u>42,588</u>
Revenue from other sources		
Interest income calculated using the effective interest method		
— Margin financing	56	—
	<u>3,673</u>	<u>42,588</u>

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Change in fair value of debt instruments held at fair value through profit or loss (<i>Note 16</i>)	(3,306)	(8,107)
Changes in fair value of held for trading investments	(533)	579
Net foreign exchange (loss)/gain	(159)	57
	<u>(3,998)</u>	<u>(7,471)</u>

7. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income from banks and others	685	1
Interest income from debt instruments held at fair value through profit or loss (<i>Note a</i>)	1,213	1,415
Net interest spread arising from debt instruments arrangement (<i>Note b</i>)	893	893
Dividend income	465	493
Government grant (<i>Note c</i>)	–	152
	3,256	2,954

Notes:

- (a) It represented the interest income of listed bond carrying interest at 12.5% per annum (note 16).
- (b) On 8 September 2021, 15 September 2021 and 16 September 2021, the Group has subscribed for certain listed bonds and a note (“**Atta Notes**”) issued by Atta Asset 4 Limited (“**Atta Asset**”) in an aggregate principal amount of US\$29,580,000 (approximately HK\$230,724,000), comprising the Group’s proprietary investment with a subscription amount of US\$2,500,000 (approximately HK\$19,500,000) and the Flourishing Fund’s Subscriptions (as further explained below). In the opinion of the directors, the Group’s proprietary investment was financed by the Group’s internal resources while the Flourishing Fund’s Subscriptions was financed by a note of US\$27,080,000 (approximately HK\$211,224,000) carrying interest at 12.5% per annum (“**Kingwell Notes**”) issued by the Group to Flourishing Fountain Investment Limited (“**Flourishing**”), an independent third party. The Flourishing Fund’s Subscriptions comprised (i) subscription of certain listed bonds in the principal amount of US\$10,580,000 (approximately HK\$82,524,000) with coupon rate of 12.5% per annum; (ii) the subscription of certain listed bonds in the principal amount of US\$6,500,000 (approximately HK\$50,700,000) with coupon rate of 12.5% per annum and (iii) the entering into of the Atta Notes purchase agreement and the purchase of Atta Notes in the principal amount of US\$10,000,000 (approximately HK\$78,000,000) which shall pay interest of US\$740,000 semi-annually since 1 May 2022 and up to 7 May 2024 (equivalent to 14.8% per annum). Flourishing would bear the loss incurred (if any) by the Flourishing Fund’s Subscriptions pursuant to the terms of the transaction documents with respect to the Kingwell Notes.

The effect of the purchase of the Atta Notes, which is a leveraged note, by the Group with the corresponding part of the proceeds from Kingwell Notes is that the Group has facilitated an additional leverage subscription of the listed bonds as Atta Assets has also subscribed for the listed bonds for economic hedge purpose. In this respect, pursuant to the terms of the Atta Notes and the Kingwell Notes, the Group is able to earn an interest spread of approximately 2% per annum of its principal subscription amount of the Atta Notes, being the difference between its interest receivables from the Atta Notes and its interest payables under the Kingwell Notes. During the six months period ended 30 June 2023, the Group recognised a net note interest spread of US\$115,000 (approximately HK\$893,000) under other income (six months ended 30 June 2022: US\$115,000 (approximately HK\$893,000)).

Further details on the above transactions are detailed in the Company’s announcement dated 12 August 2022 and the Company’s circular dated 30 November 2022.

- (c) It represented the grants under the Employment Support Scheme (“ESS”) introduced by HKSAR Government to provide financial support to employers during the period of economic uncertainty as a result of global pandemic outbreak of COVID-19. The grants were allocated over the period to match the relevant costs incurred. There were no unfulfilled and other contingencies attaching to ESS.

8. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss)/Profit before income tax is arrived at after charging:		
Finance costs		
— Effective interest on liability component of convertible bonds	3,612	4,409
— Interest on lease liabilities (<i>Note 13</i>)	108	264
	<u>3,720</u>	<u>4,673</u>
Auditor’s remuneration	320	320
Staff costs, including directors’ emoluments		
— Fees, salaries, allowances and bonuses	5,430	6,340
— Retirement benefit scheme contributions	187	276
	<u>5,617</u>	<u>6,616</u>

9. INCOME TAX EXPENSE

For the six months ended 30 June 2023, Hong Kong profit tax has not been provided as there is no assessable profits arising in Hong Kong. For the six months ended 30 June 2022, Hong Kong profits tax was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation are taxed at 8.25%, and profits above HK\$2 million were taxed at 16.5%. The profits of corporation not qualifying for the two-tiered profits tax rates regime were taxed at a flat rate of 16.5%.

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax — Hong Kong profits tax		
— Provision for current period	—	4,450
	<u>—</u>	<u>4,450</u>

10. DIVIDENDS

No dividend was proposed or paid during the six months ended 30 June 2023 and 2022, nor has any dividend been proposed since the end of the reporting periods.

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$17,688,000 (six months ended 30 June 2022: profit attributable to owners of the Company of approximately HK\$4,652,000) and the weighted average number of 503,517,502 (six months ended 30 June 2022: 381,970,541 (restated)) ordinary shares in issue during the period. For the six months ended 30 June 2022, the weighted average number of ordinary shares had been adjusted for the effect of the capital reorganisation as detailed in note 19.

	30 June 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited) (restated)
(Loss)/Profit attributable to the owners of the Company, used in the basic (loss)/earnings per share calculation:	(17,688)	4,652
Effect of dilution — interest on convertible bonds	<u>—</u>	<u>4,409</u>
(Loss)/Profit attributable to the owners of the Company for the purpose of calculating diluted (loss)/earnings per share	<u>(17,688)</u>	<u>9,061</u>
	'000	'000
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	503,517	381,970
Effect of dilution — weighted average number of ordinary shares — Convertible bonds	<u>—</u>	<u>500,000</u>
Weighted average number of ordinary shares per share for the purpose of diluted (loss)/earnings per share	<u>503,517</u>	<u>881,970</u>

For the six months ended 30 June 2023, there was a decrease in loss per shares as the computation of diluted loss per share assumed the conversion of convertible bonds.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023 and 30 June 2022, the Group did not acquire or dispose of any property, plant and equipment.

13. LEASE

Right-of-use assets

As at 30 June 2023, the carrying amounts of right-of-use assets was approximately HK\$554,000 (as at 31 December 2022: approximately HK\$1,706,000) in respect of a number of leased office properties which it operates.

During the six months ended 30 June 2023, the Group did not enter into nor renew any lease agreement and as of that date, none of the leases contain variable lease payments.

Lease liabilities

As at 30 June 2023, the carrying amount of lease liabilities was approximately HK\$937,000 (as at 31 December 2022: approximately HK\$2,270,000).

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation expense of right-of-use assets	1,152	1,151
Interest on lease liabilities (<i>Note 8</i>)	108	264
Expense relating to short-term leases	135	–
	<u>1,395</u>	<u>1,415</u>

The Group has no expense relating to leases of low-value assets, excluding short-term leases of low-value assets.

The total cash outflows for lease in the six months ended 30 June 2023 was approximately HK\$1,576,000 (six months ended 30 June 2022: approximately HK\$1,442,000).

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	32,649	32,002
Less: Loss allowances	<u>(22,463)</u>	<u>(18,053)</u>
	10,186	13,949
Other receivables and prepayments*	5,612	4,072
Less: Loss allowances	<u>(1,499)</u>	<u>–</u>
	<u>4,113</u>	<u>4,072</u>
	<u>14,299</u>	<u>18,021</u>

* Comprised mainly receivables arising from a debt instrument arrangement.

The analysis of trade receivables is as follows:

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Arising from the business of dealing in securities and futures contracts		
— Hong Kong Securities Clearing Company Limited (“HKSCC”)		
<i>(Note a)</i>	12	–
— Margin clients <i>(Note a)</i>	<u>7,430</u>	<u>–</u>
	<u>7,442</u>	<u>–</u>
Arising from asset management services <i>(Note a and b)</i>	17,207	23,809
Arising from underwriting and placing services <i>(Note a and b)</i>	8,000	8,000
Arising from custodian services <i>(Note b)</i>	<u>–</u>	<u>193</u>
	25,207	32,002
Less: Loss allowances	<u>(22,463)</u>	<u>(18,053)</u>
	<u>10,186</u>	<u>13,949</u>

Notes:

- (a) The normal settlement terms of trade receivables arising from the business of dealing in securities are one to two business days after the respective trade dates. The normal settlement terms of trade receivables arising from the business of dealing in futures contracts are one business day after the respective trade dates. Trade receivables from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. Credits are extended to securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was HK\$61,974,000 (at 31 December 2022: Nil). No impairment loss allowance has been recognised as the related allowances were considered immaterial and there was no credit default history. The amounts due from HKSCC are repayable on demand except for the required margin deposits for the trading of futures contracts.

No ageing analysis is disclosed as in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

Settlement of amounts arising from asset management services and underwriting and placing services is in accordance with the terms set out in respective agreements, usually within one year after the service obligation has been fulfilled.

- (b) The following table provides information about the exposure to credit risk for gross amounts arising from asset management services, securities brokerage and financial services and trading business:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Gross amount		
Not yet past due	202	3,559
0–30 days past due	212	1,805
31–60 days past due	213	1,802
61–90 days past due	213	1,383
91–180 days past due	1,859	2,731
181–270 days past due	1,036	9,072
271–365 days past due	1,064	766
Over 365 days past due	20,408	10,884
	25,207	32,002

15. HELD FOR TRADING INVESTMENTS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Listed equity securities	<u>15,155</u>	<u>15,936</u>

16. DEBT INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Listed debt securities issued by corporate entities (<i>Note</i>)	<u>8,683</u>	<u>11,989</u>
Analysed for reporting purposes as:		
— Current	8,683	–
— Non-current	<u>–</u>	<u>11,989</u>
	<u>8,683</u>	<u>11,989</u>

Note: During the year ended 31 December 2021, the Company made subscription in a listed bond amounting to US\$2,500,000 (equivalent to HK\$19,527,000). The listed bond carries interest at 12.5% per annum and matures in April 2024. In the opinion of the directors of the Company, the debt instrument is for long-term strategic purposes and not intended to dispose of in near future. The fair value loss on the debt instruments approximately HK\$3,306,000 has been recognised in “Other gains and losses” during the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$8,107,000).

17. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables arising from the business of dealing in securities and futures contracts		
— Cash clients	85,825	69,851
— Margin clients	6,557	12,258
— HKSCC	108	—
	92,490	82,109
Other payables	15,754	14,145
Accruals	1,494	3,419
	109,738	99,673

The normal settlement terms of trade payables arising from the business of dealing in securities are one to two business days after the respective trade dates. The normal settlement terms of trade payables arising from the business of dealing in futures contracts are one business day after the respective trade dates. The amounts payable to cash and margin clients are repayable on demand except for the required margin deposits for the trading of futures contracts. No ageing analysis in respect of trade payables is disclosed as, in the opinion of the Directors, the ageing analysis does not give additional value in view of the business nature.

18. CONVERTIBLE BONDS

Pursuant to subscription agreements entered into by the Company on 1 April 2021, the Company issued convertible bonds with principal amount of HK\$150,000,000 (“**SYHL Bonds**”), to Yuanyin Holdings Limited, a substantial shareholder of the Company, on 21 May 2021. The maturity date of the SYHL Bonds is the date falling its two years from the date of issue. The SYHL Bonds entitled the holder to convert them into ordinary shares of the Company at an initial conversion price of HK\$0.3 after the capital reorganisation and share consolidation of the Company completed during the year ended 31 December 2022 at any time before the secondary anniversary date of the date of the issuance of SYHL Bonds (“**SYHL Bonds Maturity Date**”) and bear interests at 1% per annum. Unless previously redeemed, converted or cancelled, the Company has to redeem each SYHL Bonds on the SYHL Bonds Maturity Date at 100% of the outstanding principal amount, together with accrued interest, if any.

Based on the terms of the subscription agreement, the SYHL Bonds contain two components, (i) the liability and (ii) the equity conversion components. The fair value of the liability component of SYHL Bonds upon the issuance was calculated at the present value of the estimated coupon interest payments and principal amount. The discount rate used in the calculation is 6%, representing the cost of debt applicable to Company for a similar bond without conversion option at the issue date.

The movements of the components of SYHL Bonds during the period are set out below:

	Liability component <i>HK\$'000</i>	Equity conversion component <i>HK\$'000</i>
At 1 January 2022 (Audited)	140,395	14,808
Effective interest recognised (<i>Note 8</i>)	4,409	–
	<u> </u>	<u> </u>
At 30 June 2022 (Unaudited)	144,804	14,808
Effective interest recognised	4,584	–
	<u> </u>	<u> </u>
At 31 December 2022 (Audited)	149,388	14,808
Effective interest recognised (<i>Note 8</i>)	3,612	–
Conversion of convertible bonds	(150,000)	(14,808)
Reclassified to other payables [#]	(3,000)	–
	<u> </u>	<u> </u>
At 30 June 2023 (Unaudited)	<u> </u>	<u> </u>

During the six months ended 30 June 2023, the Company received a conversion notice from Yuanyin Holdings Limited for the exercise of the conversion rights in respect of the SYHL Bonds with a principal amount of HK\$150,000,000. Upon fulfilling the conversion conditions of the SYHL Bonds, conversion of SYHL Bonds took place on 18 May 2023 and 500,000,000 conversion shares at conversion price of HK\$0.3 per share were allotted and issued to Yuanyin Holdings Limited. Further details on the conversion are disclosed in the Company's announcement dated 18 May 2023.

[#] Represented the outstanding coupon interest of SYHL Bonds being reclassified from liability component of convertible bonds to other payables.

19. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Number of ordinary shares of HK\$0.1 each	Nominal value <i>HK\$'000</i>
<i>Authorised:</i>			
At 1 January 2023 (audited) and 30 June 2023 (unaudited)	<u> </u>	<u>6,000,000,000</u>	<u>600,000</u>
<i>Issued and fully paid:</i>			
At 1 January 2023 (audited)	–	381,970,541	38,197
Conversion of convertible bonds (<i>Note 18</i>)	–	500,000,000	50,000
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2023 (unaudited)	<u> </u>	<u>881,970,541</u>	<u>88,197</u>

	Number of ordinary shares of HK\$0.05 each	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
<i>Authorised:</i>			
At 1 January 2022 (audited)	12,000,000,000	–	600,000
Capital reorganisation and share consolidation (<i>Note a</i>)	<u>(12,000,000,000)</u>	<u>6,000,000,000</u>	<u>–</u>
At 31 December 2022 (audited)	<u>–</u>	<u>6,000,000,000</u>	<u>600,000</u>
<i>Issued and fully paid:</i>			
At 1 January 2022 (audited)	3,819,705,413	–	190,985
Capital reorganisation and share consolidation (<i>Note a</i>)	<u>(3,819,705,413)</u>	<u>381,970,541</u>	<u>(152,788)</u>
At 31 December 2022 (audited)	<u>–</u>	<u>381,970,541</u>	<u>38,197</u>

Note:

- (a) Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting held on 22 September 2022, with effective from 26 September 2022, (i) the par value of each of the issued shares of the Company of HK\$0.05 each (the “**Existing Shares**”) be reduced from HK\$0.05 to HK\$0.01 by a cancellation of the paid-up capital to the extent of HK\$0.04 on each issued Existing Share; (ii) each of the authorised but unissued Existing Shares of par value of HK\$0.05 will be sub-divided into five Adjusted Shares (the “**Adjusted Shares**”) of par value of HK\$0.01 each; and (iii) 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. This resulted in a transfer of HK\$152,788,000 from share capital to contributed surplus of the same amount on 22 September 2022.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

20. EVENTS AFTER THE REPORTING DATE

There is no material events in relation to the Group occurred after 30 June 2023 and up to the date of issue of the interim condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Financial Summary

The COVID-19 has affected the Group's revenue to a certain extent. However, despite that various projects being postponed under COVID-19, for the six months ended 30 June 2023, the Group recorded fee and commission income and margin financing income of approximately HK\$3.6 million, representing 92% decrease as compared with approximately HK\$42.6 million for the six months ended 30 June 2022.

Loss for the six months ended 30 June 2023 was approximately HK\$17.7 million, as compared with profit of approximately HK\$4.7 million for the same period in 2022. Such decrease in profit is primarily attributable to decreases in revenue source. Both basic and diluted loss per share for the first half of 2023 is approximately HK\$3.51 cents, compared with HK\$1.21 cents of basic earnings per share and HK\$1.02 cents of diluted earnings per share for the same period in 2022.

Operation of Business Segments — Securities Brokerage and Financial Services

The Group provides securities brokerage and financial services via two of its subsidiaries, Sheng Yuan Securities Limited (“SYS”) and Sheng Yuan Capital (Hong Kong) Limited (“SYC”).

SYS is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (“SFO”). Through SYS, the Group provides underwriting and placing services in equity and debt capital transactions, securities and futures brokerage services for securities, futures and options contracts, margin financing services, and custodian and handling services for client accounts on securities, futures, and options contracts. The fee and commission are based on certain percentage of the total transaction amounts.

As at 30 June 2023, SYS had a total number of 4 employees. 2 employees are licensed as responsible officers to conduct Type 1, Type 2, and Type 4 regulated activities. 2 employees are licensed as representatives to conduct Type 1, Type 2 and Type 4 regulated activities. As at 30 June 2023, SYS maintained 215 client accounts, an increase from 200 client accounts as at 30 June 2022 due to the business development. There was approximately HK\$92.3 million in client trust bank accounts, representing an increase from HK\$82.4 million as at 31 December 2022. Such increase was mainly due to clients deposited large amount of funds into their accounts for investment purpose.

SYC is licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO. SYC provides corporate advisory services, for a fee, to corporate clients for their corporate actions to ensure clients' compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Codes on Takeovers and Mergers and Share Buy-backs. Such corporate actions include IPO, placing of shares and other securities, mergers and acquisitions, and business restructuring, etc.

As at 30 June 2023, SYC had 4 employees, 2 employees are licensed as responsible officer to conduct Type 6 (advising on corporate finance) regulated activities under the SFO.

Operation of Business Segments — Asset Management

The Group provides asset management services through the Group's subsidiary, Sheng Yuan Asset Management Limited ("**SYAM**"). SYAM is licensed to conduct Type 4 and Type 9 (asset management) regulated activities under the SFO. Via SYAM, the Group provides investment recommendations to clients on securities trading or portfolio management as an investment advisor, as well as investment management services for funds or discretionary accounts. The Group would charge a fixed rate management fee calculated based on value of the net assets within the funds or discretionary accounts, as well as a performance fee calculated based on increase in value of the net assets within the funds or discretionary accounts. The Group would also charge an investment advisory fee based on the scope and complexity of investment advisory services provided.

As at 30 June 2023, the asset management segment had 5 employees, 2 are licensed as responsible officers, and 3 as representatives. All responsible officers and representatives at SYAM are licensed to conduct Type 4 and Type 9 regulated activities under SFO.

As at 30 June 2023, SYAM acted as the fund manager or investment adviser for 1 fund and 3 discretionary accounts (30 June 2022: 1 funds and 3 discretionary accounts). The total assets under management (the "**AUM**") of SYAM was HK\$646.9 million as at 30 June 2023.

Operation of Business Segments — Proprietary Trading

For proprietary trading business, Sheng Yuan Financial Services Group Limited (“SYFS”) mainly invests in the listed shares, corporate bonds, and private funds in Hong Kong market. During the six months ended 30 June 2023, the Group reported loss of approximately HK\$2.8 million on proprietary trading (six months ended 30 June 2022: HK\$5.04 million loss).

Operation of Business Segments — Product Trading

As the Group focuses on the development of financial services business and the recovery of commodity market remains slow, the Group also tried to resume its trading business during the year to expand and diversify its source of revenue. During the six months ended 30 June 2023, the segment had a loss of approximately HK\$6,000 (six months ended 30 June 2022: profit of approximately HK\$0.09 million).

Prospects and Future Plans

The first half of 2023 presented a dynamic and evolving landscape. Geopolitical tensions and shifting international relations continued to impact the business environment in both Mainland China and Hong Kong. Ongoing trade disputes and diplomatic issues between major global economies created an atmosphere of uncertainty, potentially affecting investor sentiment and market volatility. The US Federal Reserve’s monetary policy adjustments and changes in interest rates have been affecting borrowing costs and investment decisions. The global economy showed signs of recovery from the impact of the COVID-19 pandemic, but challenges persisted.

Based on data from National Bureau of Statistics of China, China’s post-pandemic recovery thrived in the first half of the year with a year-on-year growth of 5.5% in the nation’s GDP. However, multiple research institutions indicate that China’s economic recovery after the pandemic has actually been slowing down. The moderate 5.5% growth rate was highly attributed to a lower base, as cities like Shanghai were in lockdown during the first half of 2022. From a quarter-to-quarter perspective, the GDP growth rate was only 2.2% for Q1 2023 and 0.8% for Q2 2023. China saw weaker export data due to geopolitical reasons and investment data due to slump of the real estate industry. Consumption recovery was initially slow, but it has now become the most stable force driving economic growth. In the first half of the year, consumption contributed 4.2% out of the whole 5.5% growth in GDP. In contrast, investment contributed 1.8%, while exports made a negative contribution of 0.6%. However, Recovery in consumption did not live up to the expectation made by various institutions at the beginning of the year, mostly due to weaker job market as well as people’s confidence in future economic growth. The Consumer Price Index (CPI) for June showed a month-on-month decline of 0.2%, bringing up fears that the country’s economy might fall into deflation.

The Economy of Mainland China has a significant impact on Hong Kong due to the close geographic and economic ties between the two jurisdictions. In the past, there was this viewpoint that Hong Kong, as a connection window and buffer zone between mainland China and the world, would benefit from its unique status during times of international geopolitical changes, or would at least not be as negatively affected by such changes as compared to mainland China. This is now wrong. Given the current geopolitical situation, it is almost certain that if the economy in mainland China is performing poorly, Hong Kong will undoubtedly not be able to end up well either, or at least it is the case for Hong Kong's financial market.

The financial market in Hong Kong did see stumbles during the first half of 2023. Hang Sang Index is almost near the lowest close in more than a decade. For the equity markets, both primary and secondary markets exhibited varying degrees of contraction, leading to a sharp slowdown in investment banking activities as well as downsizing in some of the investment banks. In the first half of 2023, there were 33 new listings in Hong Kong, raising a total of HK\$17.9 billion in capital, a 22% increase in the number of new listings, and a 9% decrease in the amount of funds raised as compared to the first half of 2022, during which some of the cities in China were in lockdown mode. Majority of the funds raised during IPO were for enterprises from mainland China or with mainland China backgrounds. For bond market, the largest issuers of offshore USD bonds are Chinese real estate developers and local government financing vehicles (“LGFV”) in China. The real estate sector has experienced continuous defaults over the past two to three years, severely undermining investor confidence in the corresponding bonds. Coupled with the fact that the fundamentals of the real estate industry have not improved, it is difficult for new bonds to be issued. Additionally, LGFV bonds are currently recognized as the next potential source of severe default events, causing some investors to steer clear, resulting in a significant decrease in issuance compared to previous years. These two factors have had a profound impact on the bond issuance market. Under such a challenging background, the Group recorded a net loss of HK\$17.7 million during the first half of 2023.

Enterprises in mainland China have contributed tremendously to China's economic growth over the past four decades of economic reform and opening up, nurturing high net worth individuals (“HNWI”) and even ultra-high net worth individuals (“UHNWI”) in a steady stream. However, under the current circumstances, enterprises are still experiencing difficult times in getting sufficient funding in the onshore market. HNWI and UHNWI in mainland China are still facing limitations on global asset allocation. Meanwhile, Hong Kong, with its unique advantages of having mainland China as hinterland as well as of its extensive global network, is well recognized as the world's premier international finance center. Compared to the mainland China market, Hong Kong market offers more certainty of timing, valuation, and reach to quality assets and investors around the world. Despite the current stumbles, the city is still the largest offshore funding center in bond financing and equity financing for enterprises from mainland China, as well as the top destination for Chinese HNWI and UHNWI when it comes to global asset allocation.

Looking forward to the second half of 2023, the market conditions for Hong Kong remain uncertain and continue to face new challenges. The Group will keep continuous attention on the change of situation and make timely responses and adjustments in the future. The Directors are positive to that the Group could conquer such material uncertainties and adverse effects on the overall business of our Group with the weak economic conditions in Hong Kong and mainland China. To cope with the challenging environments, the Group will continue to evaluate development opportunities to strengthen our competitive advantage through deploy more resources for seizing this market potential and broaden its revenue so as to generate value for shareholders of the Company (the “Shareholders”). The Directors are confident to achieve sustainable growth in the second half of 2023 and bring greater returns to our Shareholders. One of the Shareholders, Yuanyin Holdings Limited, showed its support for and confidence in the Group by converting a HK\$150 million convertible bond into the Group’s common stocks, bring the equity of the Company from the previous negative position.

In such context, the Group has formulated plans to further expand its existing business operations. Despite all the challenges, Hong Kong’s role as a financial hub within the Greater Bay Area (GBA) continued to offer potential opportunities for the Group. Closer economic integration with neighboring cities presented prospects for cross-border investment, capital flows, and business expansion. The Group is now in consideration of exploring partnerships or alliances within the GBA to capitalize on these opportunities. Licensed by Securities and Futures Commission, the Group provides one-stop financial services to enterprises as well as HNWI and UHNWI from mainland China, including investment banking and asset management. Through our unique network, the Group will team up with regional financial institutions and government guided funds, to connect such institutions with global capitals via Hong Kong market, through either bond financing or equity financing. The Group will continue its efforts in funds management and discretionary accounts management services. In addition, the Group will continue to expand its financial consultancy businesses including corporate finance advisory services and mergers and acquisitions transactions. Further, management also decides to expand the margin financing services to help the Group’s underwriting business and as a means of extra revenue sources. It is expected that with the successful implementation of these business plans, the Company may be able to generate positive cash flows from operations and significantly improving its operating performance.

Acquisitions and Disposals

There was no material acquisition and disposal during the six months ended 30 June 2023.

Liquidity and Financial Resources

As at 30 June 2023, cash and bank balances in general accounts maintained by the Group were approximately HK\$69.1 million, representing a decrease of approximately HK\$10.8 million from approximately HK\$79.9 million as at 31 December 2022. Such cash and bank balances are mainly held in Hong Kong dollars, United States dollars (“USD”) and Renminbi (“RMB”). Balances in trust and segregated accounts as at 30 June 2023 were approximately HK\$92.3 million (31 December 2022: HK\$82.4 million).

Trade and other receivables, prepayments, and trust bank balances held on behalf of clients were approximately HK\$106.6 million as at 30 June 2023 (31 December 2022: HK\$100.4 million), such increase was due to increase in client trust account balances. Trade and other payables and accruals were approximately HK\$109.7 million as at 30 June 2023 (31 December 2022: HK\$99.7 million), as a result of the increase in client trust accounts value.

The Group’s current assets and current liabilities as at 30 June 2023 were approximately HK\$203.1 million (31 December 2022: HK\$198.7 million) and approximately HK\$111.3 million (31 December 2022: HK\$251.85 million) respectively. The gearing ratio of the Group, measured as total debts to total assets, was approximately 0% as at 30 June 2023 (31 December 2022: 70%). As at 30 June 2023, the Group recorded net assets of approximately HK\$94.8 million (31 December 2022: net liabilities of approximately HK\$37.2 million) primarily as a result of conversion of convertible bonds. During the period ended 30 June 2023, the Group financed its operations with internally generated cash flow.

Foreign Exchange Exposure

The Group’s transactions are mainly denominated in Hong Kong dollars, USD and RMB. The Group has not implemented any foreign currencies hedging policies. However, the Group’s management will closely monitor exchange rate movement and will take appropriate actions to reduce the risks.

Capital Structure

The Directors monitor the Group’s capital structure by reviewing cash flow requirements, taking into account of its future financial obligations and commitments. The capital structure of the Group comprises of issued share capital and reserves attributable to Shareholders. The Directors review the Group’s capital structure regularly. There is no changes in capital structure during the period.

Funding and Treasury Policies

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in Hong Kong dollars, USD and RMB) in short term deposits with authorized institutions in Hong Kong.

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.

Events after the reporting period

There have been no material events in relation to the Group occurring after the reporting period and up to the date of this announcement.

Pledge of Assets

As at 30 June 2023, the Group did not have any pledged assets.

Human Resources

As at 30 June 2023, the Group employed 21 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.

The Group regards our staff as the most important asset and resource and provides regular training courses and a variety of development programs and has developed relevant training policies and procedures to enhance the effectiveness of such training programs.

During the reporting period, the Group has organized both internal and external training courses for employees. Such training courses covered topics including but not limited to industrial updates, compliance matters, occupational health and safety, etc.

No Material Change

Since the publication of the latest annual report for the year ended 31 December 2022, there have been no material changes to the Company's business.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 15 October 2014, the Company adopted a new share option scheme (the “**2014 Scheme**”), the purpose of which is to enable the Group to grant share options to the eligible participants as incentives or rewards for their contribution to the Group. No share option has been granted under the 2014 Scheme during the six months ended 30 June 2023.

USE OF PROCEEDS FROM THE COMPANY'S ISSUANCE OF CONVERTIBLE BONDS

On 21 May 2021, the Company has issued the convertible bonds (the “**SYHL Bonds**”) in the aggregate principal amount of HK\$150.0 million to Yuanyin Holdings Limited. For details of the SYHL Bonds, please refer to the circular of the Company dated 29 April 2021 and the announcements of the Company dated 1 April 2021 and 21 May 2021.

The net proceeds from the issuance of the SYHL Bonds, after deduction of expenses, are approximately HK\$149.8 million[#]; and the net cash proceeds are approximately HK\$50.1 million[#] after the application of HK\$99.8 million to set off against the principal amount of the Shareholder's loan owed by the Group to Yuanyin Finance Limited (a wholly-owned subsidiary of Yuanyin Holdings Limited, the subscriber of the SYHL Bonds).

The below table sets out the proposed and actual applications of the net proceeds up to 30 June 2023:

Use of net proceeds	Planned use of net proceeds <i>(HK\$ million)</i>	Net proceeds utilised up to 31 December 2022 <i>(HK\$ million)</i>	Unutilised amount as at 30 June 2023 <i>(HK\$ million)</i>
Set off against the principal amount of the Shareholder's loan owed by the Group to Yuanyin Finance Limited	99.8	99.8	nil
Replenishment of the liquid capital of Sheng Yuan Securities Limited	50.1 [#]	50.1 [#]	nil
Total	149.8[#]	149.8[#]	nil

Note:

[#] The figures have been subject to rounding adjustments. The discrepancies between the totals and sums of amount listed herein are due to rounding adjustment.

As disclosed above, the net proceeds raised by the Company from the issuance of the SYHL Bonds were utilized in accordance with the intentions previously disclosed by the Company, and there was no material change or delay in the use of proceeds.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintain high standard of corporate governance and procedures to safeguard the interests of all Shareholders and to enhance accountability and transparency. The Company has complied with the code provisions set out in Part 2 of the Corporate Governance code of Appendix 14 of the Listing Rules during the six months ended 30 June 2023.

AUDIT COMMITTEE

The audit committee of the Company currently comprises Ms. Huang Qin (Chairman), Mr. Zhang Jinfan, and Mr. Huang Shuanggang, all of whom are non-executive Directors (Ms. Huang and Mr. Zhang as independent non-executive Directors) with appropriate professional qualifications and experience in financial matters. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters. The interim results and the unaudited financial statements for the six months ended 30 June 2023 have been reviewed by the audit committee.

REMUNERATION COMMITTEE

The remuneration committee of the Company is responsible for making recommendations to the Board on the Company's policy and packages of employment for the Directors and senior management. It comprises three independent non-executive Directors. The present members are Mr. Zhang Jinfan (Chairman), Ms. Huang Qin and Mr. Guo Yaoli.

NOMINATION COMMITTEE

The nomination committee of the Company is required, amongst other things, to review the structure, size and composition of the Board and make recommendations for changes as necessary, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships, to assess the independence of independent non-executive Directors, and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer. It comprises one executive Director and two independent non-executive Directors. The present members are Mr. Zhou Quan (Chairman), Mr. Zhang Jinfan and Mr. Guo Yaoli.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 (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 six months ended 30 June 2023.

BOARD OF DIRECTORS

As at the date of this announcement, the Board consists of Mr. Zhou Quan and Mr. Zhao Yun (all being executive Directors), Mr. Huang Shuanggang (being a non-executive Director), Mr. Zhang Jinfan, Ms. Huang Qin and Mr. Guo Yaoli (all being independent non-executive Directors).

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

Hong Kong, 24 August 2023